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Date: May 15, 2008  
Witnesses: Linda C. Fontes  
Dan C. Quigley  
Frances L. Thompson  
Mardi E. Walton

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**PACIFIC GAS AND ELECTRIC COMPANY**

**TESTIMONY IN SUPPORT OF APPLICATION FOR THE  
2009, 2010, AND 2011 LOW-INCOME ENERGY EFFICIENCY PROGRAM  
AND THE CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM**

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**PREPARED TESTIMONY**



PACIFIC GAS AND ELECTRIC COMPANY  
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TABLE OF CONTENTS

| Chapter | Title  | Witness             | Page |
|---------|--|---------------------|------|
| 1       | LOW INCOME ENERGY EFFICIENCY PROGRAM<br>PLAN AND BUDGET FOR PROGRAM YEARS<br>2009, 2010 AND 2011   | Frances L. Thompson |      |
|         | I. Introduction  |                     | 1-1  |
|         | A. Summary of Critical Program Elements<br>and Requests  |                     | 1-1  |
|         | B. Program Overview  |                     | 1-2  |
|         | II. Background   |                     | 1-7  |
|         | III. Program Goals   |                     | 1-9  |
|         | A. Program Achieves 25 Percent of<br>Programmatic Initiative   |                     | 1-10 |
|         | B. Program Meets Policy Objectives   |                     | 1-13 |
|         | C. Goals by Population/Segments  |                     | 1-14 |
|         | D. Program Meets Savings Goal  |                     | 1-15 |
|         | IV. Cost Effectiveness and Energy Savings  |                     | 1-15 |
|         | A. Benefit/Cost Ratio of Program   |                     | 1-15 |
|         | B. Impact Evaluations  |                     | 1-18 |
|         | V. Program Design  |                     | 1-23 |
|         | A. Section Overview  |                     | 1-23 |
|         | B. Program Delivery  |                     | 1-25 |
|         | 1. Program Delivery by<br>Density/Segments   |                     | 1-32 |
|         | 2. Increased Coordination Between<br>Utilities   |                     | 1-32 |
|         | 3. LIEE Installation Standards and Policy<br>and Procedures Manuals  |                     | 1-33 |
|         | 4. NGAT Issues   |                     | 1-34 |
|         | C. Portfolio Composition   |                     | 1-36 |
|         | 1. Assembly Bill 1109 (AB 1109)  |                     | 1-40 |
|         | 2. 10-Year Go Back Rule  |                     | 1-42 |
|         | 3. PG&E Proposes a Continuation of the<br>REACH (Relief for Energy Assistance<br>Through Community Help) PLUS<br>Program for the First Time in This<br>LIEE Proceeding | Dan C. Quigley      | 1-44 |

PACIFIC GAS AND ELECTRIC COMPANY  
TESTIMONY IN SUPPORT OF APPLICATION FOR THE  
2009, 2010, AND 2011 LOW-INCOME ENERGY EFFICIENCY PROGRAM AND  
THE CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM

TABLE OF CONTENTS

(CONTINUED)

| Chapter | Title  | Witness | Page |
|---------|--|---------|------|
| D.      | Marketing, Education and Outreach                        |         | 1-46 |
| 1.      | Single Statewide Marketing Campaign                      |         | 1-48 |
| 2.      | ME&O by Population/Segments                              |         | 1-49 |
| (a)     | Section 8 Public Housing<br>(Categorical Eligibility)    |         | 1-50 |
| 3.      | Workforce Education and Training                         |         | 1-53 |
| E.      | Integration With Energy Efficiency and<br>Other Programs |         | 1-54 |
| F.      | Leverage Available Resources                             |         | 1-55 |
| 1.      | Coordination With Other Utility LIEE<br>Programs         |         | 1-56 |
| 2.      | Coordination With Other Programs<br>and Entities         |         | 1-56 |
| (a)     | LIHEAP   |         | 1-57 |
| (b)     | PG&E Community Alliance<br>Strategies Project            |         | 1-58 |
| (c)     | CEESP Resource List                                      |         | 1-58 |
| (d)     | Coordination with REACH PLUS                             |         | 1-58 |
| 3.      | Coordination With CSI – Low Income<br>Program            |         | 1-59 |
| 4.      | Coordination With CARE                                   |         | 1-59 |
| G.      | Pilots and Projects                                      |         | 1-60 |
| 1.      | Meals on Wheels  |         | 1-61 |
| 2.      | Habitat for Humanity                                     |         | 1-61 |
| 3.      | City of San Jose   |         | 1-62 |
| 4.      | Community Based Energy Education<br>Workshops            |         | 1-62 |
| 5.      | On- Line LIEE/Energy Partners<br>Training                |         | 1-63 |
| 6.      | City of San Joaquin (Fresno County)                      |         | 1-64 |
| 7.      | High Efficiency Clothes Washers                          |         | 1-64 |
| 8.      | SmartAC  |         | 1-64 |

PACIFIC GAS AND ELECTRIC COMPANY  
TESTIMONY IN SUPPORT OF APPLICATION FOR THE  
2009, 2010, AND 2011 LOW-INCOME ENERGY EFFICIENCY PROGRAM AND  
THE CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM

TABLE OF CONTENTS

(CONTINUED)

| Chapter | Title   | Witness         | Page |
|---------|---|-----------------|------|
|         | 9. SmartMeter™  |                 | 1-65 |
|         | H. Studies  |                 | 1-65 |
|         | 1. Impact Evaluation and Related Studies  |                 | 1-66 |
|         | 2. Process Evaluation   |                 | 1-67 |
|         | 3. Joint Utility LIEE Household Segmentation Study  |                 | 1-68 |
|         | VI. Budget  |                 | 1-69 |
|         | A. Budget Discussion  |                 | 1-69 |
|         | B. Tracking and Reporting Program Costs   |                 | 1-72 |
|         | C. Budget Flexibility   |                 | 1-72 |
|         | 1. Measurement and Evaluation Budgets   |                 | 1-73 |
|         | VII. Revenue Requirements and Rate Impacts  | Mardi E. Walton | 1-75 |
|         | A. Electric Revenue Requirement and Gas PPP Funding Requirement for the Proposed 2009-2011 LIEE Portfolio |                 | 1-76 |
|         | B. Recording of PG&E's Electric and Gas LIEE Expenses   |                 | 1-77 |
|         | C. Funding Flexibility  |                 | 1-77 |
|         | D. Rate and Bill Impacts  |                 | 1-77 |
|         | VIII. Competitive Bid   |                 | 1-80 |
|         | IX. Conclusion  |                 | 1-82 |
| 2       | CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM PLAN AND BUDGET FOR PROGRAM YEARS 2009, 2010 AND 2011       | Linda C. Fontes |      |
|         | I. Introduction   |                 | 2-1  |
|         | A. Summary of Critical Program Elements and Requests  |                 | 2-1  |
|         | B. Program Overview   |                 | 2-1  |
|         | II. Background  |                 | 2-2  |

PACIFIC GAS AND ELECTRIC COMPANY  
 TESTIMONY IN SUPPORT OF APPLICATION FOR THE  
 2009, 2010, AND 2011 LOW-INCOME ENERGY EFFICIENCY PROGRAM AND  
 THE CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM

TABLE OF CONTENTS

(CONTINUED)

| Chapter                | Title  | Witness   | Page |
|------------------------|--|---|------|
| III.                   | CARE Program Goals and Budget for<br>PY 2009, PY 2010, and PY 2011                     |   | 2-3  |
| IV.                    | Program Administration   |   | 2-5  |
| V.                     | Outreach   |   | 2-9  |
| VI.                    | Revenue Requirements and Rate Impacts  | Mardi E. Walton   | 2-16 |
|                        | A. Subsidy and Benefit Costs   |   | 2-17 |
|                        | B. Balancing Account   |   | 2-18 |
|                        | C. Rate and Bill Impacts for CARE<br>Administrative Costs Over the 2009-2011<br>Period |   | 2-19 |
| VII.                   | Request to Continue Funding and Allow for<br>Fund Shifting                             |   | 2-22 |
| VIII.                  | Conclusion   |   | 2-23 |
| Appendices A through E |  |   |      |
| Appendix F             | STATEMENTS OF QUALIFICATIONS   | Linda C. Fontes<br>Dan C. Quigley<br>Frances L. Thompson<br>Mardi E. Walton |      |

**PACIFIC GAS AND ELECTRIC COMPANY**

**CHAPTER 1**

**LOW INCOME ENERGY EFFICIENCY PROGRAM PLAN AND  
BUDGET FOR PROGRAM YEARS 2009, 2010 AND 2011**

PACIFIC GAS AND ELECTRIC COMPANY  
CHAPTER 1  
LOW INCOME ENERGY EFFICIENCY PROGRAM PLAN AND BUDGET FOR  
PROGRAM YEARS 2009, 2010 AND 2011

TABLE OF CONTENTS

|      |  |      |
|------|--|------|
| I.   | Introduction .....   | 1-1  |
|      | A. Summary of Critical Program Elements and Requests .....             | 1-1  |
|      | B. Program Overview .....  | 1-2  |
| II.  | Background .....   | 1-7  |
| III. | Program Goals .....  | 1-9  |
|      | A. Program Achieves 25 Percent of Programmatic Initiative .....        | 1-10 |
|      | B. Program Meets Policy Objectives .....                               | 1-13 |
|      | C. Goals by Population/Segments.....                                   | 1-14 |
|      | D. Program Meets Savings Goal .....                                    | 1-15 |
| IV.  | Cost-Effectiveness and Energy Savings .....                            | 1-15 |
|      | A. Benefit/Cost Ratio of Program .....                                 | 1-15 |
|      | B. Impact Evaluations.....   | 1-18 |
| V.   | Program Design .....   | 1-23 |
|      | A. Section Overview .....  | 1-23 |
|      | B. Program Delivery .....  | 1-25 |
|      | 1. Program Delivery by Density/Segments .....                          | 1-32 |
|      | 2. Increased Coordination Between Utilities .....                      | 1-32 |
|      | 3. LIEE Installation Standards and Policy and Procedures Manuals ..... | 1-33 |
|      | 4. NGAT Issues .....   | 1-34 |
|      | C. Portfolio Composition .....   | 1-36 |
|      | 1. Assembly Bill 1109 (AB 1109) .....                                  | 1-40 |
|      | 2. 10-Year Go Back Rule.....   | 1-42 |

PACIFIC GAS AND ELECTRIC COMPANY  
CHAPTER 1  
LOW INCOME ENERGY EFFICIENCY PROGRAM PLAN AND BUDGET FOR  
PROGRAM YEARS 2009, 2010 AND 2011

TABLE OF CONTENTS

CONTINUED

|  |      |
|--|------|
| 3. PG&E Proposes a Continuation of the REACH (Relief for Energy Assistance Through Community Help) PLUS Program for the First Time in This LIEE Proceeding ..... | 1-44 |
| D. Marketing, Education and Outreach.....  | 1-46 |
| 1. Single Statewide Marketing Campaign .....   | 1-48 |
| 2. ME&O by Population/Segments .....   | 1-49 |
| (a) Section 8 Public Housing (Categorical Eligibility) .....   | 1-50 |
| 3. Workforce Education and Training .....  | 1-53 |
| E. Integration With Energy Efficiency and Other Programs.....  | 1-54 |
| F. Leverage Available Resources .....  | 1-55 |
| 1. Coordination With Other Utility LIEE Programs .....   | 1-56 |
| 2. Coordination With Other Programs and Entities .....   | 1-56 |
| (a) LIHEAP .....   | 1-57 |
| (b) PG&E Community Alliance Strategies Project .....   | 1-58 |
| (c) CEESP Resource List .....  | 1-58 |
| (d) Coordination with REACH PLUS.....  | 1-58 |
| 3. Coordination With CSI – Low-Income Program .....  | 1-59 |
| 4. Coordination With CARE .....  | 1-59 |
| G. Pilots and Projects .....   | 1-60 |
| 1. Meals on Wheels .....   | 1-61 |
| 2. Habitat for Humanity .....  | 1-61 |
| 3. City of San Jose .....  | 1-62 |
| 4. Community-Based Energy Education Workshops .....  | 1-62 |

PACIFIC GAS AND ELECTRIC COMPANY  
CHAPTER 1  
LOW INCOME ENERGY EFFICIENCY PROGRAM PLAN AND BUDGET FOR  
PROGRAM YEARS 2009, 2010 AND 2011

TABLE OF CONTENTS

CONTINUED

|   |      |
|---|------|
| 5. On-Line LIEE/Energy Partners Training .....  | 1-63 |
| 6. City of San Joaquin (Fresno County).....   | 1-64 |
| 7. High Efficiency Clothes Washers.....   | 1-64 |
| 8. SmartAC .....  | 1-64 |
| 9. SmartMeter™ .....  | 1-65 |
| H. Studies .....  | 1-65 |
| 1. Impact Evaluation and Related Studies .....  | 1-66 |
| 2. Process Evaluation .....   | 1-67 |
| 3. Joint Utility LIEE Household Segmentation Study .....  | 1-68 |
| VI. BUDGET .....  | 1-69 |
| A. Budget Discussion .....  | 1-69 |
| B. Tracking and Reporting Program Costs .....   | 1-72 |
| C. Budget Flexibility .....   | 1-72 |
| 1. Measurement and Evaluation Budgets .....   | 1-73 |
| VII. Revenue Requirements and Rate Impacts.....   | 1-75 |
| A. Electric Revenue Requirement and Gas PPP Funding Requirement<br>for the Proposed 2009-2011 LIEE Portfolio..... | 1-76 |
| B. Recording of PG&E's Electric and Gas LIEE Expenses.....  | 1-77 |
| C. Funding Flexibility .....  | 1-77 |
| D. Rate and Bill Impacts .....  | 1-77 |
| VIII. Competitive Bid .....   | 1-80 |
| IX. Conclusion.....   | 1-82 |

1                                   **PACIFIC GAS AND ELECTRIC COMPANY**  
2   **CHAPTER 1**  
3                   **LOW INCOME ENERGY EFFICIENCY PROGRAM PLAN AND**  
4                   **BUDGET FOR PROGRAM YEARS 2009, 2010 AND 2011**

5   **I.       Introduction**

6       **A.   Summary of Critical Program Elements and Requests**

- 7           • Pacific Gas and Electric Company (PG&E) seeks approval of the  
8           proposed 2009-2011 application no later than October 2, 2008 to  
9           ensure no interruption of Low Income Energy Efficiency (LIEE)  
10          programs and services or delay in the Request for Proposal (RFP)  
11          process.
- 12          • PG&E seeks program and budget flexibility to move funds between all  
13          LIEE program categories.
- 14          • PG&E proposes to greatly expand the scope of its LIEE program and  
15          the number of homes to be treated for 2009-2011. PG&E proposes  
16          to make available to 25 percent of its low-income customers  
17          (approximately 300,000 homes) an opportunity to participate in this  
18          program by the end of 2011. This is an increase from approximately  
19          60,000 homes per year to 100,000 homes per year.
- 20          • PG&E proposes coordinating its LIEE efforts with the other  
21          investor-owned utilities (IOU) as well as leveraging with its internal  
22          California Alternate Rates for Energy (CARE), Energy Efficiency (EE),  
23          California Solar Initiative (CSI), Demand Response (DR), and  
24          SmartMeter™ programs.
- 25          • PG&E proposes a multilayered approach to offering LIEE programs,  
26          with three separate electric tiers and two separate gas tiers. In  
27          addition, customers with lower energy use can receive all needed  
28          energy efficiency measures through a "hardship override  
29          mechanism." There are also climate-related measures pertaining to  
30          heating and air conditioning.

- 1 • PG&E proposes to conduct nine pilot projects to enhance program  
2 effectiveness and five studies to evaluate program performance.
- 3 • PG&E proposes a methodology to determine the calculation of the  
4 eligible low-income population, 25 percent of which must be treated  
5 by the end of 2011.
- 6 • PG&E proposes that cost recovery for Natural Gas Appliance Testing  
7 (NGAT) be addressed in this proceeding and not the General Rate  
8 Case (GRC) in order to align the number of homes treated with the  
9 funding for the related NGAT work.
- 10 • PG&E proposes an expansion of the REACH-PLUS crisis  
11 management fund for its low income customers, which was originally  
12 approved by the California Public Utilities Commission (CPUC or  
13 Commission) in September, 2006.

## 14 **B. Program Overview**

15 PG&E is pleased to present its application for the Program Years  
16 (PY) 2009-2011 LIEE program. PG&E has administered the LIEE  
17 program since 1983.

18 PG&E's filing today is specifically designed to reflect the  
19 California Energy Efficiency Strategic Plan's (CEESP) objectives of  
20 making these LIEE programs available to more customers, improving  
21 their cost-effectiveness, and designing them in such a way as to improve  
22 their contribution as a reliable energy resource. PG&E is also retaining its  
23 traditional commitment to ensuring that these programs add to the  
24 participant's quality of life by helping them reduce the financial burden of  
25 their energy bill and by improving their health, safety and comfort. Most  
26 importantly, this application reflects our commitment to serve 25 percent  
27 of all eligible LIEE customers within the 2009-2011 time frame, to provide  
28 all eligible customers the opportunity to participate in the LIEE programs  
29 by 2020, and to offer all those who wish to participate all cost-effective  
30 energy efficiency measures by 2020.

31 Achieving these goals is a major step forward for the LIEE programs  
32 and, as the Commission predicted, has required that PG&E remain open  
33 to shifts in LIEE program and portfolio design. It has also opened the

1 door to look at many innovations through an extensive pilot program and  
2 five new energy evaluations and market studies that are designed to help  
3 us achieve the LIEE programmatic initiative. For the first time in this  
4 proceeding, PG&E has sought the inclusion of a crisis management fund,  
5 which it believes will significantly augment the level and array of services  
6 provided to its low-income community. PG&E believes that the new  
7 program taken as a whole provides a portfolio that serves customers  
8 today, includes important foundational experiments for tomorrow, and  
9 thoughtfully balances all of the Commission's objectives.

10 First, PG&E proposes a total budget of \$422,338,000 for the  
11 three years.<sup>[1]</sup> The currently authorized amount for 2007-2008 is  
12 \$77.7 million per year, excluding \$2.84 million NGAT funds that were  
13 funded in the GRC. With that, PG&E proposes to install measures in  
14 25 percent of the eligible homes (approximately 300,000 homes) during  
15 the 2009-2011 timeframe. This is a significant percent increase from our  
16 current programs, which provide services to only about 4 percent of  
17 eligible customers per year.

18 To achieve such significant growth in a relatively short period of time,  
19 PG&E had to dramatically re-imagine its low-income program offerings.  
20 In effect, PG&E pulled out a blank sheet of paper and started from  
21 scratch. To solicit ideas, PG&E participated in Commission workshops  
22 and sought input through focus groups, meetings, and workshops with  
23 Commission staff as well as interested parties, including municipalities,  
24 community-based organizations, government agencies, Low Income  
25 Home Energy Assistance Program (LIHEAP) providers, and contractors.  
26 PG&E also worked with utility staff with expertise in EE, CARE, DR,  
27 Solar, SmartMeter™, and other utility programs. These meetings  
28 generated very useful ideas that have been incorporated into the  
29 2009-2011 LIEE Program design.

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**[1]** The total budget includes \$30 million over the three years for the Relief for Energy Assistance through Community Help (REACH) PLUS Program. The budget also includes \$3.5 million in NGAT funds for 2009, and escalating amounts in the subsequent years (\$2.84 million of this amount will be transferred from the GRC).

1           Next, we performed detailed cost-effectiveness studies on existing  
2 LIEE measures as well as other ideas drawn from the parties, residential  
3 EE, DR and SmartMeter™ programs. This resulted in adding some new  
4 measures, and allocating the measures differently across customer and  
5 market segments based on cost-effectiveness linked to climate zones,  
6 geography, usage and the ability to leverage distribution partnerships with  
7 local governments, non-profits, and community based organizations.

8           PG&E overlaid the program goal to reduce low-income customer's  
9 energy-bills and address concerns about health, safety and comfort.  
10 Reducing low-income customer's energy-bills helps both the LIEE  
11 customer as well as other PG&E customers by lowering the CARE  
12 subsidy for inefficient energy use. Consequently, certain  
13 non-cost-effective measures were re-introduced back into the LIEE  
14 program portfolio, particularly for customers with higher bills, more  
15 extreme climate conditions and/or greater than usual hardship conditions.

16           PG&E added nine new pilots and five new studies to explore  
17 promising new measures, approaches, and partnerships. The result is a  
18 rich mix of program offerings and experiments that are: (1) cost-effective;  
19 (2) equity-based; (3) innovative; (4) integrated with PG&E's CARE, DR,  
20 Solar, SmartMeter™, and EE programs; and (5) responsive to the  
21 Commission's guidance and the parties comments.

22           A brief description of the programs follows and is described in detail  
23 with tables and charts throughout the application. Very few measures  
24 exceeded a cost-effectiveness ratio of 1, so PG&E added back in all  
25 measures exceeding a cost-benefit ratio of 0.5. The measures added  
26 back in include energy education, compact fluorescent lamps (CFL),  
27 interior light fixtures, occupancy sensors, refrigerators, torchieres, water  
28 heater blankets, low flow showerheads, faucet aerators, and pipe  
29 insulation. Torchieres and occupancy sensors are new measures starting  
30 in 2009. PG&E proposed pilots are also designed to test the impact on  
31 energy savings from the use of microwave ovens and high efficiency  
32 clothes washers.

33           All other measures included in PG&E's proposed LIEE program fell  
34 below the 0.5 cost-effectiveness cutoff point (in some cases they were as

low as 0.02). Measures were then strategically added back into the LIEE portfolio based on energy usage, health, safety and comfort issues related to hot and cold climates, and hardship cases for lower energy users. These measures include evaporative coolers, window/wall air conditioning, exterior light fixtures, attic insulation, air conditioning tune-up, weather stripping, utility gaskets, caulking, duct testing/sealing, and minor home repair. Tables showing the distribution of measures are included in Section V.B.

Additionally, PG&E will also be conducting nine important pilot projects and five studies during 2009-2011 to determine how best to continue expanding and upgrading all aspects of its LIEE programs. The pilot programs and the strategic elements that they support are as follows:

*New Measures:* In three pilots, PG&E will test the feasibility and cost-effectiveness of providing new measures, including high efficiency clothes washers (providing both water and energy efficiency), SmartMeter™ education, and DR air conditioning education.

*New Partnerships:* In five pilots, PG&E will partner with new entities ranging from local neighborhood groups to two widely recognized national organizations: Meals on Wheels and Habitat for Humanity.

*New “Green” Job Training:* Two of PG&E’s pilots help find new ways to identify and train local community members as energy efficiency contractors thus increasing the availability of a skilled workforce.

*New Leveraging Opportunities:* Five pilots engaged in leveraging existing community contacts to find and serve traditionally hard-to-reach low and very-low income customers, including shut-in seniors and disabled, near homeless families with children, neighborhoods in so much need that they require complete revitalization, rural and/or remote populations, and non-English speaking families.

*New Education Strategies:* Four pilots aimed at helping to develop, refine, and expand our energy efficiency education methods for customers and contractors, including on-line training materials for contractors and targeted DR and SmartMeter™ education for low-income customers.

1           *New Outreach Strategies:* Three pilots to explore new ways to  
2 educate hard-to-reach rural customers as well as seek these customers'  
3 input for overall energy education program improvements.

4           *New Combination of Public/Private Services:* And finally, two of the  
5 pilot's leverage and compliment local government services to provide a  
6 comprehensive and seamless approach to community well being that  
7 addresses physical safety, economic security, empowerment and  
8 environmental sustainability.

9           PG&E also proposes five new studies on:

- 10       • *Non-Energy Benefits:* To better assess non-energy benefits for  
11 inclusion in cost-effectiveness studies, which may make more  
12 measures cost-effective;
- 13       • *Household Segmentation:* To learn more about which customers are  
14 most likely and willing to participate in low-income programs;
- 15       • *Refrigerator Degradation:* To measure the durability of refrigerator  
16 savings;
- 17       • *LIEE Process Evaluation (with a focus on Energy Education):* To  
18 evaluate the effectiveness of LIEE education strategies; and
- 19       • *LIEE Impact Evaluation:* To evaluate and assess the energy savings  
20 of the new LIEE programs.

21           Finally, PG&E will: (1) leverage its CARE contacts, which provide  
22 significantly more customers than needed for the 25 percent target during  
23 2009-2011; (2) incorporate CARE and LIEE enrollment into the Section 8  
24 public housing intake process; (3) support LIHEAP by waiving the  
25 minimum measure rule, supporting federal legislation, and continuing the  
26 refrigerator leveraging program; (4) support the CSI by ensuring all LIEE  
27 EE retrofits are performed before solar panels are installed on low-income  
28 homes; (5) expand funding of the REACH PLUS Program; and  
29 (6) achieve economies of scale by bulk purchasing products where  
30 possible.

31           In total, this represents significant changes and improvements for the  
32 LIEE programs. As PG&E learns from all these new pilots, studies, and  
33 approaches, it will continue to redefine the best ways to cost-effectively

1 serve low-income customers, provide a reliable low-income energy  
2 resource for the state, and still protect customers' health, safety and  
3 comfort without overburdening all the other customers who must pay for  
4 these energy efficiency services.

5 In this application, PG&E requests:

- 6 • Approval of PG&E's 2009-2011 LIEE program budget, plans,  
7 measures, pilots and studies
- 8 • Full authority to shift funds among program categories in 2009, 2010  
9 and 2011 and authorization to carry forward or carry back funding  
10 during the 3-year funding cycle
- 11 • A timely LIEE Program decision or interim authorization from the  
12 Commission to continue LIEE activities into 2009 should a decision  
13 be delayed

14 PG&E will consolidate the electric revenue requirement authorized in  
15 this proceeding into electric rates in the Annual Electric True-Up (AET)  
16 with other rate changes effective January 1 of each year in the program  
17 budget period, or as soon thereafter as possible. PG&E will consolidate  
18 the gas funding requirement authorized in this proceeding into gas rates  
19 in the annual gas Public Purpose Program (PPP) surcharge advice letter  
20 and Annual Gas True-Up (AGT) filings with other rate changes effective  
21 January 1 of each year in the program budget period, or as soon  
22 thereafter as possible. If a decision is not issued in time to incorporate  
23 the proposed funding requirement in PPP surcharge rates by  
24 October 31, 2008, PG&E requests authority to supplement its PPP  
25 surcharge advice letter to incorporate changes adopted in this  
26 proceeding.

## 27 **II. Background**

28 The LIEE Program, also known at PG&E as Energy Partners, helps  
29 low-income customers reduce their energy consumption and costs while  
30 increasing their comfort, health and safety. The program provides free home  
31 weatherization, energy efficient appliances, and energy education services to  
32 qualified low-income PG&E customers throughout PG&E's service area. The

1 LIEE program is funded through a public purpose charge on customer utility  
2 bills.

3 Customers are qualified based on CARE income guidelines of up to but  
4 not exceeding 200 percent of the federal poverty level guidelines (with income  
5 adjustments for family size), as defined by the Commission.

6 Since 1983, PG&E has treated over 920,000 homes in the LIEE program.  
7 During the 24 years PG&E has managed the LIEE program, customers have  
8 saved over \$394 million on their energy bills, reduced electric use by over  
9 316,000 megawatt-hours (MWh), and reduced natural gas use by over  
10 37 million therms. PG&E forecasts it will treat approximately 300,000 homes  
11 between 2009 and 2011, over 25 percent of PG&E's willing and eligible  
12 low-income customers, as described in Section III.A.

13 Decision (D.) 07-12-051 directed the development of a Strategic Plan for  
14 LIEE through 2020, established a 3-year program planning cycle for  
15 2009-2011, and required LIEE and CARE Program Applications by  
16 May 15, 2008.

17 PG&E's 2009-2011 LIEE program follows the policies and guidance given  
18 in Decision 07-12-051, that established the following programmatic initiative  
19 for LIEE:

20 To provide all eligible customers the opportunity to participate in the LIEE  
21 programs and to offer those who wish to participate all cost-effective energy  
22 efficiency measures in their residences by 2020.

23 Decision 07-12-051 committed to changing the way LIEE programs are  
24 approached by adopting the following policies and guiding principles:

- 25 • The complementary objectives of LIEE programs will be to provide an  
26 energy resource for California while concurrently providing low-income  
27 customers with ways to reduce their bills and improve their quality of life;
- 28 • LIEE programs should emphasize opportunities to save energy;
- 29 • LIEE programs should be designed to take advantage of all cost-effective  
30 energy efficiency opportunities;
- 31 • LIEE programs should include measures that may not be cost-effective  
32 but that may promote the quality of life of participating customers;

- LIEE programs should emphasize effective ways to inform customers of the benefits to themselves and their communities of conservation and energy efficiency measures, as well as the way energy efficiency promotes environmental values and reduces greenhouse gases (GHG);
- LIEE programs should be integrated with other EE programs to allow the utilities and customers to take advantage of the resources and experience of EE programs, promote economies of scale and scope, and improve program effectiveness; and
- LIEE programs should take advantage of other resources, such as federally-funded programs, local efforts, the work of businesses and publicly-owned utilities (POU).

### III. Program Goals

California is demanding the next generation of energy efficiency measures to meet its energy, environmental and economic goals to 2020 and beyond. In Decision 07-12-051, the Commission called for a fresh look at LIEE programs. The purpose is to consider an expanded role for LIEE programs as an energy resource for California, working in concert with other efforts to address climate change and for meeting the needs of more low-income customers.

Decision 07-12-051 directed that LIEE be considered as an integral element in the statewide EE strategic planning efforts currently underway, and initiated in the Commission's EE decision, Decision 07-10-032, under the direction of Assigned Commissioner Dian Grueneich. Up-to-date information about the Strategic Plan and the strategic planning process—including information about the many public meetings and workshops held throughout the planning period—can be found at the *California 2009-2020 Energy Efficiency Strategic Planning* website, [www.californiaenergyefficiency.com](http://www.californiaenergyefficiency.com).

The *California Energy Efficiency Strategic Plan (CEESP)*—will be prepared and filed jointly by PG&E, Southern California Edison (SCE), San Diego Gas & Electric (SDG&E) and Southern California Gas Company (SoCalGas) on June 2, 2008—is the first step in a new, ongoing, statewide strategic planning effort. The objective of this effort is to define innovative new paths to aggressively deliver energy efficiency to homes, offices,

1 factories and farms—and to significantly contribute to the state’s goal of  
2 having a reasonably priced, stable, reliable and clean portfolio of energy  
3 resources.

4 LIEE strategies discussed in the CEESP include:

- 5 1. Develop customer segmentation to improve program delivery, increasing the  
6 opportunities for program participation and energy savings.
- 7 2. Pursue collaboration and leveraging of other programs.
- 8 3. Integrate LIEE programs with energy efficiency and other demand-side  
9 programs.
- 10 4. Develop and integrate LIEE workforce training requirements into the  
11 Workforce Education and Training (WE&T) strategy aimed at reaching  
12 minority and other disadvantaged communities.
- 13 5. Specify and employ program elements that emphasize long-term and  
14 enduring energy savings.
- 15 6. Specify and deploy Marketing, Education and Outreach (ME&O) for LIEE  
16 Program consistent with energy efficiency strategies.

17 All short-term CEESP strategies are incorporated in this  
18 2009-2011 Low Income Program Application. The 2009-2011 LIEE program  
19 elements, including pilots and studies, are foundational and are all designed  
20 to enable PG&E to achieve longer-term statewide 2020 goals.

#### 21 **A. Program Achieves 25 Percent of Programmatic Initiative**

22 In Decision 07-12-051, the Commission directed PG&E, SoCalGas,  
23 SDG&E and SCE (“joint utilities” or “utilities”) to file applications for  
24 2009-2011 LIEE and CARE budget authority and program modifications.  
25 It also instructed that the utilities’ applications be designed to achieve  
26 over the three-year budget period approximately 25 percent of the  
27 programmatic initiative adopted in the decision. In order to develop plans  
28 for program years 2009 through 2011 and estimate the number of LIEE  
29 customers on which to base 25 percent of the Commission’s  
30 programmatic initiative adopted in Decision 07-12-051, the joint utilities  
31 developed a starting or base point as described below.

32 First, to derive the number of customers potentially eligible for LIEE  
33 services in each utility’s service area, the utilities used the joint utility  
34 methodology adopted by the Commission in Decision 01-03-028. The

1 joint utility methodology is used to annually estimate the number of  
2 customers eligible for LIEE and CARE services, for each utility area, and  
3 for the state as a whole.<sup>[2]</sup>

4 Second, the utilities determined how many customers had been  
5 previously served by the LIEE program in the past. Historically, the  
6 utilities have looked at the ten year rule and counted all of those homes  
7 treated in the last 10 years as homes that had previously been served by  
8 the LIEE program, and therefore were not currently eligible for  
9 participation. However, Decision 07-12-051 directs the utilities to  
10 “eliminate or modify the ten year ‘go back’ rule to permit installations of  
11 new measures and technologies in all households while avoiding  
12 duplicative installations.” When evaluating this requirement and  
13 assessing the levels of service provided to customers over the past  
14 10 years, the utilities decided that the number of customers who had  
15 been served since the end of 2001 when “Rapid Deployment” measures  
16 were included in the program-best represented the number of customers  
17 who had received “all feasible measures.” Thus, 2002 was selected as  
18 the base year, because very few new measures have been introduced  
19 since that time, and because larger saving measures, such as air  
20 conditioning were implemented in the program as “go-back” measures.

21 The utilities also agreed that customers who have been served by the  
22 federal government’s LIHEAP should also be considered as customers  
23 who have been served by the LIEE program because LIHEAP offers  
24 most, if not all, of the same measures provided by LIEE, and some not  
25 offered by LIEE. Moreover, any home that has been served by LIHEAP  
26 would also be deemed ineligible for service under LIEE at the time of an  
27 assessment because these homes have already been made energy  
28 efficient and should not need any measures or services offered under the  
29 LIEE program.

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**[2]** Sources for this estimation include the Commission’s current guidelines, current year small area vendor marginal distributions on household characteristics, Census Public Use Microdata Sample (PUMS) 2000 and PUMS 2004-2006 sample data, utility meter and master meter household counts, Department of Finance CPI series, and various Geographic Information System (GIS) sources.

The third step in developing a base point was to estimate how many customers would likely decline to participate in LIEE. After much discussion regarding an appropriate number to ascribe to this segment of the low-income population, the utilities decided to use a figure equal to ten percent of the eligible population, which is consistent with the estimates of low-income eligible customers choosing not to participate, provided by KEMA in its final Needs Assessment Report.

The method for calculating 25 percent of PG&E's estimated eligible low income customers is demonstrated in Table III-1:

**TABLE III-1  
PACIFIC GAS AND ELECTRIC COMPANY  
25 PERCENT PROGRAMMATIC INITIATIVE METHODOLOGY**

| Line No. | PG&E Customers | Parameter   |
|----------|----------------|---|
| 1        | 1,782,605      | A. Estimated eligible for 2008  |
| 2        | 411,672        | B. Number served by LIEE 2002 through 2008 (actuals plus estimate for 2008)                         |
| 3        | 1,370,933      | C. Subtract A – B   |
| 4        | 86,537         | D. Number served by LIHEAP 2002 through 2008 (actuals plus estimate for 2008)                       |
| 5        | 1,284,396      | E. Subtract C – D   |
| 6        | 178,260        | F. 10 percent of A that are estimated as unwilling to participate                                   |
| 7        | 1,106,136      | G. Subtract E – F. This is the Base point for calculating 25 percent of the programmatic initiative |
| 8        | 276,534        | H. 25 percent of programmatic initiative to achieve in PY2009 through 2011                          |

The utilities recognize that the number of homes served and the number of customers unwilling to participate need to be tracked in order to best develop this estimate. The utilities have been tracking the number of homes served for a number of years and will continue to do so in the future.

However, tracking the number of customers who are unwilling to participate in the LIEE program is a difficult process. This group of customers is made up of two subcomponents. The first subcomponent is comprised of customers who provide an affirmative rejection for program

1 participation.<sup>[3]</sup> Plans are in place to include this functionality in the  
2 utilities' data systems. The second subcomponent consists of customers  
3 who are contacted multiple times by the utilities and the utilities'  
4 contractors, but who do not provide any type of affirmative acceptance or  
5 rejection for program participation. The most pressing issue to address is  
6 how much time and money the utilities should expend to continue to  
7 reach these customers, and at what point do the utilities stop utilizing their  
8 resources to enroll a specific customer? Of special concern to the utilities  
9 are those customers who have received multiple direct mail pieces,  
10 telephone calls and actual in-person visits, but who still fail to respond  
11 affirmatively. Until more data can be gathered and analyzed, and to  
12 maintain consistency with the KEMA Report, the utilities will include this  
13 subcomponent of customers in the ten percent estimate detailed above.

14 The utilities have agreed to continue to work together to refine this  
15 standard means of deriving the number of LIEE customers on which to  
16 base the achievement of the Commission's programmatic initiative.

## 17 **B. Program Meets Policy Objectives**

18 PG&E's proposed PY2009-2011 LIEE program will meet the  
19 Commission's key policy objective for LIEE programs: providing cost-  
20 effective energy resources in the form of energy savings while reducing  
21 low-income customers' bills.

22 PG&E's program emphasizes opportunities to save energy and takes  
23 advantage of the most cost-effective energy efficiency opportunities.  
24 Decision 07-12-051 specifies that LIEE programs should include  
25 measures that may not be cost-effective but that may promote the quality  
26 of life of participating customers. PG&E's program addresses these  
27 concerns.

28 Because so few measures are truly cost-effective to offer in the LIEE  
29 program, PG&E determined to offer those measures that are *most* cost  
30 effective to all qualifying customers for whom they are feasible. PG&E's  
31 energy usage approach provides an additional variable to climate zone

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<sup>[3]</sup> The Division of Ratepayer Advocates (DRA) agrees that this subcomponent of information should be considered when the utilities track the number of customers who have been offered LIEE services.

1 and housing type factors that are currently used to help determine what  
2 components of the LIEE program are feasible for individual customers.

3 Additionally, some less cost-effective measures providing high energy  
4 savings are also offered to customers based on their higher energy use.  
5 Other factors such as climate zone and housing type will still determine  
6 whether a particular measure is feasible to install. Thus, less  
7 cost-effective measures are available to customers based on a  
8 combination of factors, including use (and all that determines use,  
9 including household size, consumption behavior, and appliances-owned),  
10 climate zone, and housing type. The only new variable is energy use,  
11 however, that is largely determined by other factors such as weather and  
12 housing type that have always been criteria under the LIEE program.

13 Decision 07-12-051 also specifies that the LIEE program emphasize  
14 ways to inform customers about conservation benefits. PG&E's  
15 2009-2011 program offers comprehensive, in-home energy education to  
16 all LIEE customers. In addition, PG&E's portfolio has several pilots that  
17 further develop, refine, and expand our education methods, both for  
18 customers and contractors. PG&E's proposed process evaluation will  
19 have a particular focus on energy education to help the utility understand  
20 what methods work the best in order to refine and leverage successful  
21 practices.

22 Decision 07-12-051 requires that the LIEE program integrate with  
23 other energy efficiency programs and take advantage of other resources.  
24 As described in Sections V.E and V.F, PG&E leverages its LIEE program  
25 with other EE and low-income programs, both within PG&E and with other  
26 agencies. PG&E will continue to coordinate and leverage its internal  
27 CARE, EE, CSI, DR, and SmartMeter™ programs. Finally, PG&E is  
28 exploring ways to coordinate with other agencies and programs offering  
29 low-income services. In this application, PG&E proposes several pilot  
30 projects that promote partnership and leveraging opportunities.

### 31 **C. Goals by Population/Segments**

32 Attachment C-3 shows PG&E's LIEE participation targets per year by  
33 gas and electric usage, based on the 3-level electric and 2-level gas LIEE  
34 program proposal recommended in this application.

PG&E will also track LIEE participation by other key customer segments, including geography, rural/urban, climate zone, housing type, renter/owner, seniors and disabled customers. Although PG&E does not have specific targets in these areas (except for geography, which will be specified for each subcontractor), PG&E has information on the percentage of its low-income customers that populate each segment. As part of its regular internal tracking and reporting process, PG&E will compare the incidence of low-income customers in these segments of the population to their LIEE participation rates to assure that all low-income customers are being treated on an equitable basis. PG&E will take action to target any of these population segments that are not being treated commensurate to their incidence in the low-income population in PG&E's service area, through appropriate methods, such as direct mail, targeted outreach, and partnering with community agencies.

In Section V.H., PG&E is proposing a low-income household segmentation targeting study with SCE to help identify and better outreach to specific segments of the low-income population.

#### **D. Program Meets Savings Goal**

Attachment A-2 shows the LIEE 2009-2011 program energy savings. Program impacts are estimated from the innovative and cost-effective mix of measures PG&E proposes to install through its 2009-2011 LIEE program portfolio.

### **IV. Cost-Effectiveness and Energy Savings**

#### **A. Benefit/Cost Ratio of Program**

As the Commission directed, PG&E reviewed the cost-effectiveness of the LIEE program. The details of PG&E's cost-effectiveness analyses are appended as Attachments A-5 through A-7. PG&E performed the work according to the Commission's instructions, using the two cost tests previously adopted for the LIEE program, the Utility Cost Test (UCT) and the Modified Participant Cost Test (PC<sub>m</sub>), and identifying the benefit/cost ratio for each measure/program. In addition, PG&E performed the Total Resource Cost (TRC) test, as directed in the Assigned Commissioner's Ruling Providing Guidance for Low-Income Energy Efficiency 2009-2011

Budget Applications, dated April 1, 2008, and includes them for information purposes.

### **LIEE Cost-Effectiveness Tests: Background and Methodology**

In 2001, the Commission ordered the utilities to develop a cost benefit test that included non-energy benefits to assess LIEE program cost effectiveness, both for the overall program and for the individual low-income program measures.<sup>[4]</sup> LIEE cost effectiveness was assessed at both the LIEE *program* level, and at the *individual measure* level, using low income cost-effectiveness tests incorporating such non-energy benefits as comfort, health and safety as well as direct energy-related benefits.<sup>[5]</sup>

The cost-effectiveness approach adopted by the Commission in Decision 02-08-034 directed the application of two tests: a PC<sub>m</sub> Test, which assesses measures from the perspective of LIEE participants;<sup>[6]</sup> and a UCT, which is calculated from the point of view of the utility. Both tests incorporate a set of non-energy benefits as well as direct energy-related benefits. These non-energy benefits capture a variety of effects

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[4] *Final Report for LIEE Program and Measure Cost Effectiveness*, submitted to the CPUC by the Cost Effectiveness Subcommittee of the Reporting Requirements Manual (RRM) Working Group and the LIEE Standardization Project Team, March 28, 2002; *The Joint Utilities Revised Results of Measure Cost Effectiveness*, submitted to the CPUC by the LIEE Standardization Project Team, January 6, 2003; and *LIEE Measure Cost Effectiveness Final Report*, submitted to the CPUC by the LIEE Standardization Project Team, June 2, 2003.

[5] The Low Income Public Purpose Test (LIPPT) model was created for the RRM Working Group (including representatives from PG&E, SCE, SDG&E, SCG, CPUC Energy Division, CPUC Office of Ratepayers Advocates, and the public) by TecMRKT Works, SERA Inc., and Megdal Associates in 2001. The cost-effectiveness methodology was later modified by the Cost Effectiveness Subcommittee of the RRM Working Group and the LIEE Standardization Team in 2002 to incorporate two separate tests, the Utility Cost Test and a modified Participant Test, both that incorporate non-energy benefits working in conjunction with Equipoise Consulting, Inc.

[6] The Participant Test was modified to use utility LIEE program costs in order to create a benefit cost ratio, since low income customers do not incur out-of-pocket expenses to obtain LIEE measures. The CPUC Office of Rate Payer Advocates wanted to estimate and use for this test the opportunity costs incurred by low income customers in lieu of any out-of-pocket expenses incurred; however, the final Team decision was to base the benefit/cost ratio on known costs (in this case, the direct costs incurred by the utilities to install the measures), hence the Modified Participant Test.

1 such as changes in comfort and reduction in hardship, which are not  
2 captured by the energy savings estimates derived from load impact billing  
3 evaluations, and are ignored in more traditional cost-effectiveness  
4 approaches like the TRC Test. The comprehensive non-energy benefits  
5 developed for these modified tests were initially designed for use at the  
6 program level and were allocated to individual measures according to  
7 their energy savings.

#### 8 **Cost-Effectiveness Testing for the 2009-2011 LIEE Program**

9 For the 2009-2011 program cycle, the Commission instructed the  
10 utilities to provide program level and measure level benefit cost ratios  
11 using the UCT, the PC<sub>m</sub>, and the TRC Tests.<sup>[7]</sup> Because the measure  
12 level benefit cost ratios produced for this application are to assess the  
13 cost effectiveness of the program as a whole, indirect costs were included  
14 in the analysis, unlike the previous analysis completed for the 2003 LIEE  
15 programs. In addition, because significant changes have been made  
16 since 2003 in the way avoided costs are included in energy efficiency  
17 analyses, the E3 Calculators for 2009-2011 Program Planning<sup>[8]</sup> were  
18 used in this analysis to measure avoided cost benefits. The steps  
19 involved in conducting the cost-effectiveness tests for the 2009-2011  
20 programs are summarized as follows.

21 The PC<sub>m</sub> Test was conducted using the methodology approved by the  
22 Commission for the PY2003 evaluation. The previous model was  
23 updated with the proposed measure installation quantities, proposed  
24 program costs, and updated energy savings impacts.<sup>[9]</sup> The benefit cost  
25 ratio for the PC<sub>m</sub> Test consists of the Net Present Value (NPV) of energy  
26 savings and Non-Energy Benefits (NEB) for the participant in the

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[7] *Assigned Commissioner's Ruling Providing Guidance for Low-Income Energy Efficiency 2009-2011 Budget Applications*; Rulemaking 07-01-042, April 1, 2008.

[8] E3 cost effectiveness calculators were downloaded from <http://www.ethree.com>.

[9] Most of the impacts used in the analysis were taken from the 2005 Impact Evaluation conducted by West Hill Energy & Computing, Inc., and described later in this testimony. Where impacts were not provided in this study, they were taken from the Database for Energy Efficiency Resources (DEER) or workpapers.

numerator, and the cost of the program (both measure installation and indirect costs) in the denominator. For measure level benefit cost ratios, the administration costs were allocated based on the energy savings of the measure.

The UCT was conducted in two stages. First, the NEBs model used in the PY2003 evaluation was used to calculate program level NEBs, similar to the analysis for the PC<sub>m</sub> but with utility-specific NEBs specified rather than participant-specific NEBs. Second, the E3 Calculators were used to derive the avoided cost benefits. The Calculator was populated with the proposed measure installation quantities, proposed program costs, and the energy savings impacts described above for the PC<sub>m</sub>. The benefit/cost ratio for the UCT test consists of the NPV of avoided cost savings for the utility plus the utility NEBs in the numerator, and the cost of the program (both measure installation and indirect costs) in the denominator. For measure level benefit/cost ratios, the administration costs were allocated based on the energy savings of the measure.

The TRC test was conducted using the E3 Calculators for 2009 to 2011 LIEE programs. The Calculator provides program level results and measure-specific results with administration costs allocated based on the energy savings of the measure. The TRC test does not include NEBs, so in this respect it is not comparable to the results of the PC<sub>m</sub> Test and the UCT.

## **B. Impact Evaluations**

An impact evaluation of the PY2005 LIEE program (2005 LIEE Impact Evaluation) was completed by a study team led by West Hill Energy & Computing, Inc. The final report was filed on December 19, 2007 and savings factors from this study have been used in the cost-effectiveness analyses and to estimate potential savings for the 2009-2011 LIEE program.

### **Background**

Previous impact evaluations were conducted for program years 1998, 2000, 2001 and 2002. Decision 03-10-041 specified that impact evaluations should take place every two years. However, the LIEE impact evaluation for PY2002 recommended modifications to the data

1 collection for improving future impact evaluations, and given the lead time  
2 required to make these changes, the impact evaluation originally to be  
3 conducted for PY2004 was postponed until PY2005.

4 The previous four LIEE evaluations were based on billing analyses, a  
5 decision that was largely dictated by the availability of data, time frame  
6 and budget. However, there were ongoing issues with lack of critical data  
7 at the program level and also concerns about the influence of external,  
8 non-program influences. The period of 2000-2003 encompassed the  
9 2001 California Energy Crisis and was generally a period of volatility that  
10 affected energy prices and consumption. These conditions contributed to  
11 variations in program savings from year to year and concerns about the  
12 reliability and consistency of the savings.

### 13 **2005 LIEE Impact Evaluation**

14 The study was designed to estimate first year gas and electric energy  
15 savings at the program level and by measure and by housing type  
16 (multifamily, single family and mobile homes). Coincident peak demand  
17 reductions were also estimated. Table IV-1 shows the PY2005 impact  
18 results.

19 The primary method for estimating program savings was a statistical  
20 analysis of monthly bills for both participants and non-participants.  
21 Additional surveys provided sufficient information to calculate alternative  
22 estimates of savings for some measures.

23 The study was conducted in three phases. Phase I took place in  
24 2005, during LIEE program delivery. Data collection and databases were  
25 improved, evaluators met with program staff and went on ride-alongs, and  
26 the flow rates of showerheads replaced from LIEE homes were tested.  
27 During Phase II, on site surveys of PY2005 participants were conducted.  
28 Phase III components included: billing analysis (pooled, cross-sectional  
29 time series analysis), integration of results, and preparation of the report.

30 The 2005 LIEE Impact Evaluation identified several characteristics of  
31 the LIEE population that helped inform the development of PG&E's  
32 2009-2011 program. The study found that LIEE participants use less  
33 electricity and gas than the average residential customer and have less  
34 opportunity for electric savings due to the lower penetration of electric

space and water heating and cooling equipment. The study also found that the potential for heating-related savings is low in many LIEE homes. About a third of the on-site survey respondents reported using their heating systems 30 days or less a year across the four climate zones represented in the sample. Another 13 percent of participants have no heating system or a non-working system, although the majority of these homes are located along California's southern coast outside of PG&E's service area.

## Impact Results

**TABLE IV-1  
PACIFIC GAS AND ELECTRIC COMPANY  
PY2005 TOTAL PROGRAM SAVINGS**

| Line No. |          | No. of Participants | Annual MWh | Coincident Peak (KW) | Annual Therms |
|----------|----------|---------------------|------------|----------------------|---------------|
| 1        | PG&E     | 61,519              | 24,678     | 4,588                | 1,029,125     |
| 2        | SCE      | 41,397              | 18,001     | 2,920                |               |
| 3        | SDG&E    | 13,737              | 4,640      | 800                  | 154,498       |
| 4        | SoCalGas | 41,535              |            |                      | 711,768       |
| 5        | Totals   | 158,188             | 47,319     | 8,309                | 1,895,391     |

\* West Hill Energy & Computing, Inc., Impact Evaluation of the PY2005 LIEE Program. December 19, 2007.

Measures contribute to total program savings according to two factors: the magnitude of the per home savings and the number of homes receiving the measure. For example, the per home savings for lighting measures (CFL lamps and fixtures) are relatively small (79 kilowatt-hours (kWh)), but these measures are installed in almost all homes and in total account for about 16 percent of the total program savings. Tables IV-2 and IV-3 provide both the per home and total program savings by measure group, with the measure groups ranked according to the savings per home.

All the measures providing the highest savings continue to be offered to LIEE customers in PG&E's 2009-2011 program. This helps PG&E customers save energy and contributes to bill savings.

**TABLE IV-2  
PACIFIC GAS AND ELECTRIC COMPANY  
PY2005 ELECTRIC SAVINGS BY MEASURE GROUP**

| Line No. |                                   | No. of Households | Savings Per Home (kWh/yr) | Program Savings (MWh/yr) | % of Program Savings |
|----------|-----------------------------------|-------------------|---------------------------|--------------------------|----------------------|
| 1        | Refrigerators                     | 48,184            | 759                       | 36,593                   | 77.7%                |
| 2        | Attic Insulation – Heating        | 175               | 246                       | 43                       | 0.1%                 |
| 3        | Hot Water Conservation Package(a) | 4,061             | 240                       | 976                      | 2.1%                 |
| 4        | Cooling Measures(b)               | 5,249             | 172                       | 903                      | 1.9%                 |
| 5        | Air Sealing/Envelope              | 7,506             | 133                       | 997                      | 2.1%                 |
| 6        | Lighting                          | 95,391            | 79                        | 7,558                    | 16.0%                |
| 7        | Attic Insulation – Cooling        | 1,047             | 23                        | 24                       | 0.1%                 |
| 8        | Program Totals                    | 111,892           | 421                       | 47,094                   |                      |

- (a) The hot water conservation package includes low flow showerhead(s) and aerator(s), tank wraps and pipe insulation. The actual set of measures installed in each home varies according to the needs of each participant. Showerheads and aerators are the most commonly installed measures.
- (b) The cooling measures include the installation of evaporative coolers and replacement room air conditioners (AC). Evaporative coolers were installed much more frequently than room AC s.

1                   Efficient refrigerators are the largest contributor to the total electric  
2 savings. Almost 80 percent of the electrical energy savings come from  
3 refrigerator replacements. On average, each participating household  
4 saved 423 kWh and 18 therms per year, and reduced their kilowatt (kW)  
5 demand by 0.074. Per household energy savings have risen steadily  
6 from 2000 through 2005 due to the increasing installation rates of efficient  
7 refrigerators.

**TABLE IV-3  
PACIFIC GAS AND ELECTRIC COMPANY  
PY2005 GAS SAVINGS BY MEASURE GROUP**

| Line No. |                                   | No. of Households | Savings Per Home (Therms/yr) | Program Savings (Therms/yr) | % of Program Savings |
|----------|-----------------------------------|-------------------|------------------------------|-----------------------------|----------------------|
| 1        | Attic Insulation                  | 4,990             | 61.5                         | 306,904                     | 14%                  |
| 2        | Hot Water Repair/Replace          | 2,327             | 11.7                         | 27,226                      | 1%                   |
| 3        | Air Sealing/Envelope              | 84,531            | 11.2                         | 950,940                     | 45%                  |
| 4        | Heating System Repair/Replace     | 8,351             | 8.6                          | 71,515                      | 3%                   |
| 5        | Hot Water Conservation Package(1) | 92,763            | 8.2                          | 760,657                     | 36%                  |
| 6        | Program Totals                    | 107,677           | 19.7                         | 2,117,242                   |                      |

- 1 The hot water conservation package includes low flow showerhead(s) and aerator(s), tank wraps and pipe insulation. The actual set of measures installed in each home varies according to the needs of each participant. Showerheads and aerators are the most commonly installed measures.

- 1 The 2005 LIEE Impact Evaluation made several suggestions for the  
2 LIEE program. These included:
- 3 • Focus energy education on actions with higher savings and lower  
4 acceptance, such as drawing shades to reduce cooling;
  - 5 • Improve the quality of the CFL lamps and ensuring their installation to  
6 raise retention rates from the 65 percent found in the on-site survey;
  - 7 • Provide additional instruction on the appropriate use of evaporative  
8 coolers and air conditioning systems;
  - 9 • Review change in refrigerator replacement protocols;
  - 10 • Focus on non-energy benefits (e.g., improvements in health and  
11 safety) in the next evaluation; and
  - 12 • Consider adding efficient clothes washers to the program and how to  
13 claim savings for reduced water pumping from low-flow devices and  
14 other water-savings measures.
- 15 PG&E has considered these recommendations and incorporated  
16 them in its 2009-2011 program design.

## **V. Program Design**

This section describes PG&E's 2009-2011 LIEE program design, including how it fits into the Strategic Plan.

### **A. Section Overview**

In Decision 07-12-051, the Commission expressed its desire that the LIEE program balance: (1) California's need for energy efficiency; (2) all LIEE customers' needs for all cost-effective assistance; (3) continuing hardship assistance for those in particularly difficult circumstances; and (4) managing the cost burdens to customers outside the LIEE programs. PG&E supports these goals of providing cost-effective energy savings to all LIEE customers while retaining the ability to provide other social benefits such as health, safety and comfort to customers with the deepest needs. In order to achieve this goal, PG&E has designed an LIEE program that combines highly cost-effective energy efficiency measures with less cost-effective measures that nevertheless provide important, yet hard-to-quantify non-energy benefits.

Focusing on the most cost-effective measures first will help to reduce the bills of more LIEE customers while providing an energy resource for all customers. Today, approximately 4 percent of eligible low-income customers receive energy efficiency assistance each year. By contrast, PG&E's proposed 2009-2011 program will provide energy efficiency assistance to 25 percent of PG&E's estimated eligible low-income customers by 2012 at a reasonable cost to the ratepayers, who fund the program.

While PG&E would like to extend all of the measures provided today to all qualified LIEE customers, the costs of doing so would place too high a burden on other customers, particularly those who just miss the LIEE income cutoff themselves. PG&E spent the last several months assessing measures, services and program delivery options to develop a program that provides cost-effective energy savings as well as increased comfort, health and safety to more low-income customers.

PG&E participated in multiple workshops and public meetings, convened focused discussion groups, and listened to other parties'

1 comments and feed back provided at meetings and in many one-on-one  
2 conversations. Meetings included:

- 3 • PG&E LIEE program staff met with Energy Division (ED) and  
4 Commission staff to discuss its 2009-2011 LIEE program plans on  
5 February 22, 2008.
- 6 • PG&E presented draft ideas to the public at a public input workshop,  
7 and asked for input at its regular LIEE contractor meetings on  
8 March 13, 2008.
- 9 • The focus of the quarterly public Low Income Program meeting held  
10 by the California IOUs on February 20, 2008 was Strategic Planning  
11 and the 2009-2011 Low Income Applications, and presentations were  
12 made to the Low Income Oversight Board (LIOB) on March 19, 2008.

13 PG&E heard and considered all the ideas discussed at all of these  
14 meetings, and revised and incorporated many of these suggestions into  
15 the final 2009-2011 LIEE program proposal. A list of meetings,  
16 participants, notes and presentation is included in Appendix E.

17 PG&E's re-imagined LIEE program targets customers based on  
18 customer need indicators such as climate zones, geography, energy use,  
19 demographics, housing type, and family size, and incorporates:

- 20 • Focus on energy efficiency;
- 21 • Increasing cost effectiveness;
- 22 • Comfort, health and safety;
- 23 • Piloting potential program elements and approaches, including: new  
24 measures, outreach channels, leveraging opportunities, and delivery  
25 mechanisms;
- 26 • Integration with other low income and energy efficiency programs;  
27 and
- 28 • Flexibility and efficiency.

29 PG&E is proposing a targeted approach based on climate zones and  
30 customer energy use because it fulfills the energy and equity objectives of  
31 the decision.

## 1           **B. Program Delivery**

2           PG&E's 2009-2011 LIEE program will provide feasible, cost-effective  
3           energy efficiency measures and services to 25 percent of PG&E's  
4           estimated eligible low-income customers by 2012. As described  
5           previously, PG&E ran the PC<sub>m</sub>, UCT and TRC Tests to determine cost  
6           effectiveness of the program and its measures. Because so few  
7           measures are truly cost effective to offer in the LIEE program, PG&E  
8           determined to offer those measures that are *most* cost effective to all  
9           qualifying customers for whom they are feasible.

10          Additionally, some less cost-effective measures providing high energy  
11          savings are also offered to customers based on their higher energy use.  
12          Other factors such as climate zone and housing type will still determine  
13          whether a particular measure is feasible to install. Thus, less  
14          cost-effective measures are available to customers based on a  
15          combination of factors, including use (and all that determines use,  
16          including household size, consumption behavior, and appliances owned),  
17          climate zone, and housing type. The only new variable is energy use,  
18          however, that is largely determined by other factors such as weather and  
19          housing type that have always been regulated by the LIEE program.

20          PG&E decided to offer some less cost-effective measures based on a  
21          customer's electric and/or gas use because customers with the highest  
22          energy use also offer the greatest opportunity to save energy. This  
23          ultimately helps both the affected customer, who save money on their bill,  
24          and all California ratepayers, who benefit as decreases in energy use  
25          strengthen the State's energy resources and decrease GHG emissions.

26          PG&E will offer the LIEE program through a multilayered approach  
27          that considers energy use, climate zone and housing type. In addition to  
28          the LIEE program, PG&E will offer several pilots that are described in  
29          more detail in Section IV.G.

30          PG&E's electric customers will be divided into low, medium and high  
31          tiers, based on their electric use at Tiers 1-2 (Low Electric Use below  
32          130 percent of baseline), Tier 3 (Medium Electric Use from 131 percent to  
33          200 percent of baseline) and Tiers 4-5 (High Electric Use above  
34          200 percent of baseline). A customer will be considered at the highest

tier use they registered during at least two months over the previous 12-month period. PG&E chose to use a 2-month tier trigger rather than a 1-month trigger to help filter out atypical usage patterns caused by unusual weather spikes, temporary home visitors, or other outlier events that are not indicators of normal household energy usage.

In order to accurately assess home energy use, a customer must have a minimum 6-month billing history to be eligible to participate in the program. Customers with less than a 6-month history will be re-evaluated after they have sufficient billing history.

Table V-1 shows the percentage of 2007 CARE customers at each electric Tier, based on a two month minimum trigger over the previous 12-month usage.

**TABLE V-1  
PACIFIC GAS AND ELECTRIC COMPANY  
ELECTRIC TIER LEVELS FOR ALL CARE CUSTOMERS  
(FEBRUARY 2008)**

| Line No. | Tier Level | % CARE Customers |        |
|----------|------------|------------------|--------|
| 1        | Tier 5     | 8.26%            | 27.69% |
| 2        | Tier 4     | 19.43%           |        |
| 3        | Tier 3     | 27.47%           | 27.47% |
| 4        | Tier 2     | 14.89%           | 44.84% |
| 5        | Tier 1     | 29.95%           |        |

PG&E also tiered gas usage and divided gas customers into Tier 1 below-baseline low usage customers, and Tier 2 above-baseline high usage customers. PG&E used the same 2-month trigger described above for electric tiering. Table V-2 shows the percentage of 2007 CARE customers below and above baseline, based on a 2-month minimum trigger over the previous 12-month usage.

**TABLE V-2  
PACIFIC GAS AND ELECTRIC COMPANY  
GAS TIER LEVELS FOR ALL CARE CUSTOMERS  
(FEBRUARY 2008)**

| Line No. | Tier Level | % CARE Customers |
|----------|------------|------------------|
| 1        | Tier 1     | 22.67%           |
| 2        | Tier 2     | 77.33%           |

1                   Because gas usage is not predicated by electric usage, customers  
2 who receive both gas and electric commodities from PG&E will be  
3 assessed for each commodity based on their separate feasibility criteria.  
4 However, the actual in-home assessment will be performed at the same  
5 time by the same person. LIEE measures available to customers at each  
6 gas and electric level are shown in Tables V-3 and V-4 below.

**TABLE V-3  
PACIFIC GAS AND ELECTRIC COMPANY  
LIEE MEASURES AVAILABLE TO CUSTOMERS BASED ON THEIR ELECTRIC USE**

| <b>PG&amp;E Electric Customer</b>           |                 |                    |                  |
|---|-----------------|--------------------|------------------|
| <b>Measure</b>                              | <b>Low User</b> | <b>Medium User</b> | <b>High User</b> |
| Energy Education                            | ●               | ●                  | ●                |
| Screw in CFL                                | ●               | ●                  | ●                |
| Interior Hardwired Light                    | ●               | ●                  | ●                |
| Occupancy Sensor                            | ●               | ●                  | ●                |
| Refrigerator                                | ●               | ●                  | ●                |
| Torchiere                                   | ●               | ●                  | ●                |
| Evaporative Cooler                          | ○               | ◐                  | ◐                |
| Window/Wall AC                              | ○               | ◐                  | ◐                |
| Exterior Hardwired Light                    | ○               | ◐                  | ◐                |
| Attic Insulation <sup>1</sup>               | ○               | ○                  | ●                |
| AC Tune-Up                                  | ○               | ○                  | ◐                |
| Door Weather-stripping <sup>2</sup>         | ○               | ○                  | ●                |
| Caulking <sup>2</sup>                       | ○               | ○                  | ●                |
| Attic Access Weather-stripping <sup>2</sup> | ○               | ○                  | ●                |
| Minor Home Repairs <sup>2</sup>             | ○               | ○                  | ●                |

- Available to all qualifying customers.
- ◐ May be available to qualifying customers based on climate zone and/or housing type.
- May be available to qualifying customers based on need.

<sup>1</sup> Attic Insulation – Feasible if the customer cools the home with a Central Air Conditioner.

<sup>2</sup> Weatherization – Feasible if the customer's home is All Electric.

**TABLE V-4**  
**PACIFIC GAS AND ELECTRIC COMPANY**  
**LIEE MEASURES AVAILABLE TO CUSTOMERS BASED ON THEIR GAS USE**

| PG&E Gas Customer                            |          |           |
|--|----------|-----------|
| Measure                                      | Low User | High User |
| Energy Education                             | ●        | ●         |
| Water Heater Blanket                         | ●        | ●         |
| Low Flow Showerhead                          | ●        | ●         |
| Faucet Aerator                               | ●        | ●         |
| Pipe Insulation                              | ●        | ●         |
| Door Weather-Stripping                       | ○        | ●         |
| Attic Access Weather-Stripping               | ○        | ●         |
| Attic Insulation                             | ○        | ●         |
| Utility Gaskets                              | ○        | ●         |
| Caulking                                     | ○        | ●         |
| Duct Test/Seal                               | ○        | ●         |
| Minor Home Repair                            | ○        | ●         |
| Furnace Repair/Replacement <sup>1</sup>      | ◐        | ◐         |
| Water Heater Repair/Replacement <sup>1</sup> | ◐        | ◐         |

- Available to all qualifying customers.
  - ◐ May be available to qualifying customers based on climate zone and/or housing type.
  - May be available to qualifying customers based on need.
- <sup>1</sup> Available to qualifying home owners.

PG&E proposes to eliminate the current three-measure minimum criteria before installing energy efficiency measures in a home. Under this rule of the current program, a home must qualify to receive a minimum three measures (or a refrigerator) in order to participate in the LIEE Program. PG&E will assess all qualifying homes and install all measures for which they qualify under the program.

PG&E's LIEE program will be provided to customers by subcontractors reporting to a prime administrative contractor. The prime contractor will be hired through a new competitive bid to be let out in mid-2008, as further described in Section VIII.

Subcontractors will work in assigned geographic areas. As in prior programs, they will be responsible for achieving specific goals based on

1 the number of homes treated each year, determined by the number of  
2 estimated eligible customers in their assigned county. Although  
3 subcontractors will have the database of enrolled PG&E CARE customers  
4 in their area available to them (as they do in the current program), PG&E  
5 will provide more ME&O support, including collateral materials and  
6 customer segmentation information. PG&E is also working with its CARE  
7 outreach staff to provide more targeted LIEE outreach, generating more  
8 specific leads for contractors.

9 PG&E will require that its subcontractors continue to offer the LIEE  
10 program to both higher and lower tier customers throughout its service  
11 area, and that low users not be passed over in favor of higher energy  
12 users. PG&E will implement tiers as well as county goals to help manage  
13 the LIEE program. Currently, PG&E's contractors have geographic goals,  
14 determined in proportion to estimated customer eligibility by county.  
15 Although contractors do not have rural/urban or renter/owner goals, all of  
16 these are tracked. For example, Table V-5 shows that PG&E low-income  
17 renters are treated in proportion to their existence in the population as  
18 reported in the KEMA Needs Assessment Report, which reported  
19 44 percent of PG&E low-income customers were owners and 56 percent  
20 were renters.

**TABLE V-5  
PACIFIC GAS AND ELECTRIC COMPANY  
2004-2006 LIEE HOMES TREATED BY HOUSING TYPE**

|             | Housing Type               | 2004-2006 Total PG&E Homes Treated in LIEE |              | PG&E Low Income Population* |
|-------------|----------------------------|--|--------------|-----------------------------|
|             |                            | #  | %            | %                           |
| <b>Own</b>  | Single Family              | 59,429                                     | 78.0%        |                             |
|             | Multi-Family               | 1,717                                      | 2.3%         |                             |
|             | Mobile Home                | 15,054                                     | 19.8%        |                             |
|             | <b>Total Owners</b>        | <b>76,200</b>                              | <b>44.6%</b> | <b>44%</b>                  |
| <b>Rent</b> | Single Family              | 44,454                                     | 46.9%        |                             |
|             | Multi-Family               | 48,540                                     | 51.2%        |                             |
|             | Mobile Home                | 1,756                                      | 1.9%         |                             |
|             | <b>Total Renters</b>       | <b>94,750</b>                              | <b>55.4%</b> | <b>56%</b>                  |
|             | <b>Total Units Treated</b> | <b>170,950</b>                             |              |                             |

\* From RASS 2003/HENS 2004, reported in KEMA Low Income Needs Assessment Report, September 7, 2007.

PG&E will continue to monitor participation in key segments of the low-income population, and is proposing a Joint Utility study to identify and segment low-income customers most likely and willing to participate in LIEE. PG&E will use this data to set realistic goals in low-income population segments in future program years.

#### **Bulk Purchasing**

PG&E already uses its considerable purchasing power to bulk purchase and negotiate lower prices for many measures, including energy efficient refrigerators, evaporative coolers and room air conditioners. PG&E will continue to use bulk purchase agreements and other methods with suppliers to bring EE measure costs down in the LIEE program. These costs are passed on to contractors, and have been offered to LIHEAP agencies as well. PG&E is working with its EE program and with the other utilities to explore the feasibility of statewide purchasing of some measures to find even greater discounts. Potential challenges to be investigated include warehousing and transportation.

1                   **1. Program Delivery by Density/Segments**

2                   PG&E is working to better segment its estimated eligible  
3                   low-income population based on such useful characteristics as  
4                   climate zones, geographic areas, language, and housing type. By  
5                   better understanding these characteristics of the local population,  
6                   PG&E will be able to target and penetrate customers segments with  
7                   more accurate messages. As knowledge regarding diverse  
8                   population segments becomes more accurate, PG&E will consider  
9                   creating more segmented goals within counties for key (or  
10                  underserved) population segments as warranted.

11                  In addition to the LIEE program, PG&E is addressing specific  
12                  community needs through creation of more community LIEE projects.  
13                  These are described in more detail under the Pilot Section V.G. The  
14                  purpose of these projects is to take advantage of existing community  
15                  infrastructures to better serve hard to reach local communities.  
16                  PG&E is excited about the projects proposed in this application, and  
17                  anticipates expanding these community projects to more local  
18                  communities as another source of providing LIEE services to its  
19                  customers.

20                  **2. Increased Coordination Between Utilities**

21                  PG&E program staff meets regularly with other utility LIEE  
22                  program staff to share successful practices and discuss program  
23                  operations.

24                  PG&E is working with the other utilities to increase bulk  
25                  purchasing opportunities, which should contribute some cost savings  
26                  due to increasing order sizes. However, there could also be unknown  
27                  cost increases due to storage and transportation issues involved if  
28                  central distribution is required to get product to LIEE program  
29                  installers located throughout the state.

30                  Other coordination efforts include data sharing and referrals  
31                  between the utilities. LIEE customers referred from one utility to  
32                  another do not have to be income verified again. However, other  
33                  types of coordination between utilities could actually increase costs in  
34                  terms of increased database management and record-keeping

criteria. Utilities are exploring new segmentation criteria utilities for targeting willing customers. These may also increase costs initially while utilities enhance existing database structures to record and track them.

### **3. LIEE Installation Standards and Policy and Procedures Manuals**

PG&E is requesting \$250,000 over 2009-2011 to update the statewide LIEE Installation Standards (LIS) Manual and the Policy and Procedures (P&P) Manual. The current manuals are out-dated. PG&E will either work with the other investor owned utilities to update the manuals statewide, or separately to update them for PG&E only. PG&E will present them publicly and address any public comments before applying them to the LIEE program.

Previously, the Joint Utility LIEE Standardization Project Team created and updated the standardized Weatherization Installation Standards (WIS) Manual and the P&P Manual for the Statewide LIEE program. Decision 05-12-026, Ordering Paragraph (OP) 8 required that the LIEE Standardization Team not undertake any new activities unless directed by the Assigned Commissioner. In 2007, PG&E, SCE, SDG&E and SoCalGas, revised the P&P Manuals to accommodate the LIEE program changes authorized by the Commission for program years 2006, 2007 and 2008.

The proposed P&P Manual revisions were discussed openly at public meetings held by the joint IOUs and distributed for review and comment to the service list in Rulemaking 07-01-042 and to the IOUs contractors and agency contacts. The proposed revisions to the P&P Manual were not submitted to the Commission for approval at that time, however SDG&E plans to file the revised P&P Manual on behalf of all of the joint IOUs in the third quarter 2008 to seek approval for the program changes authorized in 2006, 2007 and 2008 LIEE program cycle. As a result, PG&E anticipates that a supplemental filing may also be required to accommodate the program changes proposed in the IOUs' 2009-2011 LIEE program applications.

Installation codes and standards change, and the LIS Manual should be updated to reflect these revised installation standards on a

1 regular basis. Additionally, standards must be added for any new  
2 measures included in the program. Ideally, PG&E believes that the  
3 LIEE program should offer consistent statewide installation standards,  
4 however, if no provision is made for the utilities to work together to  
5 maintain consistent standards and practices, PG&E will update its  
6 own manual so that all PG&E LIEE work is performed in compliance  
7 with State code.

8 Until directed otherwise, PG&E will comply with all current  
9 Commission decisions relative to the current LIEE Installation  
10 Standards and P&P Manuals. Additionally, the four IOUs will  
11 continue to work together with other interested parties to address  
12 program issues, including conducting workshops to obtain public  
13 input. The utilities also will work with the Energy Division staff to  
14 determine where Commission review and approval is necessary for  
15 any program changes related to matters covered in the Commission  
16 directives. This will allow necessary program changes to be  
17 addressed between program application filings.

#### 18 **4. NGAT Issues**

19 In 1998, the Commission directed that low-income program funds  
20 were not to be used to perform LIEE-related Combustion Appliance  
21 Safety (CAS) testing, now known as NGAT.<sup>[10]</sup> This direction was  
22 based on the Commission's belief that "carbon monoxide testing  
23 conducted under the LIEE program is part of the "routine" service to  
24 ratepayers and is already authorized in rates."

25 PG&E requests that LIEE NGAT be funded through the LIEE  
26 program rather than the GRC, as the NGAT procedures adopted by  
27 the Commission are specific to LIEE. The complete NGAT procedure  
28 conducted under the LIEE program is not part of PG&E's routine  
29 Combustion Appliance Safety (CAS) testing service to non-LIEE  
30 customers.

31 Funding for NGAT/CAS testing for the LIEE program is currently  
32 provided in the GRC at \$2.84 million per year. If PG&E is given

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**[10]** See D.98-06-063 (OP 7) and D.00-07-020 at p. 108.

1 permission to fund NGAT out of the LIEE program, PG&E will reduce  
2 its revenue requirement by the amount currently in rates by proposing  
3 the reduction in PG&E's next AGT filing, to be effective  
4 January 1, 2009. This will ensure that the LIEE NGAT funding occurs  
5 in only one place so that no double recovery will occur.

6 Since 2001, the Commission has adopted policies for LIEE-  
7 related CAS testing that have significantly increased the number and  
8 types of testing required. On March 15, 2001, Decision 01-03-028  
9 adopted a statewide minimum CAS testing standard for use by all  
10 utilities beginning in 2002, which required that CAS testing be  
11 completed for all LIEE homes that had gas appliances. The minimum  
12 testing requirements included, among other things, room ambient  
13 CAS testing and appliance ambient tests.

14 On December 11, 2001, Decision 01-12-020 adopted more  
15 detailed protocols for LIEE-related CAS testing. The Commission  
16 also directed that the costs of CAS testing be reported net of the  
17 costs associated with any other LIEE program activities taking place  
18 in conjunction with CAS test visits to customers' homes.

19 On November 11, 2003, Decision 03-11-020 required a  
20 significant increase in CAS testing activities beginning in 2004. LIEE  
21 CAS testing (now called NGAT) would include testing all gas  
22 appliances in weatherized homes except clothes dryers, with ambient  
23 tests conducted with all the appliances off, then with all of them on.  
24 Appliances that failed the initial tests could be subject to flue testing.

25 As a result of the requirements in these decisions, LIEE-related  
26 NGAT have become more complex and require more time to  
27 complete than in the past. NGAT is specifically designed to address  
28 the needs of low-income households that receive infiltration measures  
29 through the LIEE program. These circumstances differ from  
30 situations where other non-LIEE customers are provided routine gas  
31 safety services. PG&E believes that NGAT should be funded through  
32 the public purpose program along with all other LIEE program costs,  
33 since the tests have become an integral element of the LIEE program

1 and are regulated along with other LIEE program policies and  
2 procedures.

3 In addition, the amount of funds required for NGAT is directly  
4 related to the number of homes that receive infiltration measures  
5 under the LIEE program. This proceeding, not the GRC, is the  
6 appropriate forum to determine the appropriate funding for NGAT.  
7 The addition of NGAT funding into the LIEE program is more critical  
8 now that the LIEE program is ramping up to meet the  
9 Decision 07-12-051 programmatic initiative. As a direct function of  
10 the LIEE program, NGAT funding should be linked to LIEE rather  
11 than the GRC which occurs on a different cycle. The amount of  
12 NGAT funding previously authorized under the GRC was based on  
13 lower LIEE program participation goals and is insufficient to meet the  
14 increased demands of the new LIEE program, which jeopardizes  
15 PG&E's ability to meet the programmatic initiative. PG&E will need  
16 additional funding of NGAT as outlined in Attachment A-1 to meet the  
17 increased number of tests required for the 2009-2011 LIEE program.

### 18 **C. Portfolio Composition**

19 PG&E's 2009-2011 LIEE program portfolio is also described in  
20 Section V.B. PG&E is offering the most cost-effective measures to  
21 customers based on climate zone, housing type and energy usage.

#### 22 **Cost-Effective Measures**

23 Cost effectiveness is one of the greatest challenges for the  
24 LIEE program. Other energy efficiency, solar, and DR programs are  
25 partial payment programs where *the customer* pays the bulk of the  
26 purchase and installation costs. For example, residential EE programs  
27 offer incremental rebates to incent customers to purchase and install  
28 more energy efficient equipment than they would have chosen otherwise.  
29 The LIEE program was originally created as an equity program to provide  
30 low-income ratepayers who could not otherwise afford it the same  
31 opportunity to receive EE services. In the free, direct install LIEE  
32 program, *the program* pays the full amount of the purchase and  
33 installation costs, significantly increasing costs paid for energy savings.  
34 For example, a refrigerator rebate program may pay rebates totaling

1 \$50 or \$100 to customers, reaping generous energy savings, but the  
2 LIEE program must pay \$750 to \$1,000 to purchase, ground, install and  
3 recycle a refrigerator for the same energy savings. Thus measures that  
4 are highly cost effective in rebate programs may have very low  
5 cost/benefit ratios in a free direct install program. Only the following LIEE  
6 measures had a cost-effectiveness ratio greater than 1.0:

- 7 • Microwaves; and
- 8 • Water Heating Conservation Measures (including water heater  
9 blankets, faucet aerators, low flow showerheads, and pipe insulation).

10 The following measures had a cost-effectiveness ratio less  
11 than 1.0 but greater than 0.50, and are included in PG&E's 2009-2011  
12 LIEE program:

- 13 • CFLs;
- 14 • Interior Hardwired Lights;
- 15 • Occupancy Sensors;
- 16 • Refrigerators;
- 17 • Torchieres;
- 18 • Duct Sealing;
- 19 • AC Tune-Up;
- 20 • Attic Insulation;
- 21 • Clothes Washers; and
- 22 • Aggregate Air Sealing/Envelope Measures (door weather-stripping,  
23 caulking, attic access weather-stripping, minor home repair, and utility  
24 gaskets).

25 By focusing on measures that have the highest cost-effectiveness  
26 ratio, PG&E can deliver assistance to over 25 percent of the potential  
27 LIEE customers (300,000) quickly and efficiently during the 2009-2011  
28 period without increasing the LIEE budgets (and resulting burden to  
29 ratepayers) to unreasonable heights.

1           Because only a few measures exceeded a ratio of “1.0” based on the  
2 cost-effectiveness calculations, the utilities developed a scale to  
3 determine which measures are the *most* cost effective. The utilities  
4 followed this same methodology to determine measure cost effectiveness  
5 in 2003 in *The Joint Utilities Revised Results of Measure*  
6 *Cost-Effectiveness*, submitted to the Commission by the Standardization  
7 Team on January 6, 2003, and the *Low Income Energy Efficiency*  
8 *Program Measure Cost Effectiveness Study Final Report*, which included  
9 measure assessment by climate zone and was submitted to the  
10 Commission by the Standardization Team on June 2, 2003. The utilities  
11 recommend that these most cost-effective measures be provided in the  
12 LIEE program. PG&E proposes to offer some additional measures that  
13 are in the “mid-range” of cost-effectiveness, and describes them and  
14 explains its reasons for including them in the “non-cost-effective measure”  
15 section below.

16           PG&E will also leverage its mainstream EE programs and bulk  
17 purchase items where possible to stretch LIEE dollars as much as  
18 possible to provide maximum service to low-income customers. PG&E  
19 believes that this three-part effort of: (1) providing all cost-effective  
20 measures to all LIEE customers; (2) capturing contracting efficiencies by  
21 clustering measures into a single-visit approach wherever possible; and  
22 (3) bulk purchasing items where possible, will achieve the Commission’s  
23 goals of providing a reliable EE resource, while serving a much greater  
24 number of LIEE customers with measures and services that will help  
25 more people reduce the burden of their energy bills.

26           Even though the approach described above will spread LIEE dollars  
27 across the greatest number of people and achieve the “biggest bang for  
28 the buck,” PG&E also supports the Commission’s goal of not losing sight  
29 of the original LIEE objective of providing health, safety and comfort  
30 benefits to people who are in extremely difficult situations. As many  
31 parties have pointed out, the above approach will simply not be sufficient  
32 for some customers who are trading energy costs for essential services  
33 such as food and medicine. PG&E therefore will augment its  
34 cost-effective program with additional non-cost-effective measures to

1 provide further energy savings as well as the traditional health, safety and  
2 comfort benefits.

3 This will take two forms:

- 4 • **First**, less cost-effective measures will be offered to customers with  
5 higher energy use because their higher use will render the measures  
6 more cost-effective.

7 Because LIEE customers generally cannot afford to waste energy,  
8 PG&E believes that LIEE customers in the higher tiers are often in  
9 those tiers because they have more people living in the house.

10 Therefore, more people will benefit from the addition of more  
11 measures in these tiers and higher energy bills—which are even  
12 more burdensome—will be reduced.

- 13 • **Second**, additional heating and cooling measures such as  
14 evaporative coolers and window/wall air conditioners, will be offered  
15 in climate zones that have more extreme temperatures. This will help  
16 protect people from the health hazards associated with being too hot  
17 or too cold.

18 Other LIEE measures such as exterior hard-wired lighting also had a  
19 cost-effectiveness ratio less than 0.50, but were included in the LIEE  
20 Program because of the comfort, health and safety benefits they offer  
21 to customers.

## 22 **New Measures**

23 PG&E considered and assessed several new measures to include in  
24 the LIEE program. LIEE staff looked at all measures offered to residential  
25 customers under its EE programs, and through the Third-Party Contracts  
26 and Local Government Initiatives to see if any of these measures might  
27 be feasible and cost effective to offer in the LIEE program. Most  
28 residential measures currently offered under these programs were  
29 already offered through the LIEE program, or were determined to be non-  
30 cost effective options. PG&E's residential EE programs offer rebates to  
31 customers to purchase and install high efficiency measures. Because  
32 LIEE is a direct install program that covers 100 percent of the installed  
33 measure cost, very few measures are cost effective in the LIEE program,

1 and many measures that are staples of other EE program portfolios, are  
2 not offered to all qualifying customers through utility low-income  
3 programs.

4 The following measures either ranked well in cost-effectiveness tests  
5 or passed initial assessment criteria that deemed them practicable to test  
6 further as pilot measures. These new measures are included in the  
7 2009-2011 program on a limited pilot or regular basis:

- 8 • Torchieres;
- 9 • Lighting Occupancy Sensors;
- 10 • Clothes Washers (pilot); and
- 11 • Microwaves (pilot).

#### 12 **1. Assembly Bill 1109 (AB 1109)**

13 Assembly Bill (AB) 1109 (AB 1109; Huffman: the California  
14 Lighting Efficiency and Toxics Reduction Act) was signed by the  
15 Governor on October 12, 2007. This law requires that general  
16 purpose lights meet specific standards for hazardous materials  
17 (particularly mercury) and that the California Integrated Waste  
18 Management Board consider methods for the safe disposal of  
19 general purpose lights. Additionally, the bill requires that the  
20 California Energy Commission (CEC) adopt regulations (in  
21 combination with other programs and activities affecting lighting use)  
22 that will reduce the average indoor residential lighting consumption by  
23 50 percent and average indoor commercial and outdoor lighting levels  
24 by 25 percent relative to 2007 levels. These reduced lighting energy  
25 use reduction targets will have to be met by 2018. The Department  
26 of General Services and all other state agencies must cease  
27 purchasing general purpose lighting that does not meet the standards  
28 within two years of enactment of the standards.

29 In order to help meet the requirements of AB 1109, the CEC,  
30 through its 2008 Appliance Efficiency Rulemaking, is looking at early  
31 adoption of the Federal Energy Independence and Security Act of  
32 2007 (EISA 2007) Tier I standards for general purpose lighting. The  
33 effective date would be January 1, 2011. The federal standards

1 require that bulbs use 25-30 percent less energy than today's  
2 incandescent bulbs by 2012-2014 and at least 70 percent less energy  
3 by 2020. The initial replacements can be CFLs and light-emitting  
4 diodes (LED), to the extent they are already on the market, and  
5 advanced incandescent lamps, which the major lamp manufacturers  
6 are introducing to the market now. CFLs and LEDs will also meet the  
7 2020 targets. The federal standards will lead to the replacement of  
8 standard incandescent 100 watt bulbs on January 1, 2012; 75-watt  
9 bulbs on January 1, 2013; and 40- and 60-watt bulbs on January 1,  
10 2014.

11 While it is unlikely that the CEC will implement a complete ban on  
12 incandescent general purpose bulbs at this time, a ban would, in  
13 effect, mandate fluorescent bulbs. The changes to CEC's  
14 2008 Title 24 building standards, effective in mid-2009, will primarily  
15 impact new construction and retrofits in the near term (i.e., during the  
16 2009-2011 program cycle). This state legislation may be preempted  
17 by federal legislation in 2012-2014.

18 The most compelling issue for LIEE programs is whether the  
19 LIEE program should be funding inexpensive EE measures that will  
20 become a consumer's only lighting choice once incandescent general  
21 purpose bulbs are banned. However, since AB 1109 will not  
22 completely ban the sale of incandescent bulbs during the 2009-2011  
23 program period, PG&E believes that the LIEE program should  
24 continue to distribute CFLs at least through 2011. CFLs provide  
25 cost-effective energy savings, and as long as less expensive  
26 incandescent choices are widely available, these less energy efficient  
27 measures will continue to be purchased and used by low-income  
28 customers.

29 The new standards are unlikely to be in effect during the  
30 2009-2011 program period. Customers with limited income during  
31 this period will purchase less expensive incandescent bulbs and pay  
32 higher operating costs. CFLs are among the most cost-effective  
33 energy measures and can provide immediate and measurable bill  
34 savings to customers who need it most. Increasing awareness of

1 CFLs in advance of the standards will increase customer awareness  
2 of available options and help ease the transition when incandescent  
3 bulbs begin to disappear from store shelves.

4 At some point, AB 1109 will allow customers to buy only CFLs in  
5 California. As the effects of this legislation become more widespread  
6 it will be even more important to provide CFL fixture assistance to  
7 LIEE customers, who will find it harder to perform the necessary  
8 rewiring than the average customer. At that point, PG&E will  
9 reassess the efficacy of LIEE CFL measures. One option would be to  
10 decrease the number of CFLs that are provided through the LIEE  
11 program and increase the number of CFL fixtures.

12 Additionally, while it presently is unclear whether the California  
13 Integrated Waste Management Board will adopt policies that promote  
14 the safe disposal of CFLs, PG&E believes that the LIEE customers  
15 should be educated in proper disposal of CFLs. Education on the  
16 proper disposal of CFLs will be included in PG&E's in-home energy  
17 education program and other CFL promotions. Any further direction  
18 on proper disposal resulting from this legislation will be incorporated.

## 19 **2. 10-Year Go Back Rule**

20 In order to provide services to the widest range of low-income  
21 households possible, the 2006 Low Income Energy Efficiency Policy  
22 and Procedures Manual (dated October 25, 2005) places certain  
23 restrictions on the participation of homes/customers that have  
24 previously been treated under the LIEE Program.

25 Decision 07-12-051 directs the utilities to "Eliminate or modify the  
26 10-year 'go back' rule to permit installations of new measures and  
27 technologies in all households while avoiding duplicative  
28 installations."

29 PG&E proposes to eliminate the 10-year go back rule. PG&E  
30 proposes to treat any qualifying home that has not been treated by  
31 either the LIEE program or LIHEAP program since 2002. When  
32 evaluating the 10-year rule and assessing the levels of service  
33 provided to customers over the past 10 years, the utilities decided  
34 that customers who had been served since the end of 2001, when

1 “Rapid Deployment” measures were included in the program, were  
2 customers who had received “all feasible measures” currently offered.  
3 These customers would receive very little—if any—additional benefit  
4 from LIEE. Only a few new measures have been introduced since  
5 2002, and any higher energy-saving measures, such as air  
6 conditioning were implemented in the program as “go-back”  
7 measures. This is discussed in further detail in Section III.A, under  
8 the explanation regarding how the utilities plan to meet the 25 percent  
9 LIEE programmatic initiative.

10 The utilities have agreed upon the following  
11 modifications/exceptions to “Section 2.8 Previous Participation” of the  
12 2006 LIEE Policy and Procedures Manual: New cost-effective  
13 measures or technologies that were not previously available in the  
14 LIEE program at the time the utility treated a home shall be made  
15 available for those qualifying customers. In the event a key program  
16 eligibility requirement now makes a customer eligible for measures  
17 previously not offered at the time the utility treated the home, the  
18 utility shall make available those cost-effective measures for qualified  
19 customers.

20 Note that in all cases, the household must continue to meet  
21 qualification requirements to be considered eligible to receive  
22 services not offered at the time of original enrollment.

23 PG&E also proposes to eliminate the three-measure minimum  
24 currently required for participation in the LIEE program. It is PG&E’s  
25 belief that the comprehensive energy education and measure  
26 assessment conducted by its LIEE Energy Specialists when the home  
27 is enrolled in the LIEE program will ensure that the home receives all  
28 measures for which it qualifies to make it as energy efficient as  
29 practical given the building age, type and the customer’s energy  
30 consumption patterns. It also will assist PG&E in working with the  
31 California Department of Community Services (CSD) and the LIHEAP  
32 agencies to maximize leveraging opportunities.

1                   **3. PG&E Proposes a Continuation of the REACH (Relief for Energy**  
2                   **Assistance Through Community Help) PLUS Program for the First**  
3                   **Time in This LIEE Proceeding**

4                   In this section, PG&E seeks \$10 million per year for the  
5                   2009-2011 cycle for the continuation of the REACH PLUS program.  
6                   PG&E has had a REACH program available to low income customers  
7                   experiencing extreme hardship since 1983. The REACH program is  
8                   an energy assistance program which offers one-time cash grants to  
9                   qualifying low-income customers who experience an unplanned or  
10                  uncontrollable change in their ability to maintain their energy  
11                  service.<sup>[11]</sup> To qualify for assistance, the applicant's income may not  
12                  be more than 200 percent of the Federal Poverty Level (FPL), the  
13                  same threshold as is established for the CARE and LIEE programs.  
14                  Other general qualifications include a 48-hour shut-off notice and  
15                  residence in non-subsidized housing.

16                 This year-round program has generally been funded by PG&E  
17                 customers' and employees' individual voluntary tax-deductible  
18                 contributions. With the consent of each PG&E participating customer  
19                 these contributions are normally pledged and made a component of  
20                 the monthly PG&E bill.

21                 REACH is administered by the Salvation Army and all  
22                 administrative costs are covered by a charitable grant from PG&E's  
23                 shareholders and by operating income from the Salvation Army. This  
24                 approach ensures that 100 percent of customer donations go directly  
25                 to providing energy assistance to qualifying customers in need.

26                 The Salvation Army administers the program focusing on  
27                 balancing the funds available with the number of customers who are  
28                 requesting assistance. On an annual basis, customers are regularly  
29                 turned away for lack of funds, particularly in the peak months of the  
30                 late winter and late summer.

31                 In the fall of 2006, PG&E filed a request to use \$5 million  
32                 collected in the DRAM balancing account to provide a fund for

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[11] The program allows for one-time cash grants on an 18-month basis.

1 residential customers who might otherwise be unable to pay higher  
2 bills caused by increased AC use during the Heat Storm<sup>[12]</sup>. PG&E  
3 proposed that the funds generally be administered by the  
4 Salvation Army in a manner consistent with the existing REACH  
5 program. In approving PG&E's request, the Commission stated that  
6 the amount be "...increased from five million to ten million and remain  
7 available to customers throughout 2007."<sup>[13]</sup> The Commission also  
8 endorsed this program by mandating that SCE and Sempra Energy  
9 establish a similar program for their low income customers. The  
10 Utility Reform Network (TURN)<sup>[14]</sup> and DRA both supported this  
11 program, which became known as REACH PLUS.

12 The qualification criteria under REACH PLUS were broadened to  
13 include customers living in subsidized housing and the maximum  
14 grant was increased from \$300 to \$500. During the nearly 18 months  
15 of REACH PLUS, the program has helped approximately  
16 40,000 low-income customers avoid shut off by providing an average  
17 payment amount of almost \$260. Under the REACH PLUS program  
18 PG&E shareholders have continued to fund the administrative costs  
19 incurred by the Salvation Army and other ancillary costs.

20 The REACH PLUS program has been highly successful and the  
21 \$10 million provided in August of 2006 has been exhausted. Current  
22 emergency assistance needs are being met through the flow of  
23 charitable funds into the traditional REACH program, which has only  
24 twenty percent of the amount of funds available through REACH  
25 PLUS. In order to manage the reduction in available funds, more  
26 restrictive REACH eligibility criteria have been reimplemented. As a  
27 result, there is a substantial increase in the number of low income

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<sup>[12]</sup> Advice Letter 2885-E, filed August 16, 2006

<sup>[13]</sup> Resolution E-4019, p.1

<sup>[14]</sup> "TURN applauds PG&E for its willingness to creatively approach the problem of how to increase the assistance available for customers at risk of service termination... The \$5 million emergency assistance fund may be what makes all the difference for a number of PG&E's most financially vulnerable customers..." Letter dated August 18, 2006 entitled "Response of TURN in Support of Advice Letter 2885-E."

1 customers turned away from REACH assistance. This continued  
2 demand for emergency energy assistance is occurring despite  
3 increases in participation in CARE and LIEE.

#### 4 **Funding**

5 The objectives of the Public Purpose Program component on the  
6 utility bill are well served through the funding of the REACH PLUS  
7 Program for 2009-2011. PG&E's Low-Income Energy Efficiency  
8 program has had a long history of assisting customers in need  
9 through weatherization and related services as well as through its  
10 sister CARE Program. The \$10 million annual funding of REACH  
11 PLUS will support the health, comfort and safety of PG&E's  
12 customers and will be a critical component of the integrated portfolio  
13 of services provided to low income customers (see leveraging section  
14 above) in the 2009-2011 timeframe.

#### 15 **D. Marketing, Education and Outreach**

16 Currently, PG&E marketing and outreach is performed by LIEE  
17 implementation subcontractors. These contractors are responsible for  
18 enrolling LIEE participants to meet their contract goals. PG&E provides  
19 them with a database containing current CARE customers in their  
20 contract area for them to outreach the program to. This database is  
21 updated on a weekly basis. In addition, the program database notes  
22 which customers have participated previously and are thus ineligible to  
23 receive LIEE services.

24 PG&E contractors currently use many strategies to enroll LIEE  
25 customers, including: canvassing neighborhoods, targeted direct mail,  
26 outbound calls, advertising in local venues, speaking to local groups, and  
27 outreaching at community events. Customers who call into PG&E's  
28 customer service are referred to the LIEE program and assigned to the  
29 contractor in their area who sets up an appointment with them.

30 PG&E will help its contractors continue these successful marketing  
31 and outreach strategies. PG&E's most important strategy to enroll LIEE  
32 participants for 2009-2011 will be helping its contractors mine the CARE  
33 list for leads. PG&E's CARE rate discount program currently has a  
34 73 percent penetration rate among eligible low-income customers. It also

1 makes sense to start with the CARE list because those customers are  
2 receiving a subsidized rate discount, and it will help fund the expansion of  
3 the CARE and LIEE programs to eliminate as much subsidy as possible  
4 for inefficient energy use through LIEE efficiency improvements.

5 Rather than duplicating effort and cost, PG&E's LIEE program team  
6 is integrating marketing and outreach with its highly successful CARE  
7 team's outreach. To increase participation in the LIEE program, PG&E  
8 will seek to leverage CARE and LIEE messaging strategies to reach the  
9 same targeted customer segment while incurring only incremental LIEE  
10 costs. For example, CARE outreach efforts reach customers through a  
11 variety of activities including its network of CARE Outreach Contractors  
12 (COCs), community outreach, direct mailings and bill inserts, participation  
13 in local community events, presentations, paid media (including  
14 advertising in local and in-language newspapers, television and radio),  
15 grassroots media, and partnerships with government agencies and  
16 faith-based organizations. CARE's outreach campaign also includes key  
17 media, charitable organizations and government agencies serving  
18 targeted counties and communities in multiple languages.

19 By working through the CARE outreach team, LIEE will also be able  
20 to take full advantage of CARE's successful low-income customer  
21 segmentation and targeted marketing strategies: CARE outreach targets  
22 seniors, disabled customers, families, ethnic populations, rural and urban  
23 customers, and other low-income PG&E customers.

24 During 2009-2011, PG&E will identify and target high energy-use  
25 CARE customers who may elect to participate in the LIEE program while  
26 building more general awareness about the program through advertising,  
27 direct mail, and other approaches. Increasing awareness will be  
28 particularly important in later years as PG&E's LIEE penetration increases  
29 and eligible customers may become incrementally harder to find and  
30 serve them.

31 PG&E is working together with the other IOUs, Energy Division, the  
32 LIOB, contractors, low-income community agencies and other interested  
33 parties to develop statewide marketing approaches and tagline for the

1 LIEE program. Each utility will be able to add the readily recognizable  
2 LIEE program tag line to its own LIEE program name.

3 During 2009-2011 PG&E will also work closely with PG&E  
4 communications and marketing teams working on other EE programs to  
5 promote all opportunities that may be advantageous and feasible to  
6 low-income customers. PG&E LIEE program management staff meet  
7 regularly with EE, DR, CSI, climate change and other program and  
8 marketing staff to integrate strategies and coordinate outreach efforts.  
9 PG&E LIEE staff is also exploring opportunities with other utilities and  
10 agencies (municipalities, water, local governments, and LIHEAP) and  
11 expanding grassroots outreach efforts with Community-Based  
12 Organizations (CBO) and other agencies.

### 13 **1. Single Statewide Marketing Campaign**

14 The Commission, in Decision 07-10-032<sup>[15]</sup> directed that the  
15 CEESP, provide details about how education, marketing and  
16 outreach activities will be used to promote EE programs in an  
17 integrated and coordinated fashion, as set forth herein. The  
18 Commission also seeks to consider the development of a brand for  
19 California EE products and services.

20 The Commission expanded on this direction in  
21 Decision 07-12-051 for the LIEE program and directed the utilities  
22 develop a tagline that can be used with the existing program names  
23 currently used by the utilities.<sup>[16]</sup> The tagline was discussed and  
24 suggestions were offered at the LIEE Strategic Planning Workshops  
25 held January 8, 2008 and April 3, 2008. No consensus was reached  
26 at either of these meetings on a tagline for the program. The utilities  
27 have included exploring the use of a recognizable and trustworthy  
28 brand or tagline for LIEE in the CEESP.

29 Currently, low-income customers are made aware of the LIEE  
30 program through a wide range of methods including, but not limited

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<sup>[15]</sup> D.07-10-032, dated October 18, 2007, Conclusions of Law 13, 14, OP 8.

<sup>[16]</sup> D.07-12-051, dated December 18, 2007, pp. 46-47, "The workshop(s) should develop a brand name for the LIEE program that all utilities will use as a tag line that each utility would add to its own LIEE program name."

1 to: door to door canvassing, telemarketing, radio, news print,  
2 customer referrals, internet and referrals from other low-income  
3 assistance programs.

4 The utilities have contracted with an advertising agency to test  
5 concepts in the respective service areas through focus groups, mall  
6 intercepts, and online communications, and expect to present a  
7 recommended program tagline to the Commission by July 14, 2008.  
8 Implementation of the new statewide program tagline will facilitate the  
9 integration and visibility of the LIEE program.

10 The new program tagline will be used in all customer  
11 communications, including advertising, collateral, and website. The  
12 tagline will help reach low-income customers with interest in lowering  
13 energy bills and increasing home comfort. The utilities will develop a  
14 program tagline with consideration on how it will translate into other  
15 languages.

16 As described above in Section V.D, PG&E believes that  
17 marketing expenses for the 2009-2011 program can be minimized by  
18 working closely with its CARE program outreach efforts. PG&E  
19 believes that a more aggressive outreach campaign may be  
20 necessary in the next phase of this LIEE programmatic initiative,  
21 beginning in 2012. PG&E will continue to work with the other utilities  
22 and interested parties, including Energy Division, DRA, the LIOB and  
23 others, to develop a statewide tagline for immediate use with its LIEE  
24 "Energy Partners" program name, and to develop marketing plans for  
25 a more aggressive statewide marketing campaign to promote greater  
26 program awareness and participation for future phases of the  
27 program.

## 28 **2. ME&O by Population/Segments**

29 PG&E will undertake several ME&O efforts in 2009-2011 that  
30 target specific populations, including disabled customers, seniors,  
31 and renters.

32 PG&E has proposed several projects that will help seniors and  
33 disabled customers. For example, PG&E proposes to work with  
34 Meals On Wheels to identify their homebound clients qualifying for

1 microwaves and LIEE services. In conjunction with SCE, PG&E is  
2 proposing a household segmentation and targeting study to help  
3 identify and outreach to potential LIEE customers, including seniors,  
4 disabled customers, and renters.

5 There is a public perception that renters are not being treated  
6 equitably in the LIEE program. As noted previously in Section V.B,  
7 this perception is not correct; PG&E low-income renters are currently  
8 treated by the LIEE program in proportion to their presence in  
9 PG&E's low-income population. PG&E will continue to monitor the  
10 participation rates of renters and owners in LIEE to ensure that this  
11 rate remains roughly proportional.

12 PG&E's 2009-2011 pilot programs will also target other at-risk  
13 populations. The Habitat for Humanity pilot targets very low-income  
14 families with children. The City of San Jose pilot targets  
15 hard-to-reach populations in areas undergoing complete revitalization  
16 who speak English, Spanish and Vietnamese. The City of  
17 San Joaquin (Fresno County) pilot targets rural Hispanic customers  
18 who have tended to resist traditional marketing. And finally, the  
19 Community Based Energy Education Workshops pilot targets rural  
20 populations currently un-served by the LIEE program. All of these  
21 pilots will provide valuable information on how to better target our  
22 low-income marketing to these populations.

23 **(a) Section 8 Public Housing (Categorical Eligibility)**

24 In Decision 07-12-051 the Commission directs utilities to  
25 "Propose a process for automatically qualifying all tenants of  
26 public housing and tenants of Section 8 housing improving  
27 information to public housing authorities."<sup>[17]</sup> The Commission  
28 found that "Customers who live in public housing have provided  
29 government officials with documentation of their low-income  
30 status,"<sup>[18]</sup> and concluded that "The utilities should automatically  
31 qualify for CARE discounts those customers who live in public

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[17] D.07-12-051 OP 4 (p. 91).

[18] D.07-12-051, Finding of Facts No. 24 (p.87).

1 housing because they have already demonstrated to public  
2 officials their low-income status.”**[19]**

3 While supporting automatic qualification for public housing,  
4 the Commission agreed with concerns that some tenants of  
5 Section 8 housing may have incomes that substantially exceed  
6 the income levels that would qualify customers for LIEE  
7 programs. Therefore, the Commission encouraged utilities to  
8 better coordinate with public housing to maximize opportunities  
9 on their properties.**[20]**

10 The U.S. Department of Housing and Urban Development  
11 (HUD) administers Federal aid to local housing agencies that  
12 manage the housing for low-income residents which sets rent for  
13 housing at a level low-income residents can afford. There are  
14 two types of subsidies that are offered in California: Section 8  
15 and Public Housing. The Section 8 voucher and certificate  
16 programs provide rental assistance outside of a public housing  
17 unit and are administered by public housing agencies.

18 Qualifications for the two types of programs are based on  
19 program policies set by HUD. Eligibility is based on household  
20 size and household income and must fall within guidelines set by  
21 HUD based on the federal Area Median Income (AMI) estimates  
22 of the county for each State. These guidelines are updated each  
23 fiscal year. Enrollment and benefits under Public Housing  
24 Agency (PHA) programs are based on income eligibility limits set  
25 at 30 percent (Extremely-Low), 50 percent (Very-Low) and  
26 80 percent (Low) of the AMI.

27 In discussions with PHAs on implementing an automatic  
28 enrollment process through data sharing, client confidentiality has  
29 proven to be an insurmountable obstacle. PHAs are obligated to  
30 comply fully with all federal, state, and local laws, and specifically  
31 with rules and regulations governing confidentiality in housing.

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**[19]** D.07-12-051, Conclusion of Law No. 11 (p. 89).

**[20]** D.07-12-051, Footnote 60 (p. 67).

1 PHAs may not disclose any applicant/resident information,  
2 directly or indirectly, that is of a personal, private, and confidential  
3 nature, to any person, or use such information in any way without  
4 the written consent of the tenant. Due to interpretations of the  
5 laws, PHAs are prohibited from sharing client data with utilities,  
6 and an automatic enrollment process through data sharing  
7 cannot be established and implemented at this time.

8 One alternative to automatic enrollment is to make PHA  
9 tenants categorically eligible to receive LIEE services, however,  
10 eligibility is proving difficult to establish. This is because  
11 three separate eligibility thresholds are used to establish PHA  
12 benefits (at 30 percent, 50 percent and 80 percent of AMI), and  
13 only two of these thresholds (30 percent and 50 percent) fall  
14 within LIEE guidelines. Thus, assigning categorical eligibility  
15 status to all PHA tenants cannot be accomplished without a  
16 segment of PHA tenants, *who do not income qualify*, receiving  
17 LIEE and CARE benefits.

18 In addition to tenants ineligible for CARE and LIEE at  
19 80 percent AMI, a significant number of PG&E's Counties have  
20 income limits at 50 percent of AMI that exceed the LIEE  
21 qualifying income guidelines which are established at 200 percent  
22 of the FPL. PHA tenants qualifying at 50 percent AMI in 11  
23 northern California counties are over the Commission's approved  
24 income guidelines and do not qualify for LIEE.<sup>[21]</sup> PHA tenants  
25 qualifying at 50 percent AMI in four of these counties (Marin, San  
26 Francisco, San Mateo, and Santa Clara) are *significantly over*  
27 qualified compared to the 200 percent FPL guidelines.

28 Assigning categorical eligibility to PHA tenants at 30 percent  
29 AMI was considered the most viable option, but PHA tenants  
30 rarely know (or understand) their eligibility based on PHA AMI

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<sup>[21]</sup> These Counties include: Alameda, Contra Costa, Marin, Napa, San Benito, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma. Income levels in Marin, San Francisco, San Mateo and Santa Clara are significantly higher at 50 percent AMI than the 200 percent FPL guidelines that qualify customers to participate in the CARE and LIEE Programs.

1 guidelines. Since categorical eligibility relies on customer  
2 self-reporting, this prevents categorical eligibility from being a  
3 very useful option.

4 PG&E's CARE program is proposing to work with PHAs in  
5 PG&E's service area to become CARE Outreach Contractors,  
6 integrating the CARE application process with the PHA intake  
7 process. As tenants apply for PHA assistance, CARE  
8 applications will be processed ensuring that customers at the  
9 30 percent AMI guidelines are enrolled and those at the  
10 50 percent AMI that meet CARE guidelines are also enrolled.  
11 The integration of the CARE application into the PHA intake  
12 process will also prevent tenants whose incomes exceed CARE  
13 guidelines from receiving benefits.

14 Enrolling qualified public housing tenants in the LIEE program  
15 is also a high priority for PG&E. PG&E LIEE program staff will  
16 work with PHAs in its service area to integrate LIEE enrollment  
17 into the enrollment and intake process of the PHAs in their  
18 service area.

### 19 **3. Workforce Education and Training**

20 The longest continuously operated Energy Center of its kind in  
21 the U.S. is PG&E's Energy Training Center (ETC) in Stockton. Since  
22 1978, the ETC has been a positive force in the development of  
23 education and training for thousands. For almost 30 years, the ETC  
24 has been a driver of EE education and installation. Since 1978, the  
25 ETC has trained over 61,949 students, including implementers of  
26 both PG&E's LIEE program and the State's LIHEAP program. In the  
27 last two years, ETC trained 1,790 students over 6,054 student days  
28 to perform energy assessments, educations, installations, and natural  
29 gas appliance tests for PG&E's LIEE program.

30 In 2009 through 2011, PG&E will continue to train all LIEE  
31 contractors and subcontractors at the ETC to deliver energy  
32 education, weatherization services and measure installation provided  
33 through the LIEE program. PG&E anticipates a significant increase in  
34 the number of LIEE implementers required to provide energy

1 efficiency services to 25 percent of the LIEE eligible homes in  
2 PG&E's service area over the next three years.

3 PG&E's LIEE implementation subcontractors hire most in-home  
4 workers from the communities in which they will be working. These  
5 LIEE field personnel bring their local, in-language knowledge to help  
6 recruit LIEE participants from the communities in which they live and  
7 work. PG&E's energy efficiency training provides them with skills and  
8 work experience that are transferable to other green jobs.

9 PG&E is also exploring new approaches for delivering training to  
10 some of its LIEE program implementers. For example the ETC, in  
11 support of the long term strategic planning goals, will explore and pilot  
12 on-line training for LIEE Weatherization Specialists or Energy  
13 Specialists. PG&E would then evaluate the benefits of decentralized  
14 training in reducing, where and when feasible, training time at the  
15 ETC. (See Appendix D, Attachment A-10.)

16 PG&E is working with SCE, SDG&E and SoCalGas to develop a  
17 low-income workforce education and training plan that will be  
18 attached to the CEESP to be submitted by the Joint Utilities on  
19 June 2, 2008.

## 20 **E. Integration With Energy Efficiency and Other Programs**

21 Within PG&E, we integrate and leverage resources in many  
22 directions. For example, PG&E will leverage the CARE customer list as  
23 an efficient way to reach customers during 2009-2011. At this point,  
24 CARE has identified far more than the 25 percent of customers needed to  
25 meet our targets during this time frame, so using the CARE list is highly  
26 efficient.

27 PG&E leveraged its EE programs to identify the four new measures it  
28 is adding and/or exploring in the new programs and pilots—occupancy  
29 sensors, torchieres, high-efficiency clothes washers, and microwaves.  
30 We will continue to monitor CEE measures to see if any should be  
31 included in LIEE.

32 PG&E will leverage within the demand response programs to provide  
33 SmartAC cycling education to LIEE customers in the hopes that more of  
34 them will sign up for DR programs. PG&E will leverage its existing

1 Stockton Energy Training Center to extend on-line training services to  
2 remote contractors. And, finally, we will leverage PG&E's SmartMeter™  
3 program to provide energy education on how customers can save energy  
4 overall and potentially save even more by shifting their energy use  
5 "off-peak."

6 PG&E LIEE, EE, DR and solar program staff participate in regular  
7 meetings to discuss marketing and other program integration strategies.  
8 PG&E currently provides materials about all of its EE programs to  
9 customers at events, on customer bills and on its web site where  
10 customers can learn about all of the opportunities available to them. LIEE  
11 program staff has been working particularly closely with PG&E's Local  
12 Government Partnership teams to use these distribution channels to  
13 compliment rather than duplicate LIEE services, thus bringing more EE  
14 opportunities to more low-income customers.

15 EE residential program staff coordinates with LIEE programs by  
16 referring low-income customers to the LIEE program.

17 PG&E continues to increase outreach by coordinating activities and  
18 advertising with other PG&E EE and rate programs likely to reach  
19 low-income customers and service providers. PG&E's LIEE contractors  
20 are required to inform customers about other programs (such as CARE)  
21 that they may be eligible for and provide assistance to complete CARE  
22 applications.

23 PG&E employees regularly present information about the Company's  
24 low-income programs to the media and at community events throughout  
25 PG&E's service area. These presentations are used to educate  
26 customers about energy efficiency and inform them about assistance  
27 programs and opportunities available to them through PG&E. PG&E  
28 employees made presentations and media initiatives in 2007 about LIEE  
29 and CARE in multiple languages, including: English, Spanish, Cantonese,  
30 Mandarin and Vietnamese.

## 31 **F. Leverage Available Resources**

32 PG&E agrees with the parties who have pointed out that we can  
33 stretch program dollars further, and reach even more program  
34 participants by coordinating both inside and outside the utilities. The

1 parties provided many suggestions on how to better coordinate and  
2 leverage, and P&GE appreciates their thoughtfulness.

3 PG&E will coordinate and leverage its internal CARE, Customer  
4 Energy Efficiency, CSI, DR, and SmartMeter™ programs. Finally, PG&E  
5 is exploring ways to coordinate with other agencies and programs offering  
6 low-income services.

#### 7 **1. Coordination With Other Utility LIEE Programs**

8 PG&E LIEE program managers meet frequently with IOUs to  
9 share successful program practices and discuss LIEE strategies,  
10 research and outreach. The utilities conduct joint evaluations and  
11 market research studies, with input from Energy Division.  
12 Additionally, the IOUs jointly host quarterly public meetings on both  
13 the LIEE and the CARE programs to discuss LIEE issues and  
14 approaches with interested parties.

#### 15 **2. Coordination With Other Programs and Entities**

16 PG&E leverages with other utilities, including the other energy  
17 IOUs that run LIEE programs, municipal utilities, small  
18 multi-jurisdictional utilities (SMJU), irrigation districts, and water  
19 utilities. PG&E low-income program staff meet regularly with other  
20 low-income councils in its service area. For example, PG&E LIEE  
21 and CARE program staff participate in a Sacramento coalition of  
22 low-income and senior service agencies, that includes the  
23 Sacramento Municipal Utility District (SMUD) low-income program  
24 staff.

25 PG&E will leverage and support Section 8 public housing by  
26 incorporating CARE and LIEE eligibility into the Section 8 housing  
27 application process. PG&E will leverage resources with LIHEAP by  
28 eliminating the minimum measure rule, supporting federal legislation,  
29 and continuing the refrigerator program.

30 In its proposed pilot programs, PG&E will leverage the Meals on  
31 Wheels contacts with shut-ins, seniors and disabled customers to  
32 determine who can best benefit from having a microwave oven.  
33 PG&E is also leveraging Habitat for Humanities contacts to provide  
34 energy education, train contractors, and locate nearby customers

1 who may be eligible for CARE and LIEE. Finally, PG&E will leverage  
2 the contacts already established by the City of San Jose, the City of  
3 San Joaquin, the Glenn County Human Services Agency, the  
4 Redwood Community Action Agency, and the Amador-Tuolumne  
5 Community Action to connect with otherwise hard to reach  
6 low-income customers in those communities (particularly customers  
7 who are either rural or experience language barriers). As PG&E  
8 learns from its nine new pilots and four new studies, we will expand  
9 our leveraging based on the approaches that show the most promise.

10 **(a) LIHEAP**

11 PG&E and the other IOUs have been meeting with  
12 representatives of the California Department of Community  
13 Services (CSD) which manages the LIHEAP contracts in  
14 California to discuss ways that we can leverage more  
15 successfully between the two low-income programs. PG&E will  
16 leverage resources with LIHEAP by eliminating the minimum  
17 measure rule, supporting federal legislation, and continuing the  
18 refrigerator program.

19 Under current discussion are strategies to change the LIEE  
20 and LIHEAP home weatherization minimum three-measure rules  
21 to qualify a home for treatment.

22 PG&E is willing to waive its minimum measure rules, which  
23 will allow homes referred from LIHEAP to receive any additional  
24 measures feasible under LIEE and is working with CSD so that  
25 this rule may be waived for LIHEAP agencies receiving referrals  
26 from PG&E.

27 PG&E is planning to continue its successful refrigerator  
28 leveraging program with LIHEAP providers. Under this program,  
29 interested LIHEAP agencies that are not LIEE contractors may  
30 contract with PG&E to provide refrigerators to eligible PG&E  
31 customers. By providing the refrigerator under LIEE funding, the  
32 LIHEAP agency can stretch its dollars to offer more services to  
33 more homes. PG&E will pay for these replacement refrigerators

1 and recycling at the same negotiated discount cost that it pays for  
2 refrigerators under the LIEE program.

3 **(b) PG&E Community Alliance Strategies Project**

4 PG&E has been working with a team of low income  
5 community consultants to help gather input from low income  
6 community advocates that have not traditionally played an active  
7 role in PG&E's LIEE program planning process. The community  
8 alliance team has held several small focused group discussions  
9 throughout PG&E's service area since November regarding how  
10 the LIEE and CARE programs can better coordinate with local  
11 communities, and what types of collaboration and support they  
12 think would be most beneficial. Each group discussed not only  
13 what PG&E could do for them, but how they could help PG&E  
14 reach their low-income clients.

15 PG&E used these meetings not only to strengthen  
16 relationships with local communities, but also to get feedback on  
17 its 2009-2011 LIEE programs throughout the planning process.  
18 Through this Community Alliance team, PG&E will be conducting  
19 several more focus groups and focus discussions in 2008,  
20 targeting customers, LIHEAP providers and other community  
21 agencies. Input will be used to help PG&E continue to refine and  
22 adjust program processes to reduce barriers to increasing  
23 low-income customer participation.

24 **(c) CEESP Resource List**

25 PG&E, SCE, SDG&E and SoCalGas prepared a list of  
26 organizations and resources for low-income programs that is  
27 attached to the CEESP. PG&E plans to better coordinate and  
28 work with these organizations and resources in 2009-2011, and  
29 to continue to seek out new organizations and resources.

30 **(d) Coordination with REACH PLUS**

31 PG&E expects that there will be significant potential  
32 synergies which can occur with the inclusion of the LIEE and  
33 REACH PLUS programs under a single umbrella program. The  
34 LIEE services are of particular benefit and need for customers

1 that have experienced economic crisis leading to an imminent  
2 service termination. As a consequence, PG&E is taking steps to  
3 promote its LIEE program in all Salvation Army locations that  
4 administer the REACH PLUS program.

### 5 **3. Coordination With CSI – Low-Income Program**

6 PG&E is coordinating with CSI staff to fully incorporate the LIEE  
7 program into its low-income CSI offerings. All LIEE qualified CSI  
8 customers will be fast-tracked through the LIEE program to receive all  
9 feasible LIEE measures and services before solar panels are  
10 installed. This ensures that a home is receiving the maximum benefit  
11 from their solar installation. As part of the low income multifamily  
12 solar program, PG&E LIEE staff will also develop and offer  
13 pre-installation audits for qualifying affordable housing, including for  
14 building common areas.

### 15 **4. Coordination With CARE**

16 For 2009-2011, PG&E will continue to leverage with its  
17 successful CARE program. As described in previous sections,  
18 PG&E's primary marketing strategy during the 2009-2011 period is to  
19 leverage CARE outreach and marketing. PG&E will also integrate  
20 other program functions and activities such as income verification to  
21 increase program cost efficiencies between both programs.

22 This is an excellent head-start for the LIEE programs because  
23 PG&E already knows who these customers are. CARE customers  
24 are receiving a subsidized rate reduction, so installation of LIEE  
25 measures in their homes is even more cost effective because it  
26 reduces the degree to which other customers have to pay for low  
27 income rate reductions on inefficient energy use.

28 The CARE program is reaching 1.13 million low-income  
29 customers. This is far greater than the 25 percent of eligible  
30 low-income customers PG&E is required to reach through the LIEE  
31 program during 2009-2011, thus PG&E has already identified the  
32 customers we need to reach for the next three years. By 2012,  
33 CARE will have identified additional eligible customers to target, so  
34 the synergy between the two programs is appropriate and timely.

CARE can also leverage the LIEE programs by using the LIEE contractors in the field to help with field verification of income that is required to verify that income-qualified customers are receiving the benefits of both the CARE and LIEE programs. Thus, PG&E will leverage both programs to do what they do best:

- CARE with marketing and outreach; and
- LIEE with field contacts, measure installation, and income verification.

## **G. Pilots and Projects**

A very important part of PG&E's application are its extensive pilot projects. As the Commission noted in Decision 07-12-051, PG&E is to provide low-income customers with all the services we already know how to perform today as well as to explore and field test new ways of serving them in the future. To that end, PG&E proposes nine innovative pilot programs that cover every aspect of the Commission's vision, including:

- *New Measures:* Testing the feasibility and cost-effectiveness of providing new measures, including ones that address water and energy efficiency as well as SmartMeter™ and demand response technologies;
- *New Partnerships:* Partnering with new entities, ranging from local neighborhood groups to widely recognized national organizations;
- *New "Green" Job Training:* Finding new ways to identify and train local community members as EE contractors;
- *New Leveraging Opportunities:* Leveraging existing community contacts to find and serve traditionally hard-to-reach low and very-low income customers, including shut-ins, seniors and disabled, near homeless families with children, neighborhoods in so much need that they require complete revitalization, rural and/or remote populations, and non-English speaking families;
- *New Education Strategies:* Developing, refining, and expanding our education methods, both for customers and contractors, including

on-line training materials for contractors and targeted demand response and SmartMeter™ education for low-income customers;

- *New Outreach Strategies:* Finding new ways to educate hard-to-reach rural customers as well as seek their input for overall energy education program improvements;
- *New Combinations of Public/Private Services:* Leveraging and complimenting local government services to provide a comprehensive and seamless approach to community well being that addresses physical safety, economic security, empowerment and environmental sustainability.

PG&E is confident that these nine pilots will set the stage for an ever-expanding portfolio of low-income services for the future. Brief summaries of each pilot are provided below, and details are included in the Project Implement Plans (PIP) attached in Appendix D (Attachments A.10-1 A.10-9).

#### **1. Meals on Wheels**

In this innovative pilot, PG&E will help home-bound senior and disabled customers save energy and lower their cooking bills by providing them with microwave ovens to heat their food. Microwaves are up to 80 percent more efficient than regular ovens. PG&E can achieve low-cost targeted marketing by partnering with the local Meals on Wheels food providers who are already in these customers' homes and who will know which customers could benefit from the use of a microwave. This pilot tests a new technology in an important market segment, leveraging a nationally known low-income service provider. PG&E intends to expand the pilot into multiple Meals on Wheels locations during the 2009-2011 program period.

#### **2. Habitat for Humanity**

In this pilot, PG&E will team up with East Bay Habitat for Humanity to provide energy efficient homes to low and very-low income families with children. This pilot has many beneficial features, including targeted outreach to the families through the Habitat organization, working with the Habitat team to assemble and train a

1 construction crew skilled in EE techniques, providing energy efficient  
2 low-income housing, and partnering with a nationally recognized low-  
3 income service organization. While it is in the Habitat neighborhoods,  
4 PG&E will also reach out to surrounding non-Habitat customers to  
5 extend CARE and LIEE services to those who are eligible. PG&E will  
6 explore the possibility of increasing the pilot to include other Habitat  
7 for Humanity partnerships over the 3-year period.

### 8 **3. City of San Jose**

9 For this pilot, PG&E will join the City of San Jose in creating a  
10 comprehensive approach to community well-being that brings  
11 together physical safety, economic security, empowerment, and  
12 environmental sustainability. This project will target  
13 six neighborhoods undergoing comprehensive revitalization. PG&E  
14 will leverage trusted community relationships to reach otherwise  
15 hard-to-reach customers and distribute education materials. All  
16 education will be provided in three languages (English, Spanish and  
17 Vietnamese) through neighborhood community meetings,  
18 newsletters, community fairs, block captains, and other established  
19 community channels as well as direct mailings.

20 PG&E will work with the city to develop a list of EE measures,  
21 neighborhood-wide KWh reduction goals, and ways to make the  
22 program seamless across those who qualify for PG&E's CARE and  
23 LIEE programs and those who do not due to income levels, but who  
24 qualify for related city programs. Projects may include demonstration  
25 homes, neighborhood case studies and testimonials, and other ways  
26 to reach and persuade all residents to achieve EE savings.

### 27 **4. Community-Based Energy Education Workshops**

28 PG&E is proposing to continue to work with community based  
29 organizations to offer group energy educations. This pilot was first  
30 implemented as part of the 2007-2008 LIEE program, and will be  
31 expanded into other communities over the 2009-2011 program cycle.

32 In the initial pilot, PG&E enlisted three local community based  
33 organizations to refine how we provide energy education services to  
34 low-income customers. In particular, this pilot focuses on rural areas

1 by our current Energy Partners Program. The initial organizations are  
2 the Glenn County Human Services Agency, the Redwood Community  
3 Action Agency, and the Amador-Tuolumne Community Action  
4 Agency.

5 This pilot uses a “train the trainer” approach to spreading the  
6 education as well as collecting back customer survey information.  
7 First, PG&E will provide EE training to these organizations to  
8 leverage their ability to provide that training out into the communities  
9 they serve. Then the organizations will provide the training to their  
10 low-income constituents and survey the impact of the training on their  
11 behaviors and energy use patterns. Finally, PG&E will provide the  
12 survey results to a joint state-wide utility study to determine the best  
13 way to improve our low-income energy education programs so that  
14 they drive lasting changes in energy behaviors that will reduce  
15 customer bills and GHGs.

16 Over the 3-year program cycle, PG&E will continue to expand its  
17 network of local community agencies offering energy education  
18 workshops.

## 19 **5. On-Line LIEE/Energy Partners Training**

20 Given the urgent need to rapidly train new LIEE and demand-side  
21 contractors to meet California’s ambitious energy and climate change  
22 goals—and meet California’s vision of being a leader in the  
23 development of green jobs—this important pilot will test the viability of  
24 providing our successful Stockton Energy Training Center curriculum  
25 on-line for some LIEE positions.

26 The LIEE program creates green-collar jobs that are often filled  
27 by low-income people in the same communities in which they work.  
28 PG&E trains all its LIEE implementers at its Stockton Energy Training  
29 Center, as described in more detail in Section V.D.3. In support of  
30 the long term strategic planning goals, PG&E proposes to pilot on-line  
31 training for its LIEE Weatherization Specialists or Energy Specialists  
32 to test the benefits of decentralized training opportunities.

33 On-line training provides several cost and convenience  
34 advantages: contractors can take the training without having to travel

(thereby reducing their costs and ours), and they can study the materials at their own pace (which is particularly important for people newly entering the field who may be juggling other commitments). The training center will continue to be the source for on-site laboratory, workshop, and materials-driven training. A variety of new entrants and contractors will be engaged to develop the curriculum as well as test the effectiveness of the on-line approach.

#### **6. City of San Joaquin (Fresno County)**

This is a government-private partnership wherein PG&E will join with the City of San Joaquin in Fresno County to target the hardest-to-reach, rural Hispanic customers who have not responded to traditional marketing, outreach and lead generation. P&GE will leverage existing city resources to increase awareness and recruit greater participation.

A key feature of this pilot is using a local contractor who will work with the city to identify local residents to become apprentices, thereby helping the city's 27 percent unemployment rate as well as breaking down trust barriers with customers. The partnership will also use city council meetings, community events, and neighborhood gatherings to create community energy champions and raise the overall knowledge on a community-wide basis.

#### **7. High Efficiency Clothes Washers**

This pilot responds to the Commission's request that we consider technologies that improve water as well as energy efficiency. High efficiency clothes washers can save customers up to 45 percent on their water use and 60 percent on their energy use. By installing 1,000 of these washers in qualifying LIEE homes during 2009, PG&E will discover and assess any unforeseen issues involving installation, expense or feasibility. Through the data it collects, PG&E will then assess the cost-effectiveness of incorporating this measure into the LIEE program on a regular basis for 2010-11.

#### **8. SmartAC**

This pilot will test drive a new level of coordination between PG&E's LIEE program and SmartAC and DR programs. PG&E'S

1 LIEE Energy Specialists are already in low-income customer homes  
2 with air conditioning units, and PG&E's SmartAC and DR programs  
3 already offer smart technologies that allow PG&E and customers to  
4 remotely adjust air conditioning use during summer-peak power  
5 system emergencies.

6 By coordinating these programs, PG&E can personally reach  
7 low-income customers who might not otherwise participate in  
8 SmartAC , and—if they want—enroll them in the SmartAC Program.  
9 This helps both the customer and the State by widening the reach of  
10 “smart” energy technologies. Customers learn that they need not  
11 sacrifice comfort or safety to participate, and they can always  
12 override the SmartAC activation if necessary.

#### 13 **9. SmartMeter™**

14 Upon roll-out of PG&E's SmartMeter™ program, PG&E  
15 anticipates that its low-income customers may need targeted  
16 educational assistance to learn how best to work with the  
17 SmartMeter™ technology to manage their total energy use.  
18 Low-income customers will be taught how they can shift their energy  
19 use to “off-peak” periods and potentially take advantage of  
20 time-of-use (TOU) rates to further lower their energy bills. This will  
21 help both low-income customers as well as the state's continuing  
22 need to drive more energy use “off-peak”. The timing of this pilot will  
23 be coordinated with the full implementation of the SmartMeter™  
24 Program.

#### 25 **H. Studies**

26 PG&E is proposing several evaluations and studies for the 2009-2011  
27 period aimed at helping PG&E learn what it needs to know about its  
28 low-income customer populations to further segment, develop and fine-  
29 tune strategies to achieve the 2020 goal of reaching all eligible customers  
30 that want to participate.

31 These studies include:

- 32 • Program impact evaluation;

- Process evaluations of new program delivery strategies, including an assessment of successful energy education strategies;
- Non-Energy Benefits study;
- Refrigerator effective useful life (EUL) degradation study; and
- Market segmentation study.

#### **1. Impact Evaluation and Related Studies**

An accurate determination of measure savings is critical for guiding program delivery and determining cost effectiveness. Impact, process and related studies facilitate the achievement of the Programmatic Initiative by determining measure savings and improving programs that generate savings. When parameters that determine measure savings are unclear—such as the EUL of existing appliances—studies that uncover these figures also facilitate the achievement of the Programmatic Initiative. Finally, studies that clarify non-energy related benefits of low-income programs help determine cost effectiveness in full and also guide program delivery which also support the achievement of the Programmatic Initiative.

PG&E also proposes a Joint Utility Non-Energy Benefits study to quantify these elements of a cost-effectiveness analysis, which is a key determinant of program design. Utility personnel and other stakeholders have raised questions about the methods used to develop the current values assigned to non-energy benefits of the programs, which come from a study that is now several years old.

PG&E therefore anticipates the need for estimated 3-year total funding as shown in Table V-6 below for the following measurement and evaluation (M&E) work related to the 2009-2011 LIEE program:

**TABLE V-6**  
**PACIFIC GAS AND ELECTRIC COMPANY**  
**MEASUREMENT AND EVALUATION OF LIEE PROGRAM – PG&E**

| Line No. | Statewide Studies – Contract Costs          | Total Cost  | PG&E Share | PG&E Cost |
|----------|---|-------------|------------|-----------|
| 1        | Impact Evaluation of the 2010 LIEE Program  | \$600,000   | 30%        | \$180,000 |
| 2        | Process Evaluation of the 2009 LIEE Program | \$250,000   | 30%        | \$75,000  |
| 3        | Non-Energy Benefits Study                   | \$300,000   | 30%        | \$90,000  |
| 4        | Refrigerator Degradation EUL Study(1)       | \$200,000   | 33.33%     | \$66,660  |
| 5        | LIEE Household Segmentation Study(2)        | \$200,000   | 60%        | \$120,000 |
| 6        | Total                                       | \$1,550,000 |            | \$531,660 |

1 Joint study funded between the three electric utilities: PG&E, SCE and SDG&E.

2 Joint study proposed and funded between PG&E and SCE.

1 An impact evaluation would be expected in 2010 if the previous  
2 2- to 3-year cycle for requiring impact evaluations continues to be  
3 followed, with the next mandated study being the evaluation of the  
4 2007-2008 LIEE Program.

5 Given the primary role of refrigeration in LIEE savings,[22] PG&E  
6 and the other electric utilities propose a study in 2009 of refrigerator  
7 retention and efficiency degradation to determine optimal refrigerator  
8 replacement criteria.

9 These studies are described in Appendix D, Attachments  
10 A-10.10 through 10.14.

## 11 **2. Process Evaluation**

12 A Joint Utility process evaluation (described in  
13 Attachment A.10-11) is proposed because one has not been  
14 performed on the LIEE program for several years. PG&E believes  
15 that with the many proposed changes in the 2009-2011 program, it

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[22] The LIEE PY2005 Impact Evaluation found that refrigerator savings accounted for 78 percent of the total energy savings realized by the program. See West Hill Energy & Computing, Inc. Impact Evaluation of the 2005 California Low Income Energy Efficiency Program Final Report, December 2007.

would be prudent to conduct an evaluation of the effectiveness and efficiency of the program design and operations.<sup>[23]</sup> A component of this process evaluation will explore attitudinal and behavioral aspects of its LIEE and CARE population. In particular, we are interested in determining customer willingness to participate in energy saving programs, the particular needs of high usage customers and how all of our low-income customers respond to energy education and communication efforts.

### 3. Joint Utility LIEE Household Segmentation Study

In addition to studies that look directly at energy and demand savings associated with the LIEE program, PG&E and the other IOUs are also interested in exploring attitudinal and behavioral aspects of their LIEE and CARE population. In particular, the utilities want to assess customer willingness to participate in energy saving programs, the particular needs of high usage customers and how all of our low-income customers respond to energy education and communication efforts. Along with SCE, PG&E is proposing a Household Segmentation Study to explore these issues. This study will directly promote the first strategic goal of the Low Income section of the CEESP to develop customer segmentation and will support the programmatic initiative goal of achieving 25 percent customer participation by year-end 2011.

This study will look at identifying and segmenting low-income customers most likely and willing to participate. PG&E believes that increasing the precision of targeting methods to various customer segments will help the identification of eligible and willing customers for the LIEE program. Some potential target populations include:

- Customers with high energy use;
- Customers with low energy use;

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<sup>[23]</sup> The CPUC-adopted *California Energy Efficiency Evaluation Protocols* document states, "It is anticipated that most programs will have at least one in-depth comprehensive process evaluation within each program funding cycle (e.g., 2006-2008), but a program may have more or less studies depending on

- In-language customers;
- Customers with the greatest energy burden;
- Rural/urban customers;
- Housing types; and
- Household size.

PG&E anticipates that successful targeting will utilize existing data sources such as income eligibility at the block group and small area level, payment/arrearage history, energy usage history, housing age and type (single/multi-family, mobile home), and fuel commodity. The study would also examine usage sensitivity to weather changes. This study is further described in Attachment A-10.14.

## VI. BUDGET

### A. Budget Discussion

PG&E's 2009-2011 program supports the Commission's programmatic initiative adopted in Decision 07-12-051. In order to deliver assistance to 25 percent of PG&E's low-income eligible and willing customers by 2011, PG&E has established the budgets and home-treated goals shown in Table VI-1.

**TABLE VI-1  
PACIFIC GAS AND ELECTRIC COMPANY  
2009-2011 LIEE BUDGET**

| Line No. | Program Year           | Home Goal | Budget        |
|----------|------------------------|-----------|---------------|
| 1        | 2008(1)                | 58,200    | \$77,733,500  |
| 2        | 2009                   | 80,000    | \$102,702,000 |
| 3        | 2010                   | 110,000   | \$142,011,000 |
| 4        | 2011                   | 110,000   | \$147,625,000 |
| 5        | Total for 2009-2011(2) | 300,000   | \$392,338,000 |

1 This amount excludes NGAT dollars.

2 The 2009-2011 LIEE budget shown in this table excludes REACH PLUS.

1 To accommodate the significant increase in LIEE Program goals to  
2 enroll 25 percent of estimated eligible low income customer by 2012, the  
3 LIEE Program budget has increased in support of reaching these  
4 programmatic goals. Since the program inception in 1983, the original  
5 LIEE focus was on delivering weatherization services through the Big 6  
6 measures: caulking, minor home repairs, attic insulation, door weather-  
7 stripping, low-flow showerheads and water heater blankets. The program  
8 has continued to evolve, especially since the Rapid Deployment Decision  
9 in 2001, and new measures were added, the LIEE program was  
10 standardized statewide, and utility budgets were increased.

11 PG&E's LIEE program team re-evaluated what makes the most  
12 sense, and provides the biggest "bang for the buck" to our low-income  
13 customers. To design its 2009-2011 program, PG&E considered what  
14 new measures should be added, while focusing on dollar savings for  
15 customers. PG&E closely examined a range of options, focusing on the  
16 number of housing units treated, and the variety of measures to be  
17 installed. In this process, PG&E developed its list of measures to be  
18 offered, examining cost-effectiveness and overall energy savings for  
19 LIEE customers.

20 Major cost drivers in the LIEE budget planning process included:

- 21 • Number of units treated— The LIEE programmatic initiative to treat  
22 25 percent of eligible and willing customers by 2012—directives by  
23 the Commission in Decision 07-12-051 included increasing the  
24 number of units treated in 2009-2011 as a means of achieving the  
25 goal of treating all qualifying customers by 2020.
- 26 • Cost per unit treated—recent years saw rapid escalation (35 percent  
27 2004-2007) after five years of modest growth (12 percent  
28 1999-2004); and

29 As described in Section V, PG&E's proposed 2009-2011 LIEE  
30 program delivery includes a gas and electric tier approach. PG&E's  
31 electric customers will be divided into low, medium and high tiers, based  
32 on their electric use at Tiers 1-2, Tier 3 and Tiers 4-5. PG&E also tiered  
33 gas usage and divided gas customers into Tier 1 below-baseline low

1 usage customers, and Tier 2 above-baseline high usage customers. At  
2 73 percent penetration, PG&E believes its current CARE customers  
3 represent a good proxy for PG&E's LIEE low income population. Thus to  
4 establish customer goals in each tier, CARE and historical participant  
5 data were applied to the current tier structure to set benchmarks. PG&E  
6 then set LIEE goals for each tier for 2009-2011 program years.

7 PG&E's program managers estimated budget categories based on  
8 their experience and understanding of the typical low income population  
9 housing stock and measure needs in PG&E's service area. PG&E  
10 program managers assessed the percentage of customers that required a  
11 measure in previous years and identified any significant trends. For  
12 example, PG&E has noted that need for attic insulation has decreased  
13 over the years as more older homes have already been weatherized or  
14 retrofitted in California and insulation has become standard in newer  
15 homes. LIEE measures available to customers in each tier are described  
16 in Section V. The upward and downward trends in historical measure  
17 installation rates in different housing stock types and climate zones were  
18 analyzed to develop penetration installation rates. These rates were then  
19 applied to each measure within each tier to plan the anticipated number  
20 of measures to be installed. Budgets were calculated by multiplying the  
21 projected number of measures by the average install cost per measure.  
22 Escalation costs of 4 percent were applied to 2010 and 2011 program  
23 years in anticipation of cost of living increases.

24 In planning our 2009-2011 LIEE program and budget request, PG&E  
25 program managers took into account past program trends and housing  
26 stock; however they will constantly assess and reassess their initial  
27 assumptions as the program years progress so that all participating  
28 homes each year will get all measures for which they qualify.

29 PG&E's budget also includes nine innovative pilots and five joint utility  
30 studies. The PG&E pilots explore new measures, community  
31 partnerships, job training, leveraging, education, and outreach strategies  
32 that will help PG&E achieve the LIEE programmatic initiative. The  
33 five multi-utility studies include impact and process evaluations and  
34 segmentation studies. Costs will be shared as indicated between utilities

1 in Table V-6. Pilots and studies are more thoroughly described in  
2 Sections V.G and V.H, and in Appendix D.

3 PG&E's LIEE budget also includes marketing and outreach funds to  
4 integrate EE and DR programs. These funds will be used to integrate  
5 program messages across energy efficiency programs. The LIEE  
6 program has allocated \$500,000 for integration purposes.

7 PG&E believes that the requested level of funding provides the  
8 optimal balance between the important and increasingly visible benefits  
9 that the LIEE program provides to our customers, and the ongoing need  
10 to keep rates low and stable.

## 11 **B. Tracking and Reporting Program Costs**

12 PG&E proposes to track program costs consistent with the program  
13 budget categories defined in Attachment A-1 to this testimony. The  
14 program budget categories in Attachment A-1 are used for monthly and  
15 annual LIEE reporting and were most recently approved by the  
16 Commission in a November 2007 letter from the Energy Division Director  
17 to the utilities. Although program reporting was substantially revised for  
18 the 2007 time period after several years of relatively stable reporting, the  
19 reporting of program expenses underwent only minor changes. The  
20 budget and expense categories have remained fairly consistent since  
21 2001, which has facilitated continuity of reporting throughout the decade.  
22 PG&E proposes to maintain monthly and annual reporting according to  
23 the approved LIEE reporting categories in 2009, 2010 and 2011. PG&E  
24 believes this will permit comparable cost benefit analysis of each program  
25 element across the utilities. PG&E will continue to work with Energy  
26 Division to adjust the content and format of the reports with the goal of  
27 presenting streamlined information that facilitates program oversight.

## 28 **C. Budget Flexibility**

29 PG&E proposes a 3-year LIEE program budget of \$392,338,000 for  
30 the 2009-2011 period.<sup>[24]</sup> PG&E further requests authorization to carry  
31 forward or carry back funding into 2009, 2010 or 2011 during the 3-year  
32 funding cycle to promote seamless program delivery to customers

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<sup>[24]</sup> This amount excludes REACH PLUS program funding.

1 throughout the 2009-2011 timeframe. PG&E requests full authority to  
2 shift funds among program categories in 2009, 2010 and 2011. This  
3 flexibility will enable the utilities to make necessary adjustments among  
4 appliance purchases, weatherization measures, marketing, training, and  
5 other activities to efficiently achieve 25 percent of the Commission's  
6 programmatic initiative by 2011.

7 Prior to 2007, the Commission had provided full flexibility to the  
8 utilities to shift funds among program categories as needed to achieve  
9 program objectives. In Decision 06-12-038, the Commission restricted  
10 movement of funds among measurement and evaluation, general  
11 administration, and the regulatory compliance categories. These  
12 restrictions have proven to be problematic as we enter the 2008 time  
13 period. The Commission and utilities could not have foreseen the  
14 increased resource requirements that would be necessary to develop this  
15 2009-2011 LIEE Program Application and the LIEE chapter of the CEESP  
16 through the public workshops, meetings, presentations, and data analysis  
17 that support their implementation in 2008. To avoid future resource  
18 constraints, PG&E requests that the 2007-2008 fund shifting restrictions  
19 be removed.

20 If the Commission should be delayed in issuing a decision on PG&E's  
21 2009-2011 low income programs budget application, PG&E requests  
22 interim authorization from the Commission to continue LIEE activities into  
23 2009. Additionally, the Commission authorized PG&E to extend its  
24 contract with its prime LIEE contractor through December 31, 2008, while  
25 a new competitive bid is conducted in 2008 for the 2009-2011 LIEE  
26 program. If a decision adopting the 2009-2011 program is delayed,  
27 PG&E's competitive bid will also be delayed, therefore PG&E requests  
28 Commission authority to continue to work with its prime LIEE contractor  
29 into 2009.

### 30 **1. Measurement and Evaluation Budgets**

31 An additional complication for LIEE budgets is the cross-year  
32 funding of M&E studies. For example, Decision 06-12-038 authorized  
33 an impact evaluation study of the PY2008 LIEE program. Impact  
34 evaluation work cannot begin until a year after the program is

1 completed, when there is a full year's worth of post-program  
2 installation data to analyze. Thus, funds authorized for the PY2008  
3 impact evaluation study will not even begin to be spent until 2009,  
4 and will not be fully spent until completion of the study in 2010.  
5 PG&E's portion of this statewide PY2008 study is \$180,000.

6 In the past, PG&E has shown the entire amount of M&E funding  
7 available each year, regardless of what year it was expected to be  
8 expended. In other words, M&E funding has not been additive across  
9 years, but is more like a checking account balance report of what's  
10 available. This may have created a false perception that M&E  
11 funding is not being spent. In fact, all M&E funding has been  
12 authorized and is committed, although the studies for which it is  
13 allocated may not occur for several years, and then may take several  
14 years to complete.

15 This situation creates unique reporting problems for the M&E  
16 category. For example, the PY2008 impact evaluation was  
17 authorized in 2006 and is not set to begin until 2009. This funding will  
18 not be requested in our 2009-2011 budgets because it was previously  
19 authorized. However, most if not all of it will be expended during the  
20 2009-2011 LIEE program cycle, yet it will be reported with 2009-2011  
21 LIEE program expenditures that will be authorized by an anticipated  
22 2009-2011 LIEE program decision. Additionally, if a PY2010 LIEE  
23 evaluation is authorized, part of the funding for that study will not be  
24 expended until 2012, in the next application program cycle. Table VI-  
25 2 shows how M&E budgets cross years and program cycles.

26 PG&E requests permission to carry-over funding for authorized  
27 M&E studies across program years and program cycles to be used to  
28 fund these studies as they occur.

**TABLE VI-2  
PACIFIC GAS AND ELECTRIC COMPANY  
PG&E ANNUAL MEASUREMENT AND EVALUATION BUDGETS**

| Line No. | Statewide Studies                             | PG&E Cost | 2009      | 2010      | 2011     | 2012     |
|----------|---|-----------|-----------|-----------|----------|----------|
| 1        | Impact Evaluation of 2008 LIEE Program(1)     | \$180,000 | \$90,000  | \$90,000  |          |          |
| 2        | Impact Evaluation of the 2010 LIEE Program(2) | \$180,000 |           |           | \$90,000 | \$90,000 |
| 3        | Process Evaluation of the 2009 LIEE Program   | \$75,000  |           | \$75,000  |          |          |
| 4        | Non-Energy Benefits Study                     | \$90,000  | \$90,000  |           |          |          |
| 5        | Refrigerator Degradation EUL Study            | \$66,660  | \$66,660  |           |          |          |
| 6        | LIEE Household Segmentation Study             | \$120,000 | \$120,000 |           |          |          |
| 7        | Total 2009-2011 Proposed Budget               | \$531,660 | \$276,660 | \$75,000  | \$90,000 | \$90,000 |
| 8        | Total Including Previous Authorized M&E       | \$711,660 | \$366,660 | \$165,000 | \$90,000 | \$90,000 |

- 1 Authorized in D.06-12-038. The 2008 LIEE impact study will be conducted and invoiced in 2009-2010. The actual per year expenditure is estimated and may not be 50 percent per year.
- 2 The 2010 LIEE impact study will be conducted and invoiced in 2011-2012. The actual per year expenditure is estimated at 50 percent, and may not be the actual amount carried over into 2012.

## 1 VII. Revenue Requirements and Rate Impacts

2 This section describes PG&E's 2009-2011 LIEE electric revenue and gas  
3 PPP funding requirements and cost recovery proposal. PG&E proposes to  
4 increase its 2009 LIEE electric revenue requirement by \$15.62 million and to  
5 increase its 2009 gas PPP-LIEE funding requirement by \$19.51 million.  
6 PG&E's proposed funding requirements for all three program years are  
7 presented in Table VII-1 below. The subsequent sections of this testimony  
8 address PG&E's proposed 2009-2011 LIEE program expenditure budgets,  
9 related funding requirements, and cost recovery. Rate and bill impacts are  
10 also presented.

**TABLE VII-1  
PACIFIC GAS AND ELECTRIC COMPANY  
ELECTRIC REVENUE AND  
GAS LIEE PPP FUNDING REQUIREMENTS FOR 2009-2011  
(\$ THOUSANDS)**

| Line No. | Description                                   | 2008     | 2009      | 2010      | 2011      | 2009-2011 Funding Total |
|----------|---|----------|-----------|-----------|-----------|-------------------------|
| 1        | Electric Revenue Requirement (including FF&U) | \$54,971 | \$70,592  | \$95,213  | \$98,730  | \$264,535               |
| 2        | Gas LIEE PPP Funding Requirement              | \$23,320 | \$42,827  | \$57,764  | \$59,898  | \$160,489               |
| 3        | Total   | \$78,291 | \$113,419 | \$152,977 | \$158,628 | \$425,024               |

**A. Electric Revenue Requirement and Gas PPP Funding Requirement for the Proposed 2009-2011 LIEE Portfolio**

As discussed in Section V of this testimony, PG&E proposes the 2009-2011 annual LIEE budgets shown in Table VII-1, above. The amounts to be recovered in rates consist of PG&E's total annual program budgets, less any unspent budget amounts carried over from the 2007-2008 program period that have already been recovered in rates.<sup>[25]</sup> An allowance for franchise fees and uncollectibles (FF&U) accounts expense is included in PG&E's proposed electric LIEE revenue requirement.

In Decision 06-12-038, the Commission adopted a 70/30 expense ratio to assign PG&E's LIEE program costs between PG&E's electric and gas customers, respectively. The 70/30 expense ratio was based on a forecast of the cost of electric and gas LIEE measures to be installed for PG&E's customers in the current program period. PG&E proposes to update its LIEE program cost apportionment between electric and gas customers to reflect the proposed program budgets shown in Table VII-1. Based on PG&E's proposed budget, the electric revenue requirement, net of FF&U, is \$69.88 million and the gas revenue requirement is

<sup>[25]</sup> Carry-over amounts will not be known until after a decision is issued in this proceeding.

1 \$42.83 million for 2009. Consequently, PG&E's LIEE expense  
2 electric/gas ratio for 2009-2011 is 62/38.

### 3 **B. Recording of PG&E's Electric and Gas LIEE Expenses**

4 PG&E will record 2009-2011 LIEE expenses consistent with the  
5 adopted electric/gas expense ratio adopted in this proceeding. This  
6 proposed method is consistent with the method adopted for the recording  
7 of EE program expenses by the Commission in Decision 05-09-043.  
8 Accordingly, PG&E will record LIEE expenditures based on a ratio of  
9 62/38 percent for electric and gas, respectively. PG&E will continue to  
10 monitor the expenses on a measure per measure basis during the budget  
11 period and may propose revisions to the electric/gas split.

### 12 **C. Funding Flexibility**

13 PG&E requests authority to shift funds among each of the 2009-2011  
14 program years. This will allow PG&E to carryover unspent and  
15 uncommitted funds from previous years into future program years within  
16 the 2009-2011 funding cycle. PG&E also requests authorization to carry  
17 forward funds from future years into current years, within the 2009-2011  
18 funding cycle, to allow PG&E to respond to unforeseen market influences,  
19 such as increased market demand. PG&E will report these occurrences  
20 as part of its regular reporting requirements to the Commission. This  
21 proposal is consistent with the practices currently adopted by the  
22 Commission for PG&E's authorized Energy Efficiency Program Funding.

### 23 **D. Rate and Bill Impacts**

24 Approval of PG&E's proposed 2009-2011 LIEE budgets will result in  
25 increases in PG&E's gas and electric PPP charges. PG&E's proposed  
26 2009-2011 LIEE rate and bill impacts among PG&E's electric and gas  
27 customer classes are shown in Tables VII-2 and VII-3 for PG&E's electric  
28 and gas customers, respectively.

**TABLE VII-2  
PACIFIC GAS AND ELECTRIC COMPANY  
ESTIMATED ELECTRIC RATE IMPACTS FROM  
2009-2011 LOW-INCOME ENERGY EFFICIENCY PROGRAM REQUEST**

| Line No. | Electric Customer Class           | Dollar Increase in 2009 for Low Income Energy Efficiency (\$000) | Total Percentage Increase in 2009 for Low Income Energy Efficiency | Dollar Increase in 2010 vs. 2009 for Low Income Energy Efficiency (\$000) | Total Percentage Increase in 2010 vs. 2009 for Low Income Energy Efficiency | Dollar Increase in 2011 vs. 2010 for Low Income Energy Efficiency (\$000) | Total Percentage Increase in 2011 vs. 2010 for Low Income Energy Efficiency |
|----------|-----------------------------------|--|--|---|---|---|---|
| 1        | <u>Bundled Service</u>            |  |  |   |   |   |   |
| 2        | Residential                       | \$6,326  | 0.1%   | \$16,287  | 0.3%  | \$17,710  | 0.4%  |
| 3        | Small Commercial                  | \$1,844  | 0.1%   | \$4,750   | 0.3%  | \$5,165   | 0.4%  |
| 4        | Medium Commercial                 | \$2,544  | 0.1%   | \$6,555   | 0.4%  | \$7,127   | 0.4%  |
| 5        | Large Commercial                  | \$1,426  | 0.1%   | \$3,673   | 0.4%  | \$3,993   | 0.4%  |
| 6        | Streetlights                      | \$93   | 0.1%   | \$240   | 0.4%  | \$261   | 0.4%  |
| 7        | Standby                           | \$36   | 0.1%   | \$92  | 0.3%  | \$100   | 0.3%  |
| 8        | Agriculture                       | \$702  | 0.1%   | \$1,809   | 0.3%  | \$1,967   | 0.4%  |
| 9        | Industrial                        | \$1,461  | 0.1%   | \$3,764   | 0.3%  | \$4,093   | 0.4%  |
| 10       | <u>Total Bundled Change</u>       | <u>\$14,432</u>  | <u>0.1%</u>  | <u>\$37,170</u>   | <u>0.3%</u>   | <u>\$40,417</u>   | <u>0.4%</u>   |
| 11       | <u>Direct Access Service</u>      |  |  |   |   |   |   |
| 12       | Residential                       | \$11   | 0.3%   | \$27  | 0.8%  | \$29  | 0.8%  |
| 13       | Small Commercial                  | \$15   | 0.3%   | \$39  | 0.7%  | \$43  | 0.7%  |
| 14       | Medium Commercial                 | \$284  | 0.4%   | \$730   | 1.0%  | \$794   | 1.1%  |
| 15       | Large Commercial                  | \$242  | 0.4%   | \$624   | 1.0%  | \$678   | 1.1%  |
| 16       | Agriculture                       | \$4  | 0.3%   | \$10  | 0.8%  | \$11  | 0.9%  |
| 17       | Industrial                        | \$502  | 0.4%   | \$1,293   | 1.2%  | \$1,406   | 1.3%  |
| 18       | <u>Total Direct Access Change</u> | <u>\$1,057</u>   | <u>0.4%</u>  | <u>\$2,724</u>  | <u>1.1%</u>   | <u>\$2,962</u>  | <u>1.2%</u>   |

1                    Under PG&E's LIEE program budget proposal, the 2009 bill for a  
2                    typical bundled residential electric customer using 550 kWh per month will  
3                    increase \$0.03 from \$72.13 to \$72.16. The bill for a typical bundled  
4                    residential customer using approximately twice the average baseline  
5                    allowance, or 850 kWh per month, will increase \$0.24 from \$148.44 to  
6                    \$148.68.

**TABLE VII-3  
PACIFIC GAS AND ELECTRIC COMPANY  
ESTIMATED GAS RATE IMPACTS FROM  
2009-2011 LOW INCOME ENERGY EFFICIENCY PROGRAM REQUEST**

| Line No. |  | 2008 Current Revenues | 2008 to 2009 Proposed Revenue Change | 2008 to 2009 Percent Change | 2008 to 2010 Proposed Revenue Change | 2008 to 2010 Percent Change | 2008 to 2011 Proposed Revenue Change | Percent 2008 to 2011 Change |
|----------|--|-----------------------|--------------------------------------|-----------------------------|--------------------------------------|-----------------------------|--------------------------------------|-----------------------------|
| 1        | <u>Core Retail - Bundled *</u>             | (a)                   | (b)                                  | (c)                         | (d)                                  | (e)                         | (f)                                  | (g)                         |
| 2        | Residential Non-CARE                       | \$2,423,961           | \$11,823                             | 0.49%                       | \$20,877                             | 0.86%                       | \$22,170                             | 0.91%                       |
| 3        | Residential CARE                           | \$381,971             | \$2,293                              | 0.60%                       | \$4,048                              | 1.06%                       | \$4,299                              | 1.13%                       |
| 4        | Commercial, Small                          | \$904,826             | \$2,593                              | 0.29%                       | \$4,579                              | 0.51%                       | \$4,863                              | 0.54%                       |
| 5        | Commercial, Large                          | \$84,268              | \$598                                | 0.71%                       | \$1,056                              | 1.25%                       | \$1,121                              | 1.33%                       |
| 6        | <u>Core Retail - Transportation Only**</u> |                       |                                      |                             |                                      |                             |                                      |                             |
| 7        | Residential Non-CARE                       | \$2,365               | \$37                                 | 1.57%                       | \$66                                 | 2.78%                       | \$70                                 | 2.95%                       |
| 8        | Residential CARE                           | \$126                 | \$5                                  | 4.22%                       | \$9                                  | 7.45%                       | \$10                                 | 7.92%                       |
| 9        | Commercial, Small                          | \$18,181              | \$188                                | 1.03%                       | \$332                                | 1.82%                       | \$352                                | 1.94%                       |
| 10       | Commercial, Large                          | \$363                 | \$15                                 | 4.22%                       | \$27                                 | 7.44%                       | \$29                                 | 7.90%                       |
| 11       | <u>Non-Core - Transportation Only**</u>    |                       |                                      |                             |                                      |                             |                                      |                             |
| 12       | Industrial Distribution                    | \$35,595              | \$524                                | 1.47%                       | \$926                                | 2.60%                       | \$983                                | 2.76%                       |
| 13       | Industrial Transmission                    | \$57,900              | \$1,413                              | 2.44%                       | \$2,495                              | 4.31%                       | \$2,650                              | 4.58%                       |
| 14       | Industrial Backbone                        | \$430                 | \$16                                 | 3.79%                       | \$29                                 | 6.70%                       | \$31                                 | 7.12%                       |
| 15       | Electric Gen - Dist/Transmission           | \$34,661              | \$0                                  | 0.00%                       | \$0                                  | 0.00%                       | \$0                                  | 0.00%                       |
| 16       | Electric Gen - Backbone                    | \$4,268               | \$0                                  | 0.00%                       | \$0                                  | 0.00%                       | \$0                                  | 0.00%                       |
| 17       | <u>Wholesale - Transportation Only **</u>  |                       |                                      |                             |                                      |                             |                                      |                             |
| 18       | West Coast Gas - Castle                    | \$43                  | \$0                                  | 0.00%                       | \$0                                  | 0.00%                       | \$0                                  | 0.00%                       |
| 19       | West Coast Gas - Mather-D                  | \$45                  | \$0                                  | 0.00%                       | \$0                                  | 0.00%                       | \$0                                  | 0.00%                       |
| 20       | Transmission Level Wholesale               | \$644                 | \$0                                  | 0.00%                       | \$0                                  | 0.00%                       | \$0                                  | 0.00%                       |
| 21       | NGV, Core Procurement                      | \$11,988              | \$0                                  | 0.00%                       | \$0                                  | 0.00%                       | \$0                                  | 0.00%                       |
| 22       | Unbundled Service                          | \$171,685             | \$0                                  | 0.00%                       | \$0                                  | 0.00%                       | \$0                                  | 0.00%                       |
| 23       | Total Change                               | \$4,133,321           | \$19,507                             | 0.47%                       | \$34,444                             | 0.83%                       | \$36,577                             | 0.88%                       |

\* Bundled core revenues are based on rates that include: i) an illustrative procurement component that recovers intrastate and interstate backbone transmission charges, storage, brokerage fees and an average annual Weighted Average Cost of Gas (WACOG) of \$0.733 per therm; ii) a transportation component that recovers customer class charges, customer access charges, CPUC fees, local transmission (where applicable) and distribution costs (where applicable); and iii) where applicable, a gas public purpose program surcharge that recovers the costs of low income California Alternate Rates for Energy (CARE), low income energy efficiency, customer energy efficiency, Research Development and Demonstration program and BOE/CPUC Admin costs. Actual procurement rate changes monthly.

\*\* Transportation Only revenues are based on rates that include: i) a transportation component that recovers customer class charges, customer access charges, CPUC fees, local transmission (where applicable) and distribution costs (where applicable); and ii) where applicable, a gas public purpose program surcharge that recovers the costs of low income California Alternate Rates for Energy (CARE), low income energy efficiency, customer energy efficiency, Research Development and Demonstration program and BOE/CPUC Admin costs. Transportation only customers must arrange for their own gas purchases and transportation to PG&E's citygate/local transmission system.

1 Under PG&E's LIEE program budget proposal, the bill for a typical  
2 bundled residential customer using 40 therms per month in 2009 will  
3 increase \$0.50 from \$54.74 to \$55.24.

4 PG&E will incorporate the annual electric LIEE revenue requirement  
5 authorized in this proceeding into electric rates in the AET with other rate  
6 changes effective January 1 of each year in the program budget period,  
7 or as soon thereafter as possible. Any required LIEE electric rate change  
8 resulting from this proceeding will be implemented in accordance with the  
9 then-current adopted revenue allocation and rate design methods  
10 adopted for the LIEE revenue component of electric PPP rates.

11 PG&E will incorporate the gas funding requirement authorized in this  
12 proceeding into gas rates in the annual gas PPP surcharge advice letter  
13 and AGT filings with other rate changes effective January 1 of each year  
14 in the program budget period, or as soon thereafter as possible.  
15 Similarly, any gas LIEE revenue change will be allocated among  
16 customer classes consistent with then-current adopted practice. If a  
17 decision is not issued in time to incorporate the proposed funding  
18 requirement in PPP surcharge rates by October 31, 2008, PG&E requests  
19 authority to supplement its PPP surcharge advice letter to incorporate  
20 changes adopted in this proceeding.

## 21 **VIII. Competitive Bid**

22 PG&E routinely bids out administration of its LIEE program. The LIEE  
23 program administrator competitively bids out program implementation work  
24 and hires the program contractors.

25 The current LIEE administration contract with Richard Heath and  
26 Associates, Inc. (RHA), is the result of a competitive bid. PG&E extended its  
27 contract with RHA for one year (2008) following approval from the  
28 Commission. Since 1997, PG&E has bid out the administration of the LIEE  
29 program three times. As directed by Decision 06-12-038, PG&E is bidding  
30 out its 2009-2011 program administration. This will be a 3-year contract.

31 Per CPUC Decision 07-12-051, the LIEE program is being redesigned  
32 and requires the 2009-2011 application to be filed on May 15, 2008. PG&E's  
33 RFP will be developed alongside the 2009-2011 application. PG&E requests  
34 a timely 2009-2011 LIEE Program Decision in order to bid out the prime

1 contract, award the bid and negotiate a contract before the start of the  
2 2009-2011 LIEE program. In the event that PG&E's application is radically  
3 modified after it has been filed, PG&E may need to rescind the RFP for  
4 adjustments. In the event that this does occur, the LIEE program may not be  
5 ready to implement on January 1, 2009. Additionally, as PG&E only had  
6 permission to extend RHA's contract through December 31, 2008, PG&E will  
7 need explicit Commission authorization to extend RHA's contract into 2009.

#### 8 **Current Program**

9 Currently, RHA is the prime contractor for PG&E's LIEE program and is  
10 responsible for all aspects of the program from enrolling the customer,  
11 measure and appliance installations and meeting all program goals. RHA  
12 manages the work of 20 subcontractors ensuring that all work is installed per  
13 the Weatherization Installation Standards Manual and meets all program  
14 requirements as stated in the Statewide Policy and Procedures Manual. After  
15 the measures are installed, PG&E performs random post inspections to  
16 ensure the measures are installed properly and safely.

#### 17 **RFP Overview**

18 The RFP covers all aspects of the work required by both the Prime  
19 Management Firm (PMF) and all subcontractors required to perform the  
20 actual measure installations and appliance installation and recycling. The  
21 RFP states which licenses are required, specific insurance requirements and  
22 the Home Improvement Sales person certificate requirement. The RFP  
23 specifically details mandatory training requirements required by all who  
24 perform the field work or who oversee the field work. Personnel attending  
25 these mandatory training classes must pass the written tests and or practical  
26 tests to be eligible to be able to work or monitor the work in the program. The  
27 RFP also requires the PMF to develop and implement a management plan  
28 which must be approved by PG&E that describes in detail how the PMF will  
29 monitor all aspects of the program (training, quality control, records  
30 management, contractor performance, correction of failed work). The RFP  
31 itemizes all reporting, invoicing, data, installation, benchmarks, year end  
32 goals, customer satisfaction, PMF's call center, NGAT, and NGAT Monoxer  
33 Calibration and Maintenance requirements. The RFP further requires the use  
34 and knowledge of the Statewide Installation Manual and the Statewide

1 Policies and Procedures Manual, knowledge of all state, local and city codes  
2 and standards, working knowledge of PG&E's Energy Partners Online (EPO)  
3 database, use of the customer information in EPO to target existing CARE  
4 customers for the LIEE program, and program collateral materials required to  
5 be used in the program. Lastly, the RFP specifically details the contractual  
6 time frames for when work must be accomplished, including that all work  
7 must be installed by December 31 of each calendar year.

#### 8 **Bidders List**

9 PG&E has a list of contractors who may be interested in receiving the  
10 RFP. This list currently consists of all existing PG&E contractors who are  
11 working in the LIEE program, a list of PG&E contractors who have asked be  
12 part of the bid process, LIHEAP contractors, SDG&E contractors,  
13 SoCalGas contractors, SCE contractors and other interested parties who  
14 have expressed interest in the LIEE program. PG&E continues to seek  
15 additional contractors who have project management experience and other  
16 organizations who might be interested in bidding for either the PMF or the  
17 implementation portion of the program. PG&E will send out invitations to all  
18 contractors on the list asking them to respond if they are interested in bidding  
19 on the project management piece of the contract. Once the PMF has been  
20 selected, the PMF will be required to bid the actual installation and appliance  
21 delivery/recycling part of the program.

#### 22 **IX. Conclusion**

23 The Commission should adopt PG&E's requested budget for the  
24 2009-2011 LIEE program.

25 In Decision 07-12-051, the Commission expressed its desire that the  
26 LIEE program balance: (1) California's need for energy efficiency; (2) all LIEE  
27 customers' needs for all cost-effective assistance; (3) continuing hardship  
28 assistance for those in particularly difficult circumstances; and (4) managing  
29 the cost burdens to customers outside the LIEE programs. PG&E supports  
30 these goals of providing cost-effective energy savings to all LIEE customers  
31 while retaining the ability to provide other social benefits such as health,  
32 safety and comfort to customers with the deepest needs. In order to achieve  
33 this goal, PG&E has designed an LIEE program that combines highly

1 cost-effective EE measures with less cost-effective measures that  
2 nevertheless provide important, yet hard-to-quantify non-energy benefits.

3 PG&E's proposed program will serve 25 percent of its estimated eligible  
4 low-income customers by 2012 as directed by Decision 07-12-051, and  
5 includes a cost-effective targeted approach to delivering more comprehensive  
6 measures and services to the highest energy users to help them reduce their  
7 energy consumption. Additionally, PG&E also recommends revisions to  
8 existing measures, new measures, pilot measures, pilot projects, evaluations,  
9 and studies. PG&E requests a timely decision on this application so that  
10 there can be an on-time 2009 program launch

**PACIFIC GAS AND ELECTRIC COMPANY**  
**CHAPTER 2**  
**CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM**  
**PLAN AND BUDGET FOR PROGRAM**  
**YEARS 2009, 2010 AND 2011**

PACIFIC GAS AND ELECTRIC COMPANY  
CHAPTER 2  
CALIFORNIA ALTERNATE RATES FOR  
ENERGY PROGRAM PLAN AND BUDGET FOR  
PROGRAM YEARS 2009, 2010 AND 2011

TABLE OF CONTENTS

|       |  |      |
|-------|--|------|
| I.    | Introduction .....   | 2-1  |
| A.    | Summary of Critical Program Elements and Requests .....                                | 2-1  |
| B.    | Program Overview .....   | 2-1  |
| II.   | Background .....   | 2-2  |
| III.  | CARE Program Goals and Budget for PY 2009, PY 2010, and PY 2011 .....                  | 2-3  |
| IV.   | Program Administration .....   | 2-5  |
| V.    | Outreach .....   | 2-9  |
| VI.   | Revenue Requirements and Rate Impacts.....   | 2-16 |
| A.    | Subsidy and Benefit Costs .....  | 2-17 |
| B.    | Balancing Account .....  | 2-18 |
| C.    | Rate and Bill Impacts for CARE Administrative Costs Over the<br>2009-2011 Period ..... | 2-19 |
| VII.  | Request to Continue Funding and Allow for Fund Shifting .....                          | 2-22 |
| VIII. | Conclusion.....  | 2-23 |

1                                   **PACIFIC GAS AND ELECTRIC COMPANY**  
2                                   **CHAPTER 2**  
3                   **CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM PLAN**  
4                   **AND BUDGET FOR PROGRAM YEARS 2009, 2010 AND 2011**

5   **I.     Introduction**

6       **A.   Summary of Critical Program Elements and Requests**

- 7           •   Pacific Gas and Electric Company (PG&E) proposes to change the  
8               certification period for its California Alternate Rates for Energy  
9               (CARE) Sub-Metered and Expanded programs from one year to  
10              two years.
- 11          •   PG&E proposes a survey research study to understand (1) which  
12               CARE customers do not respond to multiple recertification and post-  
13               enrollment income verification requests; (2) why they do not recertify  
14               or provide income documentation; and (3) how PG&E can overcome  
15               these barriers to their continued participation.
- 16          •   PG&E requests the approval of its 2009-2011 program budget by  
17               October 2, 2008.

18       **B.   Program Overview**

19           PG&E is pleased to present its application for the Program Years  
20           (PY) 2009-2011 CARE program. PG&E has administered the CARE  
21           program since its inception in 1989. In support of the California Public  
22           Utilities Commission's (CPUC or Commission) goal of enrolling all CARE-  
23           eligible customers who wish to participate in the program, PG&E has  
24           dramatically re-imagined its low-income program offerings for 2009-2011  
25           to take advantage of opportunities for closer integration and coordinated  
26           outreach between CARE and Low Income Energy Efficiency (LIEE).  
27           PG&E is proposing an outreach plan for low-income customers that will  
28           integrate efforts to enroll new CARE customers by promoting LIEE  
29           awareness and participation. PG&E has worked to integrate low-income  
30           assistance programs, Commission staff, and the other investor-owned  
31           utilities (IOU) to deliver a highly effective CARE program supporting the

Commission's goal of enrolling all CARE-eligible customers who wish to participate in the program. Additionally, PG&E participated in Commission workshops and sought input through focus groups, meetings, and workshops with other interested parties, including municipalities, community-based organizations and agencies, Low Income Home Energy Assistance Program (LIHEAP) providers, and contractors.

PG&E proposes an administrative budget of \$8.76 million for 2009, \$9.22 million for 2010, and \$9.52 million for 2011. In 2009, this is \$1,029,000 more than adopted for 2007-2008 CARE administration in Decision 06-12-038. These proposals are described in Sections IV and V below.

PG&E will consolidate the electric revenue requirement authorized in this proceeding into electric rates in the Annual Electric True-Up (AET) with other rate changes effective January 1 of each year in the program budget period, or as soon thereafter as possible. PG&E will consolidate the gas funding requirement authorized in this proceeding into gas rates in the annual gas Public Purpose Program (PPP) surcharge advice letter and Annual Gas True-Up (AGT) filings with other rate changes effective January 1 of each year in the program budget period, or as soon thereafter as possible. If a decision is not issued in time for the October 31, 2008 PPP surcharge filing, PG&E requests that the authority to supplement its PPP surcharge advice letter to incorporate changes adopted in this proceeding.

## **II. Background**

Based on Senator Share's Universal Lifeline Telephone Service bill (signed into law in the 1980s), Senate Bill (SB) 987 (Dills – Chapter 212) established an assistance program to provide rate relief to low income households from increasing baseline differentials brought about by baseline rate reform in the mid-1980s. This bill also established that the cost of the program would not be borne solely by any single class of customer.

Commission Decision 89-07-062 created the rate discount program for individually-metered gas and electric customers and master-metered/

1 sub-metered tenants. The program, called the Low-Income Rate Assistance  
2 (LIRA), implemented a 15 percent discount for low-income customers.

3 The name of the program was changed to CARE in 1995 and the  
4 program was expanded to serve qualified non-profit group living facilities, and  
5 later, qualified agricultural employee housing facilities.

6 In 1996, the CARE program began to be standardized across the  
7 four IOUs as part of Electric Industry Restructuring legislation. Standardized  
8 application forms, unified program cost reporting, and self-certification with  
9 post-enrollment random verification were all established during this period.

10 As a result of the California energy crisis of 2000, the utilities received a  
11 one-time, tax-based funding supplement to aid the “Rapid Deployment” of low  
12 income programs to those most affected by high energy bills. SB X1-5  
13 dramatically increased outreach funding for the CARE program. This infusion  
14 of advertising, marketing and outreach funding—together with  
15 Decision 01-05-033 mandates increasing the CARE discount to 20 percent  
16 and the income eligibility threshold to 175 percent of the Federal Poverty  
17 Level (FPL)—helped the utilities to rapidly increase CARE enrollment levels to  
18 all-time highs.

19 In 2005, the income eligibility guidelines changed again. Since  
20 October 2005, PG&E customers with income levels at or below 200 percent  
21 of the FPL are eligible to receive a 20 percent discount on their monthly gas  
22 and electric charges. Decision 05-10-044 changed the previous upper limit of  
23 the CARE income eligibility guidelines from 175 percent to 200 percent FPL,  
24 which substantially increased the number of customers eligible for utility  
25 CARE rates. This increased income criteria was a proactive response by the  
26 Commission and the utilities to provide additional assistance to low income  
27 customers during the 2005-2006 Winter Gas Crisis, during which gas prices  
28 were expected to rise dramatically.

### 29 **III. CARE Program Goals and Budget for PY 2009, PY 2010, and** 30 **PY 2011**

31 This section summarizes how PG&E’s proposed program activities and  
32 administrative budget for PY 2009-2011 support the Commission’s goal of  
33 enrolling all CARE-eligible customers who wish to participate in the program.  
34 Attachment B-1 shows PG&E’s proposed PY 2009-2011 CARE budget by

1 category. Attachment B-4 provides a summary of PG&E's CARE program  
2 proposals described in this application.

3 As shown in Attachment B-2, PG&E anticipates decreased CARE  
4 penetration levels in 2008, followed by increases in 2009-2011. The  
5 decrease in 2008 can be attributed to more customers failing to recertify or  
6 failing post-enrollment income verification, and thus being dropped from the  
7 program. For this reason, PG&E is requesting approval to do a survey of  
8 customers failing these two processes. The proposed survey is detailed in  
9 Attachment B-5.

10 Due to the successes of enrolling and recertifying an average of nearly  
11 700,000 customers annually since 2005, one of the greatest challenges that  
12 PG&E faces is retaining these customers as they become due to recertify.  
13 Over 400,000 CARE customers are expected to become due to recertify  
14 annually in 2008 and 2009. PG&E is dedicated to making process  
15 improvements that will improve recertification retention. The CARE program  
16 has implemented billing notices, reminder letters, and reminder phone calls  
17 for customers due to recertify. Another improvement that will be beneficial in  
18 this area is the recent implementation of CARE online enrollment, which  
19 allows customers to recertify via the PG&E website. Also, since June 2007,  
20 nearly 25 percent of customers applying for CARE have been identified as  
21 fixed income, and therefore certified for a 4-year period, as approved in  
22 Decision 06-12-038. This will result in fewer customers having to go through  
23 the recertification process beginning in June 2009. PG&E is currently  
24 investigating other methods to improve recertification retention, such as  
25 allowing customers to recertify by phone. The goal of all of these efforts is to  
26 lower the number of customers expected to fail the recertification process  
27 annually.

28 Another process resulting in customer attrition is post-enrollment income  
29 verification. In order to ensure that only qualified customers are enrolled in  
30 CARE, PG&E has increased its post-enrollment income verification to an  
31 average of 11 percent of incoming applications. PG&E is verifying a higher  
32 percentage of customers whose electric usage is over 300 percent of  
33 baseline. Since current rates provide a 73 percent CARE discount for usage  
34 above this level, PG&E wants to ensure that only eligible customers are

1 benefiting from the discount. The CARE program has implemented reminder  
2 phone calls and letters to customers who have been selected to provide  
3 income verification. However, 65 to 70 percent of customers selected are still  
4 failing to provide the requested income documentation. This means over  
5 50,000 customers are expected to fail the post-enrollment income verification  
6 process annually.

7 Finally, the one percent monthly average of customers closing their  
8 accounts due to moving in with relatives, moving out of the service area or out  
9 of state, etc., will result in attrition of another 125,000 customers annually.

10 PG&E aims to enroll over 250,000 new CARE customers annually during  
11 program years 2009-2011. This is a very aggressive goal, as new customers  
12 are becoming more and more difficult to reach. PG&E employees, agency  
13 personnel, outreach workers and volunteers are working throughout the  
14 service area to find new, eligible customers to enroll in CARE. PG&E plans to  
15 achieve these new enrollment goals largely by continuing its highly successful  
16 outreach program, which is described in more detail in Section V.

17 PG&E is dedicated to understanding and serving our customers, and to  
18 overcoming challenges to continue increasing enrollment in the CARE  
19 program.

#### 20 **IV. Program Administration**

21 PG&E has administered the CARE program since its inception in 1989.  
22 PG&E customers with income levels at or below 200 percent of the FPL are  
23 eligible to receive the CARE discount on monthly gas and electric charges.  
24 The program targets five separate categories of eligible customers:

- 25 • Single-family residential customers with their own PG&E accounts;
- 26 • Sub-metered tenants of master-metered customers in facilities such as  
27 mobile home parks, and sub-metered apartment complexes;
- 28 • Non-profit group living facilities such as half-way homes, rehabilitation  
29 facilities, homeless shelters, women's shelters, and hospices;
- 30 • Agricultural employee housing facilities such as migrant farm labor  
31 facilities, private employee housing, and non-profit farm labor housing;  
32 and

- Migrant Farm Worker Housing Centers operated by Office of Migrant Services or by non-profit entities.

### **Processing/Certification/Verification**

PG&E has made great strides towards enrolling all eligible customers. To retain the number of CARE participants and keep enrolling new participants, PG&E received, processed, certified, recertified and verified on average 700,000 applications annually. This number will continue to grow as PG&E increases the number of CARE participants. PG&E requests a budget increase from \$1.6 million in 2008 to \$1.8 million in 2009, \$1.9 million in 2010 and \$2 million in 2011.

The authorized budget of \$1.6 million for the Processing, Certification, and Verification category was unchanged for PY 2006 through PY 2008. Although PG&E is constantly reviewing the processes and making improvements in order to be more cost-effective, the expanded workload requires a budget increase to support additional staff labor and training, and to ensure timely processing of customer applications.

### **Information Technology/Programming**

PG&E proposes the same budget of \$300,000 for 2009-2011. A quarter of the budget is for maintenance of existing databases. The remaining budget is for enhancement of CARE web-based applications to support other languages beside English, new database applications for the Sub-Metered and Expanded Programs, and any technological advances that could simplify enrollment and reduce CARE customer attrition.

### **Pilots and Studies**

PG&E is proposing a study to understand why customers fail to respond to CARE recertification and post-enrollment verification requests. Attachment B-5 describes this pilot and associated costs.

### **Measurement and Evaluation**

There are no measurement and evaluation studies proposed for CARE during 2009-2011.

### **Regulatory Compliance**

PG&E proposes to spend \$105,000 on regulatory compliance during 2009, followed by \$5,000 increases in 2010 and 2011. These estimates are based on 2006-2007 historical recorded expenditures.

1       **General Administration**

2           Due to expanded workload, PG&E has added program management  
3 labor to oversee CARE program operations. To maintain current support of  
4 the program, PG&E requests a General Administration budget of \$500,000 in  
5 2009, \$525,000 in 2010 and \$550,000 in 2011.

6       **Commission Energy Division Staff**

7           Ordering Paragraphs (OP) 9 and 10 in Decision 00-02-045 provide the  
8 guidance for allocating Energy Division costs among the utilities and between  
9 LIEE and CARE. Thirty percent of the total costs are allocated to PG&E,  
10 within which 70 percent are allocated to CARE and 30 percent are allocated  
11 to LIEE. Based on this allocation, the PG&E CARE portion of projected  
12 Energy Division staff costs for 2009-2011 is \$206,000 annually.

13       **PG&E Proposes Same Residential Program Requirements for Tenants**  
14 **of Sub-Metered Facilities**

15           Currently, all sub-metered tenants of master-metered customers who  
16 apply and qualify for the CARE program are required to complete and mail a  
17 new application to recertify their eligibility annually. Single-family residential  
18 customers are required to recertify their eligibility every two years. Customers  
19 with fixed-income, whether they are single-family residential customers or  
20 sub-metered tenants are required to recertify their eligibility every four years,  
21 as approved in Decision 06-12-038. PG&E proposes the same residential  
22 program requirements for sub-metered tenants, including a 2-year  
23 certification period.

24           The reason qualifying sub-metered tenants of master-metered customers  
25 were required to recertify their eligibility annually was because sub-metered  
26 tenants are not customers of the utility, and the utility would be unaware of  
27 their relocation or other changes in circumstances. However, PG&E found  
28 this reason is no longer valid because the communication between the utility,  
29 master-metered customers, and sub-metered tenants has improved  
30 tremendously over the years. Assembly Bill (AB) 2104 has also improved the  
31 ability to provide reports and receive timely notification of any changes in  
32 sub-metered tenants' circumstances.

33           This proposal is beneficial for both the customer and PG&E. The  
34 recertification process can be a burden for sub-metered tenants and

1 master-metered customers in spite of PG&E's best efforts to make the  
2 process as easy as possible.

3 Over 25 percent of CARE sub-metered tenants do not respond to  
4 recertification requests and are subsequently dropped from the program.  
5 This includes sub-metered tenants who do not read or speak English, do not  
6 understand the recertification request, or misplace the CARE recertification  
7 application.

8 By extending the CARE certification period for sub-metered tenants,  
9 PG&E is attempting to mitigate this burden on the customer and decrease the  
10 number of non-responding customers that dropped during the recertification  
11 process. The risk of keeping non-qualifying sub-metered tenants on CARE  
12 by making their certification period the same as single-family residential  
13 customers is not any higher than it is for the rest of the population.  
14 Furthermore, sub-metered tenants will be required to provide proof of income  
15 through the post-enrollment verification process which will ensure qualified  
16 sub-metered tenants are on the program.

17 This proposal will reduce costs for PG&E, as recertification notices for  
18 sub-metered tenants will only be mailed, and the returned applications  
19 processed, every two years instead of every year. It will also provide more  
20 uniform program requirements among all residential customers.

21 **PG&E Proposes a 2-Year Certification for Expanded Programs:**  
22 **Non-Profit Group Living Facilities, Agricultural Employee Housing**  
23 **Facilities, and Migrant Farm Worker Housing Centers**

24 Currently, all facilities of Expanded Programs which apply and qualify for  
25 the CARE program are required to recertify their eligibility annually by  
26 completing a new application and providing other supporting documents.  
27 PG&E proposes to extend the certification period for Expanded Programs  
28 from one year to two years.

29 This proposal is beneficial for both Expanded Program facilities and  
30 PG&E. By extending the certification period for Expanded Programs, PG&E  
31 is attempting to mitigate the facilities' burden of completing a new application  
32 and providing multiple supporting documents every year, and decreasing the  
33 number of facilities failing to recertify or delaying completion of the  
34 recertification process. Those supporting documents include a copy of

1 current 501 (c) (3) Federal Tax exemption; copies of social service license  
2 and brochures as proof of social services provided to facility residents; and  
3 explanation of how the savings PG&E provided for the past year benefited  
4 facilities residents.

5 As recertification notices for Expanded Programs will only be mailed and  
6 returned applications processed every two years instead of one, it will help to  
7 reduce costs for PG&E.

### 8 **PG&E Proposes Budget for Cooling Centers Program**

9 In 2008, PG&E's Cooling Center Program budget was approved to be  
10 recovered through the California Alternate Rates for Energy Account  
11 (CARE) incremental to the current CARE administrative budget. PG&E  
12 requests a Cooling Center Program budget of \$350,000 in 2009, \$400,000 in  
13 2010, and \$450,000 in 2011. This \$50,000 increase in the budget for each  
14 year is due to expected increases in the number of participating cooling  
15 centers. These costs will be recovered in the next AET process or other  
16 proceedings as authorized by the Commission.

## 17 **V. Outreach**

### 18 **Section 8 Housing**

19 U.S. Department of Housing and Urban Development (HUD) offers  
20 two major programs to assist low-income households in obtaining affordable  
21 housing. The public housing program provides decent and safe housing for  
22 eligible low-income families, the elderly, and persons with disabilities. Public  
23 housing comes in all sizes and types, from scattered single-family houses to  
24 high-rise apartments for elderly families. Section 8, currently referred to as  
25 the Housing Choice Voucher (HCV) program, assists very low-income  
26 families, the elderly, and the disabled to afford decent, safe and sanitary  
27 housing in the private market. Public housing and the HCV program are  
28 administered locally by public housing agencies (PHA). The PHAs receive  
29 federal funds from HUD to make housing assistance payments on behalf of  
30 the HCV program tenants. HUD also pays the PHAs a fee for the costs of  
31 administering the programs.

32 Qualifications for the public housing and the HCV programs are  
33 determined by the PHAs based on program policies set by HUD and include  
34 the total annual gross income, citizenship and immigration status. Income

1 limits are defined and established by HUD as percentages of Area Median  
2 Income (AMI) and changed each fiscal year as new AMIs are determined for  
3 each county (thus varying by location). Below is the HUD definition of the  
4 three categories of low income, for the purposes of the public housing and  
5 HCV programs:

- 6 • 30 percent of AMI is extremely low income;
- 7 • 50 percent of AMI is low income; and
- 8 • 80 percent of AMI is lower income.

9 During the application process, the PHA collects information on family  
10 income, assets, and family composition. The PHA then verifies this  
11 information with other local agencies, the applicant's employer and bank, and  
12 uses the information collected to determine program eligibility and the amount  
13 of the housing assistance payment.

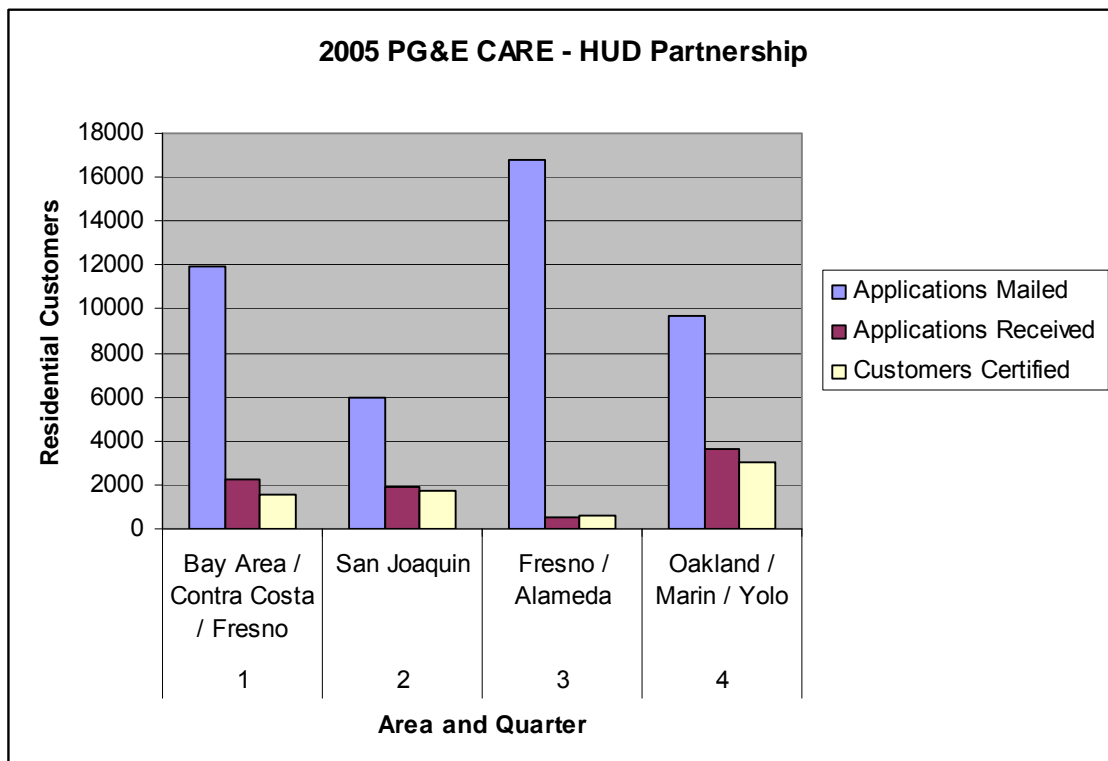
14 If the PHA determines that an applicant is eligible, it will place the  
15 applicant's name on a waiting list, unless it is able to assist immediately.  
16 Once the applicant's name is reached on the waiting list, the PHA contacts  
17 the applicant to offer a lease agreement or a housing voucher. Since the  
18 demand for housing assistance often exceeds the limited resources available  
19 to HUD and the PHAs, long waiting periods are common.

## 20 **PG&E CARE and HUD Partnership History**

21 In 2005, the PG&E CARE program partnered with Region IX of HUD to  
22 initiate a CARE outreach campaign targeting tenants of public housing and  
23 the HCV program (then under the name of Section 8) within PG&E's service  
24 area. HUD provided CARE with a contact list of executive directors and  
25 property managers of PHAs, which CARE team members then proceeded to  
26 contact. The leaders of several PHAs expressed interest and set the  
27 framework for enrolling their tenants in the CARE program. The ability to  
28 reach out to the tenants of each PHA depended on that PHA's decision to  
29 share their customer information with PG&E through a non-disclosure  
30 agreement. Approximately 15 percent of the PHAs agreed to participate in  
31 this outreach initiative. In each case, a third-party vendor executed the direct  
32 mail campaign which consisted of an informative letter from the PHA as well

- 1 as a CARE application. Below are the results of the 2005 Section 8/public  
 2 housing outreach campaign:
- 3 • Applications Mailed: **44,358**;
  - 4 • Applications Received: **8,144**; and
  - 5 • Applications Certified: **6,852**.\*

**FIGURE-1  
PACIFIC GAS AND ELECTRIC COMPANY**

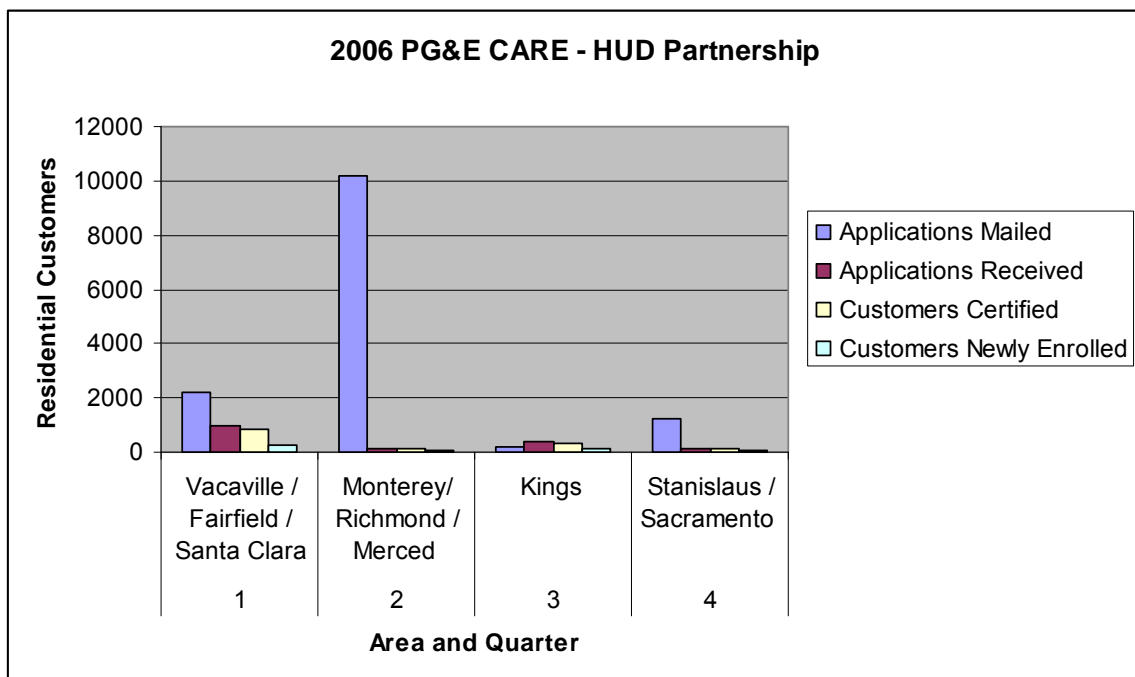


\* It is impossible to determine how many of the applications certified in 2005 constituted a “new enrollment” since at that time CARE was not yet tracking the number of new enrollments in the program.

6 In 2006, the CARE partnership with the PHAs continued, spanning to  
 7 more counties in PG&E’s vast service area. However, fewer PHAs showed  
 8 interest in partnering with CARE than in the previous year due to the PHAs’  
 9 growing concern with protecting customer confidentiality. In 2006, CARE  
 10 began to track separately those applications that constituted “new enrollment”  
 11 in the program (excluding duplicate applications). Thus, it became evident  
 12 that outreach to public housing/HCV program tenants resulted in relatively low  
 13 “new enrollment” results. A high duplication rate prevailed throughout the

- 1 year, providing evidence that a significant number of public housing/HCV  
2 program tenants were already enrolled in the program. Below are the results  
3 of the 2006 public housing/HCV program outreach campaign:
- 4 • Application Mailed: **13,837**;
  - 5 • Applications Received: **1,679**;
  - 6 • Applications Certified: **1,403**; and
  - 7 • Applications Newly Enrolled: **475**.

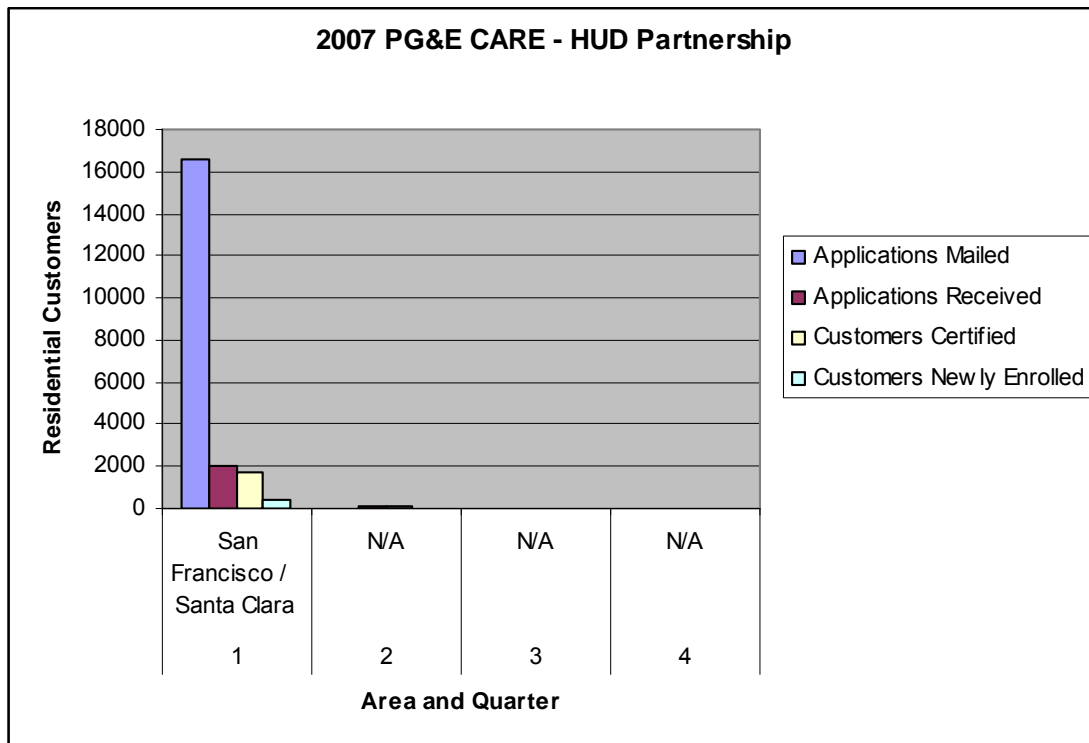
**FIGURE-2  
PACIFIC GAS AND ELECTRIC COMPANY**



8 In 2007, CARE outreach to public housing/HCV program tenants faced  
9 major challenges after the first month's direct mail rollout to Santa Clara and  
10 San Francisco counties. It became evident that a significant shift had  
11 occurred, whereas PHAs were no longer willing to share any customer  
12 information with PG&E, leading to a halt of CARE's outreach to public  
13 housing/HCV program tenants. Since access to the PHA's customer  
14 information could no longer be obtained, PG&E was unable to filter out the  
15 residents already receiving the CARE discount. PG&E considered the option  
16 of sending a direct mail piece to all tenants without obtaining the housing

1 authority's customer information in order to filter out the existing CARE  
2 customers. However, the cost of sending this direct mail piece to all tenants  
3 was cost-prohibitive at the time. Also, duplication rates in 2006 had been  
4 high despite having removed many CARE-enrolled customers from the list.  
5 Conducting a mailing where none of the CARE-enrolled customers were  
6 removed would result in an extremely high cost per new enrollment. Below  
7 are the results of the 2007 public housing/HCV program outreach campaign:  
8 • Applications Mailed: **16,625**;  
9 • Applications Received: **2,175**;  
10 • Applications Certified: **1,893**; and  
11 • Applications Newly Enrolled: **436**.

**FIGURE-3  
PACIFIC GAS AND ELECTRIC COMPANY**



12 Further Discussion of Confidentiality Issues

13 Upon further investigation, we discovered that the high levels of customer  
14 information confidentiality exhibited by the PHAs in 2007 stemmed from

1 HUD's strict adherence to the Privacy Act of 1974 issued by the  
2 U.S. Congress. Due to some undisclosed incident that occurred in 2007,  
3 HUD increased its monitoring of the PHAs' adherence to this act, which in  
4 turn caused the PHAs to stop releasing any information regarding their  
5 tenants to the CARE program. The rules of confidentiality also apply to  
6 clients who are on the public housing/HCV program waiting list and even to  
7 clients who have merely shown an interest and provided their information to a  
8 PHA. In order for an exception to be made that would allow automatic  
9 qualification and/or enrollment of public housing/HCV program tenants in  
10 CARE, a directive from the federal government to HUD would have to be  
11 issued (i.e., "Issues of confidentiality do not apply in the case of the CARE  
12 program"). HUD would then need to declare to all its participating PHAs that  
13 CARE program qualification and/or enrollment would constitute an exception  
14 to HUD's confidentiality policy, thus allowing the release of information to  
15 PG&E for the purpose of automatically qualifying and/or enrolling public  
16 housing/HCV program tenants in CARE. Obtaining a directive from the  
17 federal government would require an extensive lobbying process (with no  
18 guarantee of eventual success).

#### 19 Additional Challenges

20 If confidentiality issues did not pose a significant obstacle to PG&E  
21 retrieving information of the public housing/HCV program tenants, a number  
22 of other challenges would have to be overcome in order for PG&E to succeed  
23 in automatically qualifying and/or enrolling these tenants in CARE.

24 All of the tenants in the 30 percent of AMI (extremely low income)  
25 category qualify for CARE and can be automatically qualified and/or enrolled  
26 in the program. None of the 80 percent of AMI (lower income) category  
27 tenants qualify and cannot be automatically qualified and/or enrolled in the  
28 program. Thus, the main challenge would be the qualification and/or  
29 enrollment of only CARE-eligible public housing/HCV program tenants within  
30 the 50 percent of AMI (low income) category. This is due to the fact that AMI  
31 varies by county, so in certain counties within PG&E's service area only a  
32 portion of public housing/HCV program tenants within this category would be  
33 eligible for CARE. If CARE were to automatically qualify and/or enroll all the  
34 tenants within this category, it would result in a heavier burden to PG&E

1 ratepayers who would be paying for a discount for tenants who do not qualify  
2 for CARE. This could also compromise the integrity of the program. In order  
3 to determine which of the customers within this category are eligible for  
4 automatic qualification and/or enrollment by CARE, staff within each PHA  
5 would have to administer a process to filter tenants who are CARE-eligible  
6 from those who are not. Also, since PHAs vary in terms of both technological  
7 capabilities and staffing, PG&E would have to develop an individualized plan  
8 of action with each PHA among the 48 counties within PG&E's service area.  
9 There would also be a variation in the list formats provided by the PHAs,  
10 leading to higher administration costs for PG&E to transform these lists to a  
11 format that would allow for the automatic enrollment to take place.

#### 12 Alternate Proposal

13 Due to the current challenges in obtaining confidential information from  
14 each PHA, as well as other aforementioned issues that would be  
15 encountered, the PG&E CARE program would like to propose an alternate  
16 plan to enroll public housing/HCV program tenants in the program. CARE  
17 proposes an initiative to recruit PHAs to become CARE Community Outreach  
18 Contractors (COC). This would allow the CARE program to take a proactive  
19 approach to enrolling public housing/HCV program tenants in the program  
20 without violating HUD's strict confidentiality policy. PHAs would thus become  
21 advocates of the CARE program and would inform current and potential  
22 clients about the program. They would also receive a capitation fee for each  
23 newly enrolled customer, providing them with an additional incentive.  
24 Recruiting PHAs as CARE COCs would also eliminate the need for PG&E to  
25 pay the administration costs for receiving duplicate applications (which was  
26 the case in all the previous direct mail initiatives with PHAs).

#### 27 **Outreach Plans**

28 PG&E has continued to engage in significant outreach efforts to potential  
29 customers, with a special focus on the Hispanic, African American, Asian,  
30 Native American, senior, disabled and rural communities. The CARE  
31 outreach campaign includes direct mail, grassroots media, community events  
32 and partnerships with COCs and public assistance agencies. Successful  
33 relationships with these organizations greatly assist in the enrollment of  
34 CARE-eligible customers. Also, CARE has enrolled a significant number of

1 new customers in the program by leveraging with other low-income  
2 assistance program within PG&E and via CPUC-authorized automatic  
3 enrollment with other utilities.

4 Direct mail constitutes a primary method of enrolling eligible customers in  
5 the CARE program. Over the past year, new company policies requiring the  
6 use of recycled paper and soy-based ink were implemented, resulting in  
7 higher material costs. This change, combined with higher postage costs, has  
8 caused a significant increase in the cost of implementing all direct mail  
9 projects.

10 A bill insert consisting of a mini CARE application is mailed to non-CARE  
11 residential customers three times throughout the year. It includes postage-  
12 paid return mailing and is in multiple languages. The bill insert presents  
13 CARE information in a concise way and allows the customer to fill out a  
14 condensed version of the application. This initiative is an efficient outreach  
15 tool because of its ability to reach every residential PG&E customer who is  
16 not already on CARE. Due to the increased material and postage costs, the  
17 cost of the bill insert has significantly increased.

18 The KEMA Needs Assessment Report released in 2007 recommends that  
19 the PG&E CARE program participates in television, radio, and print media for  
20 each of its major ethnic markets. CARE plans to partner with television and  
21 radio stations to produce commercials targeting the Chinese, Vietnamese and  
22 African American customers, thus incurring production and air-time costs with  
23 each media outlet. CARE also plans to produce and print advertisements in  
24 newspapers and/or magazines targeting each of these ethnic markets.

25 PG&E plans to continue to improve its successful outreach activities in an  
26 effort to meet the CPUC's and PG&E's shared goal of enrolling 100 percent of  
27 eligible customers who wish to participate in the CARE program.

## 28 **VI. Revenue Requirements and Rate Impacts**

29 This section presents the electric revenue and gas CARE funding  
30 requirements and cost recovery proposal supporting PG&E's 2009-2011  
31 CARE shortfall and administration-related cost proposal. PG&E proposes to  
32 increase its 2009 electric CARE administration revenue requirement by  
33 \$1.88 million and to decrease its 2009 gas PPP-CARE administration funding

1 requirement by \$.85 million.<sup>[1]</sup> PG&E's proposed CARE  
 2 administration-related funding requirements for all three program years are  
 3 presented in Table VI-1 below. The subsequent sections of this testimony  
 4 address PG&E's proposed 2009-2011 CARE program expenditure budgets,  
 5 related funding requirements, and cost recovery. Rate and bill impacts are  
 6 also presented.

**TABLE VI-1  
 PACIFIC GAS AND ELECTRIC COMPANY  
 ELECTRIC REVENUE AND  
 GAS CARE PPP FUNDING REQUIREMENTS FOR 2009-2011  
 (\$ THOUSANDS)**

| Line<br>No. | Description                                      | 2009    | 2010    | 2011    | Total    |
|-------------|--|---------|---------|---------|----------|
| 1           | Electric Revenue Requirement<br>(including FF&U) | \$7,081 | \$7,448 | \$7,695 | \$22,224 |
| 2           | Gas CARE PPP Funding Requirement                 | \$1,752 | \$1,843 | \$1,904 | \$5,499  |
| 3           | Total  | \$8,833 | \$9,291 | \$9,599 | \$27,723 |

7 **A. Subsidy and Benefit Costs**

8 The CARE administrative budget includes costs to cover outreach,  
 9 application processing and enrollment, post-enrollment income  
 10 verification, system programming, program supervision, regulatory, and  
 11 other general administrative costs. Approximately 700,000 PG&E CARE  
 12 program applications are currently processed annually, and PG&E  
 13 anticipates that this level of activity will continue to increase through the  
 14 2009-2011 period. Proposed 2009-2011 CARE administrative-related  
 15 costs and related rate impacts are detailed below. CARE discounts are  
 16 available to PG&E's gas and electric customers with income levels not  
 17 exceeding 200 percent of the FPL. Gas customers are eligible to receive  
 18 a 20 percent discount on their monthly gas bills. Total electric CARE  
 19 discounts range from approximately 28 percent for Tier 1 usage to nearly  
 20 73 percent for Tier 5 usage (See Schedule E-1, effective May 1, 2008).  
 21 As detailed in Table VI-2, the CARE subsidy for both gas and electric

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**[1]** The decrease in the gas PPP-CARE administration funding requirement is due to the change in the electric/gas allocation from 65/35 to 80/20, respectively. See Section VI.B.

1 customers is forecast in 2009 to be \$461.3 million, an increase of  
2 \$2.5 million over the amount currently in rates for 2008.

**TABLE VI-2  
PACIFIC GAS AND ELECTRIC COMPANY  
ESTIMATED  
2009-2011 CARE SUBSIDY**

| Line<br>No. | CARE Subsidy Forecasts |               |              |               |
|-------------|------------------------|---------------|--------------|---------------|
|             | Year                   | Electric      | Gas          | Total         |
| 1           | 2009                   | \$370,191,172 | \$91,059,479 | \$461,250,651 |
| 2           | 2010                   | \$377,728,580 | \$92,386,757 | \$470,115,337 |
| 3           | 2011                   | \$385,437,293 | \$94,270,142 | \$479,707,435 |

### 3 **B. Balancing Account**

4 PG&E proposes to continue the currently adopted methodology for  
5 allocating CARE administrative costs between gas and electric  
6 customers. Consistent with Decision 89-07-062, PG&E currently  
7 allocates the CARE administrative costs between electric and gas in  
8 proportion to the discounts received by CARE customers in the previous  
9 year. Consequently, for 2009-2011, PG&E will assign 80 percent of the  
10 CARE administrative costs to electric customers and 20 percent to gas  
11 customers.

12 Based on the \$27.5 million 3-year CARE administrative cost budget  
13 proposed in Section III, PG&E will recover in rates \$22 million of CARE  
14 administrative costs, net of franchise fees and uncollectibles (FF&U), in  
15 the electric CARE rate components and up to \$5.5 million in the gas  
16 PPP-CARE surcharge rates in 2009-2011. This represents an average  
17 annual increase of \$1.03 million in forecast CARE administrative costs.

18 Pursuant to Public Utilities Code section 739.1, PG&E is authorized to  
19 record all reasonable administrative costs associated with the  
20 implementation of the CARE program. The total amount collected  
21 through CARE rates is equal to the sum of forecasted CARE discounts,  
22 forecasted CARE administrative costs, and end-of-year forecasted  
23 balances in the CARE balancing accounts. CARE rates are equal to the  
24 CARE electric revenues and gas surcharges allocated to each applicable

customer class divided by each customer classes adopted sales  
forecast.<sup>[2]</sup>

**C. Rate and Bill Impacts for CARE Administrative Costs Over the  
2009-2011 Period**

Approval of PG&E's proposed 2009-2011 CARE Administrative  
budgets will result in an increase in PG&E's electric PPP charges and a  
decrease in PG&E's gas PPP charges. PG&E's proposed 2009-2011  
electric CARE administrative cost increases among customer classes are  
shown in Table VI-3 for electric customers and the proposed 2009-2011  
gas CARE administrative cost decreases among customer classes are  
shown in Table VI-4 for PG&E's gas customers, below.

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<sup>[2]</sup> In addition to CARE sales, sales to Utility Electric Generation and Street  
lighting customers are exempt from the CARE surcharge.

**TABLE VI-3  
PACIFIC GAS AND ELECTRIC COMPANY  
ESTIMATED ELECTRIC RATE IMPACTS FROM  
2009-2011 CARE ADMINISTRATIVE PROGRAM REQUEST**

| Line No. | Electric Customer Class      | Dollar Increase in 2009 for CARE Admin (\$000) | Total Percentage Increase in 2009 for CARE Admin | Dollar Increase in 2010 vs. 2009 for CARE Admin (\$000) | Total Percentage Increase in 2010 vs. 2009 for CARE Admin | Dollar Increase in 2011 vs. 2010 for CARE Admin (\$000) | Total Percentage Increase in 2011 vs. 2010 for CARE Admin |
|----------|------------------------------|--|--|---|---|---|---|
| 1        | <u>Bundled Service</u>       |  |  |   |   |   |   |
| 2        | Residential                  | \$731  | 0.02%  | \$855   | 0.02%   | \$938   | 0.02%   |
| 3        | Small Light and Power        | 265  | 0.02%  | 309   | 0.02%   | 339   | 0.02%   |
| 4        | Medium Light and Power       | 377  | 0.02%  | 440   | 0.02%   | 482   | 0.03%   |
| 5        | E-19 Class                   | 224  | 0.02%  | 262   | 0.03%   | 287   | 0.03%   |
| 6        | Streetlights                 | 0  | 0.00%  | 0   | 0.00%   | 0   | 0.00%   |
| 7        | Standby                      | 6  | 0.02%  | 7   | 0.02%   | 8   | 0.03%   |
| 8        | Agriculture                  | 114  | 0.02%  | 133   | 0.02%   | 146   | 0.03%   |
| 9        | E-20                         | 269  | 0.02%  | 314   | 0.03%   | 345   | 0.03%   |
| 10       | Total Bundled Change         | \$1,988  | 0.02%  | \$2,322   | 0.02%   | \$2,545   | 0.02%   |
| 11       | <u>Direct Access Service</u> |  |  |   |   |   |   |
| 12       | Residential                  | \$1  | 0.03%  | \$1   | 0.04%   | \$2   | 0.04%   |
| 13       | Small Commercial             | 2  | 0.04%  | 3   | 0.05%   | 3   | 0.05%   |
| 14       | Medium Commercial            | 42   | 0.06%  | 49  | 0.07%   | 54  | 0.08%   |
| 15       | Large Commercial             | 38   | 0.06%  | 44  | 0.07%   | 49  | 0.08%   |
| 16       | Agriculture                  | 1  | 0.05%  | 1   | 0.06%   | 1   | 0.06%   |
| 17       | Industrial                   | 93   | 0.08%  | 109   | 0.10%   | 120   | 0.11%   |
| 18       | Total Direct Access Change   | \$178  | 0.07%  | \$207   | 0.08%   | \$227   | 0.09%   |

1                    If PG&E's CARE administration cost proposal is adopted, the bill for a  
2                    typical bill bundled electric customer using 550 kilowatt-hour (kWh) per  
3                    month will not change. The bill for a typical electric bundled customer  
4                    using approximately twice the average baseline allowance, or 850 kWh  
5                    per month, will increase \$0.03 from \$148.44 to \$148.47.

**TABLE VI-4  
PACIFIC GAS AND ELECTRIC COMPANY  
ESTIMATED GAS RATE IMPACTS FROM  
2009-2011 CARE ADMINISTRATIVE PROGRAM REQUEST**

| Line No. |   | 2008 Current Revenues | 2008 to 2009 Proposed Revenue Change | 2008 to 2009 Percent Change | 2008 to 2010 Proposed Revenue Change | 2008 to 2010 Percent Change | 2008 to 2011 Proposed Revenue Change | Percent 2008 to 2011 Change |
|----------|---|-----------------------|--------------------------------------|-----------------------------|--------------------------------------|-----------------------------|--------------------------------------|-----------------------------|
| 1        | <u>Core Retail – Bundled(a)</u>                 |                       |                                      |                             |                                      |                             |                                      |                             |
| 2        | Residential Non-CARE                            | \$2,423,961           | (366)                                | (0.02%)                     | (327)                                | (0.01%)                     | (300)                                | (0.01%)                     |
| 3        | Residential CARE                                | \$381,971             | 0                                    | 0.00%                       | 0                                    | 0.00%                       | 0                                    | 0.00%                       |
| 4        | Commercial, Small                               | \$904,826             | (153)                                | (0.02%)                     | (137)                                | (0.02%)                     | (126)                                | (0.01%)                     |
| 5        | Commercial, Large                               | \$84,268              | (17)                                 | (0.02%)                     | (15)                                 | (0.02%)                     | (14)                                 | (0.02%)                     |
| 6        | <u>Core Retail – Transportation Only(b)</u>     |                       |                                      |                             |                                      |                             |                                      |                             |
| 7        | Residential Non-CARE                            | \$2,365               | (1)                                  | (0.05%)                     | (1)                                  | (0.04%)                     | (1)                                  | (0.04%)                     |
| 8        | Residential CARE                                | \$126                 | 0                                    | 0.00%                       | 0                                    | 0.00%                       | 0                                    | 0.00%                       |
| 9        | Commercial, Small                               | \$18,181              | (11)                                 | (0.06%)                     | (10)                                 | (0.05%)                     | (9)                                  | (0.05%)                     |
| 10       | Commercial, Large                               | \$363                 | (0)                                  | (0.12%)                     | (0)                                  | (0.10%)                     | (0)                                  | (0.10%)                     |
| 11       | <u>Noncore – Transportation Only(b)</u>         |                       |                                      |                             |                                      |                             |                                      |                             |
| 12       | Industrial Distribution                         | \$35,595              | (52)                                 | (0.15%)                     | (47)                                 | (0.13%)                     | (43)                                 | (0.12%)                     |
| 13       | Industrial Transmission                         | \$57,900              | (245)                                | (0.42%)                     | (219)                                | (0.38%)                     | (201)                                | (0.35%)                     |
| 14       | Industrial Backbone                             | \$430                 | (3)                                  | (0.66%)                     | (3)                                  | (0.59%)                     | (2)                                  | (0.54%)                     |
| 15       | Electric Generation – Distribution/Transmission | \$34,661              | 0                                    | 0.00%                       | 0                                    | 0.00%                       | 0                                    | 0.00%                       |
| 16       | Electric Gen – Backbone                         | \$4,268               | 0                                    | 0.00%                       | 0                                    | 0.00%                       | 0                                    | 0.00%                       |
| 17       | <u>Wholesale – Transportation Only(b)</u>       |                       |                                      |                             |                                      |                             |                                      |                             |
| 18       | West Coast Gas – Castle                         | \$43                  | 0                                    | 0.00%                       | 0                                    | 0.00%                       | 0                                    | 0.00%                       |
| 19       | West Coast Gas – Mather-D                       | \$45                  | 0                                    | 0.00%                       | 0                                    | 0.00%                       | 0                                    | 0.00%                       |
| 20       | Transmission Level Wholesale                    | \$644                 | 0                                    | 0.00%                       | 0                                    | 0.00%                       | 0                                    | 0.00%                       |
| 21       | NGV, Core Procurement                           | \$11,988              | 0                                    | 0.00%                       | 0                                    | 0.00%                       | 0                                    | 0.00%                       |
| 22       | Unbundled Service                               | \$171,685             | 0                                    | 0.00%                       | 0                                    | 0.00%                       | 0                                    | 0.00%                       |
| 23       | <b>Total Change</b>                             | <b>\$4,133,321</b>    | <b>(849)</b>                         | <b>(0.02%)</b>              | <b>(758)</b>                         | <b>(0.02%)</b>              | <b>(697)</b>                         | <b>(0.02%)</b>              |

- (a) Bundled core revenues are based on rates that include: (i) an illustrative procurement component that recovers intrastate and interstate backbone transmission charges, storage, brokerage fees and an average annual Weighted Average Cost of Gas (WACOG) of \$0.733 per therm; (ii) a transportation component that recovers customer class charges, customer access charges, CPUC fees, local transmission (where applicable) and distribution costs (where applicable); and (iii) where applicable, a gas public purpose program surcharge that recovers the costs of low income California Alternate Rates for Energy (CARE), low income energy efficiency, customer energy efficiency, Research Development and Demonstration program and BOE/CPUC Admin costs. Actual procurement rate changes monthly.
- (b) Transportation Only revenues are based on rates that include: (i) a transportation component that recovers customer class charges, customer access charges, CPUC fees, local transmission (where applicable) and distribution costs (where applicable); and (ii) where applicable, a gas public purpose program surcharge that recovers the costs of low income California Alternate Rates for Energy (CARE), low income energy efficiency, customer energy efficiency, Research Development and Demonstration program and BOE/CPUC Admin costs. Transportation only customers must arrange for their own gas purchases and transportation to PG&E's citygate/local transmission system.

1                   If PG&E's CARE administration cost proposal is adopted, the bill for a  
2                   typical bundled residential gas customer using 40 therms per month in  
3                   2009 will decrease \$0.01 from \$54.74 to \$54.73.

4                   PG&E will incorporate the annual electric CARE revenue requirement  
5                   authorized in this proceeding into electric rates in the AET with other rate  
6                   changes effective January 1 of each year in the program budget period,  
7                   or as soon thereafter as possible. Any required CARE electric rate  
8                   change resulting from this proceeding will be implemented in accordance

1 with the then-current adopted revenue allocation and rate design methods  
2 adopted for the CARE revenue component of electric PPP rates.<sup>[3]</sup>

3 PG&E will incorporate the gas funding requirement authorized in this  
4 proceeding into gas rates in the annual gas PPP surcharge advice letter  
5 and AGT filings with other rate changes effective January 1 of each year  
6 in the program budget period, or as soon thereafter as possible.

7 Similarly, any gas CARE revenue change will be allocated among  
8 customer classes consistent with then-currently adopted practice. If a  
9 decision is not issued in time for the October 31, 2008 PPP surcharge  
10 filing, PG&E requests that the authority to supplement its PPP surcharge  
11 advice letter to incorporate changes adopted in this proceeding.

## 12 **VII. Request to Continue Funding and Allow for Fund Shifting**

13 PG&E's 2009, 2010 and 2011 CARE budgets include anticipated  
14 expenditures based on current Commission directives and program  
15 parameters, and do not include any expenditures for additional administrative  
16 activities that the utilities may be ordered to undertake in the future.

17 Moreover, the uncertainty posed by implementation of any unknown or  
18 undefined Commission project could require subsequent revision to the  
19 administrative budget if actual utility expenditures exceed the Commission's  
20 and PG&E's initial estimates. If actual expenditures for implementing all  
21 aspects of CARE administration, including customer outreach, exceed the  
22 proposed budget due to an increase in the Commission's initial scope of  
23 work, PG&E will seek to be fully compensated for any reasonable increased  
24 costs incurred as a result of implementing the Commission's policy. If the  
25 Commission should be delayed in issuing a decision on PG&E's 2009-2011  
26 low income programs budget application, PG&E requests interim  
27 authorization from the Commission to continue CARE program administration  
28 activities into 2009 to avoid any interruption of the CARE program

29 PG&E also requests flexibility to reallocate funding among budget  
30 categories as required to meet CARE goals and objectives. This flexibility  
31 and the two-way balancing account afford the utilities the best tools to

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[3] The current methods for setting electric PPP rates, including the CARE surcharge, were adopted in Decision 07-09-004.

1 efficiently operate the program and achieve the Commission's goal of  
2 reaching 100 percent of low-income customers who are eligible for, and  
3 desire to participate in, the CARE program. For example, if an information  
4 technology project is suspended for any reason and additional marketing is  
5 needed in a hard-to-reach area with low CARE penetration, PG&E would be  
6 authorized to reallocate funds from IT to Outreach.

7 **VIII. Conclusion**

8 PG&E respectfully requests that the Commission approve its CARE  
9 Program plans and budgets for PY 2009-2011.

**PACIFIC GAS AND ELECTRIC COMPANY**  
**APPENDICES A THROUGH E**

**PACIFIC GAS AND ELECTRIC COMPANY  
APPENDICES A THROUGH E**

Appendix A (A Tables)

|       |   |
|-------|---|
| A-1   | Total PY 2009-2011 LIEE Proposed Electric & Gas Budget          |
| A-1   | Electric PY 2009-2011 LIEE Proposed Electric & Gas Budget       |
| A-1   | Gas PY 2009-2011 LIEE Proposed Electric & Gas Budget            |
| A-2   | PY 2009-2011 LIEE Planning Assumptions                          |
| A-3   | LIEE Program Penetration  |
| A-4   | LIEE Program Detail by Housing Type                             |
| A-5   | Summary of LIEE Program Cost Effectiveness                      |
| A-6   | LIEE Cost-Effectiveness – Weather Sensitive Measures            |
| A-6-a | LIEE Cost-Effectiveness – Weather Sensitive Measures Graphs     |
| A-7   | LIEE Cost-Effectiveness – Non Weather Sensitive Measures        |
| A-8   | PY 2009-2011 LIEE Measurement and Evaluation Studies            |
| A-9   | Summary of PG&E LIEE Program Proposals for 2009, 2010, and 2011 |

Appendix B (B Tables)

|     |   |
|-----|---|
| B-1 | PY 2009-2011 CARE Proposed Program Budget                       |
| B-2 | PY 2009-2011 CARE Estimated Participation                       |
| B-3 | PY 2007-2008 CARE Outreach and Penetration Information          |
| B-4 | Summary of PG&E CARE Program Proposals for 2009, 2010, and 2011 |

Appendix C (C Tables)

|     |  |
|-----|--|
| C-1 | PY 2009-2011 CARE and LIEE Rate Impacts – Electric (cents/kWh) |
| C-1 | PY 2009-2011 CARE and LIEE Rate Impacts – Gas (cents/Therm)    |
| C-2 | PY 2007 Customer Usage   |
| C-3 | PY 2009-2011 Projected Customer Usage and Eligibility          |

Appendix D (PIP's)

|        |   |
|--------|---|
| A-10-1 | LIEE Microwaves – Meals on Wheels Program Implementation Plan   |
| A-10-2 | LIEE Pilot for East Bay Habitat for Humanity  |
| A-10-3 | PG&E LIEE Leveraging Pilot Project Implementation Plan – City of San José Partnership (Silicon Valley Energy Watch, City of San José Housing Department, and City of San José Strong Neighborhoods) |
| A-10-4 | LIEE Group Energy Education Workshop Project Implementation Plan  |
| A-10-5 | On-Line (Off-Site) PG&E LIEE/Energy Partners Training Pilot Study   |
| A-10-6 | City of San Joaquin (Fresno County) Portfolio Implementation Plan – LIEE Pilot Project  |
| A-10-7 | LIEE High Efficiency Clothes Washer Pilot Implementation Plan   |
| A-10-8 | Low Income Energy Efficiency Smart AC Project Implementation Plan   |

**PACIFIC GAS AND ELECTRIC COMPANY  
APPENDICES A THROUGH E**

**(Continued)**

- A-10-9 SmartMeter™ Program – LIEE Education Project
- A-10-10 Impact Evaluation of the 2010 Low Income Energy Efficiency (LIEE) Program
- A-10-11 Process Evaluation of the 2009 LIEE Program
- A-10-12 Low Income Non-Energy Benefits Study
- A-10-13 LIEE Refrigerator Degradation EUL Study
- A-10-14 LIEE Household Segmentation Study
- B-5 CARE Recertification and Post-Enrollment Verification Non-Response Study

Appendix E (Meeting Notes)

1. PG&E PY 2009-2011 Low Income Programs Application – Public Input Workshop
2. Power Point of 3/13 PG&E application workshop
3. CEESP Meeting List

**PACIFIC GAS AND ELECTRIC COMPANY**  
**APPENDIX A**

**PY 2009-2011 LIEE Proposed Electric & Gas Budget  
Pacific Gas and Electric Company**

|   | Authorized<br>PY 2008 | Planned               |                       |                       | 3-Year Request<br>PY 2009 - 2011 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------------|
|   |                       | PY 2009               | PY 2010               | PY 2011               |                                  |
| <b>LIEE Program:</b>                                  |                       |                       |                       |                       |                                  |
| Energy Efficiency                                     |                       |                       |                       |                       |                                  |
| Gas Appliances <sup>1</sup>                           | \$ 6,276,740          | \$ 9,494,416          | \$ 13,627,833         | \$ 14,232,315         | \$ 37,354,564                    |
| Electric Appliances <sup>2</sup>                      | \$ 33,485,364         | \$ 47,139,249         | \$ 67,462,595         | \$ 70,025,952         | \$ 184,627,796                   |
| Weatherization <sup>3</sup>                           | \$ 13,757,162         | \$ 20,954,293         | \$ 29,825,611         | \$ 30,881,595         | \$ 81,661,499                    |
| Outreach & Assessment / Marketing                     | \$ 5,130,912          | \$ 979,000            | \$ 1,399,970          | \$ 1,456,018          | \$ 3,834,988                     |
| In Home Energy Education/Assesment/Income Eligibility | \$ 6,062,112          | \$ 8,811,000          | \$ 12,599,730         | \$ 13,104,160         | \$ 34,514,890                    |
| Education Workshops                                   | \$ 400,000            | \$ 202,500            | \$ 253,125            | \$ 303,750            | \$ 759,375                       |
| Pilot <sup>4</sup>                                    | \$ -                  | \$ 1,269,675          | \$ 550,800            | \$ 498,150            | \$ 2,318,625                     |
| NGAT Costs <sup>5</sup>                               | \$ -                  | \$ 3,753,832          | \$ 4,997,229          | \$ 5,387,167          | \$ 14,138,228                    |
| <b>Energy Efficiency Total</b>                        | <b>\$ 65,112,290</b>  | <b>\$ 92,603,965</b>  | <b>\$ 130,716,893</b> | <b>\$ 135,889,106</b> | <b>\$ 359,209,964</b>            |
|   |                       |                       |                       |                       |                                  |
| Training Center                                       | \$ 371,000            | \$ 540,176            | \$ 797,732            | \$ 829,641            | \$ 2,167,549                     |
| Inspections   | \$ 3,997,630          | \$ 4,647,318          | \$ 5,040,809          | \$ 5,207,448          | \$ 14,895,575                    |
| Marketing/Outreach                                    | \$ -                  | \$ 1,286,276          | \$ 1,678,842          | \$ 1,749,738          | \$ 4,714,856                     |
| M&E <sup>6</sup>                                      | \$ 244,500            | \$ 366,660            | \$ 165,000            | \$ 180,000            | \$ 711,660                       |
| Regulatory Compliance                                 | \$ 255,000            | \$ 255,000            | \$ 255,000            | \$ 255,000            | \$ 765,000                       |
| Other Administration <sup>7</sup>                     | \$ 7,696,080          | \$ 2,914,405          | \$ 3,268,525          | \$ 3,425,866          | \$ 9,608,796                     |
| CPUC Energy Division <sup>8</sup>                     | \$ 57,000             | \$ 88,200             | \$ 88,200             | \$ 88,200             | \$ 264,600                       |
|   |                       |                       |                       |                       |                                  |
| REACH PLUS <sup>9</sup>                               |                       | \$10,000,000          | \$10,000,000          | \$10,000,000          | \$30,000,000                     |
|   |                       |                       |                       |                       |                                  |
| <b>TOTAL PROGRAM COSTS</b>                            | <b>\$ 77,733,500</b>  | <b>\$ 112,702,000</b> | <b>\$ 152,011,000</b> | <b>\$ 157,625,000</b> | <b>\$ 422,338,000</b>            |
| <b>Funded Outside of LIEE Program Budget</b>          |                       |                       |                       |                       |                                  |
|   |                       |                       |                       |                       |                                  |

<sup>1</sup>Includes: Furnace Repair/Replacement, Water Heater Repair/Replacement, Duct Test & Seal, and a split of 90% for Water Heater Blanket, Faucet Aerators, and Low Flow Showerheads and includes a 10% split for Water Heater Pipe Wrap.

<sup>2</sup>Includes Refrigerators (including Leveraging), Occupancy Sensors, Central A/C Tune-up, Evaporative Coolers, Room & Window A/C, Central A/C, Torchieres, Interior Hardwire Fixtures, CFL's, Hardwired Porch Lights, Duct Test and Seal, and Clothes Washers in 2010/2011. Includes a split of 10% for Water Heater Blanket, Faucet Aerators, and Low Flow Showerheads and includes a 90% split for Water Heater Pipe Wrap.

<sup>3</sup>Includes Door Weatherstripping, Attic Access Weatherstripping, Evap Cooler/AC Cover, Caulking, Utility Gasket, Attic Insulation and Minor Home Repairs.

<sup>4</sup>Pilots: Clothes Washer Pilot for 2009, SmartMeter™ starting in 2010, Education On-Line, Microwave Ovens, City of San Joaquin, Habitat for Humanity Pilot.

<sup>5</sup>NGAT Costs have been moved to Energy Efficiency Total. \$2.847M of this request has been authorized by the GRC through 2010, the remaining request is for the increased volume of NGAT work. See Testimony Section V.B.4.

<sup>6</sup>M&E includes \$180,000 previously approved in D.06-12-038 for the 2008 Impact Study that will be carried over and spent in 2009-2010. \$531,660 is new funding requested for 2009-2011 studies, some of which (for the impact study) will not be spent until 2011-2012. The long-term nature of M&E funding is described in Section VI.C.1.

<sup>7</sup>Includes PG&E Costs such as Smarter Energy Line and Customer Surveys.

<sup>8</sup> 2009-2011 CPUC Energy Division budget estimate provided by Energy Division by e-mail on May 5, 2008.

<sup>9</sup>An extension of the funding for the REACH PLUS program as approved in Advice Letter 2885-E/E-A on October 4, 2006 is requested as part of the LIEE application in order to provide financial assistance to this targeted customer segment. These costs are not included in the LIEE cost effectiveness analysis.

**PY 2009-2011 LIEE Electric Budget Category Comparison**  
**Pacific Gas and Electric Company**

|                                       | Authorized<br>PY 2008 | Planned       |               |               | 3-Year Request<br>PY 2009 - 2011 |
|---------------------------------------|-----------------------|---------------|---------------|---------------|----------------------------------|
|                                       |                       | PY 2009       | PY 2010       | PY 2011       |                                  |
| LIEE Program:                         |                       |               |               |               |                                  |
| Energy Efficiency                     |                       |               |               |               |                                  |
| - Gas Appliances <sup>1</sup>         | \$ -                  | \$ -          | \$ -          | \$ -          | \$ -                             |
| - Electric Appliances <sup>2</sup>    | \$ 33,485,364         | \$ 47,139,249 | \$ 67,462,595 | \$ 70,025,952 | \$ 184,627,796                   |
| - Weatherization <sup>3</sup>         | \$ 3,439,291          | \$ 3,143,144  | \$ 4,473,842  | \$ 4,632,239  | \$ 12,249,225                    |
| - Outreach & Assessment               | \$ 3,591,638          | \$ 636,350    | \$ 909,981    | \$ 946,412    | \$ 2,492,742                     |
| - In Home Education                   | \$ 4,243,478          | \$ 5,727,150  | \$ 8,189,825  | \$ 8,517,704  | \$ 22,434,678                    |
| - Education Workshops                 | \$ 280,000            | \$ 131,625    | \$ 164,531    | \$ 197,438    | \$ 493,594                       |
| - Pilot <sup>4</sup>                  | \$ -                  | \$ 267,929    | \$ 159,544    | \$ 177,106    | \$ 604,580                       |
| NGAT Costs <sup>5</sup>               | \$ -                  | \$ -          | \$ -          | \$ -          | \$ -                             |
| Energy Efficiency Total               | \$ 45,039,771         | \$ 57,045,447 | \$ 81,360,318 | \$ 84,496,850 | \$ 222,902,615                   |
|                                       |                       |               |               |               |                                  |
| Training Center                       | \$ 259,700            | \$ 351,114    | \$ 518,526    | \$ 539,267    | \$ 1,408,907                     |
| Inspections                           | \$ 2,798,341          | \$ 3,020,757  | \$ 3,276,526  | \$ 3,384,841  | \$ 9,682,124                     |
| Marketing                             | \$ -                  | \$ 836,079    | \$ 1,091,247  | \$ 1,137,330  | \$ 3,064,656                     |
| M&E Studies <sup>6</sup>              | \$ 171,150            | \$ 238,329    | \$ 107,250    | \$ 117,000    | \$ 462,579                       |
| Regulatory Compliance                 | \$ 178,500            | \$ 165,750    | \$ 165,750    | \$ 165,750    | \$ 497,250                       |
| General Administration <sup>7</sup>   | \$ 5,387,256          | \$ 1,894,363  | \$ 2,124,541  | \$ 2,226,813  | \$ 6,245,717                     |
| CPUC Energy Division <sup>8</sup>     | \$ 39,000             | \$ 57,330     | \$ 57,330     | \$ 57,330     | \$ 171,990                       |
|                                       |                       |               |               |               |                                  |
| REACH PLUS <sup>9</sup>               | \$ -                  | \$ 5,500,000  | \$ 5,500,000  | \$ 5,500,000  | \$ 16,500,000                    |
|                                       |                       |               |               |               |                                  |
| TOTAL PROGRAM COSTS                   | \$ 53,873,718         | \$ 69,109,170 | \$ 94,201,488 | \$ 97,625,181 | \$ 260,935,839                   |
| Funded Outside of LIEE Program Budget |                       |               |               |               |                                  |
|                                       | \$ -                  |               |               |               |                                  |

<sup>1</sup>Includes: Furnace Repair/Replacement, Water Heater Repair/Replacement, Duct Test & Seal, and a split of 90% for Water Heater Blanket, Faucet Aerators, and Low Flow Showerheads and includes a 10% split for Water Heater Pipe Wrap.

<sup>2</sup>Includes Refrigerators (including Leveraging), Occupancy Sensors, Central A/C Tune-up, Evaporative Coolers, Room & Window A/C, Central A/C, Torchieres, Interior Hardwire Fixtures, CFL's, Hardwired Porch Lights, Duct Test and Seal, and Clothes Washers in 2010/2011. Includes a split of 10% for Water Heater Blanket, Faucet Aerators, and Low Flow Showerheads and includes a 90% split for Water Heater Pipe Wrap.

<sup>3</sup>Includes Door Weatherstripping, Attic Access Weatherstripping, Evap Cooler/AC Cover, Caulking, Utility Gasket, Attic Insulation and Minor Home Repairs.

<sup>4</sup>Pilots: Clothes Washer Pilot for 2009, SmartMeter™ starting in 2010, Education On-Line, Microwave Ovens, City of San Joaquin, Habitat for Humanity Pilot.

<sup>5</sup>NGAT Costs have been moved to Energy Efficiency Total. \$2.847M of this request has been authorized by the GRC through 2010, the remaining request is for the increased volume of NGAT work. See Testimony Section V.B.4.

<sup>6</sup>M&E includes \$180,000 previously approved in D.06-12-038 for the 2008 Impact Study that will be carried over and spent in 2009-2010. \$531,660 is new funding requested for 2009-2011 studies, some of which (for the impact study) will not be spent until 2011-2012. The long-term nature of M&E funding is described in Section VI.C.1.

<sup>7</sup>Includes PG&E Costs such as Smarter Energy Line and Customer Surveys.

<sup>8</sup> 2009-2011 CPUC Energy Division budget estimate provided by Energy Division by e-mail on May 5, 2008.

<sup>9</sup>An extension of the funding for the REACH PLUS program as approved in Advice Letter 2885-E/E-A on October 4, 2006 is requested as part of the LIEE application in order to provide financial assistance to this targeted customer segment. These costs are not included in the LIEE cost effectiveness analysis.

**PY 2009-2011 LIEE Gas Budget Category Comparison**  
**Pacific Gas and Electric Company**

|                                       | Authorized<br>PY 2008 | Planned       |               |               | 3-Year Request<br>PY 2009 - 2011 |
|---------------------------------------|-----------------------|---------------|---------------|---------------|----------------------------------|
|                                       |                       | PY 2009       | PY 2010       | PY 2011       |                                  |
| LIEE Program:                         |                       |               |               |               |                                  |
| Energy Efficiency                     |                       |               |               |               |                                  |
| - Gas Appliances <sup>1</sup>         | \$ 6,276,740          | \$ 9,494,416  | \$ 13,627,833 | \$ 14,232,315 | \$ 37,354,564                    |
| - Electric Appliances <sup>2</sup>    | \$ -                  | \$ -          | \$ -          | \$ -          | \$ -                             |
| - Weatherization <sup>3</sup>         | \$ 10,317,872         | \$ 17,811,149 | \$ 25,351,769 | \$ 26,249,355 | \$ 69,412,274                    |
| - Outreach & Assessment               | \$ 1,539,274          | \$ 342,650    | \$ 489,990    | \$ 509,606    | \$ 1,342,246                     |
| - In Home Education                   | \$ 1,818,634          | \$ 3,083,850  | \$ 4,409,906  | \$ 4,586,456  | \$ 12,080,211                    |
| - Education Workshops                 | \$ 120,000            | \$ 70,875     | \$ 88,594     | \$ 106,313    | \$ 265,781                       |
| - Pilot <sup>4</sup>                  | \$ -                  | \$ 1,001,746  | \$ 391,256    | \$ 321,044    | \$ 1,714,045                     |
| NGAT Costs <sup>5</sup>               | \$ -                  | \$ 3,753,832  | \$ 4,997,229  | \$ 5,387,167  | \$ 14,138,228                    |
| Energy Efficiency Total               | \$ 20,072,519         | \$ 35,558,518 | \$ 49,356,575 | \$ 51,392,256 | \$ 136,307,349                   |
|                                       |                       |               |               |               |                                  |
| Training Center                       | \$ 111,300            | \$ 189,062    | \$ 279,206    | \$ 290,374    | \$ 758,642                       |
| Inspections                           | \$ 1,199,289          | \$ 1,626,561  | \$ 1,764,283  | \$ 1,822,607  | \$ 5,213,451                     |
| Marketing                             | \$ -                  | \$ 450,197    | \$ 587,595    | \$ 612,408    | \$ 1,650,200                     |
| M&E Studies <sup>6</sup>              | \$ 73,350             | \$ 128,331    | \$ 57,750     | \$ 63,000     | \$ 249,081                       |
| Regulatory Compliance                 | \$ 76,500             | \$ 89,250     | \$ 89,250     | \$ 89,250     | \$ 267,750                       |
| General Administration <sup>7</sup>   | \$ 2,308,824          | \$ 1,020,042  | \$ 1,143,984  | \$ 1,199,053  | \$ 3,363,079                     |
| CPUC Energy Division <sup>8</sup>     | \$ 17,100             | \$ 30,870     | \$ 30,870     | \$ 30,870     | \$ 92,610                        |
|                                       |                       |               |               |               |                                  |
| REACH PLUS <sup>9</sup>               | \$ -                  | \$ 4,500,000  | \$ 4,500,000  | \$ 4,500,000  | \$ 13,500,000                    |
|                                       |                       |               |               |               |                                  |
| TOTAL PROGRAM COSTS                   | \$ 23,858,882         | \$ 43,592,830 | \$ 57,809,513 | \$ 59,999,819 | \$ 161,402,162                   |
| Funded Outside of LIEE Program Budget |                       |               |               |               |                                  |
|                                       |                       |               |               |               |                                  |

<sup>1</sup>Includes: Furnace Repair/Replacement, Water Heater Repair/Replacement, Duct Test & Seal, and a split of 90% for Water Heater Blanket, Faucet Aerators, and Low Flow Showerheads and includes a 10% split for Water Heater Pipe Wrap.

<sup>2</sup>Includes Refrigerators (including Leveraging), Occupancy Sensors, Central A/C Tune-up, Evaporative Coolers, Room & Window A/C, Central A/C, Torchieres, Interior Hardwire Fixtures, CFL's, Hardwired Porch Lights, Duct Test and Seal, and Clothes Washers in 2010/2011. Includes a split of 10% for Water Heater Blanket, Faucet Aerators, and Low Flow Showerheads and includes a 90% split for Water Heater Pipe Wrap.

<sup>3</sup>Includes Door Weatherstripping, Attic Access Weatherstripping, Evap Cooler/AC Cover, Caulking, Utility Gasket, Attic Insulation and Minor Home Repairs.

<sup>4</sup>Pilots: Clothes Washer Pilot for 2009, SmartMeter™ starting in 2010, Education On-Line, Microwave Ovens, City of San Joaquin, Habitat for Humanity Pilot.

<sup>5</sup>NGAT Costs have been moved to Energy Efficiency Total. \$2.847M of this request has been authorized by the GRC through 2010, the remaining request is for the increased volume of NGAT work. See Testimony Section V.B.4.

<sup>6</sup>M&E includes \$180,000 previously approved in D.06-12-038 for the 2008 Impact Study that will be carried over and spent in 2009-2010. \$531,660 is new funding requested for 2009-2011 studies, some of which (for the impact study) will not be spent until 2011-2012. The long-term nature of M&E funding is described in Section VI.C.1.

<sup>7</sup>Includes PG&E Costs such as Smarter Energy Line and Customer Surveys.

<sup>8</sup> 2009-2011 CPUC Energy Division budget estimate provided by Energy Division by e-mail on May 5, 2008.

<sup>9</sup>An extension of the funding for the REACH PLUS program as approved in Advice Letter 2885-E/E-A on October 4, 2006 is requested as part of the LIEE application in order to provide financial assistance to this targeted customer segment. These costs are not included in the LIEE cost effectiveness analysis.

## Attachment A-2

|    | A  | B           | C                            | D            | E           | F               | G                  | H                  | I            | J           | K               | L                              | M                  | N            | O           | P               | Q                              | R                  | S            | T           | U               | V                              |
|----|--|-------------|------------------------------|--------------|-------------|-----------------|--------------------|--------------------|--------------|-------------|-----------------|--------------------------------|--------------------|--------------|-------------|-----------------|--------------------------------|--------------------|--------------|-------------|-----------------|--------------------------------|
| 1  | PY 2009 - 2011 LIEE Planning Assumptions   |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 2  | Pacific Gas and Electric Company   |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 3  |  |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 4  | Measures <sup>1</sup>  | Units       | PY 2007 Actuals <sup>3</sup> |              |             |                 |                    | PY 2009 Planned    |              |             |                 |                                | PY 2010 Planned    |              |             |                 |                                | PY 2011 Planned    |              |             |                 |                                |
| 5  |  |             | Quantity Installed           | kWh (Annual) | kW (Annual) | Therms (Annual) | Projected Expenses | Quantity Installed | kWh (Annual) | kW (Annual) | Therms (Annual) | Proposed Expenses <sup>2</sup> | Quantity Installed | kWh (Annual) | kW (Annual) | Therms (Annual) | Proposed Expenses <sup>2</sup> | Quantity Installed | kWh (Annual) | kW (Annual) | Therms (Annual) | Proposed Expenses <sup>2</sup> |
| 6  | <b>Heating Systems</b>   |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 7  | Furnaces Repair & Replacement  | Each        | 2,156                        | 0            | 0           | 103,438         | \$ 2,538,980       | 3,005              | -            | -           | 10,146          | \$ 3,329,949                   | 4,132              | -            | -           | 13,952          | \$ 4,809,293                   | 4,132              | -            | -           | 13,952          | \$ 5,049,756                   |
| 8  | <b>Cooling Measures</b>  |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 9  | A/C Replacement - Room   | Each        | 1,059                        | 251,765      | 390         | -               | \$ 865,447         | 1,181              | 110,241      | 171         | -               | \$ 1,134,189                   | 1,626              | 151,820      | 235         | -               | \$ 1,614,700                   | 1,626              | 151,820      | 235         | -               | \$ 1,671,856                   |
| 10 | A/C Replacement - Central  | Each        | 100                          | 30,774       | 48          | -               | \$ 222,718         | 139                | 20,071       | 31          | -               | \$ 315,252                     | 191                | 27,995       | 43          | -               | \$ 454,847                     | 191                | 27,995       | 43          | -               | \$ 477,590                     |
| 11 | A/C Tune-up - Central  | Each        | 664                          | 133,978      | 173         | -               | \$ 161,542         | 6,121              | 831,361      | 1,289       | -               | \$ 2,164,032                   | 8,418              | 1,143,249    | 1,772       | -               | \$ 3,094,532                   | 8,418              | 1,143,249    | 1,772       | -               | \$ 3,218,317                   |
| 12 | A/C Services - Central   | Each        |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 13 | Heat Pump  | Each        |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 14 | Evaporative Coolers  | Each        | 2,059                        | 785,511      | 1,218       | -               | \$ 1,456,827       | 1,579              | 300,068      | 190         | -               | \$ 1,305,827                   | 2,168              | 411,767      | 261         | -               | \$ 1,857,987                   | 2,168              | 411,767      | 261         | -               | \$ 1,923,751                   |
| 15 | Evaporative Cooler Maintenance   | Each        |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 16 | <b>Infiltration &amp; Space Conditioning</b>   |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 17 | Envelope and Air Sealing Measures  | Home        | 176,594                      | 460,066      | 83          | 474,503         | \$14,795,383       | 46,434             | -            | -           | 353,535         | \$ 13,619,850                  | 63,850             | -            | -           | 486,151         | \$ 19,385,530                  | 63,850             | -            | -           | 486,151         | \$ 20,071,896                  |
| 18 | Duct Sealing   | Home        | 1,704                        | 4,307        | 20          | 10,508          | \$ 1,193,555       | 2,152              | 168,026      | 30          | 54,151          | \$ 1,615,802                   | 2,959              | 231,244      | 42          | 74,445          | \$ 2,310,653                   | 2,959              | 231,244      | 42          | 74,445          | \$ 2,403,092                   |
| 19 | Attic Insulation   | Home        | 3,781                        | 116,937      | 21          | 156,842         | \$ 3,458,824       | 4,299              | -            | -           | 213,891         | \$ 5,215,470                   | 5,913              | -            | -           | 294,152         | \$ 7,424,008                   | 5,913              | -            | -           | 294,152         | \$ 7,686,841                   |
| 20 | <b>Water Heating Measures</b>  |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 21 | Water Heater Conservation Measures   | Home        | 77,859                       | 287,641      | 43          | 457,935         | \$ 2,247,533       | 53,808             | -            | -           | 688,697         | \$ 2,616,049                   | 73,987             | -            | -           | 946,965         | \$ 3,723,095                   | 73,987             | -            | -           | 946,965         | \$ 3,854,775                   |
| 22 | Water Heater Replacement - Gas   | Each        | 268                          | -            | -           | 5,073           | \$ 1,082,412       | 1,803              | -            | -           | 21,816          | \$ 1,502,031                   | 2,480              | -            | -           | 30,008          | \$ 2,169,446                   | 2,480              | -            | -           | 30,008          | \$ 2,277,912                   |
| 23 | Water Heater Replacement - Electric  | Each        |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 24 | Tankless Water Heater - Gas  | Each        |                              |              |             |                 | \$ 41,302          |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 25 | Tankless Water Heater - Electric   | Each        |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 26 | <b>Lighting Measures</b>   |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 27 | CFLs   | Each        | 391,129                      | 8,431,301    | 1,005       | -               | \$ 3,939,774       | 503,200            | 8,051,200    | 998         | -               | \$ 5,947,824                   | 691,900            | 11,070,400   | 1,373       | -               | \$ 8,468,856                   | 691,900            | 11,070,400   | 1,373       | -               | \$ 8,766,373                   |
| 28 | Ext. Porchlights Fixture Replacement   | Each        | 34,348                       | 1,222,743    | -           |                 | \$ 2,643,465       | 30,763             | 492,208      | 61          | -               | \$ 2,409,358                   | 42,299             | 676,784      | 84          | -               | \$ 3,429,180                   | 42,299             | 676,784      | 84          | -               | \$ 3,550,578                   |
| 29 | Interior Hard wired CFL Fixtures   | Each        | 40,606                       | 2,809,204    | 348         |                 | \$ 3,128,900       | 52,360             | 2,978,394    | 369         | -               | \$ 4,100,835                   | 71,995             | 4,095,292    | 508         | -               | \$ 5,836,635                   | 71,995             | 4,095,292    | 508         | -               | \$ 6,043,260                   |
| 30 | <b>Refrigerators</b>   |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 31 | Refrigerators  | Each        | 17,230                       | 13,019,962   | 2,060       | -               | \$15,597,756       | 22,440             | 16,882,685   | 3,022       | -               | \$ 22,548,610                  | 30,855             | 23,213,691   | 4,155       | -               | \$ 32,094,137                  | 30,855             | 23,213,691   | 4,155       | -               | \$ 33,230,526                  |
| 32 | <b>Pool Pumps</b>  |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 33 | Pool Pumps   | Each        |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 34 | <b>New Measures</b>  |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 35 | Torchieres   | Each        |                              |              |             |                 |                    | 6,800              | 1,386,445    | 172         | -               | \$ 602,888                     | 9,350              | 1,906,362    | 236         | -               | \$ 858,143                     | 9,350              | 1,906,362    | 236         | -               | \$ 888,531                     |
| 36 | Occupancy Sensor   | Each        |                              |              |             |                 |                    | 4,080              | 872,141      | 108         | -               | \$ 372,749                     | 5,610              | 1,199,194    | 149         | -               | \$ 530,538                     | 5,610              | 1,199,194    | 149         | -               | \$ 549,331                     |
| 37 | <b>Pilots</b>  |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 38 | Clothes Washer   | Each        |                              |              |             |                 |                    | 1,000              | 287,890      | 52          | 17,350          | \$ 750,000                     | 1,250              | 359,863      | 64          | 21,688          | \$ 975,000                     | 1,500              | 431,835      | 77          | 26,025          | \$ 1,216,800                   |
| 39 | Microwave  | Each        |                              |              |             |                 |                    | 1,500              | 131,400      | 10          | 42,924          | \$ 90,000                      | 1,500              | 131,400      | 10          | 42,924          | \$ 90,000                      | 2,000              | 175,200      | 14          | 57,232          | \$ 120,000                     |
| 40 | Ceiling Fans   | Each        | 1,185                        | -            | -           | -               | \$ 203,524         |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 41 |  | Each        |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 42 | <b>Customer Enrollment</b>   |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 43 | Outreach & Assessment  | Home        | 63,319                       |              |             |                 | \$11,105,234       | 80,000             |              |             |                 | \$ 8,910,000                   | 110,000            |              |             |                 | \$ 12,741,300                  | 110,000            |              |             |                 | \$ 13,251,398                  |
| 44 | In-Home Education  | Home        |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 45 | Education Workshops  | Participant |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 46 |  |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 47 | Total  |             |                              | 27,554,191   | 5,410       | 1,208,300       | \$64,683,176       |                    | 32,512,129   | 6,504       | 1,402,511       | \$ 78,550,715                  |                    | 44,619,059   | 8,933       | 1,910,284       | \$ 111,867,879                 |                    | 44,734,832   | 8,949       | 1,928,930       | \$ 116,252,582                 |
| 48 |  |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 49 | <sup>1</sup> Include all proposed new measures and pilots, where appropriate. Include reference information on measure level kWh, kW and Therms.                                 |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 50 | <sup>2</sup> Measure level expenses are projections only. Actual costs will be negotiated with contractors. Utilities are not requesting approval of costs at the measure level. |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |
| 51 | <sup>3</sup> This is 2007 actual expenditures. The 2008 Authorized LIEE budget is the same as the authorized 2007 budget.  |             |                              |              |             |                 |                    |                    |              |             |                 |                                |                    |              |             |                 |                                |                    |              |             |                 |                                |

**LIEE Program Penetration  
Pacific Gas and Electric Company**

|                | Number of Residential Customers in Utility Service Area <sup>1</sup> | Number of Eligible and Willing LIEE Customers <sup>2</sup> | Number of Treated LIEE Customers Since 2002 <sup>3</sup> | Number of Eligible and Willing Customers Remaining to be Treated <sup>4</sup> | Customers Treated by LIEE in Program Year | Percent of LIEE Programmatic Initiative Achieved |
|----------------|--|--|--|---|---|--|
| <b>PY 2007</b> | 6,137,507  | 1,681,738  | 290,153  |   | 63,319                                    |  |
| <b>PY 2008</b> | 6,191,516  | 1,604,345  | 353,472  |   | 58,200                                    |  |
| <b>PY 2009</b> | 6,191,516  | 1,604,345  | 411,672  | 1,192,673   | 80,000                                    | 7%   |
| <b>PY 2010</b> | 6,191,516  | 1,604,345  | 491,672  | 1,192,673   | 110,000                                   | 16%  |
| <b>PY 2011</b> | 6,191,516  | 1,604,345  | 601,672  | 1,192,673   | 110,000                                   | 25%  |

<sup>1</sup> Numbers of Residential Customers in Utility Service Area and Eligible Low Income Customers will fluctuate based on annually updated eligibility information.

<sup>2</sup> Number of eligible and willing LIEE customers is based on utility's proposed "standard means of deriving the number of LIEE customers on which to base 1/4 of the Commission's programmatic initiative," as discussed in Section III of utility budget application. This is the number of PG&E customers estimated to be eligible for LIEE, minus a 10% unwillingness factor (from KEMA 2007 Low Income Needs Assessment Study). Estimated-eligible customers are derived from census data. In 2007, 1,868,598 customers were estimated eligible. In 2008, 1,782,605 were estimated eligible. The 2008 estimate was used for 2009-2011.

<sup>3</sup> This amount includes the number of customers treated and projected to be treated beginning January 2002 through the beginning of each Program Year

<sup>4</sup> PG&E's method for estimating eligible and willing customers is described in Section III of PG&E's LIEE 2009-2011 program testimony, and includes: (Estimated eligible) - (10%) - (LIEE-treated since 2002) - (LIHEAP-treated since 2002) - (Estimated Treated for 2008, both LIHEAP and LIEE).

## Attachment A-4

| LIEE Program Detail by Housing Type<br>Pacific Gas and Electric Company |   |                      |  |         |         |         |
|---|---|----------------------|--|---------|---------|---------|
|   | PY 2007   | PY 2007              | PY 2008                                    | PY 2009 | PY 2010 | PY 2011 |
|   | Customers<br>Estimated<br>Eligible for<br>LIEE <sup>1</sup> | Customers<br>Treated | Customers Treated (Projected) <sup>2</sup> |         |         |         |
| Gas and Electric Customers  |   |                      |  |         |         |         |
| Owners - Total  | 300,487   | 23,602               | 10,144                                     | 13,944  | 19,173  | 19,173  |
| Single Family   | 246,251   | 19,972               | 8,313                                      | 11,427  | 15,713  | 15,713  |
| Multi Family  | 16,725  | 520                  | 565  | 776     | 1,067   | 1,067   |
| Mobile Homes  | 37,511  | 3,110                | 1,266                                      | 1,741   | 2,393   | 2,393   |
| Renters - Total   | 502,861   | 23,251               | 16,976                                     | 23,334  | 32,085  | 32,085  |
| Single Family   | 150,972   | 12,952               | 5,097                                      | 7,006   | 9,633   | 9,633   |
| Multi Family  | 339,349   | 10,007               | 11,456                                     | 15,746  | 21,652  | 21,652  |
| Mobile Homes  | 12,540  | 292                  | 423  | 582     | 800     | 800     |
| Electric Customers (only)   |   |                      |  |         |         |         |
| Owners - Total  | 186,150   | 4,052                | 6,284                                      | 8,639   | 11,878  | 11,878  |
| Single Family   | 143,371   | 2,647                | 4,840                                      | 6,653   | 9,148   | 9,148   |
| Multi Family  | 6,973   | 142                  | 235  | 324     | 445     | 445     |
| Mobile Homes  | 35,806  | 1,263                | 1,209                                      | 1,662   | 2,285   | 2,285   |
| Renters - Total   | 265,549   | 4,782                | 8,965                                      | 12,322  | 16,943  | 16,943  |
| Single Family   | 89,781  | 2,295                | 3,031                                      | 4,166   | 5,728   | 5,728   |
| Multi Family  | 162,885   | 2,113                | 5,499                                      | 7,558   | 10,393  | 10,393  |
| Mobile Homes  | 12,883  | 374                  | 435  | 598     | 822     | 822     |
| Gas Customers (only)  |   |                      |  |         |         |         |
| Owners - Total  | 160,719   | 3,682                | 5,425                                      | 7,458   | 10,254  | 10,254  |
| Single Family   | 130,761   | 2,490                | 4,414                                      | 6,068   | 8,343   | 8,343   |
| Multi Family  | 9,359   | 12                   | 316  | 434     | 597     | 597     |
| Mobile Homes  | 20,599  | 1,180                | 695  | 956     | 1,314   | 1,314   |
| Renters - Total   | 308,243   | 3,950                | 10,406                                     | 14,303  | 19,667  | 19,667  |
| Single Family   | 86,016  | 1,883                | 2,904                                      | 3,991   | 5,488   | 5,488   |
| Multi Family  | 216,117   | 2,026                | 7,296                                      | 10,028  | 13,789  | 13,789  |
| Mobile Homes  | 6,110   | 41                   | 206  | 284     | 390     | 390     |

<sup>1</sup>The number of 2007 PG&E customers estimated to be eligible for the LIEE program in these categories is calculated from PUMS (Public Use Microdata Sample) data. The PUMS-to-utility territory correspondence was based on Census-derived PUMA-to-blockgroup data.

<sup>2</sup>These numbers are calculated projections based on the percentage of each line item to the number of LIEE estimated eligible customers, and then applied to the total number of homes that were estimated to be treated in each year. PG&E's 2009-2011 LIEE program does not project LIEE targets at this micro-level of segmentation.

Attachment A-5

|    | A  | B  | C                                | D                               |
|----|--|--|----------------------------------|---------------------------------|
| 1  | <b>Summary of LIEE Program Cost Effectiveness</b><br><b>Pacific Gas and Electric Company</b>   |  |                                  |                                 |
| 2  |  |  |                                  |                                 |
| 3  |  |  |                                  |                                 |
| 4  |  | <b>Ratio of Program Benefits over Program Costs <sup>2</sup></b> |                                  |                                 |
| 5  |  | <b>Utility Cost Test</b>   | <b>Modified Participant Test</b> | <b>Total Resource Cost Test</b> |
| 6  | <b>PY 2008 <sup>1</sup></b>  | 0.46   | 0.63                             | 0.36                            |
| 7  | <b>PY 2009</b>   | 0.46   | 0.49                             | 0.37                            |
| 8  | <b>PY 2010</b>   | 0.45   | 0.50                             | 0.36                            |
| 9  | <b>PY 2011</b>   | 0.44   | 0.50                             | 0.34                            |
| 10 | <sup>1</sup> These forecasted values for 2008 are based on 2007 actuals  |  |                                  |                                 |
| 11 | <sup>2</sup> The Utility Cost Test (UCT) and Modified Participant Cost Test (PC <sub>m</sub> ) both include NEBs and were adopted for LIEE in D.02-08-034. The TRC is included for information purposes only, as specified in the ACR Providing Guidance for LIEE 2009-2011 Budget Applications, dated 4/01/08. Cost Benefit tests are described in this 2009-2011 LIEE testimony, Section IV.A. |  |                                  |                                 |
| 12 |  |  |                                  |                                 |

## Attachment A-6

|    | A   | B                                       | C                                    | D                                   |
|----|---|---|--------------------------------------|-------------------------------------|
| 1  | <b>LIEE Cost-Effectiveness - Weather Sensitive Measures</b> |   |                                      |                                     |
| 2  | <b>Pacific Gas and Electric Company</b>                     |   |                                      |                                     |
| 3  |   |   |                                      |                                     |
| 4  | <b>Measure</b>  | <b>Ratio of Benefits Over Costs [1]</b> |                                      |                                     |
| 5  |   | <b>Utility Cost Test [2]</b>            | <b>Modified Participant Test [2]</b> | <b>Total Resource Cost Test [2]</b> |
| 6  |   |   |                                      |                                     |
| 7  | A/C Tune-up - Central (Zone 11) SF                          | 0.83                                    | 0.76                                 | 0.66                                |
| 8  | A/C Tune-up - Central (Zone 13) SF                          | 0.83                                    | 0.83                                 | 0.64                                |
| 9  | Attic Insulation - Gas SH (Zone 1) SF                       | 0.82                                    | 0.95                                 | 0.59                                |
| 10 | Duct Sealing - Gas SH & AC (Zone 16) MH                     | 0.78                                    | 0.71                                 | 0.56                                |
| 11 | A/C Tune-up - Central (Zone 11) MH                          | 0.75                                    | 0.52                                 | 0.61                                |
| 12 | A/C Tune-up - Central (Zone 13) MH                          | 0.74                                    | 0.58                                 | 0.59                                |
| 13 | Duct Sealing - Gas SH & AC (Zone 16) SF                     | 0.70                                    | 0.65                                 | 0.52                                |
| 14 | A/C Tune-up - Central (Zone 13) MF                          | 0.67                                    | 0.66                                 | 0.54                                |
| 15 | A/C Tune-up - Central (Zone 12) SF                          | 0.67                                    | 0.60                                 | 0.55                                |
| 16 | A/C Tune-up - Central (Zone 11) MF                          | 0.66                                    | 0.58                                 | 0.55                                |
| 17 | Attic Insulation - Gas SH (Zone 16) SF                      | 0.66                                    | 0.78                                 | 0.49                                |
| 18 | Duct Sealing - Gas SH & AC (Zone 13) SF                     | 0.65                                    | 0.61                                 | 0.48                                |
| 19 | Attic Insulation - Gas SH (Zone 2) SF                       | 0.65                                    | 0.77                                 | 0.49                                |
| 20 | Duct Sealing - Gas SH & AC (Zone 5) MH                      | 0.64                                    | 0.60                                 | 0.48                                |
| 21 | Duct Sealing - Gas SH & AC (Zone 11) SF                     | 0.63                                    | 0.59                                 | 0.47                                |
| 22 | Duct Sealing - Gas SH & AC (Zone 12) SF                     | 0.63                                    | 0.59                                 | 0.47                                |
| 23 | Duct Sealing - Gas SH & AC (Zone 5) SF                      | 0.61                                    | 0.57                                 | 0.46                                |
| 24 | A/C Tune-up - Central (Zone 12) MH                          | 0.61                                    | 0.43                                 | 0.51                                |
| 25 | Duct Sealing - Gas SH & AC (Zone 2) SF                      | 0.61                                    | 0.57                                 | 0.46                                |
| 26 | Duct Sealing - Gas SH & AC (Zone 2) MH                      | 0.60                                    | 0.56                                 | 0.45                                |
| 27 | Attic Insulation - Gas SH (Zone 11) SF                      | 0.59                                    | 0.70                                 | 0.45                                |
| 28 | Attic Insulation - Gas SH (Zone 3) SF                       | 0.57                                    | 0.68                                 | 0.43                                |
| 29 | Duct Sealing - Gas SH & AC (Zone 13) MH                     | 0.57                                    | 0.53                                 | 0.43                                |
| 30 | Attic Insulation - Gas SH (Zone 12) SF                      | 0.55                                    | 0.66                                 | 0.42                                |
| 31 | Duct Sealing - Gas SH & AC (Zone 12) MH                     | 0.55                                    | 0.52                                 | 0.42                                |
| 32 | Duct Sealing - Gas SH & AC (Zone 3) SF                      | 0.55                                    | 0.52                                 | 0.42                                |
| 33 | A/C Tune-up - Central (Zone 16) SF                          | 0.54                                    | 0.45                                 | 0.46                                |
| 34 | Duct Sealing - Gas SH & AC (Zone 1) MH                      | 0.54                                    | 0.50                                 | 0.41                                |
| 35 | Attic Insulation - Gas SH (Zone 4) SF                       | 0.53                                    | 0.63                                 | 0.40                                |
| 36 | Duct Sealing - Gas SH & AC (Zone 4) SF                      | 0.52                                    | 0.49                                 | 0.40                                |
| 37 | Duct Sealing - Gas SH & AC (Zone 11) MH                     | 0.52                                    | 0.49                                 | 0.39                                |
| 38 | Attic Insulation - Gas SH (Zone 13) SF                      | 0.50                                    | 0.59                                 | 0.38                                |
| 39 | Air Slg/Envelope (Zone 13) MH                               | 0.44                                    | 0.53                                 | 0.34                                |
| 40 |   |   |                                      |                                     |
| 41 | A/C Tune-up - Central (Zone 16) MH                          | 0.49                                    | 0.31                                 | 0.42                                |
| 42 | Duct Sealing - Gas SH & AC (Zone 1) SF                      | 0.49                                    | 0.46                                 | 0.38                                |
| 43 | Evaporative Coolers (Zone 16) SF                            | 0.46                                    | 0.36                                 | 0.37                                |
| 44 | Duct Sealing - Gas SH & AC (Zone 3) MH                      | 0.45                                    | 0.43                                 | 0.35                                |
| 45 | A/C Tune-up - Central (Zone 12) MF                          | 0.44                                    | 0.37                                 | 0.37                                |
| 46 | Evaporative Coolers (Zone 13) SF                            | 0.43                                    | 0.37                                 | 0.35                                |
| 47 | Evaporative Coolers (Zone 13) MH                            | 0.42                                    | 0.46                                 | 0.34                                |
| 48 | A/C Tune-up - Central (Zone 4) SF                           | 0.41                                    | 0.37                                 | 0.34                                |
| 49 | Air Slg/Envelope (Zone 12) MH                               | 0.40                                    | 0.49                                 | 0.32                                |
| 50 | Duct Sealing - Gas SH & AC (Zone 4) MH                      | 0.40                                    | 0.37                                 | 0.31                                |
| 51 | Air Slg/Envelope (Zone 16) MH                               | 0.37                                    | 0.45                                 | 0.29                                |
| 52 | A/C Tune-up - Central (Zone 16) MF                          | 0.37                                    | 0.29                                 | 0.32                                |
| 53 | Evaporative Coolers (Zone 16) MH                            | 0.36                                    | 0.36                                 | 0.30                                |
| 54 | A/C Tune-up - Central (Zone 4) MH                           | 0.35                                    | 0.24                                 | 0.30                                |
| 55 | Air Slg/Envelope (Zone 13) SF                               | 0.33                                    | 0.40                                 | 0.26                                |
| 56 | A/C Replacement - Room (Zone 13) SF                         | 0.33                                    | 0.28                                 | 0.28                                |
| 57 | Air Slg/Envelope (Zone 12) SF                               | 0.32                                    | 0.38                                 | 0.25                                |

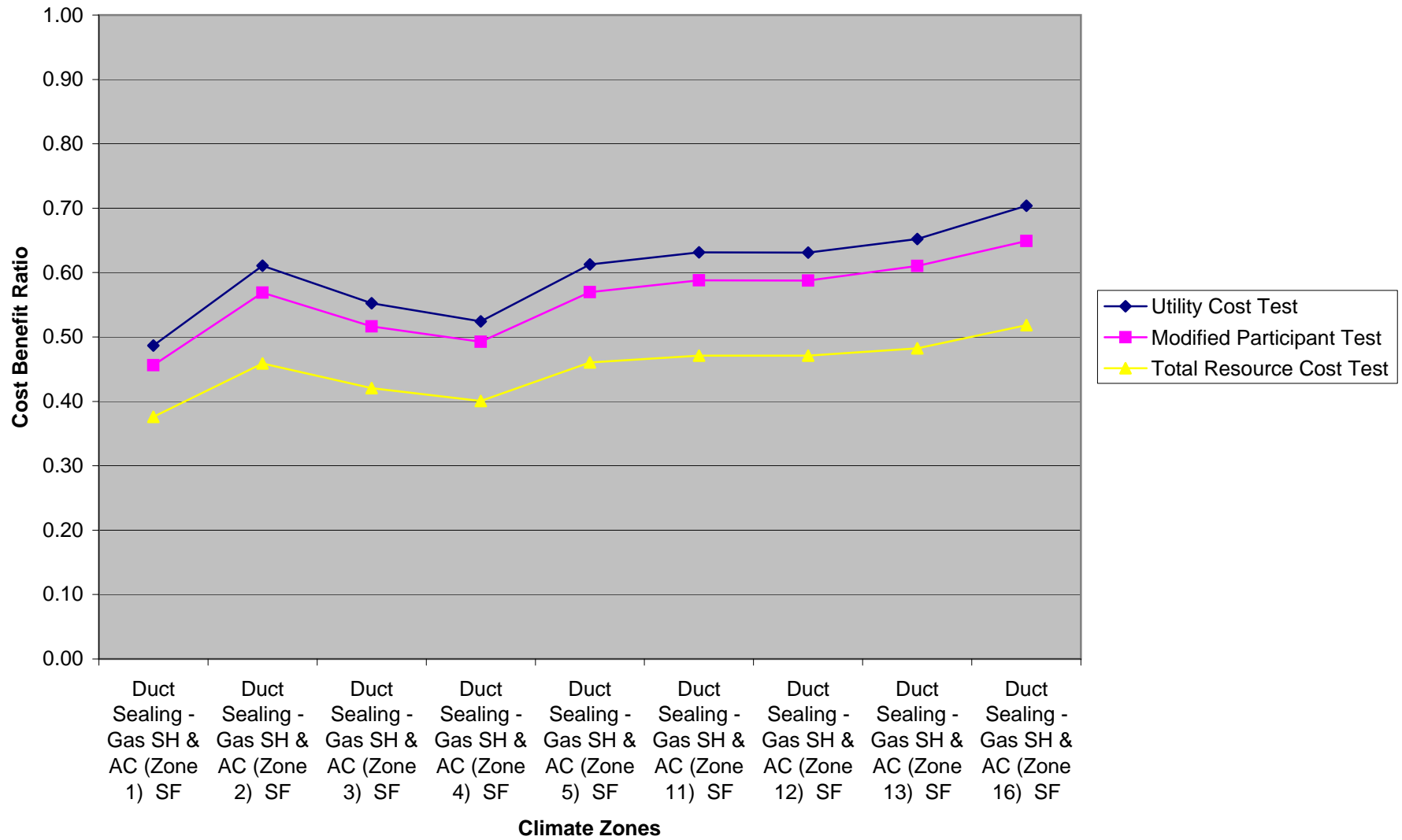
## Attachment A-6

|     | A   | B                                       | C                                    | D                                   |
|-----|---|---|--------------------------------------|-------------------------------------|
| 1   | <b>LIEE Cost-Effectiveness - Weather Sensitive Measures</b> |   |                                      |                                     |
| 2   | <b>Pacific Gas and Electric Company</b>                     |   |                                      |                                     |
| 3   |   |   |                                      |                                     |
| 4   | <b>Measure</b>  | <b>Ratio of Benefits Over Costs [1]</b> |                                      |                                     |
| 5   |   | <b>Utility Cost Test [2]</b>            | <b>Modified Participant Test [2]</b> | <b>Total Resource Cost Test [2]</b> |
| 58  | A/C Tune-up - Central (Zone 2) MH                           | 0.31                                    | 0.20                                 | 0.27                                |
| 59  | A/C Tune-up - Central (Zone 2) SF                           | 0.30                                    | 0.25                                 | 0.26                                |
| 60  | A/C Replacement - Room (Zone 16) SF                         | 0.30                                    | 0.21                                 | 0.27                                |
| 61  | Attic Insulation - Gas SH (Zone 2) MF                       | 0.30                                    | 0.36                                 | 0.24                                |
| 62  | Evaporative Coolers (Zone 11) MH                            | 0.29                                    | 0.29                                 | 0.24                                |
| 63  | A/C Replacement - Room (Zone 13) MH                         | 0.29                                    | 0.24                                 | 0.25                                |
| 64  | Air Slg/Envelope (Zone 16) SF                               | 0.28                                    | 0.34                                 | 0.22                                |
| 65  | Attic Insulation - Gas SH (Zone 3) MF                       | 0.27                                    | 0.33                                 | 0.22                                |
| 66  | A/C Replacement - Central (Zone 13) MH                      | 0.27                                    | 0.23                                 | 0.24                                |
| 67  | A/C Replacement - Central (Zone 13) SF                      | 0.27                                    | 0.22                                 | 0.23                                |
| 68  | Evaporative Coolers (Zone 12) MH                            | 0.27                                    | 0.27                                 | 0.22                                |
| 69  | A/C Replacement - Central (Zone 13) MF                      | 0.27                                    | 0.22                                 | 0.23                                |
| 70  | Air Slg/Envelope (Zone 1) MH                                | 0.26                                    | 0.31                                 | 0.21                                |
| 71  | Evaporative Coolers (Zone 12) SF                            | 0.26                                    | 0.20                                 | 0.21                                |
| 72  | Attic Insulation - Gas SH (Zone 4) MF                       | 0.25                                    | 0.31                                 | 0.20                                |
| 73  | Attic Insulation - Gas SH (Zone 5) MF                       | 0.25                                    | 0.31                                 | 0.20                                |
| 74  | A/C Tune-up - Central (Zone 4) MF                           | 0.25                                    | 0.22                                 | 0.22                                |
| 75  | Evaporative Coolers (Zone 11) SF                            | 0.24                                    | 0.18                                 | 0.20                                |
| 76  | Air Slg/Envelope (Zone 4) MH                                | 0.24                                    | 0.29                                 | 0.19                                |
| 77  | Attic Insulation - Gas SH (Zone 12) MF                      | 0.23                                    | 0.28                                 | 0.19                                |
| 78  | A/C Replacement - Room (Zone 16) MH                         | 0.23                                    | 0.16                                 | 0.21                                |
| 79  | A/C Tune-up - Central (Zone 2) MF                           | 0.23                                    | 0.18                                 | 0.20                                |
| 80  | A/C Replacement - Central (Zone 11) MH                      | 0.23                                    | 0.16                                 | 0.20                                |
| 81  | A/C Replacement - Central (Zone 11) SF                      | 0.22                                    | 0.16                                 | 0.20                                |
| 82  | Air Slg/Envelope (Zone 11) MH                               | 0.22                                    | 0.26                                 | 0.17                                |
| 83  | Attic Insulation - Gas SH (Zone 13) MF                      | 0.22                                    | 0.26                                 | 0.17                                |
| 84  | A/C Replacement - Room (Zone 11) SF                         | 0.20                                    | 0.14                                 | 0.18                                |
| 85  | A/C Replacement - Central (Zone12) MH                       | 0.20                                    | 0.15                                 | 0.18                                |
| 86  | Duct Sealing - Gas SH & AC (Zone 13) MF                     | 0.20                                    | 0.20                                 | 0.16                                |
| 87  | Evaporative Coolers (Zone 13) MF                            | 0.20                                    | 0.21                                 | 0.16                                |
| 88  | A/C Replacement - Room (Zone 11) MH                         | 0.19                                    | 0.14                                 | 0.17                                |
| 89  | Air Slg/Envelope (Zone 2) MH                                | 0.19                                    | 0.24                                 | 0.16                                |
| 90  | Air Slg/Envelope (Zone 1) SF                                | 0.19                                    | 0.24                                 | 0.16                                |
| 91  | Air Slg/Envelope (Zone 4) SF                                | 0.19                                    | 0.24                                 | 0.16                                |
| 92  | A/C Replacement - Central (Zone12) SF                       | 0.19                                    | 0.14                                 | 0.17                                |
| 93  | A/C Replacement - Central (Zone 16) SF                      | 0.19                                    | 0.13                                 | 0.17                                |
| 94  | A/C Replacement - Central (Zone 11) MF                      | 0.19                                    | 0.13                                 | 0.17                                |
| 95  | Duct Sealing - Gas SH & AC (Zone 11) MF                     | 0.18                                    | 0.17                                 | 0.14                                |
| 96  | A/C Replacement - Room (Zone 12) SF                         | 0.18                                    | 0.13                                 | 0.16                                |
| 97  | A/C Replacement - Room (Zone 12) MH                         | 0.17                                    | 0.12                                 | 0.15                                |
| 98  | Air Slg/Envelope (Zone 11) SF                               | 0.17                                    | 0.21                                 | 0.14                                |
| 99  | Air Slg/Envelope (Zone 2) SF                                | 0.15                                    | 0.18                                 | 0.12                                |
| 100 | Evaporative Coolers (Zone 11) MF                            | 0.15                                    | 0.11                                 | 0.13                                |
| 101 | Air Slg/Envelope (Zone 12) MF                               | 0.13                                    | 0.15                                 | 0.10                                |
| 102 | Air Slg/Envelope (Zone 13) MF                               | 0.13                                    | 0.15                                 | 0.10                                |
| 103 | A/C Replacement - Central (Zone12) MF                       | 0.12                                    | 0.09                                 | 0.11                                |
| 104 | Duct Sealing - Gas SH & AC (Zone 12) MF                     | 0.12                                    | 0.11                                 | 0.10                                |
| 105 | Duct Sealing - Gas SH & AC (Zone 16) MF                     | 0.11                                    | 0.11                                 | 0.09                                |
| 106 | A/C Replacement - Room (Zone 13) MF                         | 0.11                                    | 0.09                                 | 0.09                                |
| 107 | Air Slg/Envelope (Zone 16) MF                               | 0.10                                    | 0.12                                 | 0.08                                |
| 108 | A/C Tune-up - Central (Zone 3) SF                           | 0.09                                    | 0.10                                 | 0.08                                |
| 109 | A/C Tune-up - Central (Zone 3) MH                           | 0.08                                    | 0.07                                 | 0.07                                |

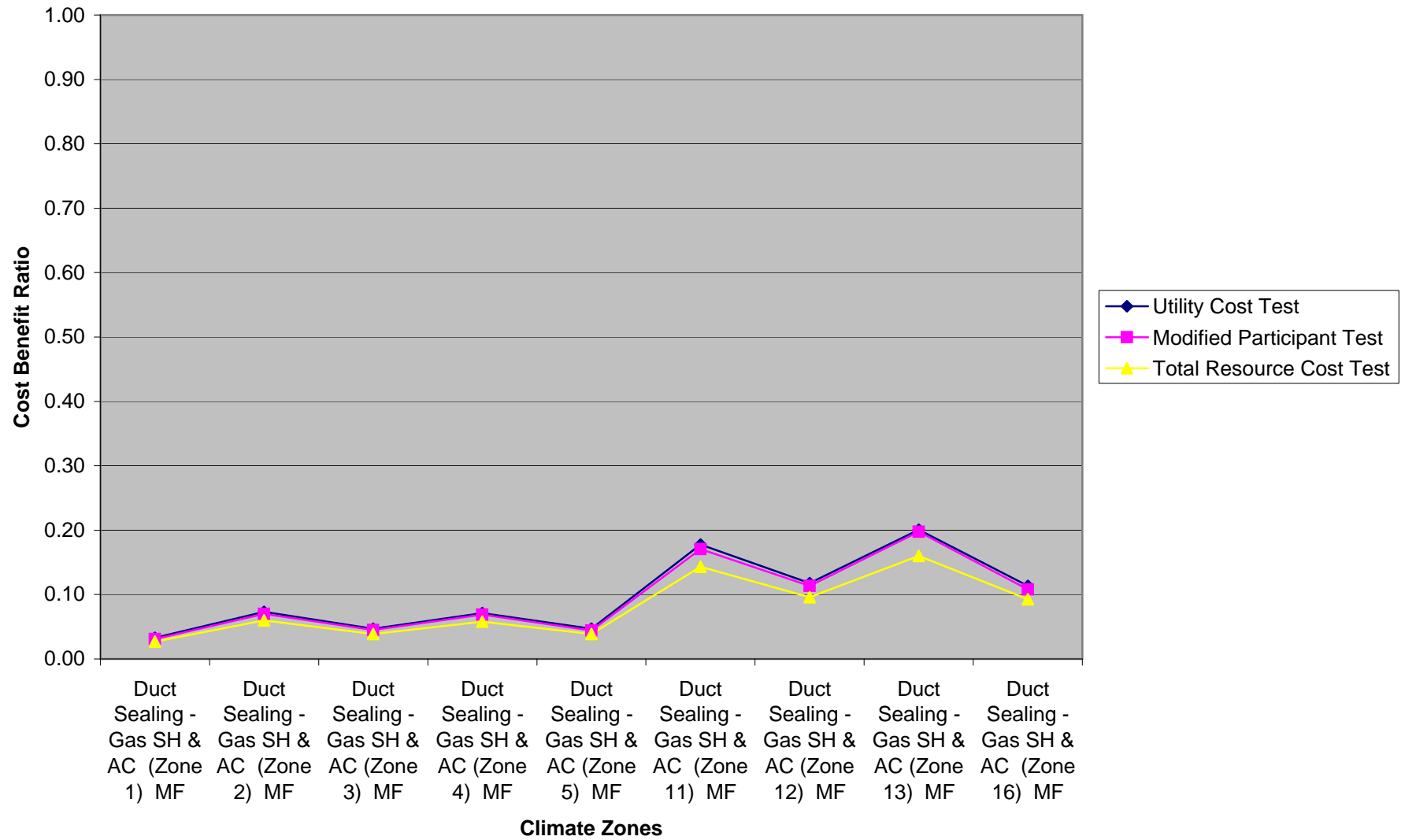
## Attachment A-6

|     | A  | B                                       | C                                    | D                                   |
|-----|--|---|--------------------------------------|-------------------------------------|
| 1   | <b>LIEE Cost-Effectiveness - Weather Sensitive Measures</b>  |   |                                      |                                     |
| 2   | <b>Pacific Gas and Electric Company</b>  |   |                                      |                                     |
| 3   |  |   |                                      |                                     |
| 4   | <b>Measure</b>   | <b>Ratio of Benefits Over Costs [1]</b> |                                      |                                     |
| 5   |  | <b>Utility Cost Test [2]</b>            | <b>Modified Participant Test [2]</b> | <b>Total Resource Cost Test [2]</b> |
| 110 | A/C Tune-up - Central (Zone 5) SF  | 0.08                                    | 0.07                                 | 0.07                                |
| 111 | A/C Replacement - Central (Zone 2) MH  | 0.08                                    | 0.06                                 | 0.07                                |
| 112 | A/C Replacement - Central (Zone 2) SF  | 0.08                                    | 0.06                                 | 0.07                                |
| 113 | Air Slg/Envelope (Zone 3) MH   | 0.08                                    | 0.09                                 | 0.06                                |
| 114 | Air Slg/Envelope (Zone 4) MF   | 0.08                                    | 0.09                                 | 0.06                                |
| 115 | Air Slg/Envelope (Zone 1) MF   | 0.08                                    | 0.09                                 | 0.06                                |
| 116 | A/C Replacement - Room (Zone 11) MF  | 0.07                                    | 0.05                                 | 0.07                                |
| 117 | Duct Sealing - Gas SH & AC (Zone 2) MF   | 0.07                                    | 0.07                                 | 0.06                                |
| 118 | Duct Sealing - Gas SH & AC (Zone 4) MF   | 0.07                                    | 0.07                                 | 0.06                                |
| 119 | A/C Tune-up - Central (Zone 5) MH  | 0.07                                    | 0.04                                 | 0.06                                |
| 120 | Htg Sys Repair/Replace - Gas SH (Zone 1) SF  | 0.07                                    | 0.08                                 | 0.06                                |
| 121 | A/C Replacement - Central (Zone 2) MF  | 0.06                                    | 0.04                                 | 0.05                                |
| 122 | Air Slg/Envelope (Zone 11) MF  | 0.05                                    | 0.06                                 | 0.04                                |
| 123 | Air Slg/Envelope (Zone 3) SF   | 0.05                                    | 0.06                                 | 0.04                                |
| 124 | Air Slg/Envelope (Zone 2) MF   | 0.05                                    | 0.06                                 | 0.04                                |
| 125 | A/C Tune-up - Central (Zone 1) MH  | 0.05                                    | 0.03                                 | 0.05                                |
| 126 | A/C Tune-up - Central (Zone 1) SF  | 0.05                                    | 0.04                                 | 0.05                                |
| 127 | Htg Sys Repair/Replace - Gas SH (Zone 2) SF  | 0.05                                    | 0.06                                 | 0.04                                |
| 128 | Evaporative Coolers (Zone 2) MH  | 0.05                                    | 0.05                                 | 0.04                                |
| 129 | Duct Sealing - Gas SH & AC (Zone 3) MF   | 0.05                                    | 0.04                                 | 0.04                                |
| 130 | Duct Sealing - Gas SH & AC (Zone 5) MF   | 0.05                                    | 0.04                                 | 0.04                                |
| 131 | A/C Replacement - Central (Zone 4) MF  | 0.05                                    | 0.03                                 | 0.04                                |
| 132 | A/C Tune-up - Central (Zone 3) MF  | 0.04                                    | 0.05                                 | 0.04                                |
| 133 | A/C Replacement - Room (Zone 12) MF  | 0.04                                    | 0.03                                 | 0.04                                |
| 134 | Htg Sys Repair/Replace - Gas SH (Zone 11) SF   | 0.04                                    | 0.05                                 | 0.04                                |
| 135 | Htg Sys Repair/Replace - Gas SH (Zone 3) SF  | 0.04                                    | 0.05                                 | 0.03                                |
| 136 | Htg Sys Repair/Replace - Gas SH (Zone 16) SF   | 0.04                                    | 0.05                                 | 0.03                                |
| 137 | Htg Sys Repair/Replace - Gas SH (Zone 12) SF   | 0.04                                    | 0.05                                 | 0.03                                |
| 138 | Htg Sys Repair/Replace - Gas SH (Zone 4) SF  | 0.04                                    | 0.04                                 | 0.03                                |
| 139 | A/C Replacement - Central (Zone 4) MH  | 0.04                                    | 0.03                                 | 0.03                                |
| 140 | A/C Replacement - Central (Zone 4) SF  | 0.04                                    | 0.03                                 | 0.03                                |
| 141 | A/C Tune-up - Central (Zone 5) MF  | 0.03                                    | 0.03                                 | 0.03                                |
| 142 | A/C Tune-up - Central (Zone 1) MF  | 0.03                                    | 0.02                                 | 0.03                                |
| 143 | Htg Sys Repair/Replace - Gas SH (Zone 13) SF   | 0.03                                    | 0.04                                 | 0.03                                |
| 144 | Duct Sealing - Gas SH & AC (Zone 1) MF   | 0.03                                    | 0.03                                 | 0.03                                |
| 145 | Air Slg/Envelope (Zone 3) MF   | 0.03                                    | 0.03                                 | 0.02                                |
| 146 | A/C Replacement - Central (Zone 3) MH  | 0.01                                    | 0.01                                 | 0.01                                |
| 147 | A/C Replacement - Central (Zone 3) SF  | 0.01                                    | 0.01                                 | 0.01                                |
| 148 | A/C Replacement - Central (Zone 3) MF  | 0.01                                    | 0.01                                 | 0.01                                |
| 149 | A/C Replacement - Central (Zone 5) SF  | 0.00                                    | 0.00                                 | 0.00                                |
| 150 | A/C Replacement - Central (Zone 5) MF  | 0.00                                    | 0.00                                 | 0.00                                |
| 151 | * NOTE: No measures have a cost-benefit ratio over 1.0. Pink line demarcates measures with cost effectiveness over 0.5. Measures highlighted in green are included in PG&E's 2009-2011 LIEE program. Measures highlighted in yellow are included in PG&E's 2009-2011 LIEE program based on usage, comfort, health and safety.  |   |                                      |                                     |
| 152 |  |   |                                      |                                     |
| 153 | <sup>1</sup> Based on 2010 program year  |   |                                      |                                     |
| 154 | <sup>2</sup> The Utility Cost Test (UCT) and Modified Participant Cost Test (PC <sub>m</sub> ) both include NEBs and were adopted for LIEE in D.02-08-034. The TRC is included for information purposes only, as specified in the ACR Providing Guidance for LIEE 2009-2011 Budget Applications, dated 4/01/08. Cost Benefit tests are described in this 2009-2011 LIEE testimony, Section IV.A. |   |                                      |                                     |
| 155 |  |   |                                      |                                     |

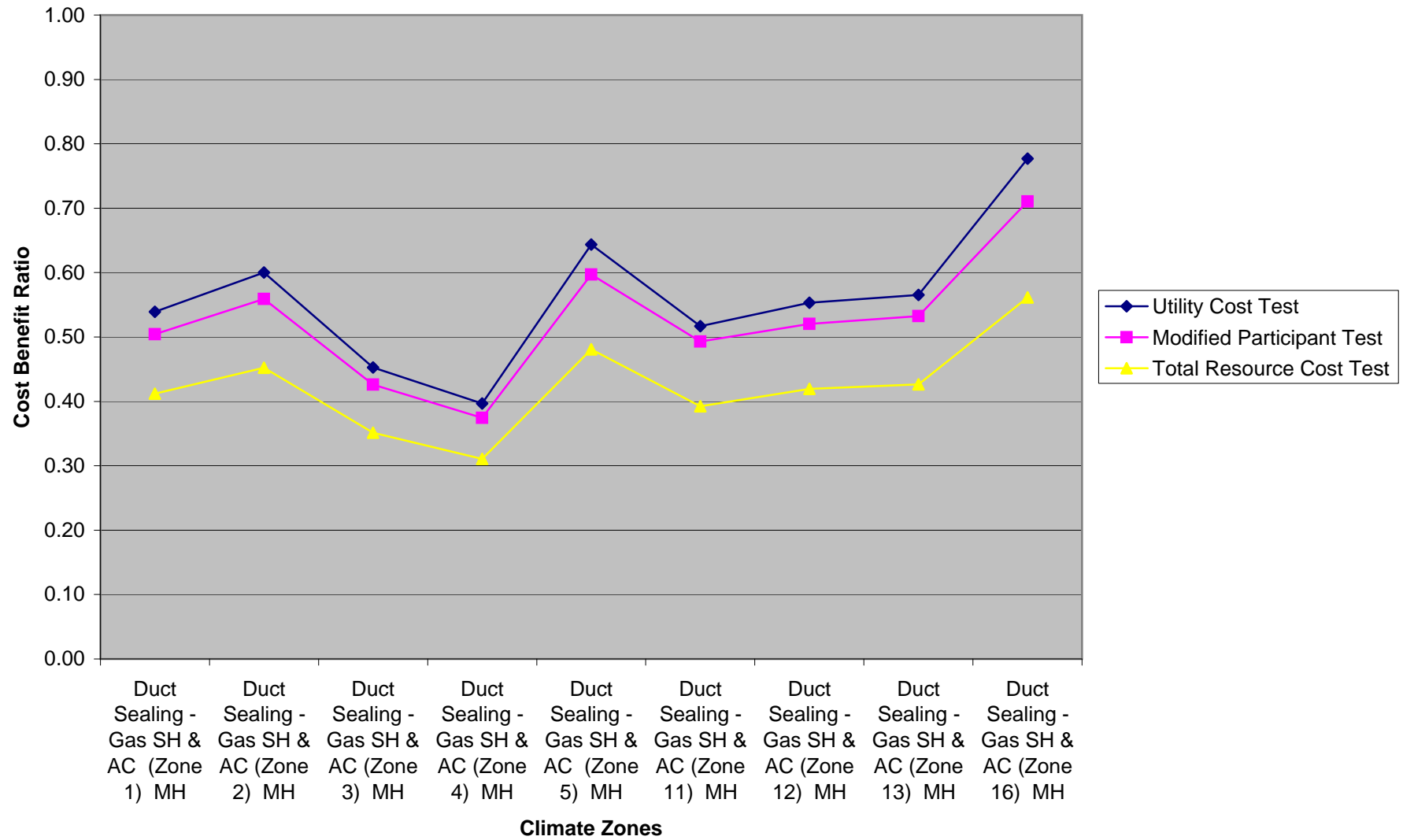
### Duct Sealing - Gas SH & AC - SF



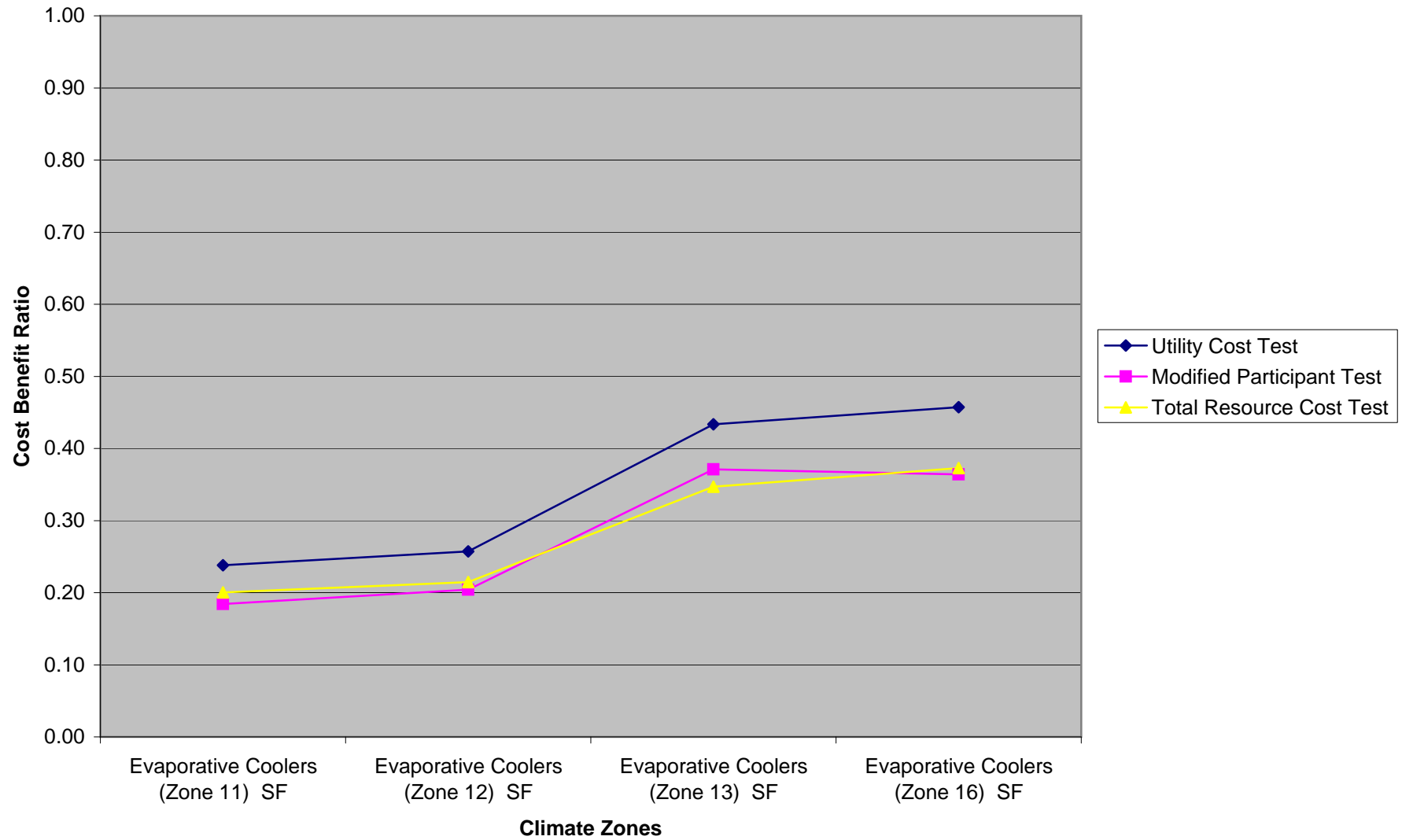
### Duct Sealing - Gas SH & AC - MF



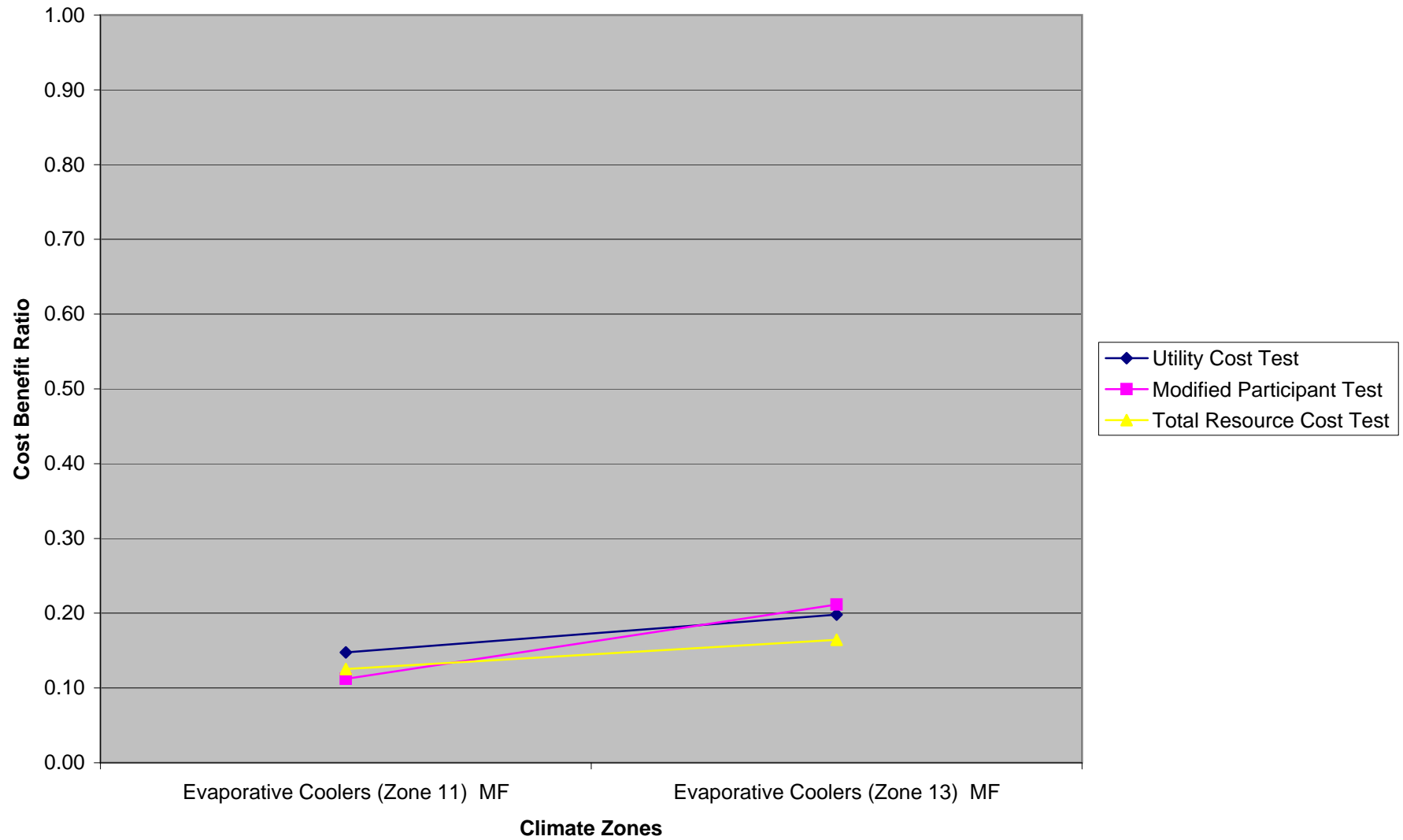
### Duct Sealing - Gas SH & AC - MH



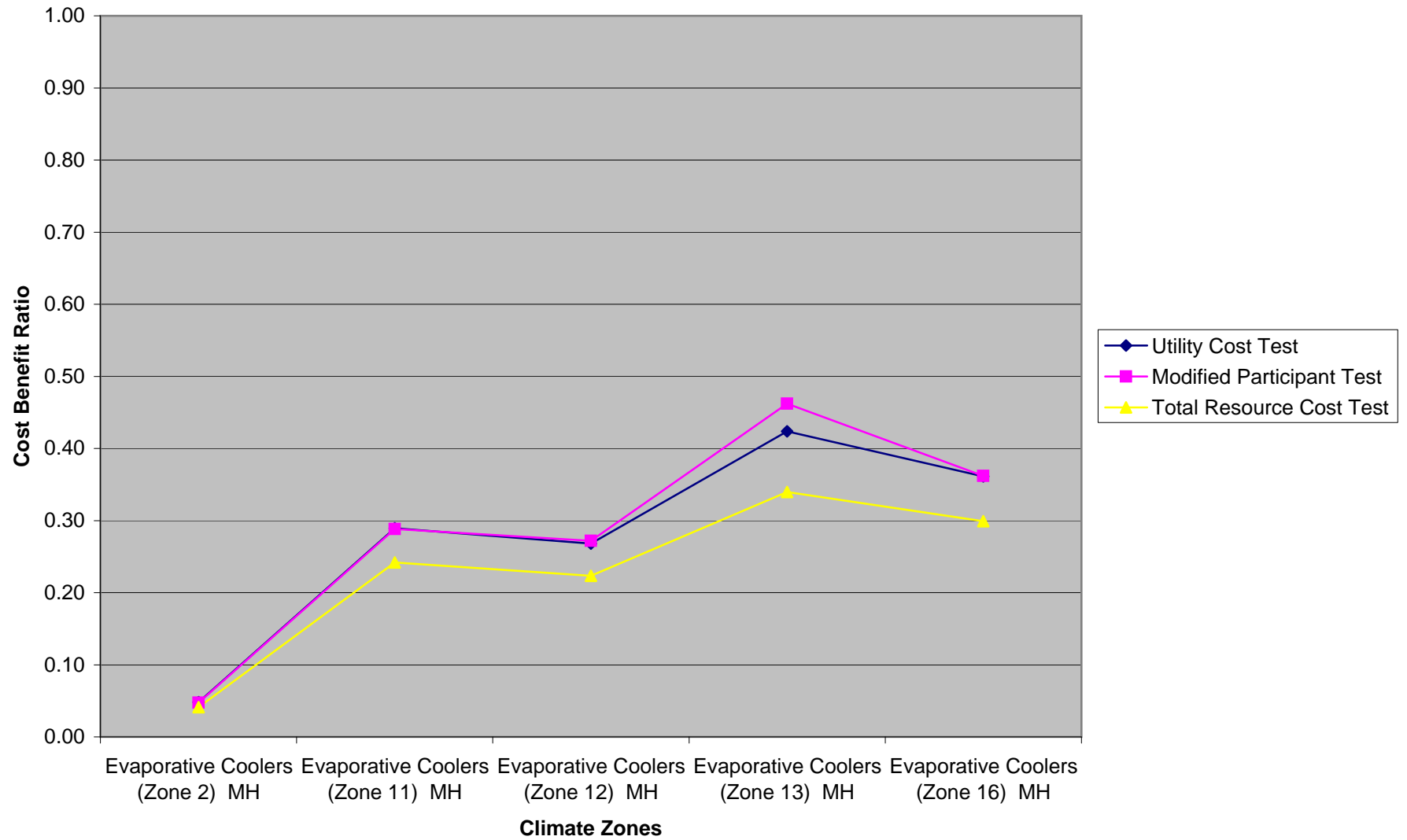
### Evaporative Coolers - SF



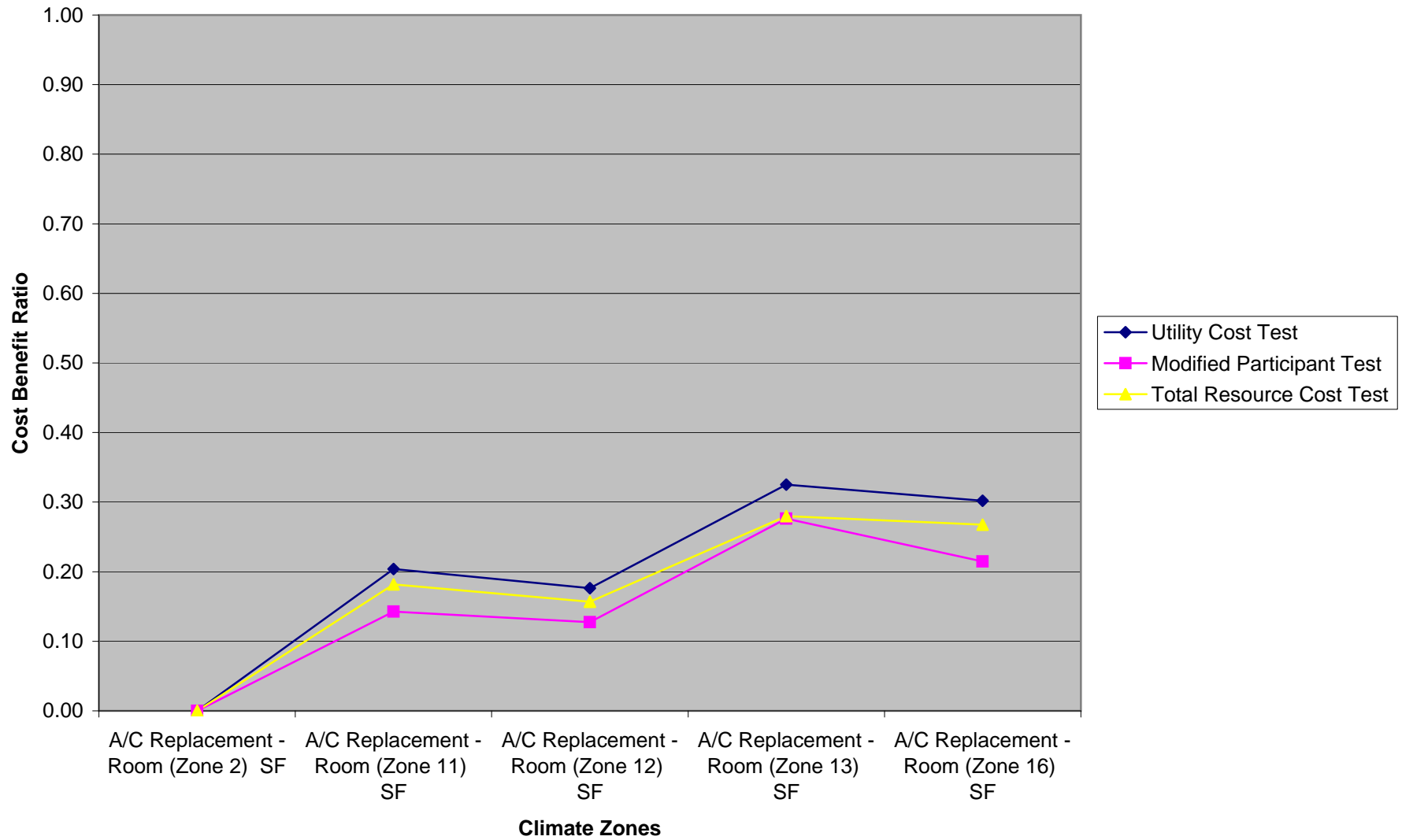
### Evaporative Coolers - MF



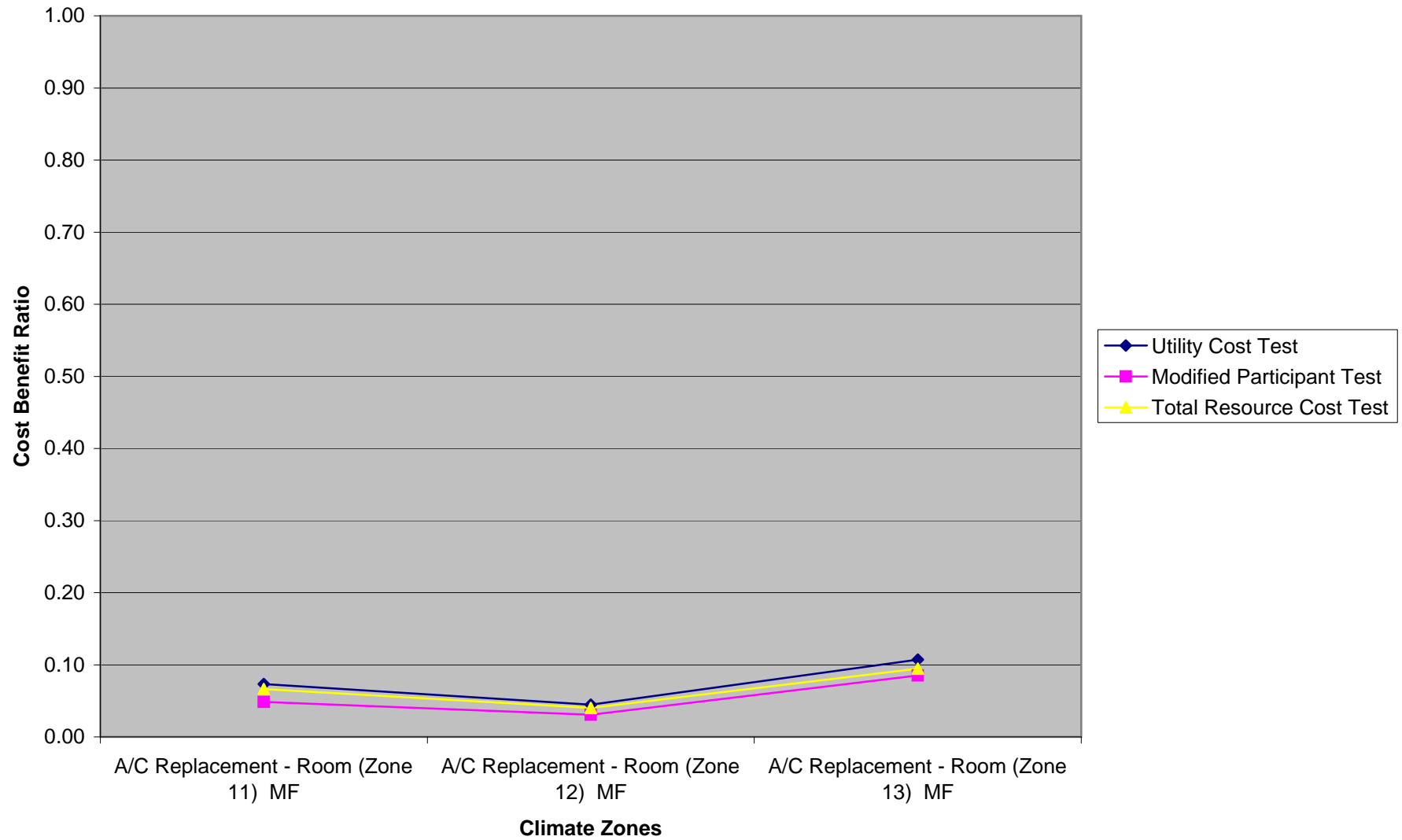
### Evaporative Coolers - MH



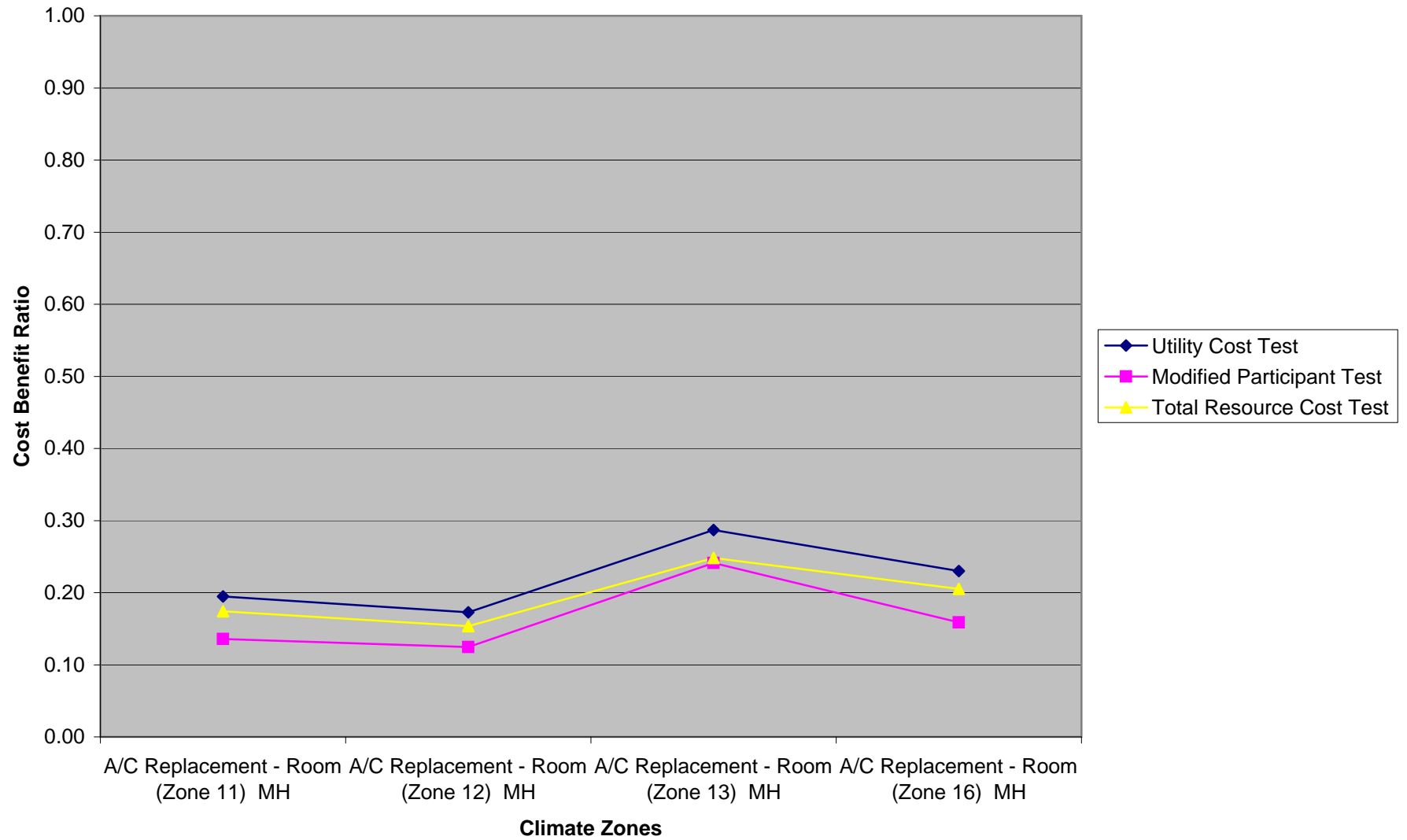
### A/C Replacement - Room - SF

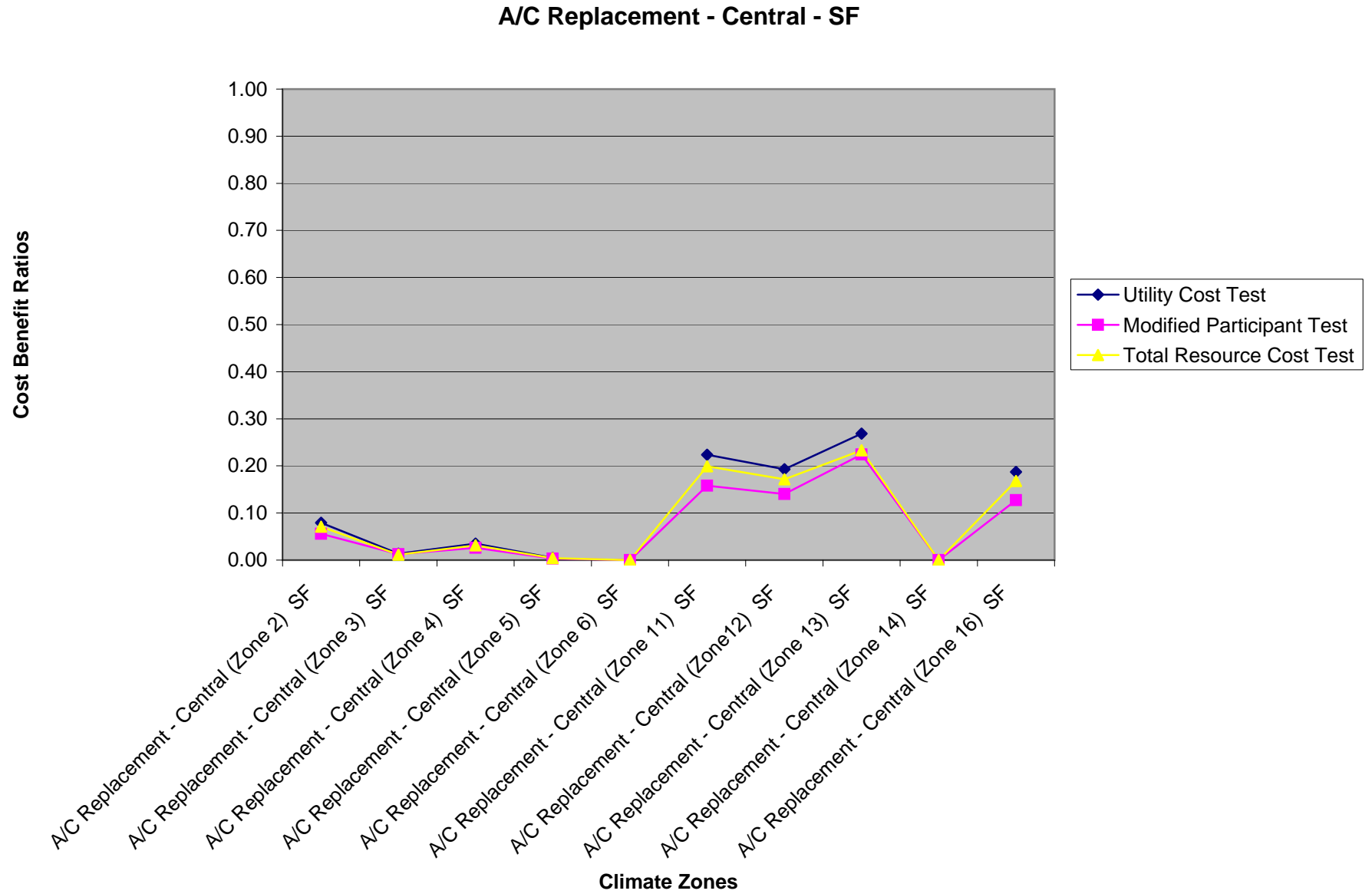


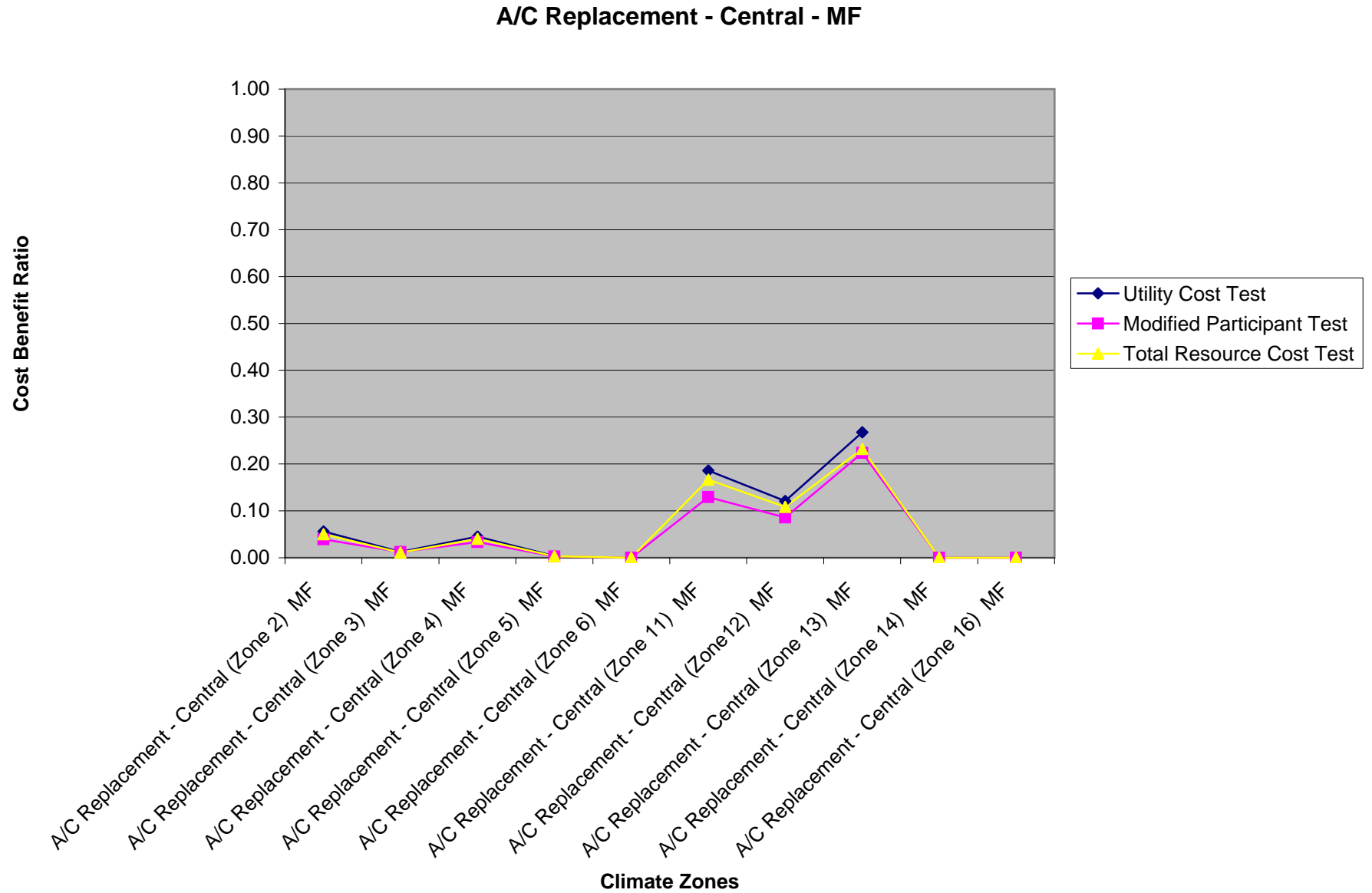
### A/C Replacement - Room - MF

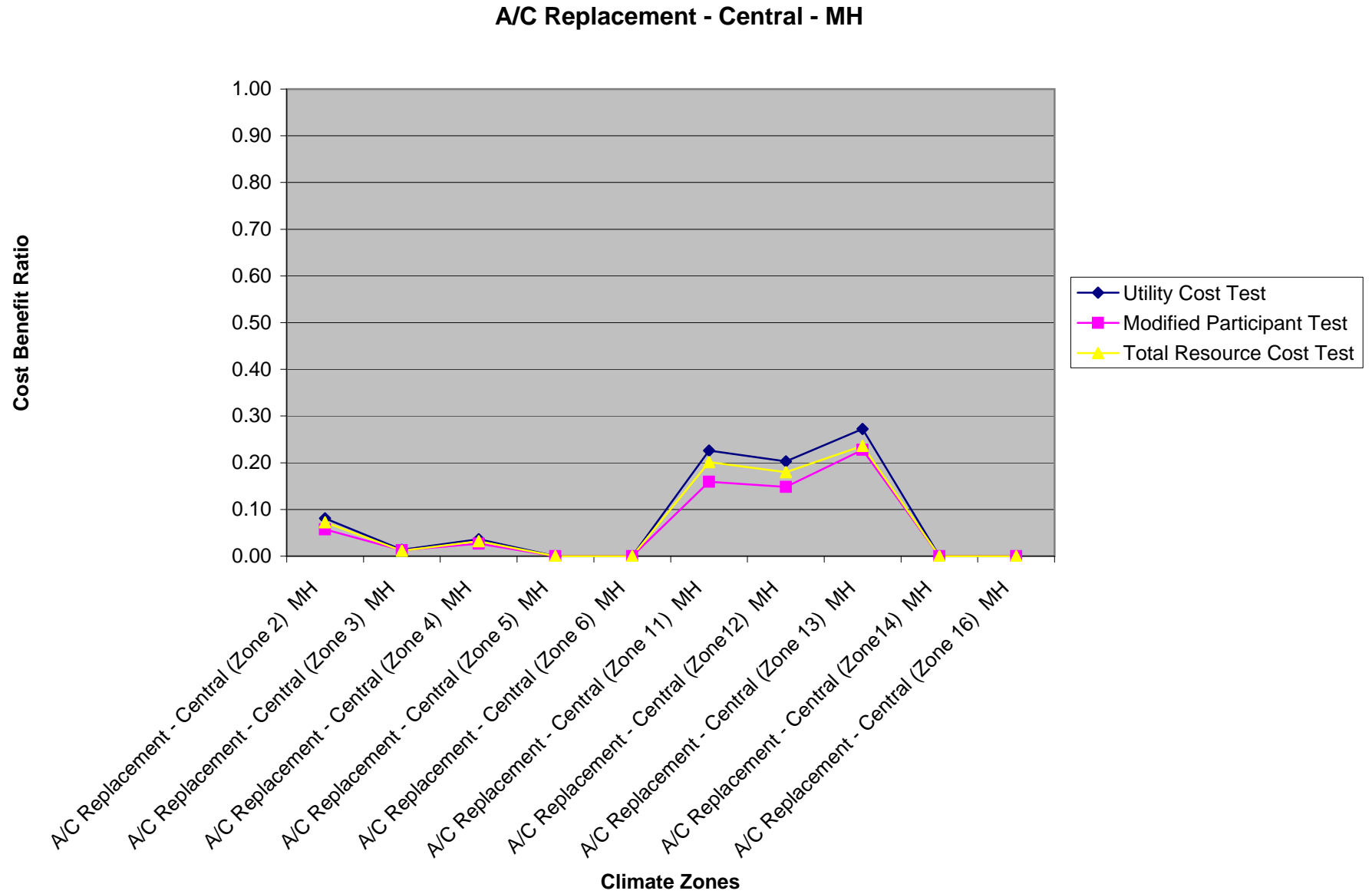


### A/C Replacement - Room - MH

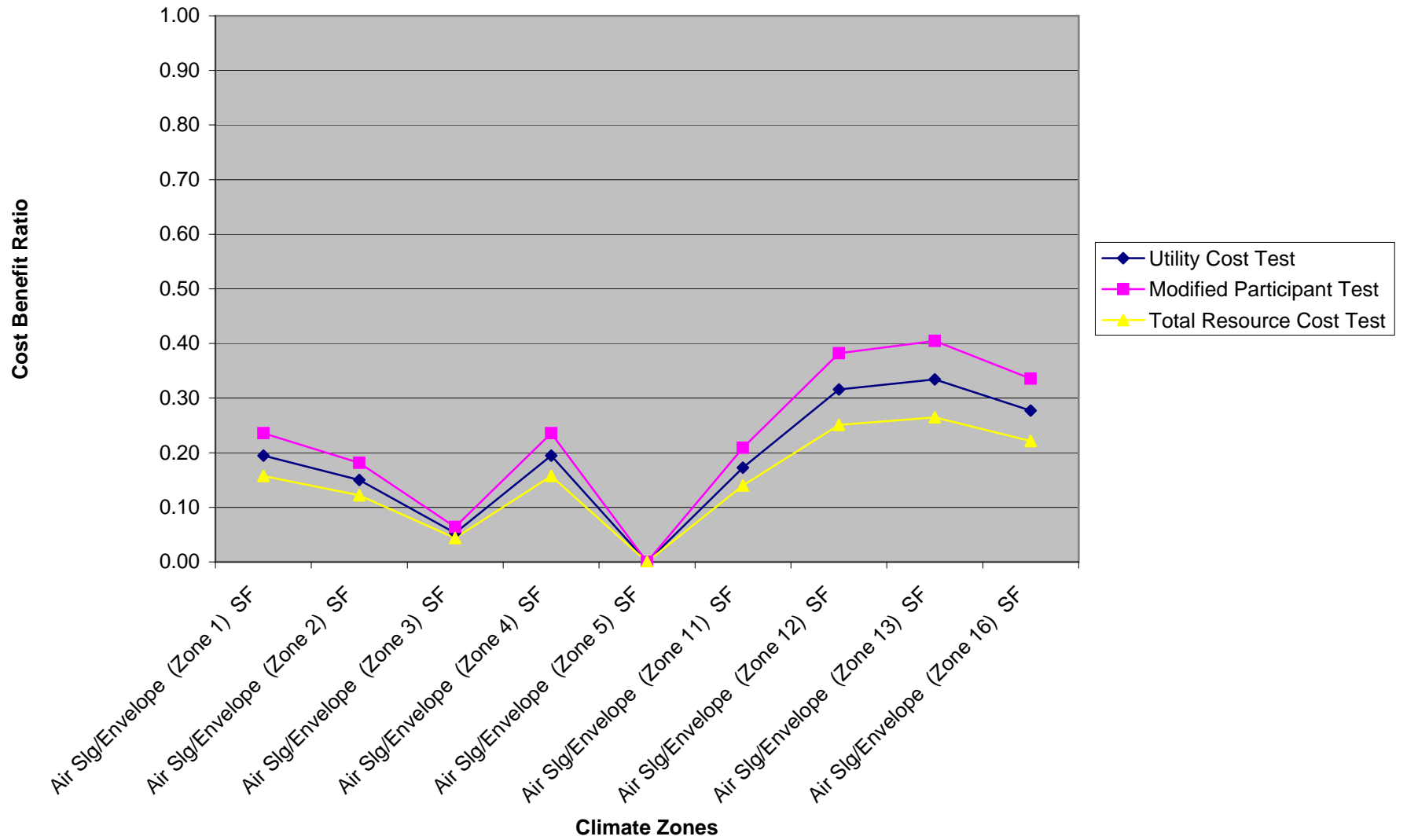




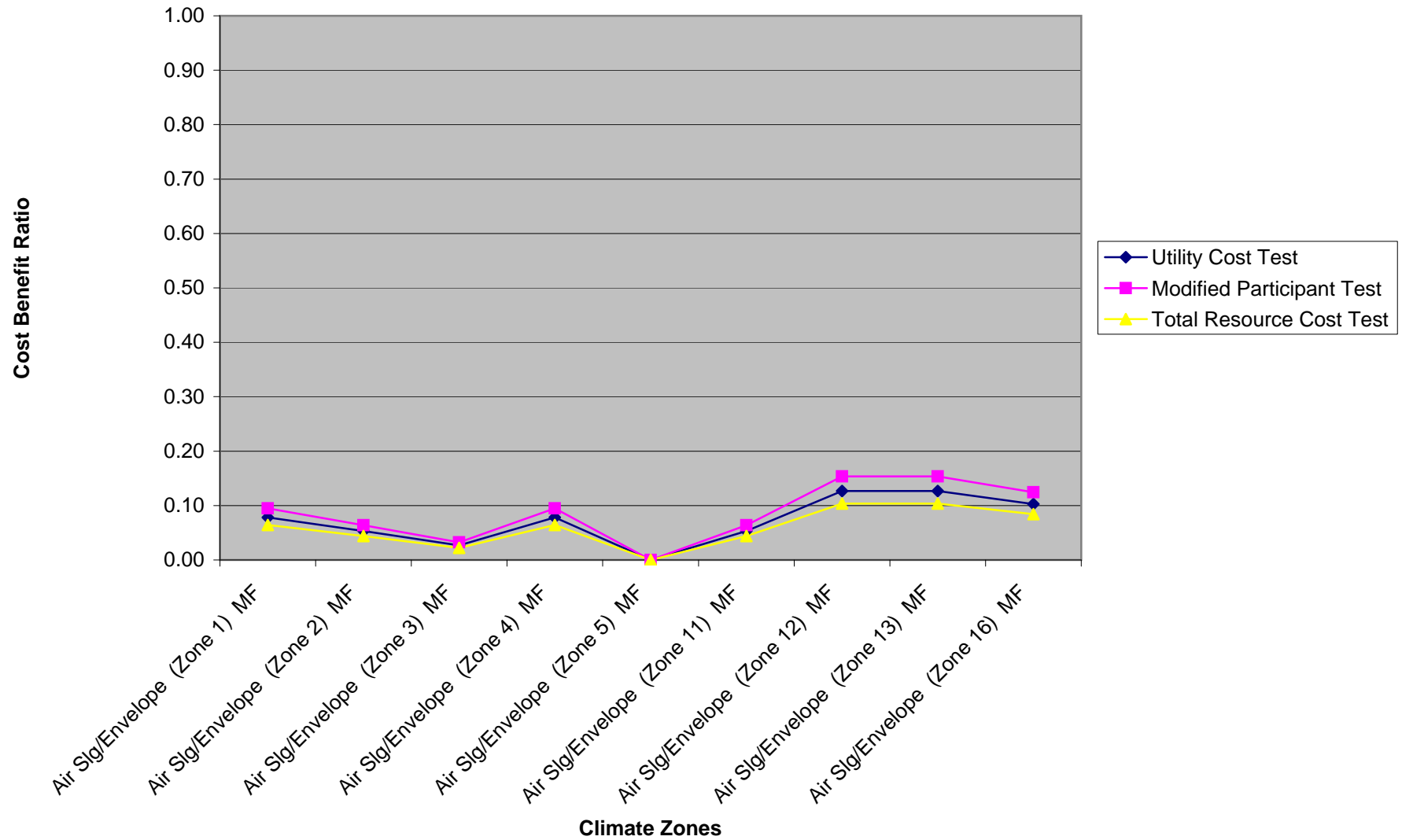




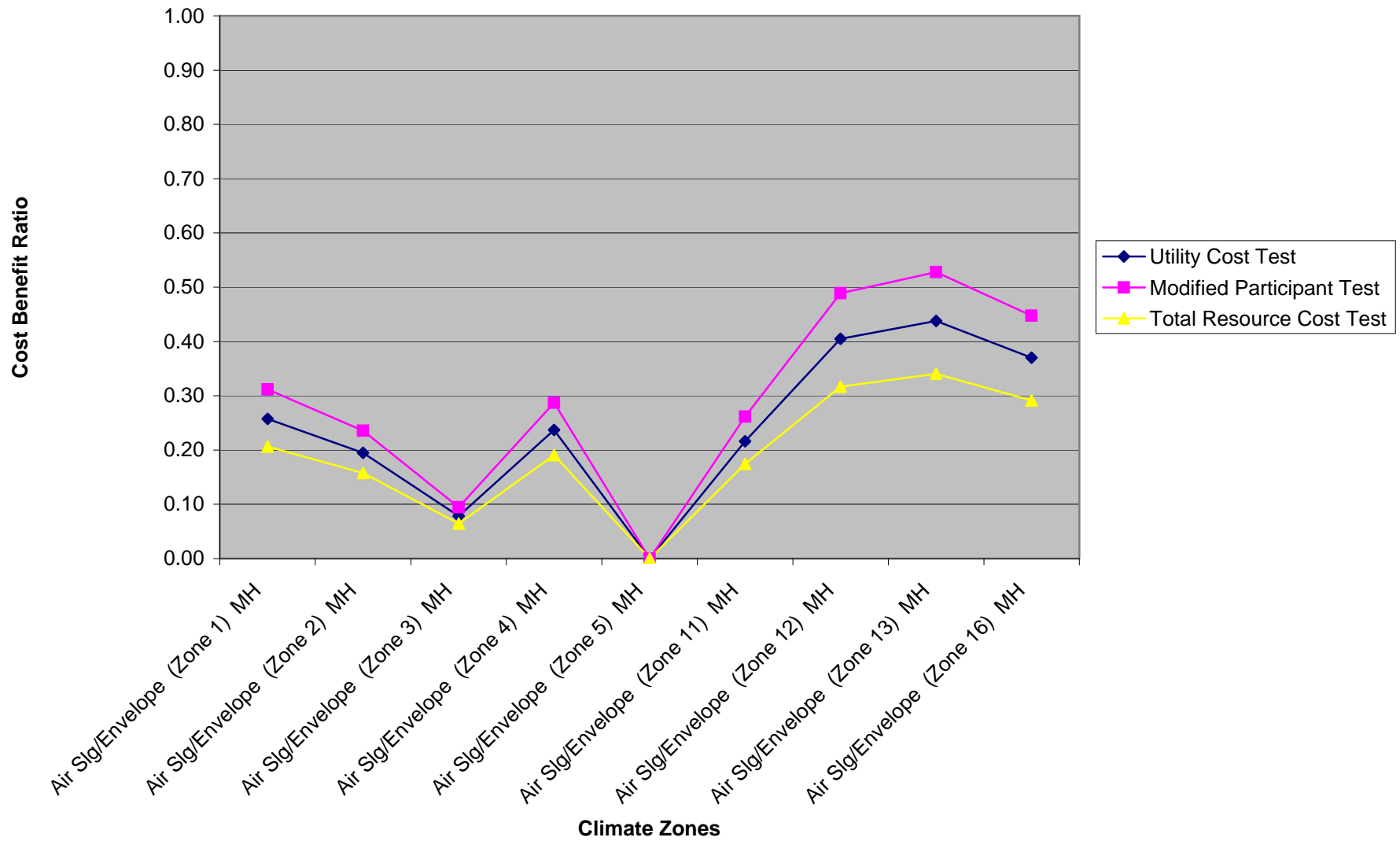
### Air Sealing & Envelope - SF



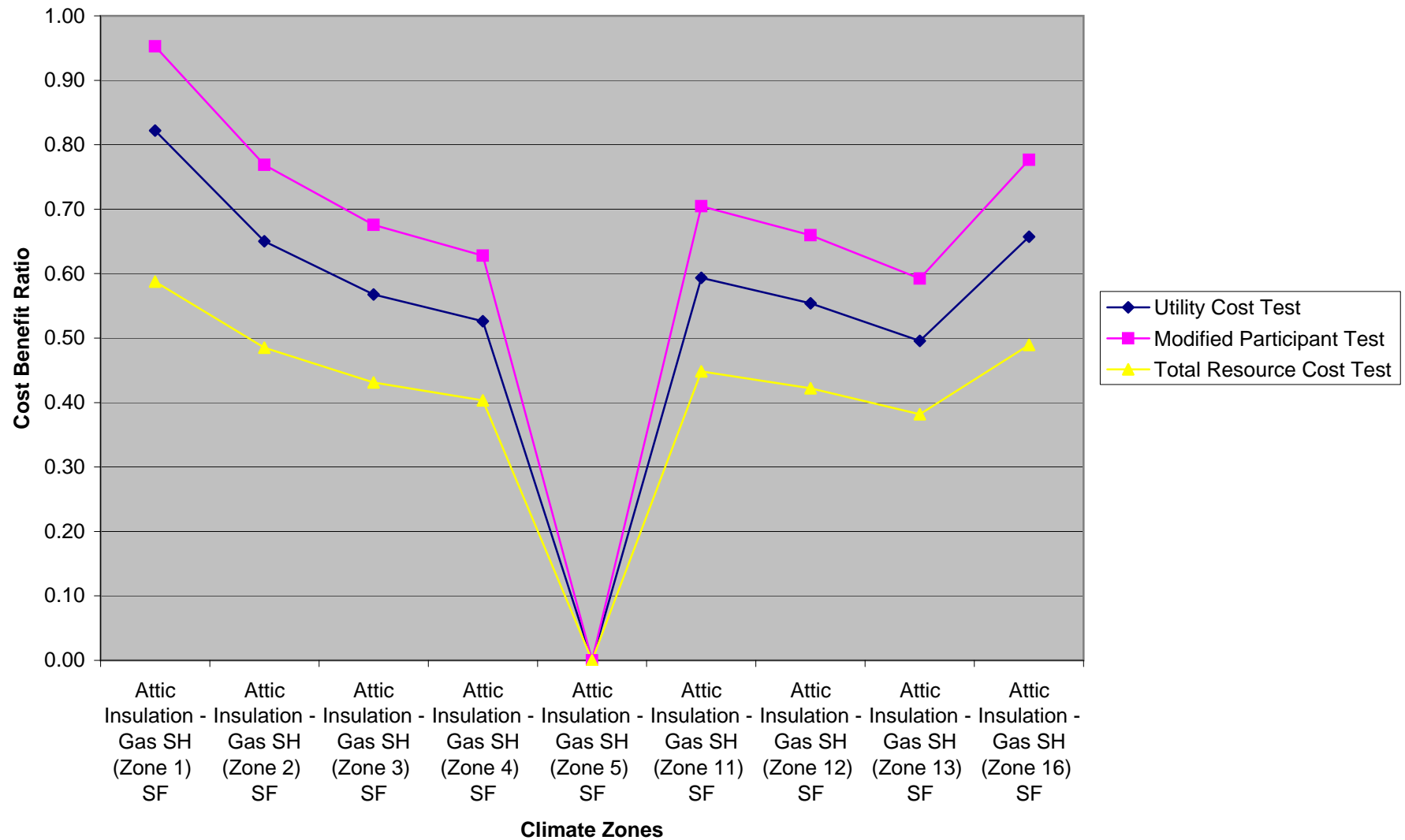
### Air Sealing & Envelope - MF



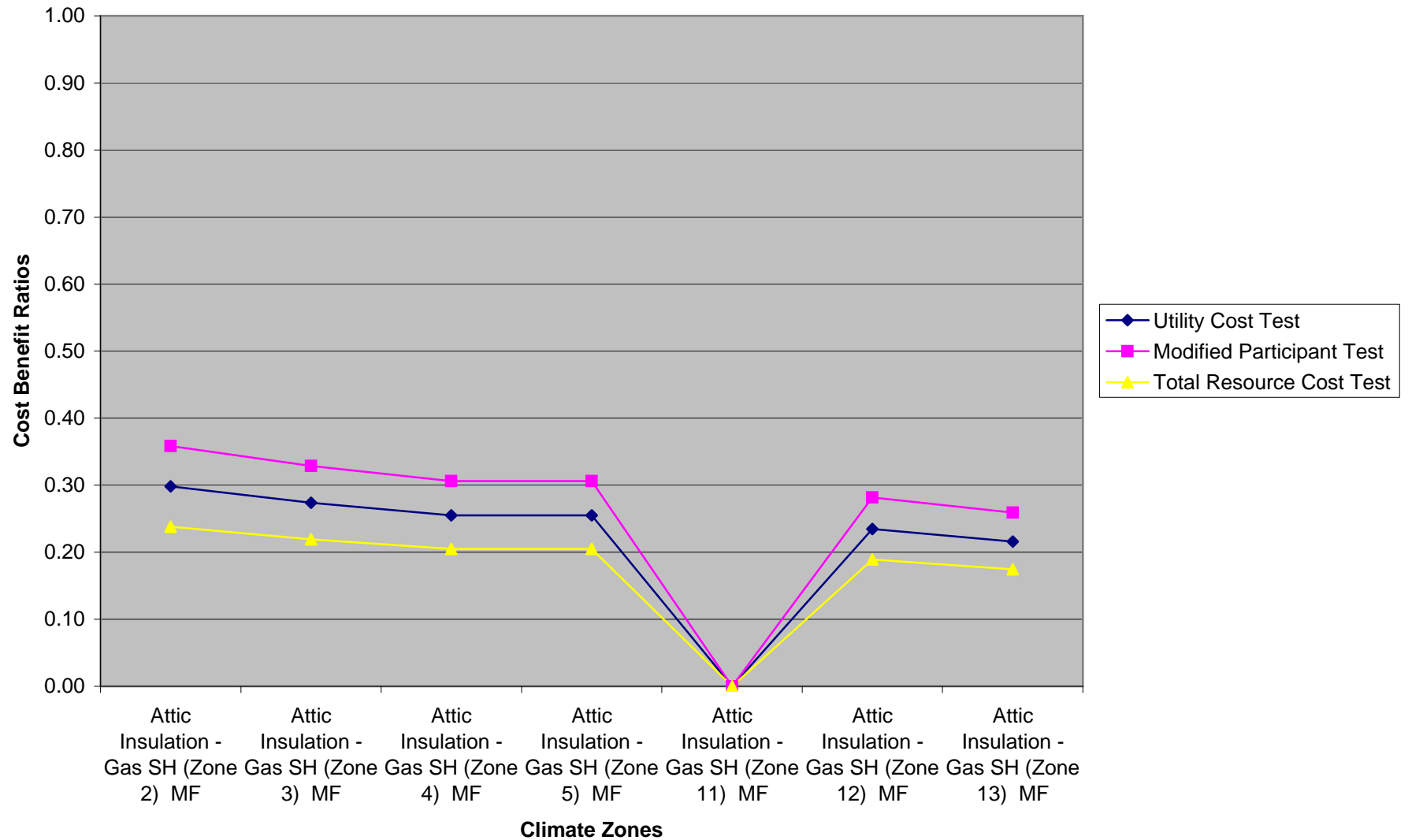
## Air Sealing &amp; Envelope - MH

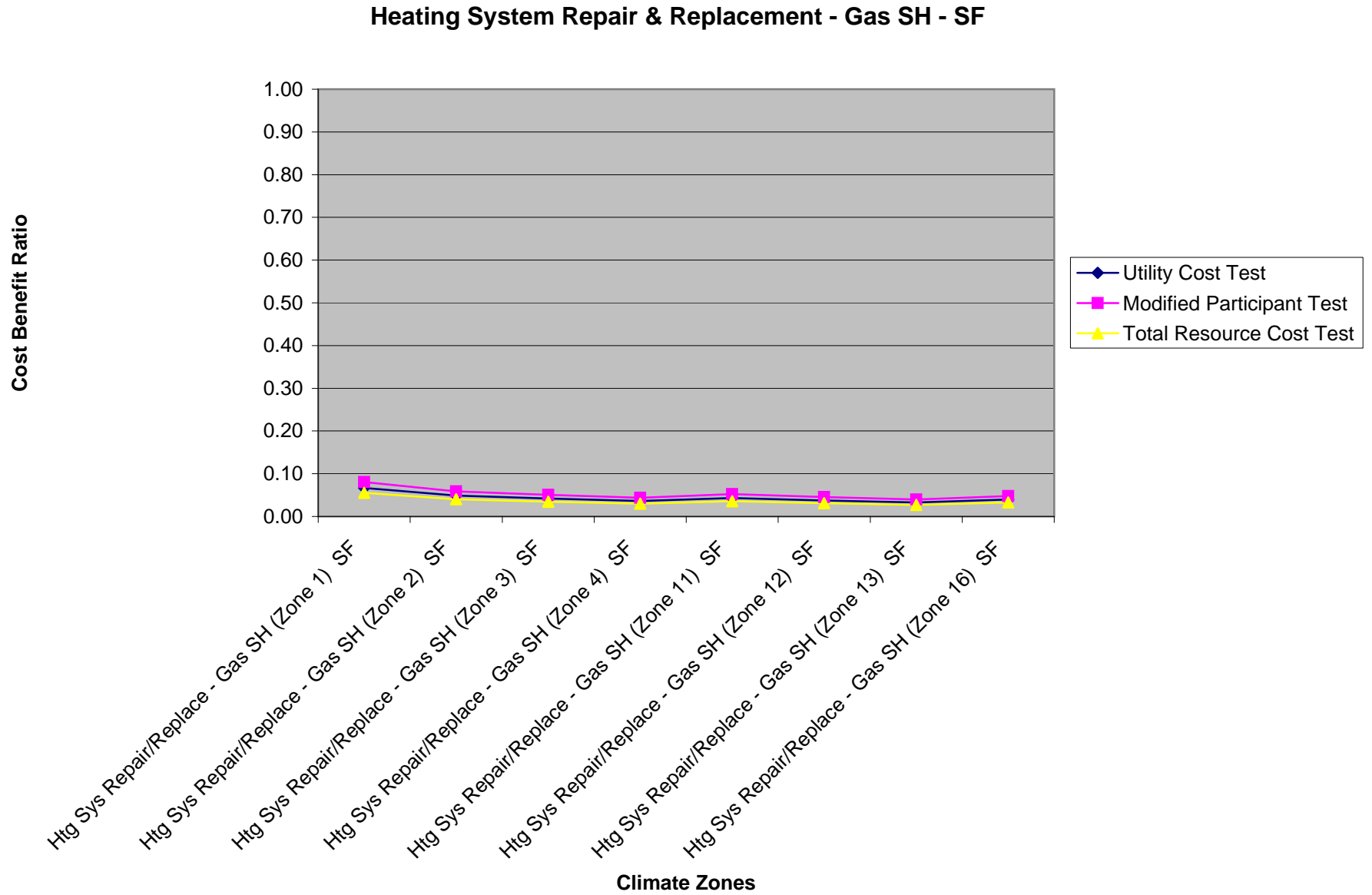


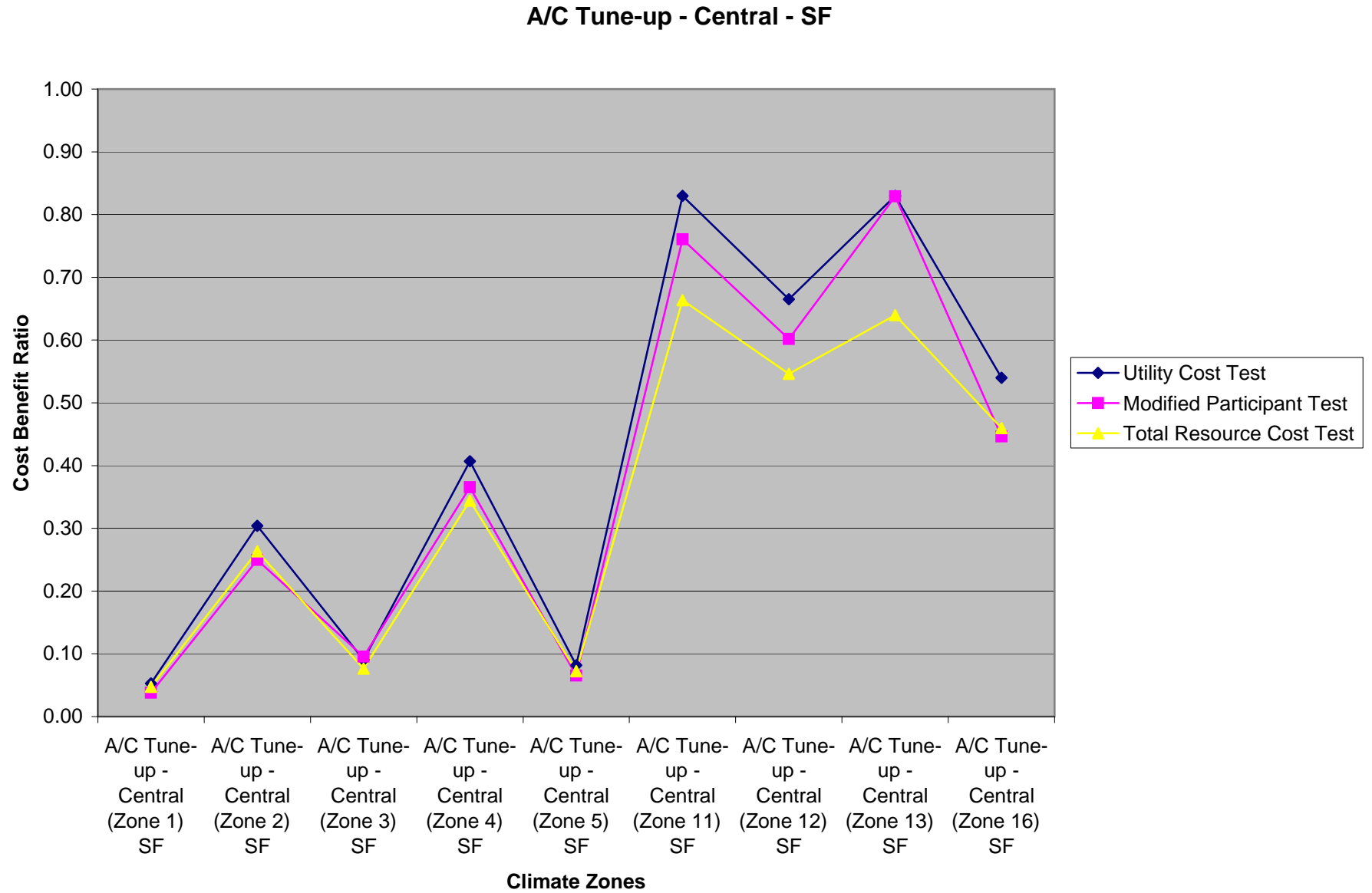
## Attic Insulation - Gas SH - SF



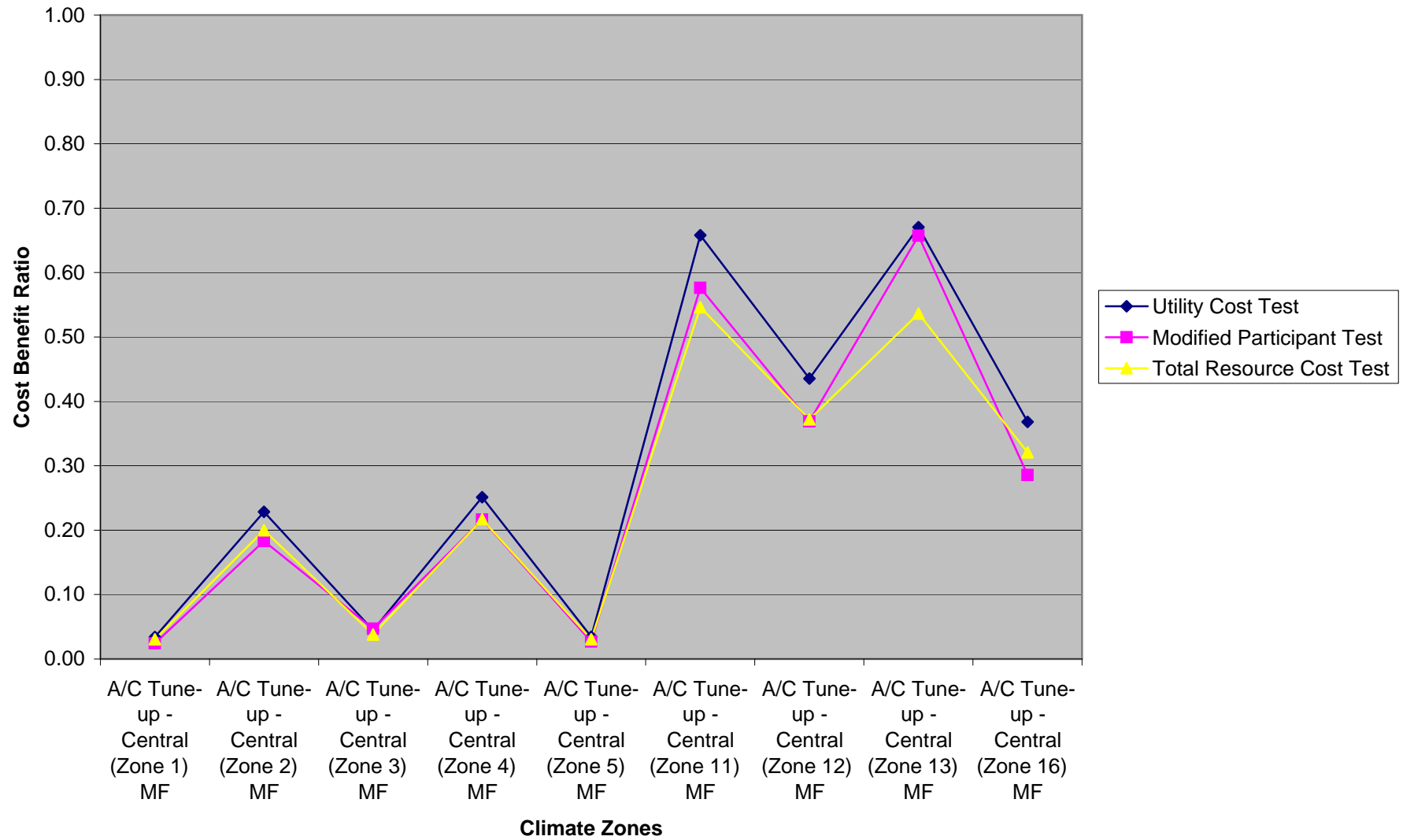
### Attic Insulation - Gas SH - MF



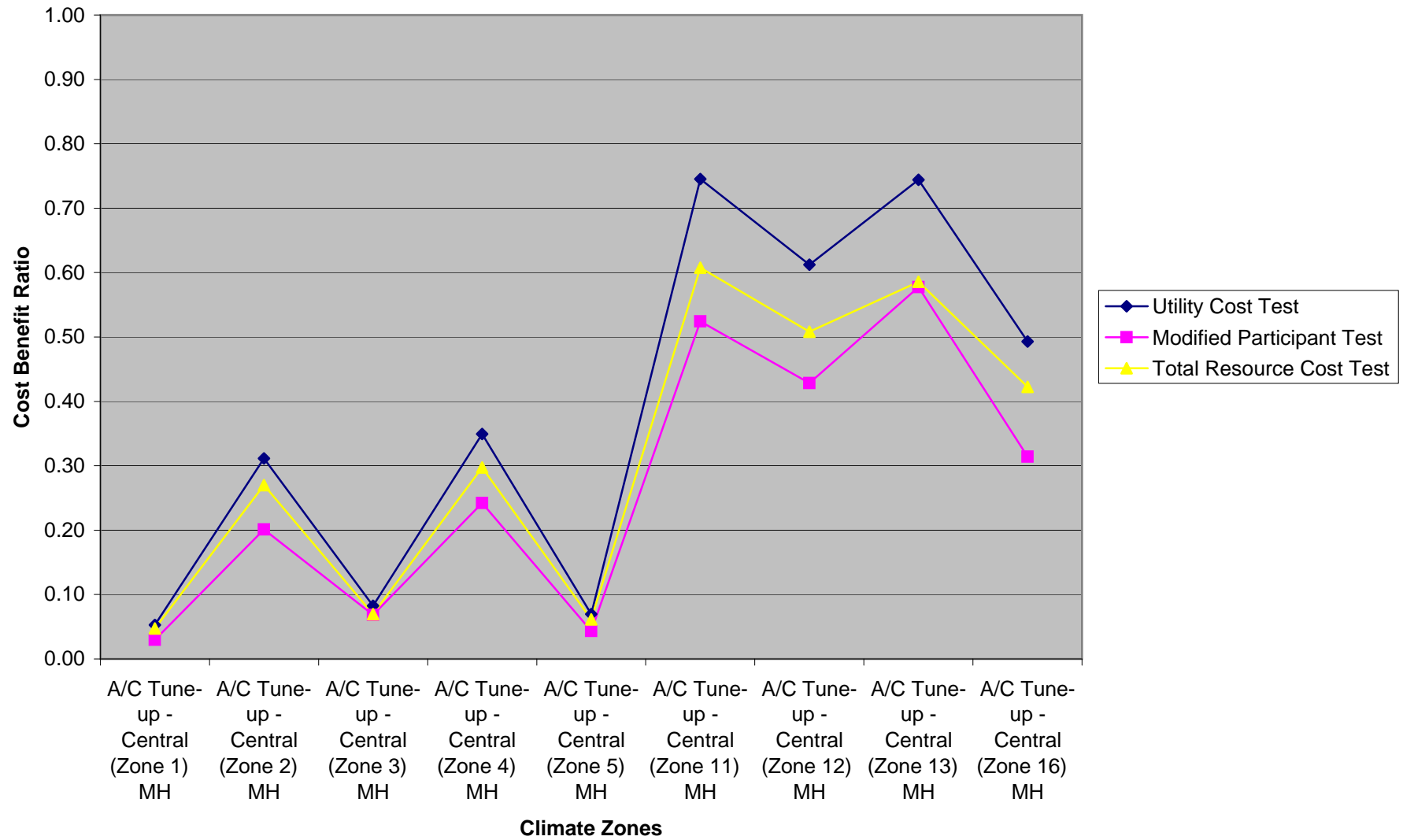




### A/C Tune-up - Central - MF



### A/C Tune-up - Central - MH



## Attachment A-7

|    | A   | B  | C   | D  |
|----|---|--|---|--|
| 1  | <b>LIEE Cost-Effectiveness - Non Weather Sensitive Measures</b>   |  |   |  |
| 2  |   |  |   |  |
| 3  |   |  |   |  |
| 4  |   | <b>Ratio of Benefits Over Costs <sup>1</sup></b> |   |  |
| 5  |   | <b>Utility Cost Test <sup>2</sup></b>            | <b>Modified Participant Test <sup>2</sup></b> | <b>Total Resource Cost Test <sup>2</sup></b> |
| 6  | <b>Measure</b>  |  |   |  |
| 7  | Microwave   | 2.39   | 1.43  | 0.99   |
| 8  | Wtr Ht Conservation SF  | 1.14   | 1.01  | 0.71   |
| 9  | TORCHIERE - 55 W (D03-842 RES00AVTor55) SF  | 0.96   | 0.90  | 0.62   |
| 10 | OCCUPANCY SENSOR D03-856 - WALL BOX (3 2-lamp fix w/T8 34 W EL) SF/MF/MH  | 0.91   | 0.86  | 0.60   |
| 11 | Wtr Ht Conservation MH  | 0.89   | 0.84  | 0.60   |
| 12 | Wtr Ht Conservation MF  | 0.67   | 0.67  | 0.48   |
| 13 | Compact Fluorescents (inc. porchlights) SF MF MH  | 0.62   | 0.63  | 0.44   |
| 14 | Refrigerators MH  | 0.61   | 0.62  | 0.44   |
| 15 | Refrigerators SF  | 0.60   | 0.60  | 0.43   |
| 16 | Interior Hard wired Compact Fluorescent fixtures SF/MF/MH   | 0.57   | 0.59  | 0.41   |
| 17 | Refrigerators MF  | 0.50   | 0.52  | 0.37   |
| 18 | Clothes Washer Energy Star, 2.65 cf, Tier 1   | 0.48   | 0.50  | 0.36   |
| 19 |   |  |   |  |
| 20 | Exterior Hard wired Compact Fluorescent fixtures SF MF MH   | 0.23   | 0.25  | 0.17   |
| 21 | Water Heater Repair & Replacement - Gas SF/MF/MH  | 0.13   | 0.14  | 0.11   |
| 22 |   |  |   |  |
| 23 | <p>* NOTE: Orange-highlighted measures have a cost-benefit ratio over 1.0. Pink line demarcates measures with cost effectiveness over 0.5. Measures highlighted in green are included in PG&amp;E's 2009-2011 LIEE program. Measures highlighted in yellow are included in PG&amp;E's 2009-2011 LIEE program based on usage, comfort, health and safety.</p> <p><sup>1</sup> Based on 2010 program year</p> <p><sup>2</sup> The Utility Cost Test (UCT) and Modified Participant Cost Test (PC<sub>m</sub>) both include NEBs and were adopted for LIEE in D.02-08-034. The TRC is included for information purposes only, as specified in the ACR Providing Guidance for LIEE 2009-2011 Budget Applications, dated 4/01/08. Cost Benefit tests are described in this 2009-2011 LIEE testimony, Section IV.A.</p> |  |   |  |
| 24 |   |  |   |  |
| 25 |   |  |   |  |
| 26 |   |  |   |  |
| 27 |   |  |   |  |

**PY 2009 - 2011 LIEE Measurement and Evaluation Studies**  
**Pacific Gas and Electric Company**

| Line No.     | Statewide Study <sup>1</sup>                               | Total Cost         | Percent Paid by PG&E | Total Cost Paid by PG&E |
|--------------|--|--------------------|----------------------|-------------------------|
| 1            | Impact Evaluation of the 2010 LIEE Program <sup>2, 5</sup> | \$600,000          | 30%                  | \$180,000               |
| 2            | Process Evaluation of the 2009 LIEE Program <sup>2</sup>   | \$250,000          | 30%                  | \$75,000                |
| 3            | Non-Energy Benefits Study <sup>2</sup>                     | \$300,000          | 30%                  | \$90,000                |
| 4            | Refrigerator Degradation EUL Study <sup>3</sup>            | \$200,000          | 33.33%               | \$66,660                |
| 5            | LIEE Household Segmentation Study <sup>4</sup>             | \$200,000          | 60%                  | \$120,000               |
| <b>Total</b> |  | <b>\$1,550,000</b> |                      | <b>\$531,660</b>        |

<sup>1</sup> This does not include the Statewide PY2008 LIEE Impact Evaluation study previously authorized in D.06-012-038. This previously authorized funding for the PY2008 impact study is will be expended in 2009-2010. PG&E's share of the \$600,000 Joint Utility study is \$180,000. The M&E budget carryover is discussed in 2009-2011 LIEE Testimony in Section VI.C.1, and shown in Table VI-2.

<sup>2</sup> Jointly funded by PG&E, SCE, SDG&E, and SoCalGas.

<sup>3</sup> Jointly funded by PG&E, SCE and SDG&E, the Electric Utilities

<sup>4</sup> Jointly funded by PG&E and SCE.

<sup>5</sup> The PY2010 evaluation will be conducted in 2011-2012; therefore some portion of the funding will be carried over into the next program cycle, as discussed in 2009-2011 LIEE Testimony, Section VI.C.1., and shown in Table VI-2.

**Attachment A-9**  
**Summary of PG&E LIEE Program Proposals for 2009, 2010, and 2011**

| Proposal                                      | Description   | Benefits   | Current Practice   |
|---|---|--|--|
| Targeting LIEE Program Delivery by Energy Use | PG&E will offer the 2009-2011 LIEE program through a multi-layered approach that considers energy use, as well as other factors including climate zone and housing type. Because so few measures are truly cost effective to offer in the LIEE program, PG&E determined to offer those measures that are <i>most</i> cost effective to all qualifying customers for whom they are feasible. | PG&E's targeted approach based on climate zones and customer energy use fulfills the energy and equity objectives of the decision and is cost effective, allowing more low income people to receive more of the measures and services they need. PG&E decided to offer some less cost-effective measures based on a customer's electric and/or gas use because customers with the highest energy use also offer the greatest opportunity to save energy. This ultimately helps both the affected customers, who save money on their bill, and all California ratepayers, who benefit as decreases in energy use strengthen the State's energy resources and decrease GHG emissions | PG&E offers all feasible measures to all eligible customers that qualify for them. Feasibility criteria include climate zone, housing type and age of equipment. |
| NGAT  | PG&E requests that LIEE NGAT be funded through the LIEE program rather than the GRC, as the NGAT procedures adopted by the Commission are specific to LIEE. The complete NGAT procedure conducted under the LIEE program is not part of PG&E's routine CO testing service   | The addition of NGAT funding into the LIEE program is more critical now that the LIEE program is ramping up to meet the Decision 07-12-051 programmatic initiative. As a direct function of the LIEE program, NGAT funding should be linked to LIEE rather than the GRC which occurs on a  | Funding for NGAT/CO testing for the LIEE program is currently provided in the GRC at \$2.84 million per year.  |

| Proposal  | Description   | Benefits  | Current Practice  |
|---|---|---|---|
| NGAT <i>(continued)</i>                         | to non-LIEE customers.<br>The amount of funds required for NGAT is directly related to the number of homes that receive infiltration measures under the LIEE program. This proceeding, not the GRC, is the appropriate forum to determine the appropriate funding for NGAT. | different cycle. The amount of NGAT funding previously authorized under the GRC was based on lower LIEE program participation goals and is insufficient to meet the increased demands of the new LIEE program, which jeopardizes PG&E's ability to meet the programmatic initiative. PG&E will need additional funding of NGAT as outlined in Attachment A-1 to meet the increased number of tests required for the 2009-2011 LIEE program. |   |
| New Measure- Torchiere Lamps                    | Replace Torchiere lamps that are equipped with the halogen light bulb fixtures with Torchiere lamps that will except pin based compact fluorescent light bulbs.   | Removing high intensity wattage halogen light fixtures with CFL light fixtures will provide a safer lighting product with significant energy savings.   | Torchiere lamps are currently not a measure in PG&E's program.  |
| Pilot Measure – High Efficiency Clothes Washers | Replace older Clothes washers with High Efficiency washer in large households   | High Efficiency Washers use significantly less water, less electricity and less gas (for homes with gas water heater). This results in water conservation as well as energy conservation for the customer.  | Currently LIEE does not replace Clothes washers. PGE does provide a rebate to customers who purchase their own. |
| New Measure – Occupancy Sensors                 | The LIEE Occupancy Sensors will be installed in single family dwellings to control usage of T-12 and T-8 lamp fixtures.   | Occupancy Sensors impact both total energy use and demand in public and personal spaces.  | Currently the LIEE program does not install occupancy sensors   |
| Pilot Measure – Microwaves with Meals on Wheels | LIEE will leverage with the Meals on Wheels Program in local communities to install energy saving microwaves into customers   | Microwave ovens use less energy (up to 80% less) than conventional ovens. In addition to saving energy, microwave ovens   | Currently LIEE does not offer a microwave delivery program  |

| Proposal   | Description   | Benefits   | Current Practice   |
|--|---|--|--|
| Pilot Measure – Microwaves with Meals on Wheels ( <i>continued</i> ) | homes.  | generally cook food much faster, and don't generate as much heat in your kitchen, so you could save on air conditioning costs during the summer.   |  |
| Project – Group Energy Education                                     | Work with more community based organizations to conduct workshops that shall address customers' energy usage, utility bill assessment and energy saving practices.                  | The objective is to have participants adopt energy saving behaviors which results in lowering their energy bills and less demand on the grid.  | Currently we work with Glenn County Human Services Agency, Redwood Community Action Agency and Amador-Tuolumne Community Action Agency to conduct workshops. |
| Pilot Project – City of San Jose partnership                         | Expand community awareness about (1) energy efficiency and (2) PG&E LIEE resources in San José SNI neighborhoods, particularly among minority and English Language-learning groups. | This program will allow the City of San José and PG&E to partner in meeting an unmet community need: A comprehensive approach to community well-being and sustainability that brings together physical safety, economic security, empowerment, and environmental sustainability. All of these must be enacted at the individual and community levels simultaneously in order to be successful. | Currently we do not partner with San Jose.   |
| Pilot Project – Habitat for Humanity                                 | PG&E will partner with Habitat for Humanity to promote energy efficiency for low income customers.  | Assist low income families by lowering their energy usage and monthly energy bills. The families will also receive an energy education so that they can learn how to read their bills and other ways they can conserve energy.   | Currently we do not partner with Habitat for Humanity  |
| Pilot Project – Smart AC Thermostat or Switch Installation           | Proposal to integrate the Smart AC Program into the LIEE Program as an effort to leverage   | The Customer can choose between two Smart AC technologies, both of which allow   | PGE offers Smart AC to all customers but currently there is no leveraging between LIEE and the   |

| Proposal  | Description  | Benefits  | Current Practice  |
|---|--|---|---|
| Pilot Project – Smart AC Thermostat or Switch Installation<br>(continued) | with Demand Response.  | PG&E to temporarily reduce the amount of electricity their air conditioner uses, reducing the overall demand for energy in the territory. PG&E will give the customer a \$25 cash reward for every Smart AC device installed.   | Smart AC team.  |
| Pilot Project – AMI   | Integrate Advanced Metering into the LIEE program when it is available.  | Educate customers on how they can use the new “Advanced Meters” to help learn about their power usage and reduce their bills.   | Currently the Advanced Meters are in the process of being deployed to residential customers throughout PGE service territory.   |
| Project – Refrigerator Leveraging   | The LIEE refrigerator program has been in place since 2004, whereupon community based organizations or action agency that works on the California State Development Agency’s (CSD) weatherization program that do not participate in PG&E’s LIEE program may participate. These LIHEAP agencies are working with CSD to install weatherization measures in low-income homes. | The LIEE Refrigerator Leveraging Program pays for the refrigerator and its installation costs. By providing the refrigerator, it releases funds that may be utilized for additional weatherization measures that may be needed in the home.   | The LIEE Refrigerator program is a successfully run partnership since 2004.   |
| Study – Impact Evaluation of PY2010 LIEE Program                          | PG&E, SCE, SDG&E, and SCG (the Joint Utilities) propose to conduct an impact evaluation of the 2010 LIEE program. The primary objective of the study is to estimate the PY2010 first year electric and gas savings by utility, by housing type, and by measure group. This study will occur in 2011-2012.  | The LIEE Impact Evaluation of the 2010 Low Income Program will determine energy and demand savings associated with PY2010 and will be used for reporting purposes. An accurate determination of measure savings is critical for guiding program delivery and determining cost effectiveness. Impact, process and related studies facilitate the | D.03-10-041 required the Joint Utilities to conduct a program impact evaluation of the LIEE program every 2 years. This study updates energy, demand and therm savings associated with the program. |

| Proposal  | Description  | Benefits  | Current Practice  |
|---|--|---|---|
| Study – Impact Evaluation of PY2010 LIEE Program<br>(continued) |  | achievement of the Programmatic Initiative by determining measure savings and improving programs that generate savings.   |   |
| Study – Process Evaluation of PY2009 LIEE Program               | PG&E, SCE, SDG&E, and SCG (the Joint Utilities) propose to conduct a Process Evaluation of the 2009 LIEE Program to assess the effectiveness of the program and to develop recommendations to program design or delivery that will improve the effectiveness of the program. A key component of this process evaluation will explore attitudinal and behavioral aspects of its LIEE and CARE population. | The Process Evaluation will assess the effectiveness of various components of the LIEE program such as outreach, contractor delivery, data tracking, etc. This study will also look at customer behavior and attitudes towards energy saving opportunities. The study will assess customer willingness to participate in energy saving programs, the particular needs of high usage customers, and low income customer responses to energy education and communication efforts. The Study will provide real-time feedback, and present findings and the recommendations for possible program changes. | A Process Evaluation has not been performed for several years. The Joint Utilities recommend a Process Evaluation now because it is prudent to assess the efficacy of all the changes to the program so that we can expand the most effective strategies.   |
| Study – Non-Energy Benefits                                     | PG&E, SCE, SDG&E, and SCG (the Joint Utilities) propose a Non-Energy Benefits study to quantify the elements of a cost effectiveness analysis, which is a key determinant of program design. Utility personnel and other stakeholders have raised questions about the methods used to develop the current values assigned to non-energy benefits of the programs, which come from a                      | The study will address the following research objectives:<br>1) Provide background on the use of NEBs in cost-effectiveness tests for low-income energy efficiency programs.<br>2) Discuss the effectiveness and appropriate use of the following options in developing NEB values for cost-effectiveness tests: a) review and update values and algorithms in the  | The Joint Utilities assess program cost effectiveness with the Utility Cost (UC) Test and the Modified Participant Cost (PC <sub>m</sub> ) Test, both of which were modified to include appropriate NEBs. These two tests were adopted in D.02-08-034. The Non-Energy Benefits Study would update the current methodology used by the joint utilities to assign non-energy benefits to program measures for |

| Proposal                                   | Description  | Benefits  | Current Practice   |
|--|--|---|--|
| Study – Non-Energy Benefits<br>(continued) | study that is now several years old.   | current model, b) develop a set of factors which would be used to project the energy benefits of LIEE programs to account for the NEBs.<br>3) Provide a methodology for assigning NEBs at the measure level for cost-effectiveness testing.   | the purpose of assessing their cost-effectiveness. The current methodology was established in 2001 and many of the values used to calculate NEBs are outdated and inappropriate for the current program. |
| Study – Refrigerator EUL Degradation       | PG&E, SCE and SDG&E (the Joint Electric Utilities) propose a study of refrigerator retention and efficiency degradation in 2009. The study will combine phone interviews, secondary research, statistical modeling and on-sites when necessary to determine optimal refrigerator replacement criteria. | The Joint Utilities need to determine the appropriate age at which to replace older, less efficient refrigerators through the LIEE program to achieve maximum energy savings. 1993 was chosen as an appropriate cut-off because energy efficiency standards that went into effect in 1993 made post -1993 refrigerators much more energy efficient than refrigerators that were manufactured pre-1993. However, in 2008, a refrigerator manufactured in 1993 is already 16 years old. According to DEER, refrigerators have a 15-20 year effective useful life (EUL). | Currently, program rules for LIEE require that contractors limit refrigerator replacements to pre-1993 appliances.   |
| Study – LIEE Household Segmentation Study  | PG&E and SCE propose a LIEE Segmentation Study to facilitate identification of eligible customers willing to participate for our LIEE  | This study will directly deliver on the first strategic goal of the Low Income section of the CEESP to develop customer segmentation  | PG&E does not market the LIEE program. PG&E has done no specific customer segmentation analysis for the LIEE program.  |

| Proposal   | Description   | Benefits   | Current Practice   |
|--|---|--|--|
| Study – LIEE Household Segmentation Study <i>(continued)</i> | programs. A successful customer segmentation scheme will support specific messaging, products and services that are more likely to lead to energy saving behaviors.   | and will support the Commission's goal of achieving 25% customer participation by year-end 2011. For example, as market transformation occurs in the CFL arena, and as refrigerator replacement criteria impact future savings potential, the results of this LIEE Household Targeting Study will facilitate identification and outreach to eligible and willing customers, thereby enhancing program cost effectiveness. Usage-based segmentation will help define the size of the market eligible for relatively more expensive measures such as cooling measures. |  |
| Reach Plus   | PG&E requests authorization to add \$10 m per year (\$30 million total) to continue the REACH PLUS program to address the emergency assistance needs of low-income customers. The REACH PLUS program was created in response to the July 2006 Heat Storm. | The REACH PLUS program will enable customers who are suffering economic hardships to be assisted. In combination with the current economic downturn (high prices of gas, increasing costs of fuel) this additional funding will assist in the continuing unmet need of assistance. The REACH PLUS program was highly successful, assisting approximately 40,000 customers over the last 18 months.   | The current REACH PLUS funds have been exhausted.  |
| Funding Flexibility  | PG&E further requests authorization to carry forward or carry back funding into 2009, 2010 or 2011 during the 3-year funding cycle to promote seamless  | This flexibility will enable the utilities to make necessary adjustments among appliance purchases, weatherization measures, marketing, training,  | Prior to 2007, the Commission had provided full flexibility to the utilities to shift funds among program categories as needed to achieve program objectives. In |

| Proposal   | Description  | Benefits   | Current Practice   |
|--|--|--|--|
| Funding Flexibility ( <i>continued</i> )           | program delivery to customers throughout the 2009-2011 timeframe. PG&E requests full authority to shift funds among program categories in 2009, 2010 and 2011.   | and other activities to efficiently achieve 25 percent of the Commission's programmatic initiative by 2011.  | Decision 06-12-038, the Commission restricted movement of funds among measurement and evaluation, general administration, and the regulatory compliance categories   |
| Measurement and Evaluation (M&E) Carryover Funding | M&E impact studies cannot begin until after the program year is complete and 1 full year of post-billing data is available, yet the study should be planned during the implementation year, and funds are requested with the program implementation year implementation budgets. PG&E requests permission to carry-over funding for authorized M&E studies across program years and program cycles | Allowing multi-year M&E funding to be carried over allows study planning to occur and consultants to be hired. The most successful M&E studies are planned during program implementation so that all appropriate data can be collected and tracked. This is even more important for multi-utility studies. | Un-spent carry-over funds are required to be applied toward energy efficiency measure categories.  |
| Gas/Electric Expense Allocations                   | PG&E is proposing to update its LIEE electric/gas expense ratio for 2009-2011 to 62/38 which is based on a forecast of gas and electric LIEE measures to be installed in 2009-2011.  | The change in the electric/gas expense ratio more closely alligns the revenue collection with the forecast of measure installation in the 2009-2011 LIEE Program.  | Currently, the LIEE expense electric / gas expense ratios are 70/30 electric / gas, respectively.  |
| Gas/Electric LIEE Expense Reporting                | PG&E will record 2009-2011 LIEE expenses consistent adopted electric/gas expense ratio adopted in this proceeding.   | This proposed method is consistent with the method adopted for the recording of EE measures.   | Currently, PG&E records the measures based on actual expenses with certain measures such as education being split between electric and gas. Administration costs are recorded based on the electric/gas expense ratio. |
| PG&E will meet the Commissions 25% goal            | PG&E proposes a methodology to calculate 25% of its willing and eligible LIEE customers that is  | This methodology includes the 10% unwillingness factor from KEMA's 2007 Needs Assessment   | In 2007, PG&E treated 63,319 customer homes.   |

| Proposal   | Description  | Benefits   | Current Practice   |
|--|--|--|--|
| PG&E will meet the Commissions 25% goal <i>(continued)</i> | based on the following formula: (the number of estimated eligible customers derived using the Commission-approved demographic method from PUMS census data) minus (10% unwilling to participate, factor from KEMA Needs Assessment) minus (LIEE customers treated since 2002) minus (LIHEAP customers treated since 2002) = 25%. | Study. Utilities do not have data on unwilling customers and will track this number so that they can better estimate unwilling customers in the next application. The methodology also includes all customers treated by LIEE and LIHEAP since 2002, when many new measures were added into the LIEE program. Since LIHEAP customers also get all feasible measures and the two programs offer most of the same measures, LIHEAP customers are not expected to require additional services under LIEE. This method offers a realistic calculation of the 25% goal, which PG&E's 2009-2011 program and budget proposes to exceed. |  |
| Statewide LIEE Tagline                                     | PG&E, working with the other IOUS, will develop a tagline by mid July. This tagline will be used with its existing Energy Partners name for the LIEE program to promote statewide awareness of LIEE.   | The new program tagline will be used in all customer communications, including advertising, collateral, and website. The tagline will help reach low-income customers with interest in lowering energy bills and increasing home comfort. The utilities will develop a program tagline with consideration on how it will translate into other languages. The utilities have contracted with an advertising agency to test concepts in the respective service areas through focus groups, mall  | Each utility has its own name for the LIEE program. PG&E does not use the LIEE name with its customers to avoid any stigma or barriers associated with "low income." PG&E does not currently have a marketing plan for the LIEE program. Currently, low-income customers are made aware of the LIEE program through a wide range of methods including, but not limited to: door to door canvassing, telemarketing, television, radio, news print, customer referrals, internet and referrals from other low-income |

| Proposal                              | Description   | Benefits   | Current Practice   |
|---------------------------------------|---|--|--|
| Statewide LIEE Tagline<br>(continued) |   | intercepts, and online communications, and expect to present a recommended program tagline to the Commission by July 14, 2008. Implementation of the new statewide program tagline will facilitate the integration and visibility of the LIEE program  | assistance programs  |
| Integration                           | PG&E's 2009-2011 LIEE program is integrated with CARE, Energy Efficiency, CSI, Demand Response, LIHEAP, and other agencies and programs offering low income services. | Integration with other programs and agencies, as well as within PG&E, creates efficiencies that helps to minimize costs, allowing LIEE services to be delivered to more low income customers. For example, PG&E LIEE program managers meet frequently with LIEE program managers at the other IOUs to share successful program practices and discuss LIEE strategies, research and outreach. The utilities conduct joint evaluations and market research studies, with input from Energy Division. PG&E shares enrollment data regarding customers in joint utility areas with the other utility so that qualifying low-income customers can be automatically enrolled with no additional paperwork or income verification. Additionally, the IOUs jointly host quarterly public meetings on both the LIEE and the CARE programs | PG&E shares data with CARE and the other IOUs.                   |
| Section 8 Housing                     | Enrolling qualified public housing tenants in the LIEE program is a   | Tenants will be made aware of LIEE and CARE programs at the  | Currently customers are signed up on a case by case basis. We do |

| Proposal   | Description   | Benefits  | Current Practice  |
|--|---|---|---|
| Section 8 Housing ( <i>continued</i> )           | high priority for PG&E. PG&E LIEE program staff will work with Public Housing in its service area to integrate LIEE enrollment into the enrollment and intake process of the Public Housing in their service area.  | time they apply for public housing.   | not work with Public Housing to enroll tenants at the time of their application for public housing  |
| Rescind 3-measure minimum required to treat home | PG&E proposes to do away with the three-measure minimum criteria for treating a home. Under this rule of the current program, a home must qualify to receive a minimum three measures (or a refrigerator) in order to participate in the LIEE program. PG&E will assess and install all qualifying homes for all measures under the program for which they qualify. | Allows more homes to be treated, including homes that only receive one commodity (either gas or electricity) from PG&E. Increases leveraging opportunities with LIHEAP and other agencies.  | In the current LIEE program, a home must qualify to receive a minimum three measures (or a refrigerator) in order to participate in the LIEE program. |
| Increased LIEE Budget                            | PG&E proposes a 3-year budget of \$422,338,000 for the 2009-2011 period. This budget includes the \$30 million for REACH PLUS.  | <p>Increased budget will allow PG&amp;E to meet goal serving of 25 percent (300,000) of PG&amp;E's low-income eligible and willing customers by 2011.</p> <p>PG&amp;E believes that the requested level of funding provides the optimal balance between the important and increasingly visible benefits that the LIEE program provides to our customers, and the ongoing need to keep rates low and stable.</p> | Budget for 2008 is \$77,733,500<br>Homes treated Goal for 2008 is 58,200  |
| Competitive Bid                                  | PG&E will release a Request for   | PG&E continues to seek  | PG&E routinely bids out the   |

| Proposal                           | Description  | Benefits  | Current Practice   |
|------------------------------------|--|---|--|
| Competitive Bid <i>(continued)</i> | Proposal (RFP) for a competitive bid for the prime administration of the LIEE program for the 2009-2011 program years. | additional contractors who have project management experience and other organizations who might be interested in bidding for either the PMF or the implementation portion of the program. PG&E will send out invitations to all contractors on the list asking them to respond if they are interested in bidding on the Project Management piece of the contract. Once the PMF has been selected, the PMF will be required to bid the actual installation and appliance delivery/recycling part of the program. | administration of its LIEE program. The LIEE program administrator competitively bids out program implementation work and hires the program contractors. Currently, Richard Heath and Associates, Inc (RHA) is the prime contractor and is the result of a competitive bid. In 2008 PG&E extended its bid with RHA, per Commission approval. |

**PACIFIC GAS AND ELECTRIC COMPANY**

**APPENDIX B**

Attachment B-1

**PY 2009 - 2011 CARE Proposed Program Budget  
Pacific Gas and Electric Company**

| <b>CARE Budget Categories</b>                | <b>2008 Authorized</b> | <b>2009 Planned</b> | <b>2010 Planned</b> | <b>2011 Planned</b> |
|--|------------------------|---------------------|---------------------|---------------------|
| <b>Outreach</b>                              | \$ 5,032,000           | \$ 5,500,000        | \$ 5,700,000        | \$ 5,900,000        |
| <b>Proc., Certification and Verification</b> | \$ 1,600,000           | \$ 1,800,000        | \$ 1,900,000        | \$ 2,000,000        |
| <b>Information Tech./Programming (1)</b>     | \$ 300,000             | \$ 300,000          | \$ 300,000          | \$ 300,000          |
| <b>Pilots (2)</b>                            | \$ -                   | \$ -                | \$ 75,000           | \$ -                |
| <b>Measurement and Evaluation</b>            | \$ -                   | \$ -                | \$ -                | \$ -                |
| <b>Regulatory Compliance</b>                 | \$ 100,000             | \$ 105,000          | \$ 110,000          | \$ 115,000          |
| <b>General Administration</b>                | \$ 300,000             | \$ 500,000          | \$ 525,000          | \$ 550,000          |
| <b>CPUC Energy Division Staff</b>            | \$ 100,000             | \$ 206,000          | \$ 206,000          | \$ 206,000          |
| <b>Cooling Centers (3)</b>                   | \$ 300,000             | \$ 350,000          | \$ 400,000          | \$ 450,000          |
| <b>Total Expenses</b>                        | \$ 7,732,000           | \$ 8,761,000        | \$ 9,216,000        | \$ 9,521,000        |
| <b>Subsidies and Benefits (4)</b>            | \$ 459,327,860         | \$ 461,250,651      | \$ 470,115,337      | \$ 479,707,435      |
| <b>Total Program Costs and Discounts</b>     | \$ 474,791,860         | \$ 478,772,651      | \$ 488,547,337      | \$ 498,749,435      |

(1) Note: Includes Automatic Enrollment budget of \$150K.

(2) Note: Includes the Recertification and Post Enrollment Survey of \$75K in 2010.

(3) Note: Includes Cooling Centers as approved in Advice 3220-E-A.

(4) Note: Subsidy costs are the most recent projections, and will vary based on actual volumes and the Weighted Average Cost of Gas (WACOG).

Attachment B-2

**PY 2009 - 2011 CARE Estimated Participation  
Pacific Gas and Electric Company**

|          | Total<br>Enrolled<br>12-31-07 | Total Enrolled<br>Through<br>March 2008 | PY 2008<br>Estimated<br>Eligible | Estimated<br>Net PY 2008<br>Enrollments | Estimated<br>Year End PY<br>2008<br>Participation | Estimated<br>PY 2008<br>Goal Rate | Estimated<br>PY 2009 Net<br>Enrollments | Estimated<br>Year End PY<br>2009<br>Participation | Estimated<br>PY 2009<br>Goal Rate<br>(a) | Estimated<br>PY 2010 Net<br>Enrollments | Estimated<br>Year End PY<br>2010<br>Participation | Estimated<br>PY 2010<br>Goal Rate<br>(a) | Estimated PY<br>2011 Net<br>Enrollments | Estimated<br>Year End PY<br>2011<br>Participation | Estimated<br>PY 2011<br>Goal Rate<br>(a) |
|----------|-------------------------------|---|----------------------------------|---|---|-----------------------------------|---|---|--|---|---|--|---|---|--|
| (Source) | (1)                           | 4/21/08 RD<br>Report                    | (2)                              | (3)                                     | (Col. B+E)  | (Col. F/D)                        | (2)                                     | (Col. F+H)  | (Col. I/D)                               | (2)                                     | (Col. I+K)  | (Col. L/D)                               | (2)                                     | (Col. L+N)  | (Col. O/D)                               |
|          | 1,107,733                     | 1,113,005                               | 1,528,221                        | -36,228                                 | 1,071,505   | 70%                               | 9,000                                   | 1,080,505   | 71%                                      | 22,000                                  | 1,102,505   | 72%                                      | 22,500                                  | 1,125,005   | 74%                                      |

(a) Estimated PY2009, PY2010 and PY2011 Goal Rate will fluctuate based on updated CARE Eligibility information to be filed October 2008, October 2009 and October 2010.

(1) CARE Annual Reports, dated 5/1/08

(2) Each utility's estimate based on eligibility rates filed.

(3) Most recent estimates of net enrollments.

Attachment B-3

**PY 2007-2008 CARE Outreach and Penetration Information  
Pacific Gas and Electric Company**

| <b>CARE PY 2007</b>                            |                   |  |  |   |
|--|-------------------|--|--|---|
| <b>Outreach Method</b>                         | <b>Total Cost</b> | <b>Estimated # of Customers Reached <sup>1</sup></b> | <b>Estimated # of Customers Enrolled</b> | <b>Percent of New Enrollments for PY 2007</b> |
| Bill inserts                                   | \$344,344         | 12,350,000   | 23,834                                   | 9.3%  |
| Community Outreach Contractors (COCs)          | \$68,235          | N/A  | 4,549                                    | 1.8%  |
| Direct mail                                    | \$1,341,326       | 3,324,109  | 68,346                                   | 26.7%   |
| Ethnic media                                   | \$100,000         | N/A  | N/A                                      | N/A   |
| Leveraging with other California utilities     | \$0               | N/A  | 6,629                                    | 2.6%  |
| Leveraging with other PG&E low-income programs | \$0               | N/A  | 12,986                                   | 5.1%  |
| Leveraging with PG&E employees                 | \$10,343          | 20,000   | 1,093                                    | 0.4%  |
| Local office partnerships                      | \$2,000           | N/A  | 6,871                                    | 2.7%  |
| Multi-cultural event participation             | \$72,563          | N/A  | 426                                      | 0.2%  |
| Public assistance organization partnerships    | \$2,912           | N/A  | 327                                      | 0.1%  |
| Website promotion                              | \$0               | N/A  | 12,209                                   | 4.8%  |
| Welcome packet insert                          | \$56,296          | 1,680,000  | 35,466                                   | 13.8%   |

| <b>CARE PY 2008 <sup>2</sup></b>               |                   |  |  |   |
|--|-------------------|--|--|---|
| <b>Outreach Method</b>                         | <b>Total Cost</b> | <b>Estimated # of Customers Reached <sup>1</sup></b> | <b>Estimated # of Customers Enrolled</b> | <b>Percent of New Enrollments for PY 2008</b> |
| Bill inserts                                   | \$395,541         | 9,853,000  | 18,000                                   | 7.5%  |
| Community Outreach Contractors (COCs)          | \$75,000          | N/A  | 5,000                                    | 2.1%  |
| Direct mail                                    | \$1,841,263       | 4,090,981  | 91,928                                   | 38.3%   |
| Ethnic media                                   | \$225,000         | N/A  | N/A                                      | N/A   |
| Leveraging with other California utilities     | \$0               | N/A  | 6,500                                    | 2.7%  |
| Leveraging with other PG&E low-income programs | \$0               | N/A  | 13,000                                   | 5.4%  |
| Leveraging with PG&E employees                 | \$15,000          | 50,000   | 1,000                                    | 0.4%  |
| Local office partnerships                      | \$2,500           | N/A  | 6,800                                    | 2.8%  |
| Multi-cultural event participation             | \$100,000         | N/A  | 400                                      | 0.2%  |
| Online enrollment                              | \$250,000         | N/A  | 10,000                                   | 4.2%  |
| Public assistance organization partnerships    | \$14,000          | N/A  | 250                                      | 0.1%  |
| Website promotion                              | \$0               | N/A  | 12,000                                   | 5.0%  |
| Welcome packet insert                          | \$80,000          | 1,440,000  | 35,000                                   | 14.6%   |

<sup>1</sup> It is not possible to estimate the number of customers reached via the methods marked N/A.

<sup>2</sup> 2008 information is estimated.

**Attachment B-4**  
**Summary of PG&E CARE Program Proposals for 2009, 2010, and 2011**

| <b>Proposal</b>   | <b>Description</b>  | <b>Benefits</b>   | <b>Current Practice</b>  |
|---|---|---|--|
| 1. Same residential program requirements for sub-metered tenants.   | Change certification period of sub-metered tenants from one year to two years and require them to go through post enrollment verification process.  | Reduce number of eligible customers dropped for non-response; reduce program costs.   | All sub-metered tenants are recertified annually except sub-metered tenants with fixed income which are recertified every four years.  |
| 2. Two years certification period for CARE Expanded Programs.   | Change the certification period for CARE Expanded Programs from one year to two years.  | Reduce number of eligible customers dropped for non-response; reduce program costs.   | All facilities of Expanded Programs are recertified annually.  |
| 3. In order to help qualified customers remain on the CARE program, PG&E proposes a survey research study to understand 1) which customers do not respond to multiple recertification and post-enrollment income verification requests, 2) why they do not recertify or provide income documentation, and 3) how PG&E can overcome these barriers to their continued participation. | PG&E will conduct a survey research study of CARE customers not responding to recertification and post enrollment verification requests. PG&E will utilize experienced in-language survey researchers as well as community agencies having local knowledge of their communities and the trust of their clients. | PG&E will learn more about the reasons customers do not recertify or post-verify and find ways to address those reasons, helping to maintain current CARE enrollment rates. | PG&E customers self certify. PG&E post-verifies a percentage of CARE customers, requiring them to submit income documentation. PG&E requires all CARE customers to recertify periodically. Customers who do not respond to requests to recertify or post-verify income are dropped from the program. |
| 4. Develop process for automatically qualifying tenants of public housing and Section 8 housing.  | Recommendation not to move forward with automatic enrollment of public housing and Section 8 housing tenants, and instead recruit public housing agencies as CARE   | Increase enrollment; reduce program costs; maintain program integrity; overcome obstacles to partnering with HUD.   | Although CARE has partnered with PHAs in the past, CARE has been unable to enroll qualifying tenants of public housing and Section 8 throughout the past year.   |

|   |   |   |  |
|---|---|---|--|
|   | Community Outreach Contractors.   |   |  |
| 5. CARE program budget increase.  | Increase outreach budget for: the mailing of bill inserts; conducting direct mail initiatives; conducting radio, television and print media campaigns within the major CARE program ethnic markets.   | Increase program awareness and enrollment.  | In 2008, CARE is not implementing the Refer-a-Friend direct mail initiative; not conducting television, radio and print media campaigns within all major CARE program ethnic markets; cutting costs in other aspects of outreach to compensate for the increased bill insert costs, printing, and postage. |
| 6. Change allocation of CARE administrative cost between electric and gas to 80/20. | Consistent with the currently adopted practice from D.89-07-062, PG&E allocates the CARE administrative costs between electric and gas in proportion to the 20 percent discounts received by CARE customers in the previous year. For 2009-2011, PG&E is assigning 80 percent of the CARE administrative costs to electric and 20 percent to gas. | Compliance with D.89-07-062. Administrative cost allocation will be in proportion to the discounts received by customers in PY 2006-2008. | The current allocation of CARE administrative costs between electric and gas is 65/35.   |
| 7. Continue funding and reallocation of budget funds.                               | Continue funding for PY2009 if the Commission is delayed in issuing a decision and for flexibility in managing the funds each program year.   | Allows non-disrupted services to CARE participants and ability to respond to changing needs within program activities without delays.     | Currently authorized.  |

**PACIFIC GAS AND ELECTRIC COMPANY**  
**APPENDIX C**

**PY 2009 - 2011 CARE and LIEE Rate Impacts - Electric (cents/kWh)**  
**Pacific Gas and Electric: Table C-1 Bundled Electric Rates**

| <b>PY 2009</b>                | <b>Average Rate<br/>Excluding<br/>CARE/LIEE<br/>Surcharge</b> | <b>CARE<br/>Subsidy<br/>Portion of<br/>Rate</b> | <b>CARE<br/>Administration<br/>Portion of Rate</b> | <b>LIEE<br/>Program<br/>Portion of<br/>Rate</b> | <b>LIEE<br/>Administration<br/>Portion of Rate</b> | <b>Total<br/>CARE/LIEE<br/>Surcharge</b> | <b>Average Rate<br/>Including<br/>CARE/LIEE<br/>Surcharge</b> |
|-------------------------------|---|---|--|---|--|--|---|
| <b>Residential (non CARE)</b> | 16.00   | 0.52  | 0.01   | 0.08  | 0.01   | 0.62                                     | 16.62   |
| <b>Residential (CARE)</b>     | 8.58  | 0.00  | 0.00   | 0.08  | 0.01   | 0.09                                     | 8.66  |
| <b>Commercial</b>             | 15.45   | 0.52  | 0.01   | 0.08  | 0.01   | 0.62                                     | 16.07   |
| <b>Industrial</b>             | 11.36   | 0.52  | 0.01   | 0.07  | 0.01   | 0.60                                     | 11.97   |
| <b>Agricultural</b>           | 12.57   | 0.52  | 0.01   | 0.07  | 0.01   | 0.60                                     | 13.18   |
| <b>Lighting</b>               | 15.54   | 0.02  | 0.00   | 0.09  | 0.01   | 0.11                                     | 15.66   |
| <b>System</b>                 | 13.15   | 0.48  | 0.01   | 0.07  | 0.01   | 0.57                                     | 13.71   |

| <b>PY 2010</b>                | <b>Average Rate<br/>Excluding<br/>CARE/LIEE<br/>Surcharge</b> | <b>CARE<br/>Subsidy<br/>Portion of<br/>Rate</b> | <b>CARE<br/>Administration<br/>Portion of Rate</b> | <b>LIEE<br/>Program<br/>Portion of<br/>Rate</b> | <b>LIEE<br/>Administration<br/>Portion of Rate</b> | <b>Total<br/>CARE/LIEE<br/>Surcharge</b> | <b>Average Rate<br/>Including<br/>CARE/LIEE<br/>Surcharge</b> |
|-------------------------------|---|---|--|---|--|--|---|
| <b>Residential (non CARE)</b> | 16.00   | 0.52  | 0.01   | 0.11  | 0.01   | 0.65                                     | 16.65   |
| <b>Residential (CARE)</b>     | 8.54  | 0.00  | 0.00   | 0.11  | 0.01   | 0.12                                     | 8.66  |
| <b>Commercial</b>             | 15.45   | 0.52  | 0.01   | 0.12  | 0.01   | 0.65                                     | 16.11   |
| <b>Industrial</b>             | 11.36   | 0.52  | 0.01   | 0.09  | 0.01   | 0.63                                     | 11.99   |
| <b>Agricultural</b>           | 12.57   | 0.52  | 0.01   | 0.09  | 0.01   | 0.63                                     | 13.20   |
| <b>Lighting</b>               | 15.54   | 0.02  | 0.00   | 0.12  | 0.01   | 0.15                                     | 15.69   |
| <b>System</b>                 | 13.15   | 0.48  | 0.01   | 0.10  | 0.01   | 0.59                                     | 13.74   |

| <b>PY 2011</b>                | <b>Average Rate<br/>Excluding<br/>CARE/LIEE<br/>Surcharge</b> | <b>CARE<br/>Subsidy<br/>Portion of<br/>Rate</b> | <b>CARE<br/>Administration<br/>Portion of Rate</b> | <b>LIEE<br/>Program<br/>Portion of<br/>Rate</b> | <b>LIEE<br/>Administration<br/>Portion of Rate</b> | <b>Total<br/>CARE/LIEE<br/>Surcharge</b> | <b>Average Rate<br/>Including<br/>CARE/LIEE<br/>Surcharge</b> |
|-------------------------------|---|---|--|---|--|--|---|
| <b>Residential (non CARE)</b> | 16.00   | 0.52  | 0.01   | 0.12  | 0.01   | 0.66                                     | 16.66   |
| <b>Residential (CARE)</b>     | 8.54  | 0.00  | 0.00   | 0.11  | 0.01   | 0.12                                     | 8.66  |
| <b>Commercial</b>             | 15.45   | 0.52  | 0.01   | 0.12  | 0.01   | 0.66                                     | 16.11   |
| <b>Industrial</b>             | 11.36   | 0.52  | 0.01   | 0.09  | 0.01   | 0.63                                     | 12.00   |
| <b>Agricultural</b>           | 12.57   | 0.52  | 0.01   | 0.09  | 0.01   | 0.63                                     | 13.21   |
| <b>Lighting</b>               | 15.54   | 0.02  | 0.00   | 0.13  | 0.01   | 0.15                                     | 15.70   |
| <b>System</b>                 | 13.15   | 0.48  | 0.01   | 0.11  | 0.01   | 0.60                                     | 13.75   |

| <b>PY 2008<br/>Current<br/>5/1/2008 Rates</b> | <b>Average Rate<br/>Excluding<br/>CARE/LIEE<br/>Surcharge</b> | <b>CARE<br/>Subsidy<br/>Portion of<br/>Rate</b> | <b>CARE<br/>Administration<br/>Portion of Rate</b> | <b>LIEE</b> |  | <b>Total<br/>CARE/LIEE<br/>Surcharge</b> | <b>Average Rate<br/>Including<br/>CARE/LIEE<br/>Surcharge</b> |
|---|---|---|--|-------------|--|--|---|
| <b>Residential (non CARE)</b>                 | 16.00   | 0.52  | 0.01   | 0.07        |  | 0.60                                     | 16.60   |
| <b>Residential (CARE)</b>                     | 8.59  | 0.00  | 0.00   | 0.07        |  | 0.07                                     | 8.66  |
| <b>Commercial</b>                             | 15.45   | 0.52  | 0.01   | 0.08        |  | 0.60                                     | 16.06   |
| <b>Industrial</b>                             | 11.36   | 0.52  | 0.01   | 0.06        |  | 0.59                                     | 11.95   |
| <b>Agricultural</b>                           | 12.57   | 0.52  | 0.01   | 0.06        |  | 0.59                                     | 13.16   |
| <b>Lighting</b>                               | 15.54   | 0.02  | 0.00   | 0.08        |  | 0.10                                     | 15.64   |
| <b>System</b>                                 | 13.15   | 0.48  | 0.01   | 0.07        |  | 0.55                                     | 13.70   |

Table C-1 - Gas

**PY 2009 - 2011 CARE and LIEE Rate Impacts - Gas (cents/Therm)**  
**Pacific Gas and Electric Company**

| <b>PY 2009</b>                  | <b>Average Rate<br/>Excluding<br/>CARE/LIEE<br/>Surcharge</b> | <b>CARE<br/>Subsidy<br/>Portion of<br/>Rate</b> | <b>CARE<br/>Administration<br/>Portion of Rate</b> | <b>LIEE Program<br/>Portion of<br/>Rate</b> | <b>LIEE<br/>Administration<br/>Portion of Rate</b> | <b>Total<br/>CARE/LIEE<br/>Surcharge</b> | <b>Average Rate<br/>Including<br/>CARE/LIEE<br/>Surcharge</b> |
|---------------------------------|---|---|--|---|--|--|---|
| Residential (non CARE)          | \$1.338   | \$0.022   | \$0.000  | \$0.013                                     | \$0.001  | \$0.037                                  | \$1.375   |
| Residential (CARE)              | \$1.074   | \$0.000   | \$0.000  | \$0.013                                     | \$0.001  | \$0.015                                  | \$1.088   |
| Core Small Commercial           | \$1.183   | \$0.022   | \$0.000  | \$0.007                                     | \$0.001  | \$0.030                                  | \$1.213   |
| Core Large Commercial           | \$0.955   | \$0.022   | \$0.000  | \$0.015                                     | \$0.001  | \$0.039                                  | \$0.994   |
| Noncore Industrial Distribution | \$0.112   | \$0.022   | \$0.000  | \$0.004                                     | \$0.000  | \$0.027                                  | \$0.139   |
| Noncore Industrial Transmission | \$0.024   | \$0.022   | \$0.000  | \$0.002                                     | \$0.000  | \$0.025                                  | \$0.049   |
| Noncore Industrial Backbone     | \$0.010   | \$0.022   | \$0.000  | \$0.002                                     | \$0.000  | \$0.025                                  | \$0.035   |
| Agricultural (1)                | N/A   | N/A   | N/A  | N/A   | N/A  | N/A                                      | N/A   |
| Lighting (2)                    | N/A   | N/A   | N/A  | N/A   | N/A  | N/A                                      | N/A   |
| System (3)                      | N/A   | N/A   | N/A  | N/A   | N/A  | N/A                                      | N/A   |

| <b>PY 2010</b>                  | <b>Average Rate<br/>Excluding<br/>CARE/LIEE<br/>Surcharge</b> | <b>CARE<br/>Subsidy<br/>Portion of<br/>Rate</b> | <b>CARE<br/>Administration<br/>Portion of Rate</b> | <b>LIEE Program<br/>Portion of<br/>Rate</b> | <b>LIEE<br/>Administration<br/>Portion of Rate</b> | <b>Total<br/>CARE/LIEE<br/>Surcharge</b> | <b>Average Rate<br/>Including<br/>CARE/LIEE<br/>Surcharge</b> |
|---------------------------------|---|---|--|---|--|--|---|
| Residential (non CARE)          | \$1.338   | \$0.022   | \$0.000  | \$0.018                                     | \$0.001  | \$0.042                                  | \$1.380   |
| Residential (CARE)              | \$1.074   | \$0.000   | \$0.000  | \$0.018                                     | \$0.001  | \$0.020                                  | \$1.093   |
| Core Small Commercial           | \$1.183   | \$0.022   | \$0.000  | \$0.010                                     | \$0.001  | \$0.033                                  | \$1.216   |
| Core Large Commercial           | \$0.955   | \$0.022   | \$0.000  | \$0.020                                     | \$0.002  | \$0.044                                  | \$0.999   |
| Noncore Industrial Distribution | \$0.112   | \$0.022   | \$0.000  | \$0.006                                     | \$0.000  | \$0.029                                  | \$0.141   |
| Noncore Industrial Transmission | \$0.024   | \$0.022   | \$0.000  | \$0.003                                     | \$0.000  | \$0.026                                  | \$0.050   |
| Noncore Industrial Backbone     | \$0.010   | \$0.022   | \$0.000  | \$0.003                                     | \$0.000  | \$0.026                                  | \$0.036   |
| Agricultural                    | N/A   | N/A   | N/A  | N/A   | N/A  | N/A                                      | N/A   |
| Lighting                        | N/A   | N/A   | N/A  | N/A   | N/A  | N/A                                      | N/A   |
| System                          | N/A   | N/A   | N/A  | N/A   | N/A  | N/A                                      | N/A   |

| <b>PY 2011</b>                  | <b>Average Rate<br/>Excluding<br/>CARE/LIEE<br/>Surcharge</b> | <b>CARE<br/>Subsidy<br/>Portion of<br/>Rate</b> | <b>CARE<br/>Administration<br/>Portion of Rate</b> | <b>LIEE Program<br/>Portion of<br/>Rate</b> | <b>LIEE<br/>Administration<br/>Portion of Rate</b> | <b>Total<br/>CARE/LIEE<br/>Surcharge</b> | <b>Average Rate<br/>Including<br/>CARE/LIEE<br/>Surcharge</b> |
|---------------------------------|---|---|--|---|--|--|---|
| Residential (non CARE)          | \$1.338   | \$0.022   | \$0.000  | \$0.019                                     | \$0.002  | \$0.043                                  | \$1.381   |
| Residential (CARE)              | \$1.074   | \$0.000   | \$0.000  | \$0.019                                     | \$0.002  | \$0.020                                  | \$1.094   |
| Core Small Commercial           | \$1.183   | \$0.022   | \$0.000  | \$0.010                                     | \$0.001  | \$0.033                                  | \$1.217   |
| Core Large Commercial           | \$0.955   | \$0.022   | \$0.000  | \$0.021                                     | \$0.002  | \$0.045                                  | \$1.000   |
| Noncore Industrial Distribution | \$0.112   | \$0.022   | \$0.000  | \$0.006                                     | \$0.000  | \$0.029                                  | \$0.141   |
| Noncore Industrial Transmission | \$0.024   | \$0.022   | \$0.000  | \$0.003                                     | \$0.000  | \$0.026                                  | \$0.050   |
| Noncore Industrial Backbone     | \$0.010   | \$0.022   | \$0.000  | \$0.003                                     | \$0.000  | \$0.026                                  | \$0.036   |
| Agricultural                    | N/A   | N/A   | N/A  | N/A   | N/A  | N/A                                      | N/A   |
| Lighting                        | N/A   | N/A   | N/A  | N/A   | N/A  | N/A                                      | N/A   |
| System                          | N/A   | N/A   | N/A  | N/A   | N/A  | N/A                                      | N/A   |

(1) PG&E does provide gas rate schedules for agricultural service.

(2) PG&E does not provide gas rate schedules for lighting service.

(3) Not applicable due to varying levels of procurement, storage and transmission unbundling between gas customer classes.

Attachment C-2

**PY 2007 Customer Usage  
Pacific Gas and Electric Company**

|  |                   | Electric |         |         |         |         |        | Gas     |                |                |
|--|-------------------|----------|---------|---------|---------|---------|--------|---------|----------------|----------------|
|  |                   | Total    | Tier 1  | Tier 2  | Tier 3  | Tier 4  | Tier 5 | Total   | Below Baseline | Above Baseline |
| <b>Number of CARE Customers <sup>1</sup></b>           | <b>2007 Total</b> |          |         |         |         |         |        |         |                |                |
|  | <b>January</b>    | 931,701  | 396,537 | 136,114 | 211,340 | 122,987 | 64,723 | 824,195 | 368,377        | 455,818        |
|  | <b>February</b>   | 936,328  | 454,125 | 141,674 | 200,487 | 99,701  | 40,341 | 828,383 | 535,838        | 292,545        |
|  | <b>March</b>      | 934,390  | 504,088 | 142,081 | 183,983 | 78,541  | 25,697 | 823,207 | 475,546        | 347,661        |
|  | <b>April</b>      | 927,859  | 478,835 | 145,576 | 190,500 | 83,973  | 28,975 | 815,272 | 227,034        | 588,238        |
|  | <b>May</b>        | 928,501  | 463,779 | 145,760 | 195,275 | 90,878  | 32,809 | 808,007 | 328,755        | 479,252        |
|  | <b>June</b>       | 923,736  | 422,420 | 143,027 | 207,410 | 109,973 | 40,906 | 797,260 | 416,428        | 380,832        |
|  | <b>July</b>       | 922,809  | 385,634 | 137,714 | 214,317 | 130,132 | 55,012 | 792,086 | 465,328        | 326,758        |
|  | <b>August</b>     | 930,245  | 383,945 | 138,966 | 217,965 | 133,360 | 56,009 | 796,165 | 468,484        | 327,681        |
|  | <b>September</b>  | 934,000  | 445,144 | 146,233 | 205,094 | 102,267 | 35,262 | 803,201 | 428,940        | 374,261        |
|  | <b>October</b>    | 933,869  | 508,160 | 145,062 | 180,678 | 75,504  | 24,465 | 819,826 | 299,334        | 520,492        |
|  | <b>November</b>   | 928,471  | 445,133 | 146,372 | 206,376 | 97,844  | 32,746 | 832,133 | 399,886        | 432,247        |
|  | <b>December</b>   | 923,772  | 396,900 | 135,395 | 211,958 | 123,078 | 56,441 | 820,328 | 451,608        | 368,720        |
|  |                   | Total    | Tier 1  | Tier 2  | Tier 3  | Tier 4  | Tier 5 | Total   | Below Baseline | Above Baseline |
| <b>Number of Customers Served by LIEE <sup>2</sup></b> | <b>2007 Total</b> |          |         |         |         |         |        |         |                |                |
|  | <b>January</b>    | 48,284   | 19,619  | 7,488   | 11,470  | 6,447   | 3,260  | 45,451  | 20,941         | 24,510         |
|  | <b>February</b>   | 48,978   | 23,111  | 7,872   | 10,960  | 5,158   | 1,877  | 46,063  | 30,654         | 15,409         |
|  | <b>March</b>      | 49,546   | 26,473  | 8,006   | 10,031  | 3,954   | 1,082  | 46,302  | 27,326         | 18,976         |
|  | <b>April</b>      | 49,949   | 25,984  | 8,264   | 10,268  | 4,216   | 1,217  | 46,492  | 12,489         | 34,003         |
|  | <b>May</b>        | 50,388   | 25,386  | 8,301   | 10,822  | 4,521   | 1,358  | 46,432  | 18,191         | 28,241         |
|  | <b>June</b>       | 50,664   | 23,180  | 8,410   | 11,680  | 5,610   | 1,784  | 46,229  | 23,195         | 23,034         |
|  | <b>July</b>       | 50,780   | 21,281  | 8,060   | 12,278  | 6,828   | 2,333  | 46,054  | 26,303         | 19,751         |
|  | <b>August</b>     | 50,756   | 21,302  | 8,014   | 12,404  | 6,735   | 2,301  | 45,905  | 26,159         | 19,746         |
|  | <b>September</b>  | 50,537   | 24,849  | 8,164   | 11,069  | 4,978   | 1,477  | 45,936  | 24,146         | 21,790         |
|  | <b>October</b>    | 50,081   | 28,249  | 7,586   | 9,363   | 3,845   | 1,038  | 45,990  | 16,343         | 29,647         |
|  | <b>November</b>   | 49,482   | 24,766  | 7,808   | 10,759  | 4,739   | 1,410  | 45,883  | 21,279         | 24,604         |
|  | <b>December</b>   | 48,785   | 21,799  | 7,324   | 11,009  | 6,078   | 2,575  | 45,582  | 25,768         | 19,814         |

<sup>1</sup> Excludes master-metered and solar customers. This total shows the highest tier reached each month by all customers on CARE that month.

<sup>2</sup> This total shows the highest tier reached by each customer treated by LIEE in 2007 (regardless of which month they were counted as treated). Total number of 2007 LIEE customers fluctuates monthly due to customers moving into or out of LIEE-treated residences. Total does not include master-metered customers.

**PY 2009-2011 Projected Customer Usage and Eligibility  
Pacific Gas and Electric Company**

|                 |                                  | <b>PY 2007</b>   | <b>PY 2009 <sup>2</sup></b>  | <b>PY 2010 <sup>2</sup></b>  | <b>PY 2011 <sup>2</sup></b>  |
|-----------------|----------------------------------|--|--|--|--|
|                 |                                  | <b>Number of<br/>CARE<br/>Customers in<br/>PY2007 <sup>1</sup></b> | <b>Estimated<br/>Number of<br/>Customers<br/>Treated by<br/>LIEE in PY<br/>2009 <sup>3</sup></b> | <b>Estimated<br/>Number of<br/>Customers<br/>Treated by<br/>LIEE in PY<br/>2010 <sup>3</sup></b> | <b>Estimated<br/>Number of<br/>Customers<br/>Treated by<br/>LIEE in PY<br/>2011 <sup>3</sup></b> |
| <b>Electric</b> | <b>Tier 1 *</b>                  | 243,820  |  |  |  |
|                 | <b>Tier 2 *</b>                  | 121,209  | 28,560   | 39,270   | 39,270   |
|                 | <b>Tier 3 *</b>                  | 223,577  | 19,040   | 26,180   | 26,180   |
|                 | <b>Tier 4 *</b>                  | 158,200  |  |  |  |
|                 | <b>Tier 5 *</b>                  | 67,229   | 20,400   | 28,050   | 28,050   |
|                 | <b>Total</b>                     | <b>814,035</b>   | <b>68,000</b>  | <b>93,500</b>  | <b>93,500</b>  |
|                 |                                  |  |  |  |  |
| <b>Gas</b>      | <b>Tier 1 (Below Baseline) *</b> | 162,139  | 17,480   | 24,035   | 24,035   |
|                 | <b>Tier 2 (Above Baseline) *</b> | 553,147  | 58,520   | 80,465   | 80,465   |
|                 | <b>Total</b>                     | <b>715,286</b>   | <b>76,000</b>  | <b>104,500</b>   | <b>104,500</b>   |

\* PG&E proposes to combine electric customer usage into 3 usage levels to determine their LIEE participation for 2009-2011. Electric Tiers 1-2 (or all customers below 130% of baseline) are Low Users; customers between 131% and 200% of baseline (Tier 3) are Medium Users; and customers above 200% (Tiers 4-5) are High Users. Gas customer participation in LIEE is based on Gas Tier 1 or 2 usage. Customer Tier usage is defined as the highest tier reached two times or more in the previous 12-month period. These projected targets are PG&E's best estimates.

<sup>1</sup> CARE customers from February 2007-March 2008. Excludes master-metered customers, solar customers, and customers with less than six months of usage.

<sup>2</sup> PY2007 CARE customers are listed here as a proxy for LIEE willing and eligible customers. The LIEE baseline of willing and eligible customers is determined by the methodology described in Section III.A of the LIEE 2009-2011 testimony. Willing and eligible customer methodology is also described in Table A-3.

<sup>3</sup> Gas and Electric customer totals include gas-only, electric-only and gas-and-electric-combination customers. Therefore, the totals for each are not additive.

**PACIFIC GAS AND ELECTRIC COMPANY**  
**APPENDIX D**

## Attachment A.10-01

### LIEE Microwaves – Meals on Wheels Program Implementation Plan

#### 1. Pilot or Study Budget Table

| Years | Units | Per Unit        | Cost      |
|-------|-------|-----------------|-----------|
| 2009  | 1500  | @ \$50 per unit | \$75,000  |
| 2010  | 1500  | @ \$60 per unit | \$90,000  |
| 2011  | 2000  | @ \$60 per unit | \$120,000 |

#### 2. Projected Pilot Impacts Table

| Appliance                | Temperature | Time       | Energy     | Cost  |
|--------------------------|-------------|------------|------------|-------|
| Electric Oven            | 350         | 1 hour     | 2.0 kWh    | \$.16 |
| Electric Convection Oven | 325         | 45 minutes | 1.39 kWh   | \$.11 |
| Gas Oven                 | 350         | 1 hour     | .112 therm | \$.07 |
| Electric Frying Pan      | 420         | 1 hour     | .9 kWh     | \$.07 |
| Toaster Oven             | 425         | 50 minutes | .95 kWh    | \$.08 |
| Electric Crockpot        | 200         | 7 hours    | .7 kWh     | \$.06 |
| Microwave Oven           | "High"      | 15 minutes | .36 kWh    | \$.03 |

“This table from the Consumer Guide to Home Energy Savings compares the cost of cooking a casserole in several ways. It assumes the cost of gas is \$.60 a therm, and electricity is \$.08 a kWh.” (California Energy Commission - [consumerenergycenter.org](http://consumerenergycenter.org))

The Meals on Wheels program delivers one hot meal daily and two frozen meals on Fridays for weekend consumption in most areas. In some far reaching rural counties all meals are delivered frozen once per week. The interim energy savings values are based on seven meals a week, 365 meals a year and are preliminary until the conclusion of this pilot where an M & E Study can be completed.

#### 3. Brief Pilot or Study Description

“Microwave ovens use less energy (up to 80% less) than conventional ovens. In addition to saving energy, microwave ovens generally cook food much faster, and don’t generate as much heat in your kitchen, so you could save on air conditioning costs during the summer. However, microwaves aren’t appropriate for all cooking, for example, they can cook food unevenly and they can’t brown food. Microwaves are especially good for small portions and leftovers.” (energystar.gov, answer ID 3026, 3/12/07)

Microwave ovens are not well suited to cooking large-sized portions, and full-size ovens don't efficiently cook small quantities of food. The primary objective of this pilot project is to work with the Meals on Wheels Program in local communities to install energy saving microwaves. Microwave ovens will be installed in customer homes (seniors and disabled) that are already enrolled in the Meals on Wheels for program years 2009-2011. Our goal will be to install up to 5,000 microwave oven units in program years 2009-2011. The Microwaves-Meals on Wheels pilot program focuses on the elderly, homebound, frail or at-risk population and contributes to their overall well being by providing new microwave ovens to heat their prepackaged or frozen meal.

#### **4. Pilot or Study Rationale and Expected Outcome**

Microwave ovens impact both total energy use and demand. Therefore, the expected outcome will produce energy savings for seniors and disabled customers that will result in lower energy bills and less demand on the grid. Additionally, the coordination with local community Meals on Wheels programs applies to the 2009-2011 LIEE integration efforts.

#### **5. Pilot or Study Implementation**

We will be partnering with the Meals on Wheels program to solicit customers who may benefit from a microwave where they currently don't have one. We will also take this opportunity to serve these customers through the LIEE Program. We are still determining which organization will deliver and install the new microwave. The installation company will inform the customer on how to operate the microwave. PG&E is also looking in to different styles of microwaves that creates an ease of functionality to best meet the customer needs.

## Attachment A.10-02

### LIEE Pilot for East Bay Habitat for Humanity

#### 1. Pilot or Study Budget Table

|      |           |
|------|-----------|
| 2009 | \$100,000 |
| 2010 | \$100,000 |
| 2011 | \$100,000 |

#### 2. Projected Pilot Impacts Table

Energy Savings for this pilot will be based on the specific measures that are installed in each home.

#### 3. Brief Pilot Description

Partner with Habitat for Humanity to promote energy efficiency for low income customers. PG&E anticipates negotiating a third party contract with Habitat for Humanity (HFH) to provide LIEE services to customers that qualify for both LIEE and HFH projects.

#### 4. Pilot Rationale and Expected Outcome

This pilot project will allow Habitat for Humanity homes to receive energy efficient measures. Since these are low income homes, this will assist families by lowering their energy usage and monthly energy bills. The families will also receive an energy education so that they can learn how to read their bills and other ways they can conserve energy.

#### 5. Pilot Implementation

PG&E will utilize the PG&E training center to provide training on installation of weatherization measures, marketing and education.

The process flow will be as follows:

- HFH will locate homes that fit their rehabbing efforts
- HFH will verify and qualify the customer into the LIEE program
- Provide LIEE Marketing and Education
- Provide the installation of LIEE weatherization measures
- Provide the installation of HFH measures
- Promote the home as a LIEE and HFH effort
- Invoice PG&E for all work within the normal LIEE invoicing process

Along with these above efforts, PG&E will also provide a community blitz effort to neighboring customers of the HFH effort and provide the LIEE and CARE programs.

## **Attachment A.10-03**

### **City of San Jose Partnership (Silicon Valley Energy Watch, City of San José Housing Department, and City of San José Strong Neighborhoods)**

#### **PG&E LIEE Leveraging Pilot Project Implementation Plan**

##### **1. Pilot or Study Budget Table**

| <b>Years</b> | <b>Units</b> | <b>Cost</b> |
|--------------|--------------|-------------|
| 2009         | -            | -           |
| 2010         | -            | -           |
| 2011         | -            | -           |

##### **2. Projected Pilot Impacts Table**

Work in progress

##### **3. Brief Pilot or Study Description**

Expand community awareness about (1) energy efficiency and (2) PG&E LIEE resources in San José Strong Neighborhood Initiative, particularly among minority and English Language-learning groups. Help connect eligible residents in the Strong Neighborhood Initiative (SNI) with PG&E's LIEE resources. Educate San José Strong Neighborhood Initiative residents about environmental sustainability generally, and energy efficiency specifically. Compliment two existing City of San José neighborhood programs that currently focus on multi-family housing and issues of health and safety. This program will allow the City of San José and PG&E to partner in meeting a community need. This partnership will provide a comprehensive approach to community well-being and sustainability that brings together physical safety, economic security, empowerment, and environmental sustainability. All of these must be enacted at the individual and community levels simultaneously in order to be successful.

##### **4. Pilot or Study Rationale and Expected Outcome**

Marketing Component: all marketing will be tri-lingual (English, Spanish, and Vietnamese) and other languages where needed, as determined by the Strong Neighborhood Initiative staff. Modes of outreach: Direct mailings will be sent to residents, explaining the LIEE program and the partnership between the City of San José and PG&E to expand the program's reach. This will include application and follow up instructions. Neighborhood community meeting presentations + Sign up on site: Trained Strong Neighborhood Initiative staff and community leaders, as well as PG&E LIEE staff, will discuss the program, answer

questions, and have materials for residents and property owners to sign up on site. Existing marketing infrastructure: neighborhood block captains, monthly neighborhood meetings, newsletters from schools, and community events will serve as forums to educate residents about energy efficiency and market the program. The project will provide an educational component (one or more) by working with PG&E's Energy Training Center to develop a list of common energy efficiency measures, their associated energy savings, and financial payback timelines. This should be developed in the three major languages (English, Spanish, and Vietnamese) and will be included in the original mailings as well as available at related events. Possibly include one or more Demonstration Homes: ask residents who utilize the program to offer their electric bills one year prior and one year post measures, and thereafter present the results to the community. Neighborhood case studies and testimonials should be available from residents who complete the program. Hold one environment fair per neighborhood. Include articles about energy efficiency and environmental sustainability (climate change, water conservation, automobile maintenance for improved fuel efficiency, etc) into existing community and school newsletters. Establish neighborhood-wide KWH reduction goals and report on their progress. Include an environmental component in other community events, such as National Night Out and neighborhood cleanups. Combine with other Green elements – e.g. the City of San José Code Enforcement program is dispensing \$1,000 grants (recipients must have volunteers) to take out lawns and put in native / drought resistant plants.

## **5. Pilot or Study Implementation**

The program will have a three-year reach, focusing on two neighborhoods per year. Project Alliance and Pilot Areas: These six neighborhoods represent two ongoing projects of targeted, comprehensive neighborhood revitalization. Project Alliance neighborhoods are Jeanne/Forestdale, Virginia/King, and Roundtable; Pilot Area neighborhoods are Seven Trees, Silver Leaf, and Hillsdale/Camden. City and Redevelopment Agency staff have extensive relationships with residents and community leaders in these neighborhoods, and are familiar with the neighborhoods' strengths and weaknesses. Eligibility Gap filling: for the many residents who are ineligible for the LIEE program due to income limits, the City of San José Housing Department, Silicon Valley Energy Watch, and the Community Action Agency of San Mateo will partner to develop measures and a program that will meet many of these households' energy efficiency needs. This two-tiered program will help to create a seamless Residential Energy Efficiency System of Care for low income residents. In terms of finished product, residents should not know the difference between having measures installed by PG&E or by the affiliate City of San Jose program. This will help to make the pilot a more equitable project, but will not impact the reliability of the LIEE component. Questions and considerations: ask about Duplexes and make sure everything that's switched out is taken back (e.g. old refrigerators).

## **Attachment A.10-04**

### **LIEE Group Energy Education Workshop Project Implementation Plan**

#### **1. Pilot or Study Budget Table**

| <b>Years</b> | <b>Units</b> | <b>Cost</b> |
|--------------|--------------|-------------|
| 2009         | 1500         | \$202,500   |
| 2010         | 1750         | \$253,125   |
| 2011         | 2000         | \$303,750   |

#### **2. Projected Pilot Impacts Table**

As part of the 2008 energy education pilot program, PG&E has requested that each community organization create and submit to PG&E a participant survey to collect data, (i.e. demographic, account information) so that in the future, PG&E may be able to conduct an evaluation or study to determine workshop energy savings. At the conclusion of the 2008 pilot, PG&E hopes to receive the necessary funding to complete an M&E study.

#### **3. Brief Pilot Description**

For program year 2008, the LIEE team has contracted with three local community based organizations to pilot the Energy Education workshop program, these agencies are: Glenn County Human Services Agency, Redwood Community Action Agency and Amador-Tuolumne Community Action Agency. For program years 2009-2011 PG&E would like to expand this pilot to any community based organizations that would like to participate in this program. The energy education workshops will determine whether or not energy education outreach is a viable energy conservation measure for inclusion in the Energy Partners program. The energy education pilot focuses on rural areas or counties where the need exceeds the capability of both the LIHEAP agency and the Energy Partners program on an annual basis. Participating in these workshops does not preclude a customer from participating in either program. Our goal will be to provide energy education to 5000 customers for program years 2009-2011.

#### **4. Pilot Rationale and Expected Outcome**

The workshops shall address customers' energy usage, utility bill assessment and energy saving practices. The objective is to have participants adopt energy saving behaviors which results in lowering their energy bills. Additionally, the coordination with local community organizations applies to the 2009-2011 LIEE integration efforts.

## **5. Pilot Implementation**

PG&E will conduct training at the PG&E Energy Training Center for all participating organizations. Through a ‘Train the Trainer’ program, participants will deliver training throughout their community organizations and begin conducting energy education workshops with PG&E customers. Each organization shall have up to six of its employees who have been designated as trainer and recruiter attend a PG&E one day train the trainer class designed to provide trainers with the tools to introduce energy education and low cost energy efficiency measures to low-income families. PG&E will inform all organizations of date, time and location of training class. Organizations shall only have their staff members who have successfully completed the PG&E training class recruit participants in their service areas for the workshops and then conduct workshops.

Organizations shall conduct the workshops at their facilities using the PG&E-approved course curriculum from the Action Plan. Organizations shall utilize PG&E brochures and visual aids during the workshops. At the conclusion of each workshop, organizations shall provide each household participant a PG&E reusable tote bag. Organizations shall have participants complete and return the Participant Survey at the end of each workshop.

## **6. Evaluation**

Each participating community based organization is surveying energy education participants to collect data, i.e. demographic and account information. PG&E believes that appropriately delivered energy education helps customers lower bills and reduce greenhouse gas emissions by teaching them how they can take control of their own energy usage. PG&E already delivers in-house energy education as part of the LIEE program portfolio of services.

As part of this Application, PG&E is proposing to study energy education and behavior change in a joint utility study. Survey information gathered by the Group Education CBOs will be available to study consultants as they perform the statewide study. The results of this study will help PG&E enhance curriculum and training for group education.

## Attachment A.10-05

### ON-LINE (OFF-SITE) PG&E LIEE/ENERGY PARTNERS TRAINING PILOT STUDY

#### 1. Projected Budget Table

| Years | Cost      |
|-------|-----------|
| 2009  | \$150,000 |
| 2010  | \$150,000 |
| 2011  | \$150,000 |

#### 2. Projected Impacts

Projected program impacts are contingent upon funding through the CPUC and final design criteria. Goal of the pilot is to explore what LIEE training conducted on-site at the PG&E Energy Training Center in Stockton California can be moved to a web-based and/or off-site curriculum.

#### 3. Brief Description Including Support of Long Term Strategic Plan

##### Program Summary

In support of the Long-Term Strategic Plan's vision that "By 2020, California's LIEE workforce is trained and engaged to provide the human capital necessary to achieve California's economic energy efficiency and demand-side management potential," PG&E hopes to implement a variety of field staff development strategies that encourage and nurture the development of green collar jobs and attitudes through a new Workforce Development strategy.

This program will be integrated into the current LIEE PG&E Energy Partners Program Energy Specialists Certification Training. Specifically the pilot will allow evaluation of the effectiveness of selected topics for on-line training in lieu of sending all students to a single location for all elements of the certification program. The integration of an on-line training component may prove to be a potential savings to the participating Energy Partners contractor with regards to the costs associated with the training of the energy specialist. The ETC will continue to be the source for on-site laboratory, workshop, and materials driven training.

##### Strategic Plan Actions

Upon acceptance of the pilot program contract the selected software developer will deliver a beta version of the training within 120 days for testing purposes. Software content will be determined by the ETC training staff, invited participants such as PG&E or other utility program managers or the EPP administrator, and the developer. This pilot is estimated to last 6 months from the date of implementation.

#### 4. Rationale and Expected Outcome

Energy Partners today faced with an unprecedented challenge: provide by the year 2020 an outreach effort that will touch all identified low income households. Additionally the program needs to accomplish the outreach in fiscally responsible manner. The sheer number of contacts requires reevaluation of the current training and delivery by Energy Specialists in hopes of achieving this goal.

Based upon the diverse Energy Specialist candidates on-line training will allow the individual to absorb the required material at their speed of comprehension.

PG&E's Energy Training Center – Stockton (ETC) will continue to play a key role in the Energy Education Specialists training, building upon it's current role as a provider of high quality and objective classes that focus on specific, state of the art strategies for reducing energy use by the low income residential customer.

The Energy Partners Program is expected to enroll, educate and weatherize more and more units yearly to satisfy the 2020 target goals. On-line off-site certification training could potentially free up space on the ETC calendar allowing for additional classes in the program year.

As this is a pilot project the outcome is unknown. It is, however, expected that the knowledge gained will provide guidance and direction for syllabus and curriculum development for the next generation on-line training that may be a required element of Energy Partners Energy Specialist certification training.

## **5. Implementation**

The intent is to simultaneously run the on-line pilot (beta version) and the current certification training. Certification students enrolled in a class with the on-line element will also attend the ETC for appropriate sessions that require use of the extensive labs, props, and materials unique to the facilities. Student success with the on-line training will be evaluated through observation and performance during their participation in the ETC portion of the certification training.

On-line students will be given a finite amount of time (to be determined) to complete the assignments and take, and pass the quizzes and finals. Quizzes will be topic specific. The final exam or exams will be based on the quizzes. Final exam pass rate will be 70% as is with current and historical standards followed in the Energy Specialist Certification Training. Different methods of proctoring final exam or exams will be explored to ensure accuracy and student compliance.

PG&E will play an integral roll in this assessment, which will identify areas of training infrastructure and capacity, as well as help in anticipating future program training and delivery needs.

## **6. Marketing, Education and Outreach**

This pilot education project will be extended to a sampling of current Energy Partners contactors. Both private contractors and community based organizations (CBOs) will be invited to join the pilot. Those contractors selected will be expected to be proactive in the ongoing development of the pilot, including but not limited to review of on-line material with students, experiences with the training, and suggesting for modifications.

**Attachment A.10-06**  
**City of San Joaquin (Fresno County)**  
**Portfolio Implementation Plan – LIEE Pilot Project**

**1. Projected Program Budget Table**

|                        | Non-Resource  |  |  | Resource   |  |                |
|------------------------|---------------|--|--|--|--|----------------|
|                        | Admin         |  |  | Direct Install (Labor + Materials + Education + Marketing) |  | Total          |
| 2009                   | 20,000        |  |  | 144,000  |  | 164,000        |
| 2010                   | 20,000        |  |  | 144,000  |  | 164,000        |
| 2011                   | 10,000        |  |  | 72,000   |  | 82,000         |
| <b>2009-2011 Total</b> | <b>50,000</b> |  |  | <b>350,000</b>   |  | <b>410,000</b> |

**2. Projected Program Impacts Table**

Projected kW (summer peak, noncoincident peak, peak reduction using load factor per savings goals), kWh and Therm impacts (all net and by calendar year)

|                      | kW           | kWh            | Therms        |
|----------------------|--------------|----------------|---------------|
| 2009                 | 31.80        | 125,650        | 4574.8        |
| 2010                 | 31.80        | 125,650        | 4574.8        |
| 2011                 | 15.90        | 62,825         | 2287.4        |
| <b>2009-11 Total</b> | <b>79.50</b> | <b>314,125</b> | <b>11,437</b> |
|                      |              |                |               |

**Unit Goal –**  
2009- 200 dwellings  
2010- 200 dwellings  
2011- 100 dwellings

**3. Brief Pilot Description**

The San Joaquin Pilot Project (SJPP) was developed in response to the directive by the CPUC Decision that all eligible customers should be given the opportunity to participate in Low Income Energy Efficiency (LIEE) programs by 2020. Targeting the hardest-to-reach in rural communities, the SJPP is a low-income energy efficiency pilot project between Pacific Gas and Electric (PG&E) and the City of San Joaquin (City) of Fresno County. The goal of this leveraging project is to demonstrate the

effectiveness of a city-utility partnership model that empowers rural municipal governments, with hard-to-reach low-income customers, to take a leadership role in integrating utility energy efficiency programs and services into their portfolio of city services, resulting in increased participation, education and awareness, and municipal leadership.

The SJPP objectives include increasing LIEE residential direct install participation, and creating behavioral change. The strategic initiatives to be employed to achieve the goal and objectives include Residential Direct Installation, Training and Education, and Funneling.

#### **4. Pilot Rationale and Expected Outcomes**

The City is a small, closely knit, rural community in the Central Valley. The majority of its 3,623 residents are of Hispanic descent, many of which are non-English speakers and agricultural workers. Additionally, there is a high rate of poverty, low rates of high school graduation, and a small tax base with which to finance community public services. These characteristics have traditionally served as barriers.

PG&E's existing programs have had notable success over the past decade, nearly 50% penetration of residential dwellings by LIEE efforts. Many of these homes were reached up to 10 years ago and are now eligible for the next generation of efficiency upgrades. The SJPP will focus on reaching the hardest to reach, who have not responded to traditional marketing, outreach and lead generation methods. This involves tapping into the unique relationships of the City Manager, local community members, Health Clinic, School District, churches and services groups.

This pilot project proposes a means of addressing these barriers and reaching the remaining eligible LIEE customers. Through local official leadership and community leader support, this model provides PG&E the opportunity to leverage existing city resources to increase awareness levels and recruit greater participation. In addition, the program proposes the identification and training of local residents to assist contractors in completing the local audit program, while providing a means to sustain the city's energy service needs beyond the implementation period of this program.

#### **5. Implementation**

The City of San Joaquin's "City Rehabilitation Project" will be an instrumental part in the implementation of this pilot project. This rehabilitation project, funded through State CDBG grant funds, will utilize a local contractor to perform residential retrofits, installing utility approved energy efficiency measures into residential homes. Contractors working in the rehabilitation project will work with PG&E's LIEE team to implement the residential direct install program. Consistent with the LIEE standards, the contractor will address specific end-use requirements such as

weatherization, lighting, HVAC systems, attic insulation and water heating and also provide energy education and address safety issues.

PG&E will certify the contractor prior to any work performed. This will require utilizing existing PG&E training programs for contractor certification. This will ensure that services provided meet the same standards required and upheld by other PG&E contractors. All Energy Efficiency measures installed through this pilot will be installed and inspected according to the existing Policies and Procedures, and statewide LIEE Installation Standards (LIS) manual.

With a city unemployment rate of 27%, workforce investment and training opportunities are essential to building the local capacity for sustainability. As the pilot project progresses, the contractor will work with the City to identify local residents to become apprentices. These residents will be trained through PG&E to assist in the implementation of the residential direct installation efforts under this project.

ME&O will also play a key role in this pilot project and will be implemented through the San Joaquin Energy Partnership program. Through the assistance of local organizations such as the Los Promodores, the City will take the leadership in educating residents and increasing awareness on energy efficiency services provided under the LIEE program. In addition, working with PG&E, the City will use local channels and resources to distribute energy education material to residents. Through City council meetings, community events and neighborhood gatherings, the City will collaborate with local officials and community energy champions to advance the energy efficiency message and increase overall knowledge-base levels within the City.

In an effort to deliver integrated energy services, this pilot project will use a combination of energy education and direct installation of energy efficient technologies. As a low income city, the financial resources available to residents to fully embrace energy efficiency are limited. This will be the first step in instilling an energy ethic into the community, which in the long run will lead to behavioral modification on a community wide basis.

## Attachment A.10-07

### LIEE High Efficiency Clothes Washer Pilot Implementation Plan

#### 1. Pilot or Study Budget Table

| Planned Units installed in 2009 | Cost per unit<br>(installation, delivery and<br>recycling of old unit<br>included) | Total Budget |
|---------------------------------|--|--------------|
| 1000                            | \$750  | \$750,000    |

#### 2. Projected Pilot Impacts Table

| Savings Table           | Standard washer | High Efficiency Washer |
|-------------------------|-----------------|------------------------|
| Water Usage Per Load    | 41 Gallons      | 23 Gallons             |
| Gas Usage Per Load      | .08 Therms      | .05 Therms             |
| Electric Usage Per load | 0.21 KWh        | 0.14 KWh               |

Source:

[http://www.energystar.gov/ia/business/bulk\\_purchasing/bpsavings\\_calc/CalculatorConsumerClothesWasher.xls](http://www.energystar.gov/ia/business/bulk_purchasing/bpsavings_calc/CalculatorConsumerClothesWasher.xls)

##### Water Savings:

The single best thing you can do to improve clothes washer efficiency is to replace an old inefficient machine with a new high efficiency washer. Traditional clothes washers use approximately 41 gallons per load (gpl) while high efficiency machine use only 23 gpl. This equates to an average savings of 7,000 gallons of water a year. Over the eleven-year life of the washer, that's enough water to provide a lifetime of drinking water for six people.

##### Energy Savings:

*Electric:* A standard Clothes Washing machine uses 420 KWh/year. A HE2 Clothes washing machine uses an average of 165 KWh per year. This equates to an average savings of 259 KWh per year for each washer replaced.

*Gas:* A standard Clothes Washing machine uses .08 Therms/load. A HE2 Clothes washing machine uses an average of .05 Therms/load. This equates to an average savings of .03 Therms per load. The average family runs 7.5 loads per week.

##### Air Pollution:

There is a reduction of 435 lbs. of CO<sup>2</sup> over the life of a single HE Clothes Washer.

#### 3. Brief Pilot or Study Description

The LIEE High Efficiency Clothes Washer Pilot will target single family homes that are enrolled in the LIEE program in year 2009. It will be available to homeowners with a household of 5 or more people. A specific area will be identified for this pilot. That area is yet to be determined. Our goal will be to install 1000 HE washing machines in PY 2009.

#### **4. Pilot or Study Rationale and Expected Outcome**

High Efficiency Washers not only save Energy, in the form of Therms and KWh, but also save water. This aligns perfectly with the Commission's request to identify projects that we look not only at energy savings but also water savings.

PG&E will utilize Energy Specialists to qualify potential customers for this pilot. The Energy Specialists will be able to qualify the customers at the time of their LIEE energy education and assessment.

Due to the extreme savings in both energy and water, our low income customers should notice a decrease in their utility bills as well as their water bill.

#### **5. Pilot or Study Implementation**

Currently PG&E has three appliance contractors that deliver and install energy efficient refrigerators to our LIEE customers. Additionally our implementation contractors install the room air conditioners and evaporative coolers. For this project, we have yet to determine whether we will deliver these clothes washers through a separate contract or through the prime contractor.

*Energy Savings Source: [www.energystar.gov](http://www.energystar.gov)*

## Attachment A.10-08

### Low Income Energy Efficiency Smart AC Project Implementation Plan

#### 1. Pilot or Study Budget Table

| Units                     | Cost | PY 2009 Total |
|---------------------------|------|---------------|
| p/yr 2009available 5,500  | -    | -             |
| p/yr 2010 available 7,000 | -    | -             |
| p/yr 2011 available7,000  | -    | -             |

#### 2. Projected Pilot Impacts Table

**Energy Savings:** Proposal to leverage with the Smart AC program as an effort to integrate Demand Response into the LIEE Program. Energy savings will be accounted for under the Smart AC Demand Response program.

#### 3. Brief Pilot or Study Description

Currently within the framework of the LIEE Program is an Energy Education which takes place with every customer who is enrolled into the LIEE Program. It is being proposed that during the Education, the Energy Specialist in addition to informing the customer of the LIEE program would take the opportunity to educate the customer in regards to the Smart AC Program. It is being proposed that if the customer has an operating central air conditioning unit, and is willing to be a customer in the Smart AC program that the Energy Specialist would complete the enrollment form, and sign the customer up for the Smart AC Thermostat or Switch. To compensate the Energy Specialist for enrolling a customer into the Smart AC Program, a capitation fee may be distributed to the Energy Specialist for every successful enrollment. The capitation fee will be paid out of the Demand Response and Smart AC budget.

The Smart AC program will supply PG&E LIEE Program Management with all marketing materials related to Smart AC for distribution to the Energy Specialists.

Pacific Gas & Electric Company's LIEE Program is expected to serve 17,000 customers with an operating central air conditioning unit in Program year 2009; 23,375 in Program year 2010; and 23,375 in Program year 2011.

#### 4. Pilot or Study Rationale and Expected Outcome

PG&E's Smart AC gives the customer the power to help their community conserve energy when demand for electricity approaches capacity. The Customer can choose

between two Smart AC technologies, both of which allow PG&E to temporarily reduce the amount of electricity their air conditioner uses, reducing the overall demand for energy in the territory. PG&E will give the customer a \$25 cash reward for every Smart AC device installed.

During summer months, when demand for electricity on California's power system is the greatest, PG&E may send a signal to activate Smart AC. The Smart AC device is activated only during local emergency situations or when the California ISO calls emergency or near-emergency conditions (Stage I, II or III). The system will be activated for no more than 6 hours at a time and for no more than 100 hours per year.

The Customers comfort should not be compromised by Smart AC, as they can go online or call PG&E anytime before or during activation and opt out for the day.

## **5. Pilot or Study Implementation**

The customer can choose between two of the following Smart AC technologies, both of which includes PG&E's customer service.

### Smart AC Switch:

The Smart AC Switch is installed on or near the outside of the customer's air conditioning unit, so it is out of sight and out of mind. When the Smart AC Switch is activated via a radio signal from PG&E, the air conditioner will cycle at half as it normally would — approximately 15 minutes out of each half hour. The system fan will continue to cycle, moving air throughout their home.

The Smart AC Switch is installed by a certified technician and due to the exterior installation location, does not typically require an appointment.

### Smart AC Thermostat:

The fully programmable Smart AC Thermostat replaces the customers existing thermostat and makes conserving energy easy with program schedules for both heating and air conditioning. The customer can also program it over the internet. When the Smart AC Thermostat is activated via a radio signal from PG&E, the temperature on the thermostat will be gradually adjusted upward no more than 4 degrees and for no more than 6 hours.

## Attachment A.10-09

### SmartMeter™ Program - LIEE Education Project

PG&E's LIEE is planning to implement a pilot project to explore ways to utilize SmartMeter™ technology to benefit its low income customers. PG&E's SmartMeter™ will not be fully implemented until 2011, so project plans are preliminary at this time. An SmartMeter™ -LIEE pilot project will not be initiated until 2011.

#### 1. Pilot Budget Table

|                                |          |
|--------------------------------|----------|
| Energy Management<br>Education | \$40,000 |
|--------------------------------|----------|

#### 2. Projected Pilot Impacts Table

No savings data has been captured at this time due to the AMI Initiative not being fully implemented.

#### 3. Brief Pilot Description

The LIEE program will educate customers on how to utilize their new technology to help them understand and better manage their energy usage.

#### 4. Pilot Rationale and Expected Outcome

SmartMeter™ will allow customers to take advantage of prices that vary by time of day – potentially realizing cost savings by shifting use from peak to off-peak. Doing so can reduce the cost of energy procurement and perhaps even help lessen California's growing need for more electric power and power infrastructure.

SmartMeter™ also will reduce the utility's energy purchasing costs by providing financial incentives for customers who voluntarily agree to rates that vary by time of day. This will encourage customers to shift electric use to off-peak periods, when power is cheaper.

#### 5. Pilot Implementation

The LIEE Energy Specialists will be trained on how the SmartMeter™work. During their Energy Education they will teach the customer how to use SmartMeter™ so that they can see their energy usage. They will also distribute material that will explain how the SmartMeter™work and how they can use the technology to help lower their energy usage.

## **Attachment A.10-10**

### **Impact Evaluation of the 2010 Low Income Energy Efficiency (LIEE) Program**

#### **Joint Utility Study**

PG&E, SCE, SDG&E, and SoCalGas (the Joint Utilities) will continue the required two-year program impact review with the Impact Evaluation of the 2010 LIEE Program. The primary objective of the study will be to estimate the first year electric and gas savings by utility, by housing type, and by measure group. Other related program issues will likely be addressed as they arise during the program year. This study will occur in 2011-2012, beginning a year after the completion of the 2010 program year to allow for a full year of post-installation billing data.

#### **1. Study Budget Table**

| <b>Statewide Studies</b>                   | <b>Total Cost</b> | <b>PG&amp;E Cost</b> |
|--|-------------------|----------------------|
| Impact Evaluation of the 2010 LIEE Program | \$600,000         | \$180,000            |

PG&E's portion of the Joint Utility Study is 30%.

While no proposal has been requested or received, the main cost drivers follow:

- Review of program delivery
- Review of prior impact studies and methodologies
- Surveys (onsite, telephone, in person)
- Analysis (billing, statistical)
- Reporting

#### **2. Projected Pilot Impacts Table**

*Not Applicable for Studies*

#### **3. Study Description**

- The Joint Utilities propose to conduct an impact evaluation of the 2010 LIEE program. An impact evaluation would be expected for 2010 if the previous two-year cycle for requiring impact evaluations continues to be followed, with the next mandated study being the 2008 LIEE programs evaluation.
- The LIEE Impact Evaluation of the 2010 LIEE Program will determine energy and demand savings associated with Program Year (PY) 2010.

- An accurate determination of measure savings is critical for guiding program delivery and determining cost effectiveness. Impact, process and related studies facilitate the achievement of the Programmatic Initiative by determining measure savings and improving programs that generate savings. Other related program issues will likely be addressed as they arise during the program year.

#### **4. Study Rationale and Expected Outcome**

- The study will provide a set of energy savings estimates that will be used for reporting purposes. In addition, it will provide informative information on participant energy consumption and characteristics. The study will also provide a comparison with results from previous years.
- Decision 03-10-041 specified that LIEE impact evaluations should occur every two years. Since the Joint Utilities are planning for a 2008 impact evaluation, the next mandated study would be an evaluation of the 2010 program. The impact evaluation will be the primary determinate of program savings, i.e., it will determine LIEE's contribution to providing energy resource benefits to California.
- Although not specifically a goal of impact studies, the reporting of impact results can highlight the role of increased penetration on savings as opposed to the role of deeper household savings.

#### **5. Study Implementation**

- Development of a detailed research plan to be submitted for approval to the joint utilities,
- Development of a sampling plan and weights,
- Data collection and verification,
- Development of a regression model for estimating energy savings,
- Analysis and evaluation of regression results, and
- Presentation of conclusions and recommendations.
- In addition, the study may include customer surveys or other data collection and analysis as approved by the Joint Utilities.
- The study will commence in 2011 and may not be completed until 2012, which will be covered under a subsequent application. We anticipate budgeting up to 70% of the costs in 2011 and the remainder in 2012.

## **Attachment A.10-11**

### **Process Evaluation of the 2009 LIEE Program**

#### **Joint Utility Study**

PG&E, SCE, SDG&E, and SoCalGas (the Joint Utilities) propose to conduct a Process Evaluation of the 2009 LIEE Program to assess the effectiveness of the program and to develop recommendations to program design or delivery that will improve the effectiveness of the program. The primary deliverable is a final report that will present the findings and the recommendations for possible program changes; however, the joint utilities are also seeking usable information and recommendations as the evaluation progresses, so that program managers can get timely feedback.

In addition to assessing the effectiveness of various components of the LIEE program such as outreach, contractor delivery, data tracking, etc., this study will also look at customer behavior and attitudes towards energy saving opportunities. The study will assess customer willingness to participate in energy saving programs, the particular needs of high usage customers, and low income customers response to energy education and communication efforts.

A key component of this process evaluation will explore attitudinal and behavioral aspects of its LIEE and CARE population.

#### **1. Study Budget Table**

| <b>Statewide Studies</b>                    | <b>Total Cost</b> | <b>PG&amp;E Cost</b> |
|---|-------------------|----------------------|
| Process Evaluation of the 2009 LIEE Program | \$250,000         | \$75,000             |

PG&E's portion of the Joint Utility Study is 30%.

#### **2. Projected Pilot Impacts Table**

*Not Applicable for Studies*

#### **3. Brief Study Description.**

Specific objectives of the evaluation include:

- Document program goals, implementation strategies and procedures across utilities.
- Provide real-time feedback to program managers with specific focus on improving program recruitment, delivery and identifying implementation and program design problems for review and modification to ensure program dollars are fully utilized and reach intended participants to achieve the greatest benefit.

- Assess the effectiveness of the program.
- Evaluate areas of customer and trade ally satisfaction/dissatisfaction.
- Identify barriers and obstacles to meeting program goals.
- Characterize attitudes and energy-saving behaviors of targeted customers and assess their willingness to participate in energy saving programs.
- Provide recommendations for improving programs.
- Determine the effectiveness and efficiency of the new program design and operations.
- Assess customer willingness to participate in energy saving programs and how our low income customers respond to Marketing Education & Outreach (ME&O) efforts.
- As a review of program activities during the first year of the 2009-2011 Programmatic Initiative, the process evaluation will play a very important role in evaluating Joint Utility program processes and how they align with the Initiative. The Process Evaluation will also include an education, marketing and outreach component. The Joint Utilities believe that these elements will guide program ME&O by better positioning the Joint Utilities to undertake comprehensive and consistent ME&O efforts through direct and indirect customer contact.

#### **4. Study Rationale and Expected Outcome**

- A process evaluation is recommended by the Joint Utilities because one has not been done for several years, and with the changes in the program, it would be prudent to conduct an evaluation of the effectiveness and efficiency of the program design and operations.<sup>1</sup>
- Furthermore, an assessment of the effectiveness of the program strategy will provide an opportunity to refine and improve delivery and implementation in order to meet the goals of the strategic plan and other initiatives. In addition, understanding customer attitudes toward program messages and energy saving opportunities will inform marketing and outreach plans which will help achieve penetration goals.
- The ME&O components of the Process Evaluation, when integrated into the program, may result in successful low cost and no cost measures with positive energy efficiency potential, increased customer awareness and favorable customer energy outcomes – all which facilitate increased market penetration. The traditional process evaluation will certainly focus on how the goals of the Programmatic Initiative are being met and how the LIEE strategies are supporting those goals in practice.

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<sup>1</sup> The CPUC-adopted *California Energy Efficiency Evaluation Protocols* document states, “It is anticipated that most programs will have at least one in-depth comprehensive process evaluation within each program funding cycle (e.g., 2006-2008), but a program may have more or less studies depending on

## **5. Study Implementation**

- The primary method of data collection for the study will be customer surveys and focus groups along with in-depth interviews with contractors and other trade allies. The specifics of the study will be documented in a research plan to be submitted for approval to the joint utilities by the selected evaluation contractor. Qualitative research will be required to meet the objectives of the process evaluation. Research techniques may include phone and in-depth interviews with program participants, non participants, utility administrators and regulatory stakeholders. The utilities will conduct an RFP for a contractor to conduct the Study Assessment with clearly stated objectives, goals and methodology.

## **Attachment A.10-12**

### **Low Income Non-Energy Benefits Study**

#### **Joint Utility Study**

PG&E, SCE, SDG&E, and SoCalGas (the Joint Utilities) propose a Non-Energy Benefits (NEBs) Study to update the current methodology used by the joint utilities to quantify and assign appropriate non-energy benefits to program measures for the purpose of assessing both program and measure cost-effectiveness. The current methodology was established in 2001 and many of the values used to calculate NEBs are outdated and inappropriate for the current program.

#### **1. Study Budget Table**

| <b>Statewide Studies</b>  | <b>Total Cost</b> | <b>PG&amp;E Cost</b> |
|---------------------------|-------------------|----------------------|
| Non-Energy Benefits Study | \$300,000         | \$90,000             |

PG&E's portion of the Joint Utility Study is 30%.

#### **2. Projected Pilot Impacts Table**

*Not Applicable for Studies*

#### **3. Brief Study Description**

The Joint Utilities propose a Joint Utility Non-Energy Benefits study to quantify the elements of a cost effectiveness analysis, which is a key determinant of program design. Utility personnel and other stakeholders have raised questions about the methods used to develop the current values assigned to non-energy benefits of the programs, which come from a study that is now several years old.

The study will address the following research objectives:

- Provide background on the use of NEBs in cost-effectiveness tests for low-income energy efficiency programs.
- Discuss the effectiveness and appropriate use of the following options in developing NEB values for cost-effectiveness tests: a) review and update values and algorithms in the current model, b) develop a set of factors which would be used to project the energy benefits of LIEE programs to account for the NEBs.
- Provide a methodology for assigning NEBs at the measure level for cost-effectiveness testing.

#### **4. Study Rationale and Expected Outcome**

The current methodology for evaluating the cost-effectiveness of LIEE measures was last established in 2001 and many of the values used to calculate NEBs are outdated and inappropriate for the current program. This study will address that problem and provide an updated methodology for assigning NEBs to LIEE measures. Having a more accurate understanding of the cost-effectiveness of program measures will enable program planning and design.

- A successful NEB study is directly related to the achievement of the Programmatic Initiative by defining and quantifying the non energy contributors to cost effectiveness. As is clear from the Initiative, non-energy benefits as well as resource benefits are key indicators of program success.
- Cost effectiveness is clearly a key determinant of program design, and the Commission recognizes the role of non-energy benefits in the cost effectiveness calculation. Utility personnel and other stakeholders have raised questions about the methods used to develop the current values assigned to non-energy benefits of the programs, which come from a study that is now several years old.
- Having accurate cost effectiveness metrics (i.e., including updated NEBs) can only increase the pool of measures and households eligible for LIEE treatment.

#### **5. Study Implementation**

The study will include several components including the following:

- A comprehensive literature review of the use of NEBs in the energy efficiency industry in general and in low-income programs specifically.
- An assessment of the various options for assigning NEBs to program measures including a full review and update of the current NEBs model and development of a set of efficient factors to be applied to energy savings to estimate the relevant NEBs.
- Development of a methodology to be used by the joint utilities to assign NEBs to LIEE program measures for the purpose of cost-effectiveness testing.
- Public workshops will likely be a part of the process to allow interested parties to contribute to and understand the issues surrounding this important research.

## **Attachment A.10-13**

### **Refrigerator Degradation EUL Study**

#### **Joint Electric Utility Study**

PG&E, SCE, and SDG&E (the Joint Electric Utilities) propose a study of refrigerator retention and efficiency degradation in 2009. The study will combine phone interviews, secondary research, statistical modeling and on-sites when necessary to determine optimal refrigerator replacement criteria.

#### **1. Pilot or Study Budget Table**

| <b>Statewide Studies</b>           | <b>Total Cost</b> | <b>PG&amp;E Cost</b> |
|------------------------------------|-------------------|----------------------|
| Refrigerator Degradation EUL Study | \$200,000         | \$66,660             |

PG&E's portion of the Joint Electric Utilities study is 33.33 percent.

#### **2. Projected Pilot Impacts Table**

*Not Applicable for Studies*

#### **3. Brief Study Description**

Currently, program rules for LIEE require that contractors limit replacements to pre-1993 appliances. 1993 was chosen as an appropriate cut-off because energy efficiency standards that went into effect in 1993 made post -1993 refrigerators much more energy efficient than refrigerators that were manufactured pre-1993. However, in 2008, a refrigerator manufactured in 1993 is already 16 years old. According to DEER, refrigerators have a 15-20 year effective useful life (EUL). The Joint Utilities need to determine the appropriate age at which to replace older, less efficient refrigerators with more energy efficient units through the LIEE program to achieve maximum energy savings.

In 2009, roughly 9-12 percent of low income households in the SCE territory (122,000 to 163,000 households) will be "pre-1993" based on Needs Assessment (HENS) and Residential Appliance Saturation Study (RASS)-based analysis conducted for SCE in January 2008.

Given the primary role of refrigeration savings in the LIEE portfolio, as evidenced in the PY 2005 Impact Study, the Joint Electric Utilities propose to conduct a study of refrigerator retention and efficiency degradation in 2009 to examine appropriate replacement criteria. This study will examine the potential foregone energy savings by maintaining a pre-1993 (energy efficiency standards vintage) rule for appliance replacement.

Research in this area is contemplated exclusively within the residential low income sector and will be planned and executed so that it dovetails with (and is strengthened by) the cumulative data collection and analysis that has already been carried out by SCE and others in evaluating California IOU appliance recycling programs.

#### **4. Study Rationale and Expected Outcome**

Strategy 5 of the LI Section of the California Energy Efficiency Strategic Plan (CEESP) focuses on long-term and enduring energy savings. Given the primacy of refrigerator-derived savings in the LIEE electric portfolio, this Strategy is enhanced by refining LIEE refrigerator replacement criteria. Detailed lifecycle savings associated with refrigeration can assist the program in meeting the energy resource needs of California through the LIEE program.

A successful refrigerator study is directly related to the achievement of the Programmatic Initiative by defining and quantifying the refrigerator energy savings that are currently *not* being achieved in the program under the “pre-1993” refrigerator replacement criteria. Defining and implementing optimal replacement criteria will increase electric savings potential of refrigerators in the LIEE program while supporting the cost-effectiveness of the program.

#### **5. Study Implementation**

The study will include several components including the following:

- Literature review of current and historical appliance recycling studies and refrigeration savings potential and degradation<sup>1</sup>
- Assessment of refrigerator energy efficiency standards
- Statistical analysis of utility program and residential records
- Statistical analysis of secondary data including DOE lab consumption data
- Statistical modeling of appliance unit electric consumption (UECs)

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<sup>1</sup> Including Athens Research working paper on “Refrigerator UEC Vintage, Age, and Other Effects: Implications for the “Pre-1993” Standards Vintage vs. a Return to an Age-based Cutoff for Refrigerator Replacement in LIEE.”

## **Attachment A.10-14**

### **Household Segmentation Study**

#### **PG&E and SCE Study**

PG&E and SCE propose a LIEE Segmentation Study to facilitate identification of eligible customers willing to participate in our LIEE programs. A successful customer segmentation scheme will support specific messages, products and services that are more likely to lead to energy saving behaviors.

This study will directly deliver on the first strategic goal of the Low Income section of the CEESP to develop customer segmentation and will support the Commission's goal of achieving 25% customer participation by year-end 2011.

#### **1. Study Budget Table**

| <b>Statewide Studies</b>          | <b>Total Cost</b> | <b>PG&amp;E Cost</b> |
|-----------------------------------|-------------------|----------------------|
| LIEE Household Segmentation Study | \$200,000         | \$120,000            |

#### **2. Projected Pilot Impacts Table**

*Not Applicable for Studies*

#### **3. Brief Study Description**

PG&E and SCE propose an LIEE Segmentation Study to facilitate identification of eligible customers willing to participate in our LIEE programs. Detailed segmentation analysis will help us to tailor messages, products and services to customers most likely to respond to them.

While various demographic data is available from third party sources that characterize the low income population, similar data that describes what messaging drives energy efficiency awareness and behavior for these customers is much more elusive.

Given the ambitious goals laid out in the Programmatic Initiative, a "one size fits all" strategy is much less likely to provide either energy resources or improve quality of life measures than is a customized initiative based on customer characteristics and preferences identified by a well-designed study.

#### **4. Study Rationale and Expected Outcome**

PG&E and SCE propose an LIEE Segmentation Study to facilitate identification of eligible and willing customers for their LIEE programs. With limited budgets, the utilities have not needed to market their LIEE programs to meet annual goals.. Given the new Commission goal to obtain 25% customer participation by 2011, this study will allow LIEE program managers to target and design tailored outreach strategies for customers most likely to respond to program energy saving efforts.

This Segmentation Study directly links to Strategy 1 of the Low Income Section of the California Energy Efficiency Strategic Plan to develop customer segmentation to improve program delivery and increase opportunities for program participation and energy savings. For example, as market transformation occurs in the CFL arena, and as refrigerator replacement criteria impact future savings potential, the results of this LIEE Household Targeting Study will be used to help the utilities identify and target eligible and willing customers for our LIEE programs. Through enhanced understanding of their needs and desires we will be able to design more appropriate outreach and marketing, thereby increasing program cost effectiveness. Usage-based segmentation will help define the size of the market eligible for relatively more expensive measures such as cooling measures. Population segments that will be studied include (but are not limited to):

- Rural/Urban
- Renter/Owner
- Ethnicity/Language
- Age
- Disability
- Family size
- Climate zone
- Housing type.

PG&E and SCE believe that tailoring program delivery to the most appropriate customer sectors and segments is fundamental to increasing the penetration of the LIEE program. There is no reason to believe that the LIEE target population is any less sensitive to message, product and service variation than are consumers in general.

#### **5. Study Implementation**

The study will include several components:

- Literature review of utility and other relevant low income segmentation methodologies, including results of the KEMA Needs Assessment
- Assessment of successful contemporary utility segmentation strategies

- Quantitative and qualitative research to define and describe segmentation schemes
- Application of the segmentation methodology to utility program data
- Segmentation validation and testing

This study will use various data sources such as demographics, participation records, credit history, weather sensitivity, dwelling structure attributes and utility records, to examine which meaningful subgroups in the low income population are related to:

- Burden
- Vulnerability
- Potential
- Willingness
- Cost effective service focus

These factors, and how they interact and predict one another, will also be explored. In addition to standard segmentation outcomes such as discrete customer clusters, we will examine the consequences for utility and customer interaction to enhance our ability to target and enroll all willing and eligible LIEE customers.

## Attachment B – 5

### CARE Recertification and Post-Enrollment Verification Non-Response Study

PG&E is committed to achieving the Commission's goal of enrolling all CARE-eligible customers who wish to participate in the program. In order to help qualified customers remain on the CARE program, PG&E proposes a study to understand 1) which customers do not respond to multiple recertification and post-enrollment income verification requests, 2) why they do not recertify or provide requested income documentation, and 3) how PG&E can overcome these barriers to their continued participation. PG&E will conduct surveys of CARE customers who failed to recertify or respond to requests for income documentation.

#### 1. Projected Program/Pilot/Study Budget Table

| Study  | Cost     | Year |
|--|----------|------|
| CARE Recertification/Post-enrollment Verification Non-Response Study | \$75,000 | 2010 |

#### 2. Brief Pilot or Study Description

| Proposal   | Description   | Benefits  | Current Practice   |
|--|---|---|--|
| In order to help qualified customers remain on the CARE program, PG&E proposes a study to understand 1) which customers do not respond to multiple recertification requests, 2) why they do not recertify or provide requested income documentation, and 3) how PG&E can overcome these barriers to their continued participation. | PG&E will conduct survey research of CARE customers not responding to Recertification and Post Enrollment Verification requests. PG&E will utilize experienced in-language survey researchers as well as community agencies having local knowledge of their communities and the trust of their clients. | PG&E will learn more about the reasons customers do not recertify or post-verify and find ways to address those reasons, helping to maintain current CARE enrollment rates. | PG&E customers self certify. PG&E post-verifies a percentage of CARE customers, requiring them to submit income documentation. PG&E requires all CARE customers to recertify periodically. Customers who do not respond to requests to recertify or post-verify income are dropped from the program. |

#### 3. Pilot or Study Rationale and Expected Outcomes

In order to help qualified customers remain on the CARE program, PG&E proposes a study to understand which customers do not respond to multiple

recertification requests, why they do not recertify, and how PG&E can overcome these barriers to their continued participation.

PG&E CARE customers self-certify for the CARE program and are enrolled in CARE for a fixed period of two to four years. At the end of their enrollment period, customers are requested to recertify their eligibility to remain on CARE for another multi-year term. Over the last several years, PG&E has continued to explore and decrease barriers to recertification and post-enrollment verification. PG&E has increased automatic enrollment with other utility programs and categorical eligibility opportunities with other public assistance agencies. PG&E has increased in-language enrollment opportunities, simplified applications and streamlined application procedures. In its last CARE program application, PG&E extended the certification period for fixed-income customers from two years to four years.

Nevertheless, CARE recertification and post-enrollment verification non-response rates remain high. As many as 25 percent of PG&E's CARE customers do not respond to recertification requests, and are subsequently dropped from the program. PG&E currently conducts random post-enrollment income verification on approximately 11 percent of incoming CARE applications. On average, 70 percent of these customers fail to respond to the income verification requests and are subsequently dropped from the program.

PG&E believes reasons for non-response are many, and could include:

- Customers who no longer qualify for CARE and do not respond,
- Customers who do not read or speak English and do not understand the recertification or verification requests,
- Customers who procrastinate or misplace the CARE recertification request, and
- Customers who mistrust requests for income or other personal information.

#### **4. Pilot or Study Implementation**

To better help us achieve our goal of enrolling qualified customers, PG&E proposes conducting a survey research study to explore who these customers are and why they fail to respond to requests to recertify CARE participation or verify their income.

PG&E will conduct follow up in-language phone surveys or in-person interviews with customers that did not respond to CARE income verification requests and were subsequently dropped from the program. PG&E will work with a combination of experienced, in-language researchers and community agencies (including PG&E CARE Outreach Contractors) that have local knowledge of their community as well as the trust of their clients to survey and/or interview these

hard-to-reach PG&E CARE customers, elicit actionable responses, and help interpret them and recommend solutions.

PG&E will attempt to determine how many of these customers failed to respond to requests because they did not qualify, and how many were dropped for other reasons, including inability to read or speak English, inability to understand the income verification request, distrust of PG&E's reasons for needing income documentation, unwillingness or inability to provide documentation, and procrastination.

PG&E expects this study to cost \$75,000. The cost of this study includes higher costs for in-language surveys, and the difficulty of successfully reaching this especially hard-to-reach customer segment. An experienced survey research firm will design and implement a research sample plan appropriately segmented for PG&E's CARE population. PG&E will enlist the support and advice of community agencies with local in-language knowledge and experience working with CARE-eligible local populations that are often very hard to reach. PG&E will conduct this study in 2010 so that it can test and implement recommendations in 2010 and 2011.

**PACIFIC GAS AND ELECTRIC COMPANY**  
**APPENDIX E**

**PG&E PY2009-2011 Low Income Programs Application - Public Input Workshop**

Pacific Gas and Electric Company held a public workshop on March 13, 2008 in San Ramon to gather input and discuss its upcoming 2009-2011 Low Income Programs Application for the Low Income Energy Efficiency (LIEE or “Energy Partners”) Program and CARE. A workshop notice was sent to all parties in the service list of Rulemaking 07-01-042, as well as interested contractor and agency contacts.

|   |   |
|---|---|
| <b>LIEE PROGRAM</b><br><br><b>1:00 pm – 3:00 pm</b><br><hr/>  | <b><u>Meeting Location:</u></b><br><br><b>San Ramon Valley Conference Center</b><br><b>3301 Crow Canyon Road</b><br><b>San Ramon, CA 94583</b><br><br><b>Ph (925) 866-7612 / Fx (925) 866-7687</b><br><a href="http://www.sanramonvalleyconferencecenter.com/transportation.htm">http://www.sanramonvalleyconferencecenter.com/transportation.htm</a> |
| <b>CARE PROGRAM</b><br><br><b>3:00 pm – 4:00 pm</b>   |   |
| <b>Teleconference Information:</b> A number is being provided for individuals who wish to call into the meeting. The call-in number is: <b>1-866-325-0587</b> ID: <b>*415 973 2317*</b> |   |

**Workshop Participants**

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|-------------------|--------------------|--------------|--|
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PG&E presented a brief overview of the LIEE and CARE programs. A copy of the workshop presentation is attached. Following the brief presentation, PG&E invited thoughts and discussion from the workshop participants. Following is a summary of the questions and discussion.

### **March 13, 2008 San Ramon Workshop Summary**

**Q:** The presentation flow chart shows that some customers receiving less expensive measures will not be required to show income documentation. Will a Property Owner Waiver still be required for these Fast Track customers?

**A:** A POW will still be required if there is any installation on the property, even for Fast Track customers.

**Q:** What kind of qualifications will Fast Track customers need?

**A:** A Fast Track customer must be on CARE.

**Q:** Is a customer going to get all the listed Measures no matter what?

**A:** All Measures must be feasible for installation, just as they are now.

**Q:** What make a customer qualify for the electric tier levels that he/she is being listed in?

**A:** A customer is assigned a Usage Level (High, Medium, or Low for electric use based on the highest electric tier they reached at least 2 times over the last 12 months usage. For example, an electric customer that reached Tier 4 once, Tier 3 twice, Tier 2 six times and Tier 1 three times over the previous 12 months would be treated as a Tier 3 customer (because Tier 3 was the highest tier they reached at least twice during that period) and assigned to the Medium Usage Level.

**Q:** Why over the last 12 months?

**A:** To give a usage history over both the heating and cooling seasons. We are also looking at requiring that a customer have a 6-month minimum usage history to be treated in LIEE. This gives us at least some portion of both heating/cooling seasonal data. If they don't have 6 months, we could wait-list them and come back to them after they've been a customer for 6 months.

**Q:** What if the Tier 1 & 2 customer is not on CARE or any other LI programs, what do you require?

**A:** The customer has to sign up with CARE. They can sign up with the LIEE contractor.

**Q:** Why not Tiering on Gas Customers?

**A:** We are still looking at gas usage data, but are planning a Tiered approach based on Gas usage as well.

**Q:** How will you handle customers that are only PG&E Gas? Will you give only Gas Measures?

**A:** We're still working on our LIEE gas plans.

**Q:** How will you bundle the measures for different Tiers?

**A:** We're still working out specifics. Basic approach will offer most cost effective measures (highest energy savings for least cost) to all qualifying customers: energy education, lighting, refrigeration. Less cost effective measures offered to customers where they offer most potential for saving energy (high users, specific climate zones or housing types).

**Q:** Re. past 12 month approach. Two households with similar usage may have a different energy usage patterns.

**A:** This is true. We're still exploring options to come up with the most fair criteria. We want to be fair to all customers, but still provide the most cost effective program we can so that we can serve as many customers as possible. Household energy usage is one criteria that can be used to determine what energy efficiency measures/services to provide. Higher users have the most potential for lowering energy use.

**Q:** What is the breakdown in percentage of customers on the Tiers?

**A:** Percentage of low income customers on electric tiers: 44% ==Tiers 1&2; 29% == Tier 3; 27%== Tiers 4&5.

**Q:** What will PG&E do about the Window AC measure? A lot of the ones installed in 2007 were Tier 1&2 customers.

**A:** The LIEE ideas presented today are early draft plans. We're still evaluating tiering and other potential feasibility criteria, including climate zones.

**Q:** For the Gas side, you have Duct Test & Seal as a measure. What about on the Electric side, when you are doing the AC work? Will you do the DTS as well?

**A:** Unknown. We are still looking at measure cost effectiveness, and have not included or excluded DTS yet.

**Q:** So do we still do the duct test and then duct seal?

**A:** Probably, but we are still exploring specific measure criteria and installation practices for the 2009-2011 LIEE program.

**Q:** What is the requirement of the Duct Seal, should we do full/partial seal?

**A:** We are still exploring specific measure criteria and installation practices in order to offer the most cost effective program.

**Q:** Can Energy Specialists who are qualified to do AC Tune Ups do the AC Tune Up when doing the education visit?

**A:** We are still exploring specific measure installation practices.

**Q:** What about measures that are currently installed only in specific climate zones, like AC Tune Up?

**A:** We are still exploring specific measure criteria, but weather-sensitive measures will continue to be offered in climate zones where they are most cost effective. We may propose that some measures be offered in more climate zones.

**Q:** What about the “Whole House Approach;” will full weatherization will be performed on all households at all?

**A:** We are looking at ways to design the program to offer the most feasible and cost effective measures to qualifying customers.

**Q:** Do you have a breakdown by Tiers re customers who have Central AC or not?

**A:** We have LIEE participant data re central AC (and other measures) that we use to derive percents re LI customers. We also have data from RASS and the KEMA Needs Assessment showing how many customers have/need measures. We are looking at what other census/market data may be available to segment customer need.

**Q:** Any Measures that you planned on opening up the climate zone on? Right now what about Ceiling Fan?

**A:** We’re still assessing climate zone data.

**Q:** Any consideration on measure pay scale changes?

**A:** We are continuing to assess the entire program to continue to pay fairly for installation and maintain a cost effective program.

**Q:** Any Pilot on Solar Measures?

**A:** We will be working with the California Solar Initiative’s low income programs. At this time we are not contemplating any specific LIEE solar pilots.

**Q:** Since you have put Clothes Washers on the list of potential new measures, why not Clothes Dryers?

**A:** Clothes dryers do not appear to be cost effective for this program at this time.

**Q:** Any information in regard to Refrigerator Replacement year requirements (any changes)?

**A:** We are looking at what is the best time to replace refrigerators in terms of their energy efficiency and savings potential. We will probably request permission to conduct a study to determine this information for the LIEE program.

**Q:** Any plan on how you will target customers for the first budget cycle.?

**A:** We are still exploring options and processes to come up with optimal plans for our Application.

**Q:** Outreach --- how are you going to pull the program together?

**A:** We are still exploring options and processes to come up with optimal plans for our Application.

**Q:** What about different income levels based on area medians, for some cities in the Bay Area for example?

**A:** Yes, county median income levels in CA vary. We are not suggesting that the income criteria adopted by the Commission be changed, but will comply if they are. If changes are suggested, we hope all parties will consider how they will affect the Non-CARE customers who are paying for them, particularly the near-low income customers who barely miss the qualifying cut-off who will be hit the hardest with the increased burden on their energy bills.

**Q:** Do you have any segmenting information and what is your approach?

**A:** We have LIEE participant data re measures that we installed through the program, as well as information we collect at their home re their heating/cooling and fuel sources. We use this data to derive percents that we apply to LI customer households when we are planning for measure installation rates and budgets. We also have data from RASS and the KEMA Needs Assessment showing how many customers have/need measures. We are looking at what other census/market data may be available to segment customer need by county/census block/ZIP Code, housing type, climate zone, and other useful population variables such as senior/disabled/family size, ethnicity/language, renter/owner, etc.

**Q:** What is your Outreach strategy on Tier customers? A Tier 4-5 concentration approach will make it difficult for contractors to do their work towards the end of the program (2020) as all that will be left are Tier 1&2 customers.

**A:** We are still exploring various outreach strategies and segmentation approaches to most effectively reach all customers by 2020, as required. We may look at implementing targets or other restrictions to ensure all types of customers are being treated and none are being excluded.

**Q:** Will the LIEE Administration contract that is being bid be a 3 year contract or annual contract?

**A:** It will be a 3 year contract.

**Q:** Do you have any data on LI customers moving around? What about in multi-unit dwellings, or seniors moving into newer homes?

**A:** We have done no studies on LI customer movement. Over 50% of CARE customers moved last year.

**Suggestions for New Measures to Consider in Addition to those already being considered by PG&E (Occupancy Sensors, High Efficiency Clothes Washers, Torchieres, Furnace Filters, Microwaves)**

- Whole House Fans
- Attic Fans
- Wall/Floor Insulation
- Clothes Dryers
- Solar Water Heating
- Portable Electric Space Heaters (1500 watts)
- Lower flow showerheads (2.5 → 2.0)
- Increased Attic Insulation (R19→ R30)

# PG&E 2009-2011 Low Income Energy Efficiency Application

Public Workshop  
March 13, 2008  
San Ramon, CA

# Background

- D.06-12-038 (EE) and D. 07-12-051 (LIEE)
  - Directed the development of a Strategic Plan for EE and LIEE through 2020
    - Status update: [www.californiaenergyefficiency.com](http://www.californiaenergyefficiency.com)
    - Upcoming Strategic Plan LIEE workshop on Program Delivery and ME&O – March 28, 2008
  - Established a 3-year program planning cycle for 2009-2011
    - Required LIEE & CARE Program Applications by May 15, 2008

# LIEE Programmatic Initiative

- D.07-12-051 established the following programmatic initiative for LIEE:
  - *“To provide all eligible customers the opportunity to participate in the LIEE programs and to offer those who wish to participate all cost-effective energy efficiency measures in their residences by 2020.”*

# LIEE Policies & Guidance

- D.07-12-051 committed to changing the way we approach LIEE programs by adopting new policies and program guidance:
  - The complementary objectives of LIEE programs will be to provide an energy resource for California while concurrently providing low-income customers with ways to reduce their bills and improve their quality of life;
  - LIEE programs should emphasize opportunities to save energy;
  - LIEE programs should be designed to take advantage of all cost-effective energy efficiency opportunities;
  - LIEE programs should include measures that may not be cost-effective but that may promote the quality of life of participating customers;
  - LIEE programs should emphasize effective ways to inform customers of the benefits to themselves and their communities of conservation and energy efficiency measures, as well as the way energy efficiency promotes environmental values and reduces greenhouse gases;
  - LIEE programs should be integrated with other energy efficiency programs to allow the utilities and customers to take advantage of the resources and experience of energy efficiency programs, promote economies of scale and scope, and improve program effectiveness; and
  - LIEE programs should take advantage of other resources, such as federally funded programs, local efforts, the work of businesses and publicly-owned utilities.

# Commission Staff Proposal for Program Delivery

|                     | <b>Density/Incidence</b>   |  |  |
|---------------------|--|--|--|
| <b>Energy Usage</b> | <b>LOW</b><br><b>(very sparse/&lt;10% LI)</b>  |  | <b>HIGH</b><br><b>(very dense/ &gt;20% LI)</b>   |
| <b>LOW</b>          | <ul style="list-style-type: none"> <li>- Partner w/ low-income agencies</li> <li>- Deliver cost-effective and low-cost measures at events</li> <li>- No screening or use CARE eligibility</li> </ul> |  | <ul style="list-style-type: none"> <li>- Canvass or direct install measures to all households</li> <li>- Deliver cost-effective, low-cost measures</li> </ul>                            |
| <b>MED</b>          | Two scenarios:<br>1)above baseline<br>2)high seasonal use – deliver weather dependent measures, call to inquire about interest   |  | <ul style="list-style-type: none"> <li>- Direct install measures to all households</li> <li>- Deliver cost-effective and medium-cost measures</li> <li>- Use CARE eligibility</li> </ul> |
| <b>HIGH</b>         | <ul style="list-style-type: none"> <li>- Comprehensive treatment of measures</li> <li>- Use current enrollment method</li> </ul>   |  | <ul style="list-style-type: none"> <li>- Comprehensive Treatment of measures</li> <li>- Use current enrollment method</li> </ul>   |

In D. 07-12-051 the Commission stated its support of the staff proposed delivery method and that it would be discussed further in workshops to be held to implement the decision and would revise it in ways to make it most useful for effective program delivery. Utilities were directed to utilize the subsequently revised model considering a tiered approach targeting high users while offering programs to all eligible customers.

# LIEE PY2009-11 Program Goals

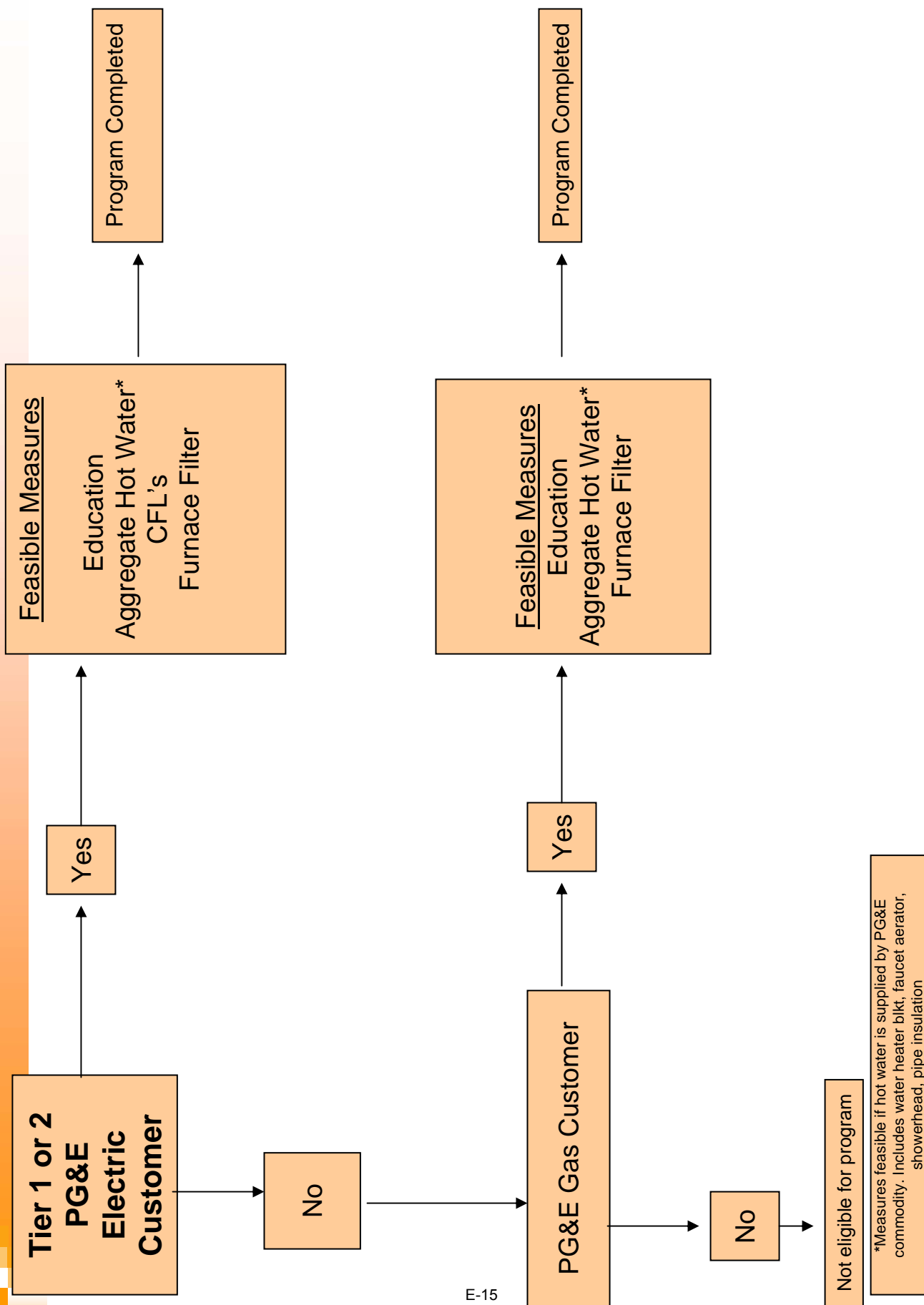
- Achieve 25% of the Commission's programmatic initiative by 2012
  - PG&E currently has 1.8 million residential customers eligible for LIEE at 200% of the Federal Poverty Level
- Develop specific participation goals in specific population sectors or segments

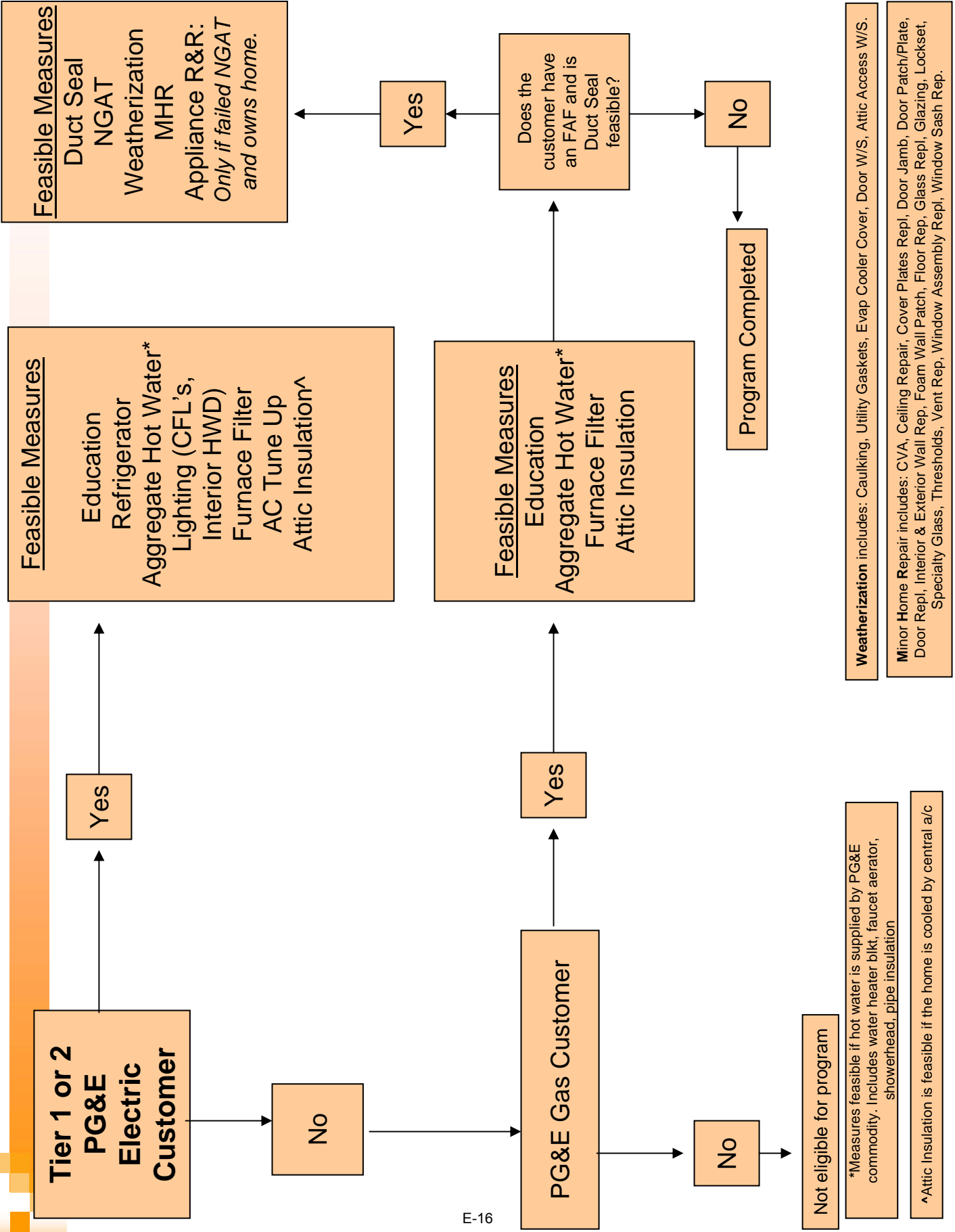
# LIEE 2009-2011 Elements

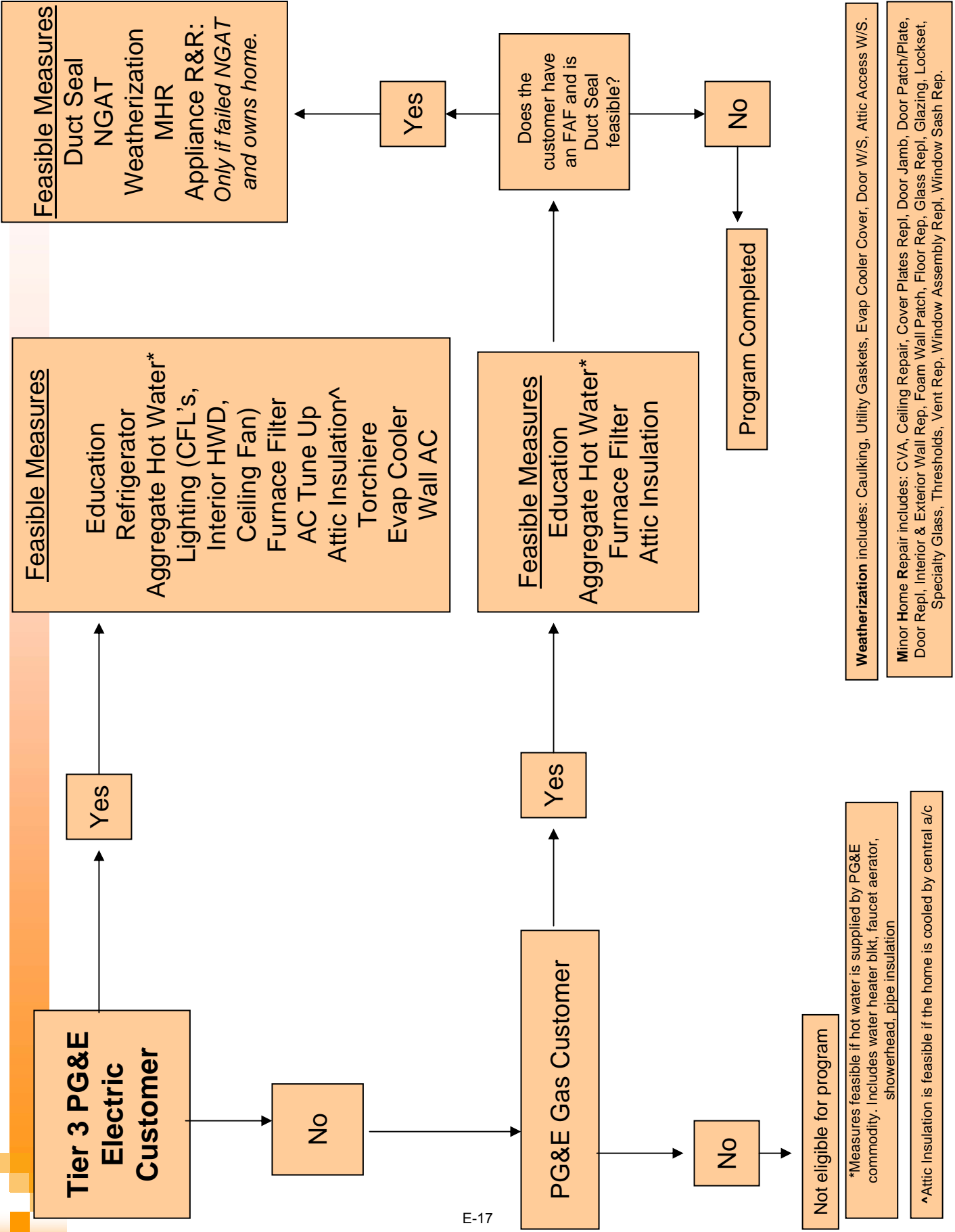
- Tiered approach
- Focus on Energy Efficiency
- Cost Effectiveness
- Equity dollars set aside
- Pilots
- Integration
- Flexibility

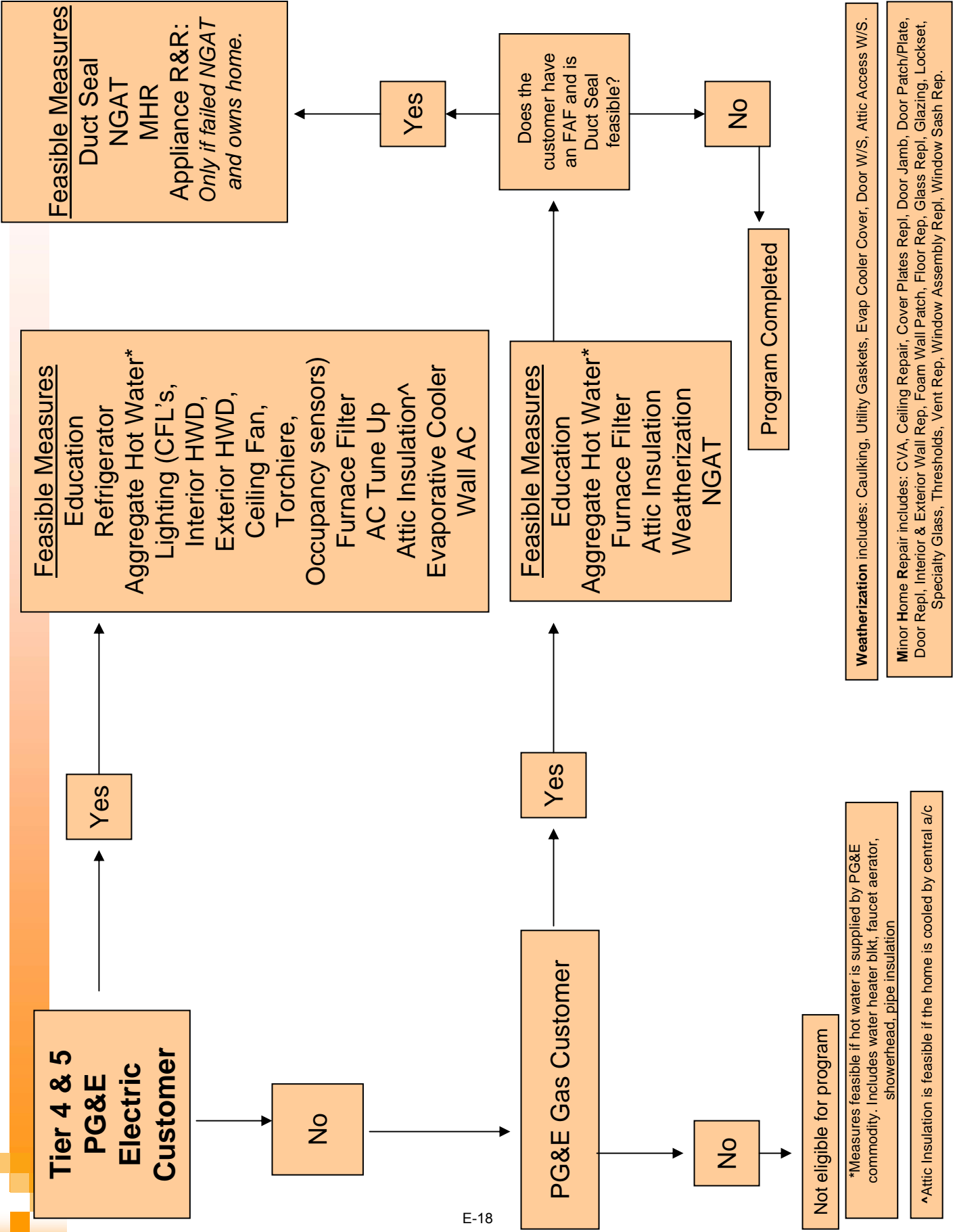
# Program Delivery

- Tiered Approach based on energy use
- Segmenting based on climate zones, geographic areas, language
- Lessen documentation requirements
- Categorical Enrollment
- Bulk Purchasing









# Potential New Measures

- PG&E is assessing several new measures to include in the program on a limited pilot or regular basis.
  - Furnace Filters
  - Torchieres
  - Occupancy Sensors
  - Clothes Washers
  - Microwaves
  - Whole House Fans

# Pilots

- Pilot Measures
  - Clothes Washers
  - Microwaves
  - Whole House Fans
- Leveraging community/municipal programs
  - Piloting “Community Blitz” approaches with selected communities
- Section 8 Public Housing
- AMI Pilot
- AC Cycling Demand Response Pilot

# Integration

- Leverage with CARE
- Integrate LIEE and EE/ Local Government/ Third Party programs
- Leverage with other utilities (IOUs, munis, SMJUs, irrigation districts, water, etc.)
- Leverage with State and Federal low income programs
- Coordinate with CA Solar Initiative

# Marketing, Education & Outreach

- Continue current successful M&O strategies
  - Canvassing
  - Targeted Direct Mail
  - Outbound Calls
- Continue to leverage with CARE
  - Target high energy-use CARE customers
- Expand M&O strategies
  - Advertising
  - Coordinate outreach with EE
  - Explore opportunities with other utilities and agencies (munis, water, local governments, LIHEAP)
  - Expand grassroots outreach efforts with CBOs and other agencies
- Segment customer messaging to promote increased awareness
  - Especially to lay the groundwork for 2012→ LIEE participation
- Provide more individualized energy assessments and educations
  - Targeting high usage customers to help them manage energy use and lower bills

# Studies

- PG&E is proposing LIEE studies aimed at helping us learn what we need to know about our customers and strategies to get us to our 2020 goal of reaching all eligible customers that want to participate.
  - Program and Pilot impact and process evaluations
  - Evaluate new program delivery strategies
  - Market segmentation studies
  - Assess energy education strategy success in promoting behavior change and energy savings

# Questions/ Comments/ Input?

- PG&E contacts:

- Frances Thompson

- [FLT2@pge.com](mailto:FLT2@pge.com)

- Mary O'Drain

- [MJOb@pge.com](mailto:MJOb@pge.com)

**LIQB MEETING MARCH 19<sup>TH</sup>**

**CHARO – EAST LOS ANGELES**

# PG&E 2009-2011 CARE Application

Public Workshop  
March 13, 2008  
San Ramon, CA

# Background

- CPUC D.07-12-051
  - Required IOUs to file CARE and LIEE program applications for PY2009-2011 by May 15, 2008.

# Continue Successful Outreach

- Current CARE outreach strategies
  - 82 Community Outreach Contractor (COC) partnerships
  - Multi-language toll-free line: 1-866-PGE-CARE
  - Multi-lingual collateral
  - Mini applications in customer bill and welcome packets
  - Direct mail
  - Local office partnerships
  - Ethnic media
  - Employee Involvement Month
  - Multi-cultural event participation
  - Website promotion
  - Leveraging with LIEE and other low-income programs
  - Public Assistance Agency partnerships

# 2009–2011 CARE Application

## ■ New Elements

- Propose same residential program requirements for Sub-Metered tenants
- Propose two-year certification for CARE Expanded Programs
- Propose survey of CARE customers not responding to Recertification and Post Enrollment Verification requests
- Propose a process for automatically qualifying tenants of public housing and Section 8 housing
- Propose budget increase

# Questions/ Comments/ Input?

- PG&E contacts:
  - Linda Fontes
    - [LCF2@pge.com](mailto:LCF2@pge.com)
  - Mary O'Drain
    - [MJOb@pge.com](mailto:MJOb@pge.com)

**LIQB MEETING MARCH 19<sup>TH</sup>**  
**CHARO – EAST LOS ANGELES**

## **2009-2011 Low Income Programs Application and CEESP PG&E Meetings and Public Workshops**

|                 |  |
|-----------------|--|
| 12/12/07        | PG&E Group Discussion – Fresno                           |
| 12/19/07        | PG&E Group Discussion – Davis                            |
| 12/20/07        | PG&E Group Discussion – Berkeley                         |
| <b>12/24/07</b> | <b>D.07-12-051</b>                                       |
| 01/07-08/08     | CPUC LI CEESP Public Workshop – San Ramon                |
| 01/23/08        | LIOB – Oakland   |
| 02/20/08        | Jt Util LI Quarterly Public Mtg – SF                     |
| 02/21/08        | CEESP Public Presentation – SD                           |
| 02/22/08        | CEESP Public Presentation – LA                           |
| 02/22/08        | PG&E Meeting with ED at CPUC                             |
| 02/27/08        | CEESP Public Presentation – SF                           |
| 03/03/08        | CPUC Cost Effectiveness Public Workshop – SF CPUC        |
| 03/13/08        | PG&E Public 09-11 LIEE-CARE App Workshop – San Ramon     |
| 03/19/08        | LIOB – East LA   |
| 03/28/08        | CPUC Program Delivery and ME&O Public Workshop – SF CPUC |
| <b>04/01/08</b> | <b>ACR providing guidance on 09-11 Apps &amp; CE</b>     |
| 04/03/08        | Jt Util Public Mtg re LI CEESP – San Ramon               |
| 04/11/08        | PG&E Mtg w/ ED at 123 Mission                            |
| 04/21/08        | PG&E Mtg w/ ED, City of SF and LIHEAP – CPUC             |
| 04/21/08        | File LI Programs Monthly Report                          |
| 05/01/08        | File CARE, FERA and LIEE ARs                             |
| 05/15/08        | File LIEE-CARE 2009-2011 Application                     |
| 06/02/08        | File CEESP   |

**PACIFIC GAS AND ELECTRIC COMPANY**  
**APPENDIX F**  
**STATEMENTS OF QUALIFICATIONS**

1                   **PACIFIC GAS AND ELECTRIC COMPANY**  
2                   **STATEMENT OF QUALIFICATIONS OF LINDA C. FONTES**

3    Q 1    Please state your name and business address.

4    A 1    My name is Linda C. Fontes, and my business address is  
5           123 Mission Street, San Francisco, California.

6    Q 2    Briefly describe your responsibilities at Pacific Gas and Electric Company  
7           (PG&E or the Company).

8    A 2    I am the supervisor of the CARE, FERA and Cooling Centers Program. The  
9           CARE program provides a 20 percent discount on your monthly energy bills  
10          for qualifying households. The FERA program provides savings on your  
11          electric bill for large households of three or more persons with low-to-middle  
12          income. The Cooling Centers program is a network of community centers  
13          and other public buildings where customers can go to cool off when the  
14          temperature gets unusually and dangerously high. I have held this position  
15          for approximately seven years.

16   Q 3    Please summarize your educational and professional background.

17   A 3    I have worked at PG&E since 1978 holding several positions in the  
18          Economics and Forecasting, Information Technology and Customer Energy  
19          Efficiency departments. My program experience includes supervision of  
20          staff; administration of policies and procedures; management of budgets  
21          and regulatory filings; development of outreach initiatives and partnerships  
22          with external agencies, contractors and community-based organizations.

23   Q 4    What is the purpose of your testimony?

24   A 4    I am sponsoring the CARE program plans and budgets for program  
25          years 2009, 2010 and 2011.

26   Q 5    Does this conclude your statement of qualifications?

27   A 5    Yes, it does.

**SPACIFIC GAS AND ELECTRIC COMPANY**  
**STATEMENT OF QUALIFICATIONS OF DAN C. QUIGLEY**

Q 1 Please state your name and business address.

A 1 My name is Dan C. Quigley, and my business address is Pacific Gas and Electric Company, 77 Beale Street, San Francisco, California.

Q 2 Briefly describe your responsibilities at Pacific Gas and Electric Company (PG&E or the Company).

A 2 I am the director, Charitable Contributions, within the Community Partnership and Civic Initiatives Department, and I am responsible for the company's charitable contributions, volunteer programs, and workplace giving campaign.

Q 3 Please summarize your educational and professional background.

A 3 In 1970, I graduated from Stanford University, Palo Alto, with a Bachelor of Arts degree in Economics. I worked with the Department of Energy in Washington, DC, from 1973-1982 as an analyst and program manager for energy efficiency programs. From 1982-1987, I worked at the International Energy Agency in Paris, France, as an energy policy analyst and assistant to the Executive Director. I joined PG&E in 1988 as an evaluation consultant in the Energy Efficiency Department. In 1993, I joined the Corporate Planning Department as an analyst. In 1995, I was promoted to the position I currently hold, director, Charitable Contributions.

Q 4 What is the purpose of your testimony?

A 4 I am sponsoring the REACH Plus sections of the Low Income Assistance Programs Program Year 2009-2011 Application regarding the Low Income Energy Efficiency (LIEE) program and the California Alternative Rates for Energy (CARE) program.

Q 5 Does this conclude your statement of qualifications?

A 5 Yes, it does.

**PACIFIC GAS AND ELECTRIC COMPANY**  
**STATEMENT OF QUALIFICATIONS OF FRANCES L. THOMPSON**

Q 1 Please state your name and business address.

A 1 My name is Frances L. Thompson, and my business address is  
1320 El Capitan Drive, Danville, California.

Q 2 Briefly describe your responsibilities at Pacific Gas and Electric Company  
(PG&E or the Company).

A 2 I am the program supervisor of the Energy Partners Program. The program  
provides free weatherization, appliances, and energy education services  
income qualified customers. I have held this position for approximately  
six years.

Q 3 Please summarize your educational and professional background.

A 3 I have a Bachelor of Arts degree in Business and Human Resource  
Management from Holy Names College in Oakland. I have worked at PG&E  
since 1980 holding several positions in Customer Services, Marketing  
Department and the Energy Efficiency Department. My energy efficiency  
experience includes certification as a residential auditor, performing home  
and multi-family energy audits, program manager for several residential  
programs and as a marketing representative performing commercial energy  
surveys while managing many assigned commercial accounts.

Q 4 What is the purpose of your testimony?

A 4 I am sponsoring the LIEE program plans and budgets for program years  
2009, 2010 and 2011.

Q 5 Does this conclude your statement of qualifications?

A 5 Yes, it does.

1                   **PACIFIC GAS AND ELECTRIC COMPANY**  
2                   **STATEMENT OF QUALIFICATIONS OF MARDI E. WALTON**

3    Q 1    Please state your name and business address.

4    A 1    My name is Mardi E. Walton, and my business address is Pacific Gas and  
5           Electric Company, 77 Beale Street, San Francisco, California.

6    Q 2    Briefly describe your responsibilities at Pacific Gas and Electric Company  
7           (PG&E or the Company).

8    A 2    I am senior regulatory analyst in the Customer Demand Side Management  
9           Group in PG&E's Energy Proceedings Department.

10   Q 3   Please summarize your educational and professional background.

11   A 3    In 1992, I graduated from University of California, San Diego, with a  
12           Bachelor of Arts degree in Economics. I joined PG&E in 2000 as an analyst  
13           in the Capital Accounting Department. In 2001, I took the position of analyst  
14           in the Corporate Accounting Department. In 2005, I took the position of  
15           regulatory analyst in the Gas Revenue Requirements Department. In 2006,  
16           I was promoted to senior regulatory analyst. In 2007, I became a senior  
17           regulatory analyst in the Customer Demand Side Management group of  
18           PG&E's Energy Proceedings Department.

19   Q 4   What is the purpose of your testimony?

20   A 4    I am sponsoring the Revenue Requirement and Rate Impact sections of the  
21           Low Income Assistance Programs Program Year 2009-2011 Application  
22           regarding the Low Income Energy Efficiency (LIEE) program and the  
23           California Alternative Rates for Energy (CARE) program.

24   Q 5   Does this conclude your statement of qualifications?

25   A 5    Yes, it does.