

Application No.: 06-_____
(U 39 M)
Exhibit No.: _____
Date: June 30, 2006
Witness: Jay A. Luboff
 Wilbert S. Matsu

PACIFIC GAS AND ELECTRIC COMPANY

**TESTIMONY IN SUPPORT OF APPLICATION FOR THE
2007-2008 LOW INCOME ENERGY EFFICIENCY PROGRAM AND THE
CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM**

PREPARED TESTIMONY



PACIFIC GAS AND ELECTRIC COMPANY
 TESTIMONY IN SUPPORT OF APPLICATION FOR THE
 2007-2008 LOW INCOME ENERGY EFFICIENCY PROGRAM AND THE
 CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM

TABLE OF CONTENTS

Chapter	Title	Witness	Page
1	INTRODUCTION TO THE APPLICATION FOR THE 2007-2008 LOW INCOME ENERGY EFFICIENCY PROGRAM AND THE CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM	Wilbert S. Matsu	
	A. PG&E's Application for 2007-2008 Will Ensure Continued Success of the Low Income Programs		1-1
	B. PG&E's CARE and LIEE Programs Will Provide More Benefits to Low Income Customers in 2007 and 2008 Than Ever Before		1-2
	1. LIEE		1-2
	2. CARE		1-3
	3. The 2005-2006 Winter Initiative Offered Additional Measures		1-3
	C. The Commission Should Adopt the Recommendations in PG&E's Application		1-5
2	LOW INCOME ENERGY EFFICIENCY PROGRAM	Wilbert S. Matsu	
	A. Requests in This Application Will Benefit Low Income Customers		2-1
	B. PG&E Has Provided a Successful LIEE Program Since 1983		2-2
	C. PG&E Recommends an Improved Measure Mix for 2007-2008		2-2
	D. PG&E Recommends Several Revisions to Measure Criteria		2-3
	E. New LIEE Measures and Pilots Will Increase Benefits to Customers		2-4
	F. PG&E Will Retain the Same LIEE Program Administrator Through 2007		2-7
	G. PG&E Continues Successful Coordination Activities With Other Organizations		2-7
	H. Categorical Eligibility Will Increase LIEE Participation While Reducing Administrative Costs		2-8

PACIFIC GAS AND ELECTRIC COMPANY
 TESTIMONY IN SUPPORT OF APPLICATION FOR THE
 2007-2008 LOW INCOME ENERGY EFFICIENCY PROGRAM AND THE
 CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM

TABLE OF CONTENTS

(CONTINUED)

Chapter	Title	Witness	Page
	I. Funding for LIEE Natural Gas Appliance Testing Should Be Authorized in the Low Income Proceeding Rather Than in the GRC		2-8
	J. LIEE Policy and Installation Practices Should Remain Consistent Statewide		2-10
	K. Measurement and Evaluation Ensures Program Quality and Should Be Funded		2-11
	L. The Present Shareholder Incentives Mechanism Should Be Revised		2-13
	M. Regulatory Reporting for LIEE and CARE Programs Should Be Revised		2-13
	N. Public Workshops Have Provided Useful Information		2-14
	O. LIEE Budget Summary and Unit Tables		2-14
	P. Conclusion		2-14
3	CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM	Wilbert S. Matsu	
	A. Introduction		3-1
	B. PG&E Has Administered the CARE Program Since 1989		3-1
	C. PG&E's Proposed Administrative Budget Is Reasonable and Should Be Adopted		3-1
	D. PG&E's Successful Outreach Efforts Will Continue and Be Increased		3-2
	E. PG&E Will Continue to Coordinate Programs for Low Income Customers		3-2
	F. Automatic Enrollment Is Successful and Will Continue to Expand		3-3
	G. On-line Applications Provide an Additional Option for Enrollment		3-4

PACIFIC GAS AND ELECTRIC COMPANY
 TESTIMONY IN SUPPORT OF APPLICATION FOR THE
 2007-2008 LOW INCOME ENERGY EFFICIENCY PROGRAM AND THE
 CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM

TABLE OF CONTENTS

(CONTINUED)

Chapter	Title	Witness	Page
	H. Extending the Certification Period for Fixed-Income Customers Will Increase Administrative Efficiency for the Customer and the Utility		3-5
	I. Community Outreach Worker Fees Should Be Increased		3-5
	J. Categorical Enrollment of Customers Eligible for Other Low Income Programs Will Increase Administrative Efficiency and Increase Customer Enrollment		3-6
	K. PG&E's Request for a CARE Post-Verification Study Will Provide Needed Information About Customers Who Do Not Respond to Income Verification Requests		3-7
	L. Reporting Requirements for CARE Should Be Updated to Provide for Current Reporting Needs		3-7
	M. Proposed Benchmarks and Expenditures Are Provided		3-8
	N. Conclusion		3-8
4	ACCOUNTING AND COST RECOVERY	Jay A. Luboff	
	A. Introduction		4-1
	B. 2007 LIEE Funding Requirements		4-1
	C. Recovery of CARE Account Balances		4-2
	D. Conclusion		4-2
APPENDIX A	Attachment 1 – IOUs Low Income Reporting Recommendations		
	Attachment 2 – PG&E Low Income Workshops Summaries and Presentations		
	Attachment 3 – LIEE Measures and Energy Savings		
	Attachment 4 – LIEE Budget		

PACIFIC GAS AND ELECTRIC COMPANY
TESTIMONY IN SUPPORT OF APPLICATION FOR THE
2007-2008 LOW INCOME ENERGY EFFICIENCY PROGRAM AND THE
CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM

TABLE OF CONTENTS

(CONTINUED)

<u>Chapter</u>	<u>Title</u>	<u>Witness</u>	<u>Page</u>
	Attachment 5 – CARE Cost Summary		
	Attachment 6 – CARE Participation Rates		
APPENDIX B	STATEMENTS OF QUALIFICATIONS	Jay A. Luboff Wilbert S. Matsu	

PACIFIC GAS AND ELECTRIC COMPANY

CHAPTER 1

**INTRODUCTION TO THE APPLICATION FOR THE 2007-2008
LOW INCOME ENERGY EFFICIENCY PROGRAM AND THE
CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM**

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 1
INTRODUCTION TO THE APPLICATION FOR THE 2007-2008 LOW INCOME
ENERGY EFFICIENCY PROGRAM AND THE CALIFORNIA ALTERNATE RATES
FOR ENERGY PROGRAM

TABLE OF CONTENTS

A. PG&E’s Application for 2007-2008 Will Ensure Continued Success of the Low Income Programs.....	1-1
B. PG&E’s CARE and LIEE Programs Will Provide More Benefits to Low Income Customers in 2007 and 2008 Than Ever Before.....	1-2
1. LIEE	1-2
2. CARE	1-3
3. The 2005-2006 Winter Initiative Offered Additional Measures	1-3
C. The Commission Should Adopt the Recommendations in PG&E’s Application.....	1-5

1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **CHAPTER 1**
3 **INTRODUCTION TO THE APPLICATION FOR THE 2007-2008 LOW**
4 **INCOME ENERGY EFFICIENCY PROGRAM AND THE CALIFORNIA**
5 **ALTERNATE RATES FOR ENERGY PROGRAM**

6 **A. PG&E’s Application for 2007-2008 Will Ensure Continued**
7 **Success of the Low Income Programs**

8 As directed by Decision 05-11-010, Pacific Gas and Electric Company
9 (PG&E or the Company) presents its application for the 2007-2008 Low Income
10 Energy Efficiency (LIEE) and California Alternate Rates for Energy (CARE)
11 programs. PG&E has administered the LIEE program since 1983 and the CARE
12 program since its inception in 1989.

13 For 2007-2008, PG&E proposes to offer several new measures in addition
14 to continuing those measures approved for the 2006 program, leveraging
15 relationships, and ongoing process improvement efforts to reduce administrative
16 costs while improving customer satisfaction. As a result, PG&E proposes a total
17 budget of \$161.4 million (\$80.7 million for each year), comprised of a
18 continuation of the authorized 2006 annual budget plus the proposed
19 \$21.3 million budget augmentation filed in Application 06-04-014.^[1] If the
20 Commission authorizes PG&E’s request, PG&E estimates it will be able to treat
21 approximately 58,200 homes and achieve or exceed the savings forecasted for
22 the LIEE component of the Commission’s adopted energy efficiency savings
23 targets.

24 For CARE, PG&E proposes an administrative budget of \$7.7 million for each
25 year. PG&E’s aggressive outreach campaign started in 2001, and has made
26 great strides towards enrolling all eligible customers who want to participate with
27 a 208 percent increase in the CARE enrollment level since 2001. PG&E intends
28 to continue its extra efforts to meet the Commission’s penetration goals. To
29 meet those goals, it is crucial to maintain the momentum started in 2001 through
30 intensive targeted outreach to specific demographic groups. Although there are

[1] The total budget request also includes \$2.8 million for Natural Gas Appliance Testing (NGAT) costs currently recovered in base rates, as discussed in Chapter 2 of this testimony.

1 now more than twice as many enrolled CARE accounts to service, PG&E is not
2 applying for additional processing staff funds because of the program's success
3 in capturing efficiencies through process improvement.

4 PG&E will consolidate the electric revenue requirement authorized in this
5 proceeding into electric rates in the Annual Electric True-Up (AET), along with
6 other rate changes effective January 1 of each year in the program budget
7 period. PG&E will consolidate the gas funding requirement authorized in this
8 proceeding into gas rates in its annual gas Public Purpose Program (PPP) and
9 Annual Gas True-Up (AGT) rate filings, effective January 1 of each year in the
10 program budget period.

11 **B. PG&E's CARE and LIEE Programs Will Provide More Benefits to** 12 **Low Income Customers in 2007 and 2008 Than Ever Before**

13 **1. LIEE**

14 Since 1983, PG&E has treated over 860,000 homes in the LIEE
15 program. During the 23 years PG&E has managed the LIEE program,
16 customers have saved over \$390 million on their energy bills, reduced
17 electric use by over 290,000 megawatt-hours (MWh), and reduced natural
18 gas use by over 36 million therms. PG&E forecasts it will treat
19 approximately 58,200 homes per year in 2007 and 2008 with commensurate
20 energy, pollution and bill savings.

21 PG&E's 2007-2008 LIEE Application includes new measures and pilots
22 designed to increase low income customers' comfort, health and safety
23 while helping them use energy efficiently. PG&E's proposed 2007-2008
24 program increases the authorized budget amount, but maintains spending at
25 roughly 2006 levels (without the extra Winter Initiative measure costs).
26 PG&E will treat approximately 58,200 homes per year with a new, more
27 cost-effective mix of measures designed to provide maximum energy and bill
28 savings to customers. Although the number of new homes treated will
29 decrease slightly from 2006, customers will be provided a more
30 comprehensive mix of measures that will increase their ability to manage
31 their own energy use and reduce their bills.

32 The proposed mix of energy-efficient, cost-effective measures will help
33 PG&E meet and exceed the LIEE savings that were forecasted for its

1 Market Integrated Demand Side Management Portfolio goals. PG&E
2 reassessed the measures and services currently offered under the program
3 to determine if they were providing maximum benefits. For example, new
4 criteria and caps are proposed for several measures such as compact
5 fluorescent lights that will increase customer savings. Proposed pilots were
6 chosen following public input and discussions with LIEE contractors. Pilot
7 measures and services will be assessed for their cost-effectiveness and
8 energy-savings benefits.

9 **2. CARE**

10 CARE provides a rate discount to PG&E's low income customers.
11 PG&E's goal is to enroll 100 percent of eligible CARE customers who want
12 to participate. PG&E has sustained the steady penetration rate growth that
13 began in January 2001, when only 362,599 customers were on the discount
14 program. Since then, the net increase of customers in the CARE program
15 through April 2006 represents 755,740 households, an increase to
16 1,118,339 participants.

17 PG&E employees, agency personnel, outreach workers and volunteers
18 have worked throughout the service area to ensure that new CARE
19 enrollments are distributed fairly evenly in all 48 counties of our service area.
20 PG&E expects to continue its highly successful outreach program and
21 achieve significant increases in CARE penetration of the eligible population
22 in 2007 and 2008.

23 **3. The 2005-2006 Winter Initiative Offered Additional Measures**

24 On October 27, 2005, the Commission issued its "Interim Opinion
25 Approving Various Emergency Program Changes in Light of Anticipated
26 High Natural Gas Prices in the Winter of 2005-2006," Decision 05-10-044
27 ("Winter Initiative Decision") approving, on a temporary basis (November 1,
28 2005 – April 30, 2006), certain emergency, low income program measures
29 designed to help customers mitigate the impact of rising winter natural gas
30 prices. Specifically, the Winter Initiative Decision ordered the following
31 modifications to PG&E's CARE and LIEE programs:

- 32 1. Revised LIEE and CARE income eligibility criteria to 200 percent of
33 federal poverty guidelines for all customers;

- 1 2. Held harmless from repayment any customer receiving LIEE or CARE
2 program benefits even if the customer was later found to not qualify
3 based on income;
- 4 3. Replaced central, gas forced-air furnaces to renters and homeowners as
5 part of a whole-house effort where an existing furnace had an efficiency
6 rating of 65 or lower;
- 7 4. Performed necessary duct work when installing a new furnace;
- 8 5. Replaced leaky water heaters;
- 9 6. Increased new refrigerator replacements through go-backs and other
10 initiatives;
- 11 7. Implemented telephone enrollment for CARE; and
- 12 8. Suspended the dropping of CARE customers for recertification or
13 post-enrollment verification failures.

14 PG&E has complied with each of these additional CARE and LIEE
15 measures during the winter of 2005-2006.

16 Subsequent to the issuance of the Winter Initiative Decision, PG&E
17 immediately increased the level of activity in its LIEE program including rapid
18 implementation of the new LIEE measures. For example:

- 19 • PG&E treated 30,737 customer homes between November 1, 2005 and
20 April 30, 2006, compared to 21,486 customer homes treated during the
21 same period the previous winter;
- 22 • 1,074 inefficient furnaces have been replaced since November 1 and
23 another 732 have been identified for replacement;
- 24 • 135 leaky water heaters have been replaced since November 1 and
25 another 103 have been identified for replacement;
- 26 • 203 central air conditioners have been replaced since November 1 and
27 another 235 identified for replacement; and
- 28 • 17,177 refrigerators have been replaced since November 1 and
29 9,022 more have been identified for replacement.

30 Greater public awareness of the CARE program as a result of intensive
31 media coverage of the high winter gas prices contributed to increased
32 enrollment. 200,942 new CARE customers were enrolled between
33 November 1, 2005 and April 30, 2006. This marks a net increase of

1 79,017 customers from the same time frame the previous year. PG&E also
2 launched outreach initiatives specifically directed to newly eligible
3 customers.

4 As discussed in Chapters 2 and 3 of this testimony, the increased level of
5 LIEE and CARE program activity that PG&E proposes to continue into 2007 and
6 2008 represents a commitment to industry leadership and community
7 involvement on the part of the Company. The lessons learned from the
8 2005-2006 Winter Initiative, combined with a more strategic, goal-oriented
9 approach to low income programs that is developing within both PG&E and the
10 Commission, will continue to shape these programs in the 2007-2008 period.

11 **C. The Commission Should Adopt the Recommendations in**
12 **PG&E's Application**

13 The Commission should authorize PG&E's LIEE budget request for the
14 PY 2007-2008 LIEE and CARE programs. PG&E has successfully helped low
15 income customers save nearly \$400 million on their energy bills through the
16 LIEE program, and has increased CARE program participants to over 1.1 million
17 customers. PG&E requests a timely decision on this application so that it can
18 proactively manage the LIEE administration contract and continue the current
19 program's momentum and successes into 2007 without interruption.

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 2
LOW INCOME ENERGY EFFICIENCY PROGRAM

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 2
LOW INCOME ENERGY EFFICIENCY PROGRAM

TABLE OF CONTENTS

A. Requests in This Application Will Benefit Low Income Customers	2-1
B. PG&E Has Provided a Successful LIEE Program Since 1983.....	2-2
C. PG&E Recommends an Improved Measure Mix for 2007-2008.....	2-2
D. PG&E Recommends Several Revisions to Measure Criteria.....	2-3
E. New LIEE Measures and Pilots Will Increase Benefits to Customers.....	2-4
F. PG&E Will Retain the Same LIEE Program Administrator Through 2007	2-7
G. PG&E Continues Successful Coordination Activities With Other Organizations	2-7
H. Categorical Eligibility Will Increase LIEE Participation While Reducing Administrative Costs.....	2-8
I. Funding for LIEE Natural Gas Appliance Testing Should Be Authorized in the Low Income Proceeding Rather Than in the GRC.....	2-8
J. LIEE Policy and Installation Practices Should Remain Consistent Statewide.....	2-10
K. Measurement and Evaluation Ensures Program Quality and Should Be Funded	2-11
L. The Present Shareholder Incentives Mechanism Should Be Revised.....	2-13
M. Regulatory Reporting for LIEE and CARE Programs Should Be Revised	2-13
N. Public Workshops Have Provided Useful Information	2-14
O. LIEE Budget Summary and Unit Tables	2-14
P. Conclusion.....	2-14

1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **CHAPTER 2**
3 **LOW INCOME ENERGY EFFICIENCY PROGRAM**

4 **A. Requests in This Application Will Benefit Low Income**
5 **Customers**

6 Pacific Gas and Electric Company (PG&E or the Company) presents its
7 application for the Program Years (PY) 2007 and 2008 Low Income Energy
8 Efficiency (LIEE) program.

9 PG&E's proposed budget of \$80.7 million for each of the two years is an
10 increase of \$21.3 million per year from the authorized annual amount for 2006
11 (\$56.5 million) and includes \$2.8 million in Natural Gas Appliance Testing
12 (NGAT) funds that PG&E recommends be transferred from the General Rate
13 Case (GRC) to the LIEE budget. PG&E's proposed 2007-2008 LIEE budget
14 maintains the funding requirement requested in PG&E's pending
15 Application 06-04-014 (\$21.3 million) seeking an augmentation to the 2006 LIEE
16 budget. For 2007 and 2008, PG&E plans to treat approximately 58,200 homes
17 per year with a new, more cost-effective mix of measures designed to provide
18 maximum energy and bill savings to customers.

19 PG&E plans to continue to offer the measures approved for the 2006
20 program, strengthen leveraging relationships and continue process improvement
21 efforts to reduce administrative costs while improving customer satisfaction.
22 Additionally, PG&E also recommends revisions to existing measures, one new
23 measure, and three pilot measures for the 2007 and 2008 program. PG&E
24 further recommends evaluating categorical eligibility and funding NGAT through
25 the LIEE program.

26 The proposed mix of energy-efficient, cost-effective LIEE measures will help
27 PG&E meet and exceed the LIEE savings that were forecasted as part of
28 PG&E's Market Integrated Demand-Side Management Portfolio goals adopted in
29 Decision 04-09-060. PG&E reassessed the measures and services currently
30 offered under the LIEE program to determine if they were providing maximum
31 cost-effective benefits to the customers. For example, new criteria are proposed
32 for several measures which will result in increased customer savings. Overall,

1 PG&E's application sets forth a smart mix of cost-effective measures that will
2 maximize the energy savings achieved per dollar spent in the LIEE program.

3 PG&E will consolidate the electric revenue requirement authorized in this
4 proceeding into electric rates with other rate changes effective January 1 of each
5 year in the program budget period. PG&E will consolidate the gas funding
6 requirement authorized in this proceeding into gas rates with other rate changes
7 effective January 1 of each year in the program budget period.

8 **B. PG&E Has Provided a Successful LIEE Program Since 1983**

9 The LIEE program, also known as Energy Partners, helps low income
10 customers reduce their energy use and costs while increasing their comfort and
11 safety. The program provides free home weatherization, energy-efficient
12 appliances, and energy-education services to qualified low income customers
13 throughout the Company's service area.

14 Customers are qualified based on California Alternative Rates for Energy
15 (CARE) income guidelines of 200 percent of the federal poverty level guidelines
16 (with income adjustments for family size), as defined by the California Public
17 Utilities Commission (CPUC or Commission).

18 Since 1983, PG&E has treated over 860,000 homes in the LIEE program.
19 During the 23 years PG&E has managed the LIEE program, customers have
20 saved over \$390 million on their energy bills, reduced electric use by over
21 290,000 megawatt-hours (MWh), reduced natural gas use by over 36 million
22 therms, and eliminated over 138 million tons of carbon dioxide emissions.
23 PG&E forecasts it will treat approximately 58,200 homes per year in 2007 and
24 2008 with commensurate energy savings, pollution reduction and bill savings per
25 home.

26 **C. PG&E Recommends an Improved Measure Mix for 2007-2008**

27 PG&E plans to continue to offer the measures approved for the 2006
28 program in PY 2007 and 2008 and proposes adding several new measures,
29 three of them on a pilot basis.

30 Decision 05-12-026 continued authorization of a \$56.5 million funding level
31 for PG&E's PY 2006 LIEE program and authorized PG&E to carry over all
32 unused 2006 funding into the following years' budgets. The authorized PY 2006
33 LIEE program measures and installation criteria are listed in Table 2-1 below.

1 The Winter Initiative Decision (D.05-10-044) authorized several additional
 2 measures including inefficient furnace replacement, duct test and seal, leaky
 3 water heater replacement, and refrigerator go-backs for the winter period
 4 (November 1, 2005 – April 30, 2006). Most of these measures were also
 5 included in the 2006 program. Inefficient furnace replacement, however, is not
 6 part of the 2006 program, and PG&E is not recommending it be included in the
 7 2007-2008 program. Rather, PG&E recommends evaluating and assessing its
 8 cost-effectiveness and performance in the Winter Initiative, as described under
 9 Section J in this chapter.

10
 11
 12

**TABLE 2-1
 PACIFIC GAS AND ELECTRIC COMPANY
 LIEE PROGRAM MEASURES**

Line No.	Measure	Adopted Action
1	<u>Non-Weather-Sensitive Measures</u>	
2	Hard-wired CFL porch lights	All climate zones for single family homes only
3	CFLs	All climate zones and residence types
4	Faucet aerators	All climate zones and residence types
5	Low-flow showerheads	All climate zones and residence types
6	High-efficiency refrigerators	All climate zones and residence types
7	Water heater blankets	All climate zones and residence types
8	Water heater pipe wrap	All climate zones and residence types
9	Duct test and seal	All climate zones and residence types
10	Leaky water heater repair/ replacement	All climate zones and residence types
11	<u>Weather-Sensitive Measures</u>	
12	Outlet gaskets	All climate zones and residence types
13	High-efficiency room air conditioners	Climate Zones 10, 11, 12, 13, 14, and 15
14	Central air conditioners	Climate Zones 10 and 14, 15
15	Caulking	All climate zones and residence types
16	Attic insulation	All climate zones and residence types
17	Evaporative cooler/AC covers	All climate zones and residence types
18	Evaporative coolers	Climate Zones 10–16 for single family and mobile homes
19	Gas furnace repairs	All climate zones and residence types
20	Gas furnace replacements	All climate zones and residence types
21	Minor home repairs	All climate zones and residence types
22	Weatherstripping attic access	All climate zones and residence types
23	Weatherstripping doors	All climate zones and residence types

13 **D. PG&E Recommends Several Revisions to Measure Criteria**

14 PG&E has reevaluated the 2006 measures and proposes the following
 15 revisions to existing LIEE measures:

- 1 • Remove the cap for number of compact fluorescent lamps (CFL) installed;
- 2 • Remove the cap for number of exterior hardwired fixtures installed; and
- 3 • Add several hot micro-climates to qualifying central air conditioner climate
- 4 zones.

5 **Remove the CFL Cap.** The current LIEE program caps the number of
6 CFLs a participant may receive at a maximum of five per home. This cap was
7 based on utility estimates regarding how many CFLs in a home were used over
8 three and one half hours per day. The CFL cap was used to help the utility
9 manage the installation contractors. However, the cap is an arbitrary number;
10 some homes may qualify for two CFLs, whereas other homes may legitimately
11 qualify for eight. PG&E would like to remove the artificial cap to allow
12 contractors to assess each home for the right number of CFLs for that home.
13 Installing the right number of CFLs provides maximum benefits to the customers.

14 **Remove the Cap for Exterior Hardwired Fixtures.** The LIEE program
15 currently allows installation of three exterior hardwired fixtures per home. This is
16 an arbitrary number. A home may actually qualify for more of these energy-
17 saving measures. Additionally, removing the number of exterior hardwired
18 fixtures for which a home may qualify provides increased night time safety,
19 especially for elderly customers.

20 **Add Micro-climates to Climate Zones Qualifying for Central Air**
21 **Conditioners.** PG&E has several very hot micro-climates in the Central Valley,
22 such as Livermore and Fresno. These areas experience very hot weather and a
23 number of cooling degree days that make them more similar to hotter climate
24 zones that currently qualify for central air conditioning than to their present
25 climate zones. PG&E proposes identifying and investigating these micro-
26 climates so that their residents may be eligible to receive central air conditioners
27 under the same criteria and installation standards as currently in use for Climate
28 Zones 10, 14 and 15. PG&E's proposal will be submitted this summer.

29 **E. New LIEE Measures and Pilots Will Increase Benefits to** 30 **Customers**

31 PG&E proposes the following new measures and pilots for 2007 and 2008:

- 32 • Air conditioner tune-up (pilot);
- 33 • Interior hardwired fixtures;

- 1 • Ceiling fans (pilot);
- 2 • Energy education workshops (pilot); and
- 3 • Tankless water heaters (pilot proposed in 2006).

4 **Air Conditioner Tune-Up Pilot.** Air conditioner tune-up was originally
5 proposed and assessed as a measure for the 2006 program by the
6 Standardization Team. It was subsequently withdrawn on September 7, 2005,
7 when the Team discovered that testing could be performed economically only
8 when the outdoor temperature is above a certain threshold (estimated variously
9 at 55 to 65 degrees Fahrenheit), making the measure beneficial to customers on
10 a seasonal basis, and changing the implementation protocols and criteria used
11 in its initial measure assessment. The Team amended its *May 2, 2005 Report*
12 *on the Assessment of Proposed New Program Year 2006 Low Income Energy*
13 *Efficiency Program Measures Proposed by the Joint Utilities Low Income Energy*
14 *Efficiency Program Standardization Project Team* and agreed to look at
15 procedures for implementing this measure as a pilot. PG&E believes air
16 conditioner tune-up may provide valuable savings and will submit a proposal for
17 implementing and assessing it on a pilot basis.

18 **Interior Hardwired Fixtures.** This measure was suggested in the
19 workshops. The LIEE program already installs exterior hardwired fixtures.
20 PG&E assessments and discussions with contractors and others with
21 experience in the field indicate that interior hardwired fixtures also provide good
22 energy savings at a reasonable cost. Interior hardwired fixtures will replace
23 current fixtures in reasonable locations with new fixtures that can only accept
24 CFLs. This ensures the persistence of energy savings beyond the life of the
25 original CFL. Additionally, hardwired fixtures are required by code for retrofitting
26 bathroom and kitchen lighting in many communities.

27 **Ceiling Fan Pilot.** This measure was also suggested in the public
28 participation workshops and by LIEE contractors. PG&E assessments indicate
29 that ceiling fans may provide energy savings at a reasonable cost. PG&E will
30 provide ceiling fans for customers within climate zones where air conditioning is
31 allowed. Customers must have existing ceiling fixtures, eliminating the need for
32 additional wiring. PG&E will assess the cost benefits and energy savings of this

1 measure to determine whether it should be added to the program as a regular
2 measure before its next program application.

3 **Energy Education Workshop Pilot.** Energy education is a valuable
4 component of PG&E's LIEE program. Program participants are educated about
5 their energy usage and behaviors and given suggestions for steps they can take
6 to save on their energy costs. Customers sign an energy savings contract listing
7 three energy saving actions they agree to take. Customers are also provided
8 simple tools to help them calculate how much energy various appliances use
9 and are taught how to read their PG&E bills.

10 Many customers in the mountain and rural areas of PG&E's service area will
11 no longer qualify for the program because their use of propane bars them from
12 receiving infiltration measures. Unless they qualify to receive a new refrigerator,
13 they often do not require the minimum three measures to qualify them to
14 participate in the LIEE program. Because of the potential impact to the low
15 income customers in these areas, particularly in the far northern counties, PG&E
16 is looking at other ways to help these customers.

17 PG&E requests permission to run an Energy Education Workshop pilot.
18 PG&E will partner with local agencies to educate groups of customers through
19 these Energy Education Workshops. Customers will learn about smart energy
20 use and how their own energy usage and behaviors contribute to their energy
21 bills. Customers will be taught how to read their bills and shown simple steps
22 they can take to manage their bills and help lower their costs.

23 PG&E has already spoken with the one of the rural, northern Community
24 Action Agencies about such a partnership and may invite one or two other
25 agencies to participate as well. PG&E will train local agency staff to facilitate the
26 workshops and pay them a fee. PG&E will evaluate the workshop results to
27 assess energy savings. All customers will sign in and agree to participate in a
28 follow-up phone survey or on-site visit, if selected. A billing analysis to assess
29 pre-and post-participation energy usage may also be conducted as part of the
30 evaluation.

31 **2006 Tankless Water Heater Pilot.** On March 6, 2006, PG&E filed a
32 Petition to Modify Decision 05-12-026 to establish a tankless water heater pilot
33 as part of PG&E's 2006 LIEE program. This Petition to Modify is still pending at
34 the Commission. PG&E has not included funding for this pilot in the application

1 for 2007-2008. However, if the pilot is approved late in 2006, it may occur in
2 2007.

3 **F. PG&E Will Retain the Same LIEE Program Administrator**
4 **Through 2007**

5 PG&E's current program administrator, Richard Heath and Associates, Inc.,
6 was hired as the result of a competitive bid in 2004 for the 2005-2007 program
7 years. The decision to secure a 3-year contract allowed PG&E's administrator
8 to stabilize their sub-contracts and seek greater cost-efficiencies, as well as fine
9 tune quality assurance safeguards developed to support the implementation of
10 the NGAT procedures in 2004. PG&E re-bids administration of the LIEE
11 program on a regular basis, and is currently considering re-bidding LIEE
12 administration for 2008.

13 Richard Heath and Associates, Inc. is a Women Minority and Disabled
14 Veteran Business Enterprise (WMDVBE) listed company and works with locally
15 based contractors from both the private and non-profit sector to better meet the
16 needs of PG&E's extensive territory. Currently, there are 20 separate
17 contractors, including three appliance delivery companies, providing services in
18 48 counties. Of these 20 contractors, seven are listed community-based
19 organizations providing valuable coordination among other low-income
20 programs and LIEE's weatherization services.

21 **G. PG&E Continues Successful Coordination Activities With Other**
22 **Organizations**

23 PG&E continues to work with community-based organizations and other
24 non-profits to leverage LIEE program services. Leveraging is a daily part of
25 PG&E's LIEE program through the Low Income Home Energy Assistance
26 Program (LIHEAP) agencies that are a part of the current LIEE weatherization
27 program. Leveraging allows PG&E to provide additional assistance to more
28 low-income customers and maintain strong relationships with local
29 organizations. In addition, PG&E has eight leveraging contracts with LIHEAP
30 agencies that are currently not part of the weatherization portion of the LIEE
31 program. PG&E has also been in contact with other community-based
32 organizations that are interested in participating in the 2007 program year.

1 **H. Categorical Eligibility Will Increase LIEE Participation While**
2 **Reducing Administrative Costs**

3 PG&E proposes to investigate categorically enrolling customers from other
4 federal, state, or local programs with family income guidelines that are the same
5 or below the LIEE program income guidelines and that verify customer income
6 eligibility using the same (or similar) criteria and documentation currently
7 accepted for the LIEE program. PG&E proposes accepting as proof of income
8 eligibility documentation verifying the customer’s participation in the accepted
9 federal, state or local program. Customers must have been income qualified in
10 these programs within a year from the date of their potential LIEE participation.

11 At this time PG&E does not know which programs might be eligible for
12 categorical enrollment status and proposes working with the Commission’s
13 Energy Division, the Division of Ratepayer Advocates (DRA), and the other
14 investor-owned utilities (IOU) to propose and investigate acceptable LIEE
15 partners.

16 PG&E continues to use its CARE customer lists to locate potential LIEE
17 participants. However, PG&E does not categorically enroll CARE customers in
18 its LIEE program. CARE customers are self-certified, and PG&E verifies income
19 qualifications on all LIEE participants.

20 **I. Funding for LIEE Natural Gas Appliance Testing Should Be**
21 **Authorized in the Low Income Proceeding Rather Than in the**
22 **GRC**

23 In 1998, the Commission directed that low-income program funds were not
24 to be used to perform LIEE-related carbon monoxide (CO) testing, now known
25 as NGAT.^[1] This direction was based on the Commission’s belief that “carbon
26 monoxide testing conducted under the LIEE program is part of the ‘routine’
27 service to ratepayers and is already authorized in rates.”

28 PG&E requests that LIEE NGAT be funded through the LIEE program rather
29 than the GRC, as the NGAT procedures adopted by the Commission are
30 specific to LIEE. The complete NGAT procedure conducted under the LIEE
31 program is not part of PG&E’s routine CO testing service to non-LIEE
32 customers.

[1] See D.98-06-063 (Ordering Paragraph 7) and D.00-07-020 at p. 108.

1 Since 2001, the Commission has adopted policies for LIEE-related NGAT
2 that have specified and increased the number and types of testing required:

- 3 • On March 15, 2001, Decision 01-03-028 adopted a statewide minimum
4 NGAT standard for use by all utilities beginning in 2002 which required that
5 NGAT be completed for all LIEE homes that had gas appliances. The
6 minimum testing requirements included, among other things, room ambient
7 NGAT and appliance ambient tests only on forced air and non-ducted
8 heating units;
- 9 • On December 11, 2001, Decision 01-12-020 adopted more detailed
10 protocols for LIEE-related NGAT. The Commission also directed that the
11 costs of NGAT be reported net of the costs associated with any other LIEE
12 program activities taking place in conjunction with NGAT visits to customers'
13 homes; and
- 14 • On November 11, 2003, Decision 03-11-020 required a significant increase
15 in NGAT activities beginning in 2004, including testing all gas appliances in
16 weatherized homes except clothes dryers, with ambient tests conducted with
17 all the appliances off, then with all of them on. Appliances that failed the
18 initial tests could be subject to flue gas NGAT.

19 NGAT is specifically designed to address the needs of low income
20 households that receive infiltration measures through the LIEE program. As a
21 result of the requirements in these decisions, LIEE-related NGAT have become
22 more complex and require more time to complete than in the past. These
23 requirements are very different from routine non-LIEE gas safety services.
24 PG&E believes that NGAT should be funded through public purpose program
25 rates along with all other LIEE program costs, since the tests have become an
26 integral element of the LIEE program and are regulated along with other LIEE
27 program policies and procedures.

28 In addition, the amount of funds required for NGAT is directly related to the
29 number of homes that receive infiltration measures under the LIEE program,
30 which are determined through different proceedings and schedules than
31 currently occurs with NGAT being included in base rates.

32 Accordingly, PG&E requests that the Commission address and establish the
33 issue of cost recovery for LIEE-related NGAT costs in this proceeding. PG&E

1 does not propose using funds currently allocated for the LIEE program for
2 NGAT, but rather will add the amount of funds from the GRC for NGAT to
3 adopted LIEE program budgets. Funding for LIEE-related NGAT in the GRC is
4 currently \$2.8 million. Having LIEE-related NGAT addressed in LIEE
5 proceedings will allow for all LIEE activities and costs to be considered at one
6 time. Funding decisions for LIEE-related NGAT can then appropriately reflect
7 and be consistent with decisions in LIEE proceedings regarding the nature and
8 number of these tests.

9 **J. LIEE Policy and Installation Practices Should Remain**
10 **Consistent Statewide**

11 On March 22, an Assigned Commissioner Ruling (ACR) directed the LIEE
12 Joint Utility Standardization Project Team (Standardization Team) to establish
13 statewide standards for LIEE program policies and procedures along with
14 weatherization installation standards. Over time, through various decisions and
15 rulings, the Commission has also directed the Standardization Team to
16 undertake a number of other LIEE program studies, including cost-effectiveness
17 analysis on measures and solicitation and assessment of new measures for
18 inclusion into the LIEE program.

19 In Decision 05-12-026, the Commission stated that “[T]he Standardization
20 Team shall not undertake any new activities unless and until it is authorized to
21 do so as a result of the July 2006 applications, or as otherwise directed by the
22 Assigned Commissioner.”

23 Decision 05-12-026 also asked the IOUs to include in their next application
24 proposals for additional technical work, if needed. The Standardization Team
25 was tasked with evaluating furnace repair and replacement; PG&E believes this
26 task is valuable and should proceed as an independent comprehensive
27 evaluation of furnace repair and replacement. An evaluation of furnace savings
28 and cost-effectiveness is particularly relevant now, following the 2005-2006
29 Winter Initiative to replace inefficient central forced air furnaces.

30 PG&E also believes the IOUs require some process to update the statewide
31 Weatherization Installation Standards and Policy and Procedures Manuals on a
32 regular basis and to evaluate and assess new measures and cost effectiveness
33 on a consistent statewide basis.

1 Until directed otherwise, PG&E will comply with all applicable Commission
 2 decisions relative to the current LIEE Weatherization Installation Standards and
 3 Policy and Procedures Manuals. Additionally, the four IOUs will work together
 4 with other interested parties to address program issues, including conducting
 5 workshops to obtain public input. The utilities also will work with the Energy
 6 Division staff to determine where Commission review and approval is necessary
 7 for any program changes related to matters covered in the Commission
 8 directives. This will allow necessary program changes to be addressed until the
 9 next program applications are filed with the Commission.

10 **K. Measurement and Evaluation Ensures Program Quality and**
 11 **Should Be Funded**

12 In 2007-2008, PG&E anticipates the need for estimated 2-year total funding
 13 shown below for measurement and evaluation (M&E) work related to the
 14 2007-2008 LIEE programs:

15 **TABLE 2-2**
 16 **PACIFIC GAS AND ELECTRIC COMPANY**
 17 **LIEE MEASUREMENT AND EVALUATION STUDIES**

Line No.	Statewide Studies – Contract Costs	Total Cost	%	PG&E
1	Impact Evaluation of the 2007 LIEE Program	\$600,000	30%	\$180,000
2	Process Evaluation of the 2007 LIEE Program	150,000	30%	45,000
3	Reserve for Additional Study Requirements	300,000	30%	90,000
4	Annual Bill Savings Analysis	25,000	30%	7,500
5	Natural Gas Furnace Study	150,000	43%	64,500
6	Energy Education Workshop Evaluation	0		50,000
7	Air Conditioner Tune-Up Evaluation	0		25,000
8	Ceiling Fan Evaluation	0		25,000
9	Microclimate Study	0		25,000
10	Market Characterization Study	0		75,000
11	Total	\$1,225,000		\$587,000

18 If the previous two-year cycle for impact evaluations continues with the
 19 currently mandated 2005 LIEE programs evaluation, an impact evaluation would
 20 follow in 2007. A process evaluation is projected because one has not been
 21 done for several years, and, with the changes in the program, it would be
 22 prudent to conduct an evaluation of the effectiveness and efficiency of the
 23 program design and operations.

1 In addition, the natural gas IOUs (PG&E, San Diego Gas & Electric
2 Company (SDG&E), and Southern California Gas Company (SoCalGas)) jointly
3 propose a statewide independent study of natural gas furnaces to address
4 several of the issues raised by some parties in the 2005 and 2006 low-income
5 proceedings such as whether LIEE furnace replacements should be based on
6 the age of the appliance for safety reasons. In Decision 05-10-044, the
7 Commission found that it lacked any factual basis for making a determination on
8 the merits of replacing older wall and floor furnaces based on claims that newer
9 models have important safety mechanisms that older furnaces do not. In order
10 to assess the merits of whether the age of a furnace should be used to as a
11 criterion for furnace replacement in the LIEE program and to help address other
12 furnace replacement issues such as efficiency gains, PG&E asks the
13 Commission to authorize the natural gas IOUs to undertake a statewide furnace
14 study to be conducted by an independent contractor in 2007. The utilities
15 propose that PG&E be directed to administer the selection process and contract
16 on behalf of the natural gas IOUs. The total cost for the independent furnace
17 study is estimated to be \$150,000. PG&E's 43 percent portion of the total
18 is \$64,500 for 2007.

19 In addition to the joint utility studies, PG&E proposes five utility-specific
20 studies. PG&E will evaluate each of the pilot measures to determine their cost-
21 effectiveness and feasibility for the LIEE program. PG&E also proposes
22 identifying and investigating micro-climates in the Company's service area to
23 determine if customers living in these areas should be eligible to receive any
24 weather-sensitive measures that they are currently precluded from receiving.
25 Finally, PG&E proposes a market characterization study to learn more about low
26 income customers in order to reach them more effectively with a program that
27 meets their needs.

28 PG&E proposes a statewide reserve of \$300,000 for additional study
29 requirements that may be developed before the end of 2008. Possible uses
30 could include updating the cost-effectiveness model with the Commission's
31 newly adopted avoided costs and/or a study to improve estimates of non-energy
32 benefits. Utility personnel and other stakeholders have raised questions about
33 the methods used to develop the current values assigned to the non-energy

1 benefits of the program. The currently used values come from a study that is
2 now several years old.

3 These activities result in a total estimated PG&E M&E cost of \$587,000 or
4 \$293,500 annually in 2007 and 2008. Some of the cost will not be incurred until
5 2009, since evaluation of the 2007 program impacts will require collection of
6 complete 2008 energy consumption data before the program energy savings
7 can be estimated. Continued M&E studies will help ensure that ratepayers and
8 low income customers receive cost-effective energy benefits.

9 **L. The Present Shareholder Incentives Mechanism Should Be**
10 **Revised**

11 PG&E believes that the shareholder incentive mechanism for 2007 and 2008
12 should be revisited and revised since these programs are not a continuation of
13 the 2001-2003 Rapid Deployment (RD) programs for which the current
14 shareholder incentive mechanism was devised. Neither the present shareholder
15 incentive mechanism nor the adopted minimum performance standards are
16 relevant to the current LIEE program design in which all feasible measures must
17 be installed in each home enrolled in the program.

18 PG&E proposes that the Commission schedule public workshops in 2006 to
19 discuss appropriate shareholder incentives for low income programs.
20 Discussion should include methods for determining incentives, minimum
21 performance standards, appropriate caps and floors, measurement
22 requirements, and payout periods. A revised shareholder incentive mechanism
23 will align the LIEE program with other energy efficiency and demand response
24 programs.

25 **M. Regulatory Reporting for LIEE and CARE Programs Should Be**
26 **Revised**

27 PG&E and the other IOUs report monthly on CARE and LIEE program
28 activities. The current annual reporting requirements for the CARE and LIEE
29 programs were established by the Low Income Reporting Requirements Manual
30 (RRM) Working Group under the direction of the Commission during 2001 and
31 adopted by the Commission in 2002. In Decision 01-05-033, the Commission
32 implemented the rapid deployment of Senate Bill (SB) X1-5 funds and directed
33 the utilities to file regular status reports on their rapid deployment efforts. The

1 utilities and Energy Division developed the monthly and quarterly RD reports
2 and made modifications to those reports as appropriate.

3 The current reporting frequencies and tables are based on rapid deployment
4 funding and legislative requirements that are no longer in effect. PG&E and the
5 other utilities recommend updating the reporting requirements to better meet the
6 Commission's current and future information needs. The utilities' reporting
7 recommendations are included as Attachment 1.

8 **N. Public Workshops Have Provided Useful Information**

9 Decision 05-12-026 required the utilities to hold public workshops within
10 sixty days of filing their low income program applications. PG&E held
11 three public workshops to gather input and discuss its upcoming 2007-2008 Low
12 Income Programs application for LIEE and CARE: on May 3, 2006 in Fresno, on
13 May 22 in San Francisco, and on May 24 in Eureka. At each workshop, PG&E
14 presented a brief overview of the LIEE and CARE programs. PG&E then invited
15 thoughts and discussion from the workshop participants. Copies of the
16 workshop presentation, participation lists, and summaries of comments received
17 are attached (Attachments 2 and 2a).

18 PG&E considered and assessed all the measures and issues discussed at
19 the workshops. The measure revisions and new measures recommended for
20 the 2007-2008 LIEE program in this application result from discussions at these
21 workshops and with PG&E LIEE contractors and program staff. Workshop
22 participants also discussed process and implementation contract changes that
23 PG&E is considering outside the scope of this application.

24 **O. LIEE Budget Summary and Unit Tables**

25 The utilities worked together to develop budget summary and unit tables for
26 the PY 2007-PY 2008 applications. The tables show PG&E's proposed budgets,
27 measures and energy savings for PY 2007 and PY 2008 as well as actual
28 budgets, measures and energy savings for the current year (PY 2006
29 year-to-date). These tables are included as Attachments 3 and 4a through 4c.

30 **P. Conclusion**

31 The Commission should adopt PG&E's proposed budget for the PY 2007
32 and PY 2008 LIEE program. PG&E's proposed program includes revisions to
33 current measures, one new measure and three pilots. PG&E also requests that

- 1 LIEE NGAT be funded through the LIEE program. PG&E requests a timely
- 2 decision on this Application so that there can be an early 2007 program launch.

PACIFIC GAS AND ELECTRIC COMPANY

CHAPTER 3

CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 3
CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM

TABLE OF CONTENTS

A. Introduction.....	3-1
B. PG&E Has Administered the CARE Program Since 1989.....	3-1
C. PG&E’s Proposed Administrative Budget Is Reasonable and Should Be Adopted	3-1
D. PG&E’s Successful Outreach Efforts Will Continue and Be Increased.....	3-2
E. PG&E Will Continue to Coordinate Programs for Low Income Customers.....	3-2
F. Automatic Enrollment Is Successful and Will Continue to Expand	3-3
G. On-line Applications Provide an Additional Option for Enrollment	3-4
H. Extending the Certification Period for Fixed-Income Customers Will Increase Administrative Efficiency for the Customer and the Utility.....	3-5
I. Community Outreach Worker Fees Should Be Increased	3-5
J. Categorical Enrollment of Customers Eligible for Other Low Income Programs Will Increase Administrative Efficiency and Increase Customer Enrollment	3-6
K. PG&E’s Request for a CARE Post-Verification Study Will Provide Needed Information About Customers Who Do Not Respond to Income Verification Requests	3-7
L. Reporting Requirements for CARE Should Be Updated to Provide for Current Reporting Needs.....	3-7
M. Proposed Benchmarks and Expenditures Are Provided.....	3-8
N. Conclusion.....	3-8

1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **CHAPTER 3**
3 **CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM**

4 **A. Introduction**

5 Pacific Gas and Electric Company (PG&E or the Company) presents its
6 application for the 2007 and 2008 California Alternate Rates for Energy (CARE)
7 program.

8 PG&E will consolidate the electric revenue requirement authorized in this
9 proceeding into electric rates with other rate changes effective January 1 of each
10 year in the program budget period. PG&E will consolidate the gas funding
11 requirement authorized in this proceeding into gas rates with other rate changes
12 effective January 1 of each year in the program budget period.

13 **B. PG&E Has Administered the CARE Program Since 1989**

14 PG&E has administered the CARE program since its inception in 1989.
15 PG&E customers with income levels at or below 200 percent of the Federal
16 Poverty Level are eligible to receive a 20 percent discount on monthly gas and
17 electric charges. The program targets five separate categories of eligible
18 customers:

- 19 • Single-family residential customers with their own PG&E accounts;
20 • Sub-metered tenants of master-metered customers in facilities such as
21 mobile home parks and sub-metered apartment complexes;
22 • Non-profit group living facilities such as half-way homes, rehabilitation
23 facilities, homeless shelters and hospices;
24 • Agricultural employee housing such as migrant farm labor facilities, private
25 employee housing and non-profit farm labor housing; and
26 • Non-profit agricultural migrant farmworker housing centers.

27 **C. PG&E's Proposed Administrative Budget Is Reasonable and**
28 **Should Be Adopted**

29 PG&E proposes an administrative budget of \$7.7 million, \$225,000 more
30 than adopted for 2006 CARE administration in Decision 05-12-026. The
31 increase is to cover Phase 2 of the California Public Utilities Commission's

1 (CPUC or Commission) Needs Assessment Study charges that have not been
2 received and processed in 2006 and the proposed Post-Verification Study
3 described in Section K of this chapter.

4 **D. PG&E's Successful Outreach Efforts Will Continue and Be** 5 **Increased**

6 PG&E has made great strides towards enrolling all eligible customers, as
7 illustrated by a 208 percent increase in the CARE enrollment level from
8 January 2001 through April 2006. PG&E fully intends to continue its successful
9 outreach and marketing efforts to meet the Commission's goal of enrolling
10 100 percent of eligible CARE customers who want to participate.

11 PG&E will continue to enhance its outreach campaign with concentrated
12 efforts in the Hispanic, Asian, African American, Native American, disabled,
13 senior and rural communities.

14 PG&E has sustained the steady penetration rate growth that began in
15 January 2001, when only 362,599 customers were on the discount program.
16 Since then, the net increase of customers in the CARE program through
17 April 2006 represents 755,740 households, an increase in CARE participation to
18 1,118,339 participants.

19 PG&E employees, agency personnel, outreach workers and volunteers have
20 worked throughout the service area to ensure that new CARE enrollments are
21 distributed fairly evenly in all 48 counties of our service area. PG&E expects to
22 continue the outreach program and achieve significant increases in CARE
23 penetration of the eligible population in 2007 and 2008.

24 **E. PG&E Will Continue to Coordinate Programs for Low Income** 25 **Customers**

26 PG&E leverages the CARE program with its Low Income Energy Efficiency
27 (LIEE) and Family Electric Rate Assistance (FERA) programs. By coordinating
28 with these two PG&E programs, CARE enrollment increased by 27,809 new
29 customers in 2005. PG&E will continue this leveraging for the duration of the
30 CARE program.

31 Since the CARE discount is noted directly into PG&E's customer information
32 system, customer service representatives (CSR) see the CARE status of any
33 customer that phones PG&E's call center for assistance. This information is

1 helpful for the CSR when discussing other benefits and services that may be of
2 assistance to the low income customer.

3 CARE also leverages other financial assistance information. On each
4 application that is delivered to a customer, PG&E provides a brief description of
5 other assistance available and contact numbers for these other programs.

6 Also, as part of PG&E's Customer Service Call Center services, CSRs are
7 instructed to provide information on the federally-funded Home Energy
8 Assistance Program (HEAP) should a customer contact PG&E regarding any
9 other PG&E payment assistance or low income program (including CARE,
10 REACH, Balanced Payment Plan, Medical Baseline and Life Support, and
11 Energy Partners (PG&E's name for the LIEE Program)). The CARE Processing
12 Center also provides referral information to customers who may be identified as
13 being in need of additional financial assistance.

14 Since 1989 PG&E has also provided assistance by leveraging federal
15 funding through HEAP on an annual basis. The primary information provided to
16 the California Department of Community Services and Development (CSD) is a
17 monthly breakdown of the total number of participants (residential and
18 sub-metered tenant count) along with the total dollar amount of discount
19 provided to that portion of the population during that period.

20 **F. Automatic Enrollment Is Successful and Will Continue to** 21 **Expand**

22 On May 5, 2004, the Assigned Commissioner's Ruling (ACR) on Automatic
23 Enrollment authorized implementation of automatic enrollment between the
24 utilities and CSD.

25 In July 2005, PG&E received a listing of CSD information from the CPUC.
26 This listing was used to match CSD customers with their PG&E accounts. A
27 letter was mailed to the identified customers giving them 30 days to opt out of
28 the program. After the 30-day opt-out period, over 3,000 PG&E customers were
29 then automatically enrolled in the CARE program.

30 In addition to the automatic enrollment initiated under the May 5, 2004 ACR,
31 PG&E borders two investor-owned utilities in certain sections of the service
32 area. PG&E implemented automatic enrollment agreements with Southern
33 California Gas and Southern California Edison to regularly exchange listings of
34 enrolled CARE customers that are identified in the shared service areas.

1 Through these exchanges, PG&E was able to enroll almost 5,000 customers in
2 the CARE Program in 2005. PG&E plans to continue exchanging CARE
3 customer listings with these utilities. PG&E also recently implemented an
4 automatic enrollment agreement with the Sacramento Municipal Utility District
5 (SMUD) and exchanged a listing of enrolled CARE customers in April 2006.
6 Through this exchange, PG&E enrolled over 2,700 new customers in the CARE
7 program.

8 **G. On-line Applications Provide an Additional Option for** 9 **Enrollment**

10 PG&E customers are currently required to submit a hard copy of an
11 application with an original signature clearly visible to enroll in the CARE
12 program. For the 2007-2008 program, PG&E proposes an on-line, Web-based
13 application that allows customers to fill out an application and submit it
14 electronically, without an original, hard-copy signature attached and filed.

15 Many benefits could be realized from the use of a Web-based application for
16 both customers and PG&E:

- 17 • Quicker turnaround time for customers to enroll and receive their CARE
18 discount;
- 19 • Lower CARE program postage costs due to a decreasing number of
20 applications mailed by both PG&E and the customer;
- 21 • Lower CARE program costs on applications and envelopes. Using less
22 paper also aids environmental conservation efforts;
- 23 • Increased process accuracy by minimizing paper processing steps; and
24 • Increased system automation will keep processing costs down.

25 PG&E understands that not all of its customers have Internet capability or
26 access to computers. PG&E does not propose to replace mailed applications.
27 However, more and more customers prefer to go on-line to communicate with
28 businesses, obtain services, answer questions and pay their bills. PG&E would
29 like to supplement its application process and accommodate customer needs by
30 providing Web-based applications in addition to its other CARE applications.

1 **H. Extending the Certification Period for Fixed-Income Customers**
2 **Will Increase Administrative Efficiency for the Customer and the**
3 **Utility**

4 Currently all single-family residential customers who apply and qualify for the
5 CARE program are required to complete and mail a new application to recertify
6 their eligibility every two years. PG&E proposes to extend the certification
7 period for fixed-income customers from two years to four years.

8 The majority of fixed-income customers that are currently enrolled in the
9 CARE program are seniors; many of them only receive Social Security. Income
10 for these customers will probably not change dramatically over time. Therefore,
11 it can be reasonably assumed that these customers will continue to qualify for
12 the program.

13 This proposal is beneficial for both the customer and PG&E. The
14 recertification process can be a burden for seniors, in spite of PG&E's best
15 efforts to make the process as easy as possible.

16 As many as 25 percent of CARE customers do not respond to recertification
17 requests and are subsequently dropped from the program. These include
18 customers who no longer qualify for CARE, customers who do not read or speak
19 English and do not understand the recertification request, and customers who
20 procrastinate or misplace the CARE recertification request.

21 By extending the CARE certification period for fixed-income customers,
22 PG&E is attempting to mitigate this burden on the customer and decrease the
23 number of non-responding customers that are dropped during the recertification
24 process. Seniors are the least likely group of customers to change income
25 levels. The risk of keeping non-qualifying customers on CARE by extending the
26 recertification period for seniors is lower than for the rest of the population.

27 This proposal will also reduce costs for PG&E, as recertification notices for
28 fixed-income customers will only be mailed, and the returned applications
29 processed, every four years instead of every two years.

30 **I. Community Outreach Worker Fees Should Be Increased**

31 As part of the CARE outreach campaign, PG&E sponsors various
32 campaigns to educate customers about the CARE program and the benefits and
33 application requirements needed to receive the 20 percent discount on their
34 monthly bill. In order to reach out to a greater number of communities through

1 the network of community agencies and community-based organizations already
2 working in them, the CARE Community Outreach Contractor (COC) program
3 was developed.

4 PG&E's CARE program currently has 70 performance-based contracts with
5 COCs, including charitable and civic organizations, health and social service
6 agencies, social clubs, churches, educational institutions, and grassroots
7 community-based nonprofit associations within the PG&E service area. These
8 COCs help PG&E increase CARE enrollments to qualified low income
9 customers in their communities by assisting their low income clients to fill out
10 CARE applications and then turning in the completed applications to PG&E.

11 PG&E would like to continue these valued community partnerships and
12 assist the participating COCs with enrolling customers. Over the last two years,
13 the COCs have requested several times that PG&E increase the capitation fee
14 paid per applicant successfully enrolled in PG&E's CARE program, citing rising
15 costs and overhead. As more qualifying customers are enrolled in the CARE
16 program, additional customers become harder to find. PG&E's COCs must
17 participate in more events such as at street fairs, festivals, and meeting halls to
18 successfully find and enroll new CARE customers.

19 The CARE program is currently authorized to pay a capitation fee up to \$12
20 for each qualified and approved application submitted to PG&E for processing.
21 The \$12 maximum capitation fee was mandated in Decision 01-05-033 and has
22 not changed since it was adopted in 2001. PG&E requests an increase of up to
23 \$3 per capitation, thus increasing COC payment from up to \$12 to up to \$15 per
24 successfully enrolled CARE customer.

25 **J. Categorical Enrollment of Customers Eligible for Other Low**
26 **Income Programs Will Increase Administrative Efficiency and**
27 **Increase Customer Enrollment**

28 PG&E requests approval to work with local low income programs falling
29 within CARE income guidelines to automatically enroll qualified customers in the
30 CARE program. PG&E also proposes to modify the CARE application to provide
31 enrollment based on a customer's participation in other low income programs
32 which meet CARE income guidelines. This would include modifying post-
33 enrollment verification requirements to include proof of eligibility documents from
34 other low income programs.

1 **K. PG&E’s Request for a CARE Post-Verification Study Will**
2 **Provide Needed Information About Customers Who Do Not**
3 **Respond to Income Verification Requests**

4 PG&E currently conducts random post-enrollment income verification on
5 5 percent of incoming CARE applications. On average, 50 percent of these
6 customers fail to respond to the income verification requests and are
7 subsequently dropped from the program.

8 To help achieve the goal of enrolling and retaining qualified customers,
9 PG&E proposes conducting a study to explore who these customers are and
10 why they fail to respond to requests to verify their incomes.

11 PG&E will conduct follow-up surveys with customers that did not respond to
12 CARE income verification requests and were subsequently dropped from the
13 program. PG&E will attempt to determine how many of these customers failed
14 to respond to requests because they do not qualify and how many were dropped
15 for other reasons, including inability to read or speak English, inability to
16 understand the income verification request, distrust of PG&E’s reasons for
17 needing income documentation, unwillingness or inability to provide
18 documentation, and procrastination. PG&E expects this study to cost \$100,000.

19 **L. Reporting Requirements for CARE Should Be Updated to**
20 **Provide for Current Reporting Needs**

21 PG&E and the other investor-owned utilities report monthly on CARE and
22 LIEE program activities. The current annual reporting requirements for the
23 CARE and LIEE programs were established by the Low Income Reporting
24 Requirements Manual (RRM) Working Group under the direction of the
25 Commission during 2001 and adopted by the Commission in 2002. In
26 Decision 01-05-033, the Commission implemented the rapid deployment of
27 Senate Bill X1-5 funds and directed the utilities to file regular status reports on
28 their rapid deployment efforts. The utilities and Energy Division developed the
29 monthly and quarterly Rapid Deployment (RD) reports and made modifications
30 to those reports as appropriate.

31 The current reporting frequencies and tables are based on rapid deployment
32 funding and legislative requirements that are no longer in effect. PG&E and the
33 other utilities recommend updating the reporting requirements to better meet the

1 Commission's information needs. The utilities' reporting recommendations are
2 included as Attachment 1.

3 **M. Proposed Benchmarks and Expenditures Are Provided**

4 Attachments 5 and 6 show proposed CARE participation benchmarks and
5 proposed expenditures for 2006, 2007 and 2008.

6 **N. Conclusion**

7 The Commission should adopt PG&E's proposed budget for the
8 PY 2007-2008 CARE program. In addition, the Commission should adopt
9 PG&E's recommendations for an extended certification period for fixed-income
10 customers and an increased capitation rate for COCs. PG&E has successfully
11 managed the CARE program since 1989, increasing CARE program
12 participation to 1,118,339 customers by April 30, 2006. PG&E's proposed
13 budget will enable PG&E to further increase the participation in CARE.

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 4
ACCOUNTING AND COST RECOVERY

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 4
ACCOUNTING AND COST RECOVERY

TABLE OF CONTENTS

A. Introduction..... 4-1

B. 2007 LIEE Funding Requirements..... 4-1

C. Recovery of CARE Account Balances..... 4-2

D. Conclusion..... 4-2

1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **CHAPTER 4**
3 **ACCOUNTING AND COST RECOVERY**

4 **A. Introduction**

5 This chapter presents the electric revenue requirements, gas funding
6 requirements and cost recovery proposal for: (1) the 2007-2008 Low Income
7 Energy Efficiency (LIEE) program; and (2) administration-related costs for the
8 2007-2008 California Alternate Rates for Energy (CARE) program.

9 **B. 2007 LIEE Funding Requirements**

10 As discussed in Chapter 2 of this testimony, Pacific Gas and Electric
11 Company (PG&E or the Company) proposes an LIEE annual budget of
12 \$80.7 million for 2007 and 2008. The California Public Utilities Commission
13 (CPUC or Commission) approved a 70/30 electric/gas split in Decision
14 (D.) 05-04-052, and PG&E proposes to maintain this 70/30 electric/gas split for
15 2007 and 2008.^[1] Therefore, based on PG&E's proposed budget, the electric
16 cost allocation is \$56.5 million per year, and the 2007 and 2008 revenue
17 requirement, net of Franchise Fees and Uncollectibles (FF&U), is \$57 million.
18 The Natural Gas Public Purpose Programs (PPP) Surcharge is exempt from
19 FF&U. Thus, the gas cost allocation and funding requirement for 2007 and 2008
20 is \$24.2 million. These amounts are presented in Table 4-1 to the nearest
21 thousand dollars.

22 These 2007-2008 LIEE costs represent no incremental electric rate change
23 if PG&E's pending 2006 LIEE budget augmentation Application (A.) 06-04-014 is
24 approved by the Commission for inclusion into 2006 rates. Rate change
25 analysis is included in this application to present the incremental impacts of this
26 application if Application 05-04-014 is not approved.

27 PG&E will consolidate the electric revenue requirement authorized in this
28 proceeding into electric rates in the Annual Electric True-up (AET) with other
29 rate changes effective January 1 of each year in the program budget period.
30 Consistent with current practice, any required LIEE electric revenue change will

[1] Based on actual electric and gas program activities and costs during the budget period, PG&E may propose revisions to the electric/gas split.

1 be allocated to customers in proportion to the current LIEE revenue component
2 of electric PPP rates. PG&E will consolidate the gas funding requirement
3 authorized in this proceeding into gas rates in the annual gas PPP and Annual
4 Gas True-up (AGT) filings with other rate changes effective January 1 of each
5 year in the program budget period. Similarly, any gas LIEE revenue change will
6 be allocated among customers consistent with current practice.

7 **C. Recovery of CARE Account Balances**

8 PG&E proposes to continue the adopted methodology for incorporating in
9 rates the electric and gas CARE balancing account balances for 2007-2008. For
10 2006, PG&E assigns 65 percent of the CARE administrative costs to the Electric
11 Department and 35 percent to the Gas Department. Therefore, based on the
12 \$7.7 million budget for 2007-2008 CARE administrative costs described in
13 Chapter 1, PG&E proposes to book up to \$5 million of CARE administrative
14 costs, net of FF&U, to its electric CARE balancing account and up to \$2.7 million
15 to its gas CARE balancing account. These amounts are presented in Table 4-1
16 to the nearest thousand dollars. This represents a small incremental increase
17 (\$0.2 million) in the CARE administrative costs collected through electric
18 distribution rates and the Natural Gas PPP Surcharge.

19 Methods for recovery of the electric and gas CARE account balances were
20 established by the Commission to include CARE shortfalls and balances in rates
21 in Decision 89-09-044.^[2] PG&E does not propose any changes to these
22 established methods in 2007-2008. The revenues to be collected through the
23 CARE surcharge rates equal the sum of the forecasted 20 percent CARE
24 discount, the CARE administrative costs, and the current balances in the CARE
25 balancing accounts. The revised CARE surcharge rates equal the CARE
26 surcharge revenues divided by the applicable adopted sales.^[3]

27 **D. Conclusion**

28 In summary, PG&E requests that the Commission authorize PG&E's
29 \$57 million 2007 and 2008 LIEE electric revenue requirement, net of FF&U;

[2] "Revisions to the LIRA [CARE] rate, the LIRA [CARE] surcharge, amortization of the LIRA [CARE] balancing account, and review of the LIRA [CARE] program will occur annually." (D.89-09-044, Ordering Paragraph 10.)

[3] In addition to CARE sales, sales to Utility Electric Generation and Streetlighting customers are exempt from the CARE surcharge.

1 PG&E's \$24.2 million LIEE gas funding requirement; and PG&E's \$7.7 million
 2 budget for 2007 and 2008 CARE administration-related costs (\$5 million for
 3 electric department net of FF&U and \$2.7 million for Gas Department).

4 PG&E will consolidate the electric revenue requirement authorized in this
 5 proceeding into electric rates in the AET, along with other rate changes effective
 6 January 1 of each year in the program budget period. PG&E will consolidate the
 7 gas funding requirement authorized in this proceeding into gas rates in its
 8 annual gas PPP and AGT rate filings, effective January 1 of each year in the
 9 program budget period.

10
 11
 12
 13
 14

TABLE 4-1
PACIFIC GAS AND ELECTRIC COMPANY
TOTAL AND INCREMENTAL LIEE AND CARE PROGRAM BUDGETS
AND FUNDING REQUIREMENTS
(\$000s)

Line No.		Adopted 2006	Proposed 2007	2007 Incremental
1	LIEE Budget	56.530	80.704	21.334(a)
2	Electric RRQ (FF&U)	39.951	57.035	15.077
3	Gas RRQ (No FF&U)	16.959	24.211	6.400
4	Total LIEE RRQ	56.910	81.246	21.477
5	CARE Budget	7.457	7.682	0.225
6	Electric RRQ (FF&U)	4.894	5.041	0.148
7	Gas RRQ (No FF&U)	2.610	2.689	0.079
8	Total CARE Budget	7.504	7.730	0.226

(a) LIEE incremental budget and funding requirements for 2007 exclude GRC transfer of \$2.840 million for NGAT.

PACIFIC GAS AND ELECTRIC COMPANY

APPENDIX A

Attachment 1

Investor-Owned Utilities' Recommendations for PY 2007 and PY 2008 Monthly and Annual Reporting of Low Income Assistance Programs

Background:

The current annual reporting requirements for the CARE and LIEE programs were established by the Reporting Requirements Manual (RRM) Working Group under the direction of the Commission during 2001 and adopted by the Commission in 2002. In (D.) 01-05-033 the Commission implemented the rapid deployment of SBX1 5 funds and directed the utilities to file regular status reports on their rapid deployment efforts. The utilities and the Energy Division developed the monthly and quarterly Rapid Deployment (RD) Reports over the early months of rapid deployment and have made modifications to those reports as appropriate.

Looking ahead to 2007 and 2008 CARE and LIEE reporting requirements, the IOUs (San Diego Gas & Electric Company, Southern California Gas Company, Southern California Edison Company, and Pacific Gas and Electric Company) reviewed the reporting requirements and identified the following issues:

- Current RD reporting frequencies and tables reflect SBX1 5 funding and legislative requirements and requests from Commission personnel who are no longer involved with the programs. Quarterly reporting does not reflect calendar year quarters but an adjusted timeframe to reflect SBX1 5 reporting to the legislature by the Commission which is no longer required.
- RD reports are not concise. It may be difficult for Commission staff and the LIOB to easily find meaningful information in the reports.
- AEAP Report Tables are not aligned with RD reporting tables and do not always provide meaningful information.

Upon completion of the review the IOUs drew an overriding conclusion, defined objectives for reporting on the programs, and developed recommendations in support of those objectives which are presented below.

Conclusion:

Current reporting frequencies and tables which reflect SBX1 5 funding and legislative requirements are obsolete and can be improved upon to better meet the information requirements of the Commission.

Attachment 1

Reporting Objectives:

- Provide meaningful information to the Commission and interested parties while streamlining the reporting process and report content to achieve efficiencies.
- Improve reports so that they are clear and concise, and easy to read (e.g., larger print, format).
- Ensure reports provide key information which is sufficiently informative without being overly detailed.
- Ensure reports are of value to the Commission in its role of overseeing the utilities' low-income programs.
- Information may be expanded over time to reflect information requests from current Commission staff and LIOB.

Recommendations:

Reporting Frequency and Titling of the Reports:

- The same tables should be filed monthly.
- Reports for a given month will be due the 21st of the following month.
- Some RD Report tables should be moved to the AEAP/ LIEE Annual Report Tables and Technical Appendix Tables, which will continue to be due May 1 of the subsequent year.
- The monthly reports should be titled, "Low-Income Assistance Programs Monthly Reports."

Monthly Report and Tables

- A brief narrative overview which highlights program activity during the month and/or year-to-date should be filed each month in addition to quantitative tables showing the results for the programs.
- The following revisions should be made to the monthly report tables in order to provide useful and sufficient information to the Commission while creating efficiencies in the reporting process.

Tables A, B, C: LIEE Outreach, CARE Outreach and Leveraging, CARE Media Outreach -- Delete. This information is provided in annual LIEE and CARE reports.

Table 1, LIEE Program Expense – Keep. Delete SBX1 5 columns; remove LIAB/LIOB rows; move Indirect Costs below Totals. If NGAT costs are included in

Attachment 1

LIEE program funding, move “NGAT Costs” row up under “Regulatory Compliance” row.

Tables 2, 2A, LIEE Direct Purchase and Installation Contractor Expenses and Contractor Legend -- Delete. This information can be provided on an ad hoc basis if requested. This table is obsolete. It helped assure compliance with SBX1 5 which is no longer required.

Table 3, LIEE SBX1 5 Percentage of Expenditures – Delete. No longer applicable; SBX1 5 funds are no longer available.

Table 4, LIEE Measure Installations – Keep. Make YTD; delete measures dropped per CPUC directive; capture new measures as approved in this proceeding; delete SBX1 5 columns and only report on base program completed & expensed; delete initiated not completed because the info may not be accurate and was originally intended to provide forward looking information on the rapid deployment efforts; expand to include impact information currently reported in Table 5. *NOTE*: This table will need to be updated to include any new measures adopted for the LIEE program.

Table 4A, LIEE Installations by Housing Types – Move to LIEE Annual Report. Make YTD; take out SBX1 5 columns; remove “Goal” columns since no formal service goals for single and multi-family residences have been established.

Table 5, LIEE Energy Impacts -- Merge into Table 4; and report YTD only; delete SBX1 5 columns.

Tables 5A, 5 B, 5C, LIEE Average Bill Savings – Move 5A to LIEE Annual Report. Make YTD; delete 5B and 5C.

Table 6 – CARE Expenses – Keep. Drop SBX1 5 columns; delete LIAB/LIOB rows; move Indirect Costs below Totals.

Tables 7, 7A, CARE Leveraging and Outreach Contractor Expense and Contractor Legend – Delete. Obsolete because they were originally established to refer to pre-Rapid Deployment CARE outreach pilot programs.

Tables 8, 8A, CARE Capitation Fees by Contractor and Contractor legend – Delete. Total Fees are captured in Table 6, Capitation Enrollments in Tables 10 and 16. Table initially provided useful information in early stages of CARE capitation program to measure utilities’ progress in signing up capitation contractors. However, information on capitation contracts and outreach results is included in the CARE Annual report.

Table 9, CARE SBX1 5 Percentage of Expenditures for Mass Marketing – Delete. SBX1 5 funds are no longer available.

Attachment 1

Table 10, CARE Enrollment, Recertification, and Attrition – Keep. Merge columns from Table 16 into this Table; the table provides useful and timely information on the CARE program.

Table 11, CARE Random Verification Results – Keep. This table provides useful information in an area that is of interest to stakeholders.

Tables 11A, 11B, CARE Random Verification Outreach Results SBX1 5 and non SBX1 5 – Delete. SBX1 5 funds no longer available; outreach strategies initially funded by SBX1 5 have been incorporated into the utilities' base funding for CARE.

Table 12, CARE Enrollments – Keep. Delete separate columns for fuel type and urban/rural split; provide one table only that provides CARE enrollment by county.

Tables 13A - 13F, Urban/Rural LIEE Installations – Delete. This information can be provided on an ad hoc basis if required at any future time.

Tables 14, 15, 16 Rural, Urban, and Combined CARE Participation – Delete. Merge Table 16 data that is not reported elsewhere into Table 10.

Tables 17 - 24, Summary of Homes Treated, LIEE Base Program – Delete. This information can be provided on an ad hoc basis if required at any future time.

Table 25 - 28, Summary Energy and Bill Savings LIEE Base Program – Delete. This information can be provided on an ad hoc basis if required at any future time.

Table 29, Summary Rural and Urban CARE Capitation Contractors – Delete. Utilities have demonstrated program delivery throughout their service areas. Information can be produced on an ad hoc basis if required at any future time.

Table 30, LIEE Penetration – Move to LIEE Annual Report. This table provides a longer-term perspective on LIEE program penetration over a rolling 10 year period more appropriate to an annual report than a monthly report.

Attachment 1-a - The recommended monthly reporting tables revised per the IOUs recommendations.

Attachment 1-b - LIEE Annual Report and Technical Appendix Tables
IOUs recommend that the existing LIEE Annual Report and Technical Appendix Tables be replaced with this attachment.

Attachment 1a
Proposed Low Income Program Monthly Reports

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	Table 1- LIEE Program Expenses - Utility Name - Through Month 20XX												
2		Current Month Expenses			Year to Date Expenses			Budget			% of Budgeted Spent YTD		
3	LIEE Program:	Electric	Gas	Elec & Gas	Electric	Gas	Elec & Gas	Electric	Gas	Elec & Gas	Electric	Gas	Elec & Gas
4	Energy Efficiency												
5	- Gas Appliances												
6	- Electric Appliances												
7	- Weatherization												
8	- Outreach and Marketing												
9	- In Home Energy Education												
10	- Education Workshops												
11	- Pilot												
12	Energy Efficiency TOTAL												
13													
14	Training Center												
15	Inspections												
16	Advertising												
17	M&E Studies												
18	Regulatory Compliance												
19	Other Administration												
20	CPUC Energy Division												
21													
22	TOTAL PROGRAM COSTS												
23													
24	Indirect Costs												
25													
26	NGAT Costs												

Attachment 1a
Proposed Low Income Program Monthly Reports

	A	B	C	D	E	F
1	Table 2¹ - LIEE Measure Installations & Savings - Utility Name - Through Month 20XX					
2	Measures	Units	Completed & Expensed Installations YTD			
3			Quantity	kWh (Annual)	kW	Therms (Annual)
4	Furnaces					
5	- Repair - Gas	Each				
6	- Replacement - Gas	Each				
7	- Repair - Electric	Each				
8	- Replacement - Electric	Each				
9						
10	Infiltration & Space Conditioning.					
11	- Gaskets for Cover Plates	Each				
12	- Duct Sealing	Home				
13	- Evaporative Coolers	Each				
14	- Evaporative Cooler/Air Cond. Covers	Each				
15	- Air Conditioner Replacement - Room	Each				
16	- Air Conditioner Replacement - Central	Each				
17						
18	Weatherization					
19	- Attic Insulation	Home				
20	- Attic Access Weatherization	Each				
21	- Weatherstripping - Door	Each				
22	- Caulking	Home				
23	- Minor Home Repairs	Home				
24						
25	Water Heater Savings					
26	- Water Heater Blanket	Home				
27	- Low Flow Showerhead	Home				
28	- Water Heater Replacement - Gas	Each				
29	- Water Heater Replacement - Electric	Each				
30	- Water Heater Pipe Wrap	Home				
31	- Faucet Aerators	Each				
32						
33	Miscellaneous Measures	Home				
34						
35	Lighting Measures					
36	- Compact Fluorescents (inc. porchlights)	Each				
37	- Porchlights fixture replacement	Each				
38						
39	Refrigerators	Each				
40						
41	Energy Education					
42	- Outreach & Assessment	Home				
43	- In-Home Education	Home				
44	- Education Workshops	Participants				
45						
46	Pilots					
47	- Pilots					
48						
49	Homes Served					
50	- Total Number of Homes Treated	Home				
51	- Total Number of Homes Weatherized	Home				
52						
53	Total Savings					
54						
55						
56	¹ Tables 4 and 5 in the former Rapid Deployment Reports					

Attachment 1a
Proposed Low Income Program Monthly Reports

	A	B	C	D	E	F	G	H	I	J
1	Table 3¹ - CARE Program Expenses - Utility Name - Through Month 20XX									
2		Year to Date			Budget			% of Budgeted Spent YTD		
3	CARE Program:	Electric	Gas	Electric & Gas	Electric	Gas	Electric & Gas	Electric	Gas	Electric & Gas
4	Outreach									
5	- Capitation Fees									
6	- Automatic Enrollment									
7	- Other Outreach									
8	Total Outreach									
9										
10	Processing/ Certification/Verification									
11	Billing System /Programming									
12										
13	Pilots									
14	- Pilot									
15	Total Pilots									
16										
17	Measurement & Evaluation									
18	Regulatory Compliance									
19	Other Administration									
20	CPUC Energy Division									
21										
22	SUBTOTAL MANAGEMENT COSTS									
23										
24	CARE Rate Discount									
25	Service Establishment Charge Discount									
26										
27	TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS									
28										
29	kWh Surcharge Exemption									
30										
31	Indirect Costs									
32										
33	¹ Table 6 in the former Rapid Deployment Reports									

Attachment 1a
Proposed Low Income Program Monthly Reports

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	TABLE 4' - CARE Enrollment, Recertification, Attrition, and Penetration - Utility Name - Through Month 20XX														
2		Gross Enrollment									Enrollment				
3		Automatic Enrollment													
4		Inter-Utility	Inter-Agency	Combined (B+C)	Capitation	Other Sources ²	Total (D+E+F)	Recertification	Total Adjusted (G+H)	Attrition (Drop Offs)	Net (I-J)	Net Adjusted (K-H)	Total CARE Participants	Estimated CARE Eligible	Penetration Rate % (M/N)
5	January														
6	February														
7	March														
8	April														
9	May														
10	June														
11	July														
12	August														
13	September														
14	October														
15	November														
16	December														
17	Total Annual														
18															
19															
20	¹ Table 10 in the former Rapid Deployment Reports														
21	² Not Including Recertification Enrollment														

Attachment 1a
Proposed Low Income Program Monthly Reports

	A	B	C	D	E	F	G	H	I
1	Table 5¹ - CARE Standard Random Verification Results - Utility Name - Through Month 20XX								
2	20XX	Total CARE Population	Participants Requested to Verify	% of Population Total	Participants Dropped (Due to no response)	Participants Dropped (Verified as Ineligible)	Total Dropped	% Dropped through Random Verification	% of Total Population Dropped
3									
4	January								
5	February								
6	March								
7	April								
8	May								
9	June								
10	July								
11	August								
12	September								
13	October								
14	November								
15	December								
16	Total Annual								
17									
18									
19									
20	¹ Table 11 in former Rapid Deployment Reports								

Attachment 1a
Proposed Low Income Program Monthly Reports

	A	B	C	D	E	F
1	Table 6¹ - CARE Enrollment by County - Utility Name - Through Month 20XX					
2	County	Estimated Eligible	Gross Enrollments		Total Participants	Penetration Rate
3			April	YTD		
4	County 1					0%
5	County 2					0%
6	County 3					0%
7	County 4 (etc.)					0%
8						
9	TOTALS					0%
10						
11	¹ Table 12 in former Rapid Deployment Reports					

Attachment 1b
Proposed Low Income Program Annual Reports

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	Table 1 - LIEE Program Expenses - Utility Name												
2		Current Month Expenses			Year to Date Expenses			Budget			% of Budgeted Spent YTD		
3	LIEE Program:	Electric	Gas	Elec & Gas	Electric	Gas	Elec & Gas	Electric	Gas	Elec & Gas	Electric	Gas	Elec & Gas
4	Energy Efficiency												
5	- Gas Appliances												
6	- Electric Appliances												
7	- Weatherization												
8	- Outreach and Marketing												
9	- In Home Energy Education												
10	- Education Workshops												
11	- Pilot												
12	Energy Efficiency TOTAL												
13													
14	Training Center												
15	Inspections												
16	Advertising												
17	M&E Studies												
18	Regulatory Compliance												
19	Other Administration												
20	CPUC Energy Division												
21													
22	TOTAL PROGRAM COSTS												
23													
24	Indirect Costs												
25													
26	NGAT Costs												
27													
28	Same as Table 1 of Low Income Assistance Programs Monthly Reports												

Attachment 1b
Proposed Low Income Program Annual Reports

	A	B	C	D	E	F
1	Table 2 - LIEE Measure Installations & Savings - Utility Name					
2	Measures	Units	Completed & Expensed Installations YTD			
3			Quantity	kWh (Annual)	kW	Therms (Annual)
4	Furnaces					
5	- Repair - Gas	Each				
6	- Replacement - Gas	Each				
7	- Repair - Electric	Each				
8	- Replacement - Electric	Each				
9						
10	Infiltration & Space Conditioning.					
11	- Gaskets for Cover Plates	Each				
12	- Duct Sealing	Home				
13	- Evaporative Coolers	Each				
14	- Evaporative Cooler/Air Cond. Covers	Each				
15	- Air Conditioner Replacement - Room	Each				
16	- Air Conditioner Replacement - Central	Each				
17						
18	Weatherization					
19	- Attic Insulation	Home				
20	- Attic Access Weatherization	Each				
21	- Weatherstripping - Door	Each				
22	- Caulking	Home				
23	- Minor Home Repairs	Home				
24						
25	Water Heater Savings					
26	- Water Heater Blanket	Home				
27	- Low Flow Showerhead	Home				
28	- Water Heater Replacement - Gas	Each				
29	- Water Heater Replacement - Electric	Each				
30	- Water Heater Pipe Wrap	Home				
31	- Faucet Aerators	Each				
32						
33	Miscellaneous Measures					
34						
35	Lighting Measures					
36	- Compact Fluorescents (inc. porchlights)	Each				
37	- Porchlights fixture replacement	Each				
38						
39	Refrigerators					
40						
41	Energy Education					
42	- Outreach & Assessment	Home				
43	- In-Home Education	Home				
44	- Education Workshops	Participants				
45						
46	Pilots					
47	- Pilot					
48						
49	Homes Served					
50	- Total Number of Homes Treated	Home				
51	- Total Number of Homes Weatherized	Home				
52						
53	Total Savings					
54						
55	Same as Table 4 of Low Income Assistance Programs Monthly Reports					

Attachment 1b
Proposed Low Income Program Annual Reports

	A	B	D	E	F	H	I	J
1	Table 3							
2	Summary of LIEE Cost-Effectiveness - Utility Name							
3	Program Year: 20XX							
4								
5	Last Year - Recorded				Last Year - Recorded			
6	Ratio of Benefits Over Costs				Net Benefits; \$ Millions			
7	Utility Cost Test		Total Resource Cost Test		Low Income Public Purpose Test (LIPPT)		Low Income Public Purpose Test (LIPPT)	
8	Utility Cost Test		Total Resource Cost Test		Utility Cost Test		Total Resource Cost Test	
9	Energy Efficiency							
10								
11								
12								
13								
14	Combines Tables 3 and 4 of the Annual Earnings Assessment Proceeding (AEAP) Report							

Attachment 1b
Proposed Low Income Program Annual Reports

	A	B	E	F	I	J	K												
1	Table 4																		
2	LIEE Homes Treated by Dwelling Type																		
3	Utility Name																		
4	Calendar Year																		
5																			
6																			
7																			
8	<table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr> <th style="background-color: yellow;">Metering</th> <th style="background-color: yellow;">Total</th> <th style="background-color: yellow;">% of Total Units</th> </tr> </thead> <tbody> <tr> <td>Single Family Units</td> <td></td> <td></td> </tr> <tr> <td>Multi-Family Units</td> <td></td> <td></td> </tr> <tr> <td>Master-Metered Units</td> <td></td> <td></td> </tr> </tbody> </table>							Metering	Total	% of Total Units	Single Family Units			Multi-Family Units			Master-Metered Units		
Metering	Total	% of Total Units																	
Single Family Units																			
Multi-Family Units																			
Master-Metered Units																			
9																			
10																			
11																			
12																			
13																			
14																			
15																			
16																			
17																			
18	Formerly Table 4A from the Rapid Deployment Report																		

Attachment 1b
Proposed Low Income Program Annual Reports

	A	B	C	D
1	Table 5			
2	LIEE PENETRATION			
3	Calendar Year			
4				
5		Homes Treated	Estimated Eligible in 2006	2006 Penetration Rate for Homes Treated
6	1997			
7	1998			
8	1999			
9	2000			
10	2001			
11	2002			
12	2003			
13	2004			
14	2005			
15	2006			
16	Total Homes Treated in 14 Years			
17				
18				
19	*10 Years of activity are reported.			
20				
21	Formerly Table 30 from the Rapid Deployment Report			

Attachment 1b
Proposed Low Income Program Annual Reports

	B	C	D
1	TABLE TA-1		
2	Average Annual Bill Savings per Customer		
3	Utility Name		
4	Calendar Year		
5			
6			
7			
8	Based on Year-End Installations		
9	Completed and Expensed		
10		kWh	Therm
11	Annual Savings		
12	Current Rate	\$	\$
13	Number of Customers Treated		
14	Average 1st Year Bill Savings/Customer	\$	
15	Average Lifecycle Bill Savings/Customer	\$	
16			
17			
18			
19	Formerly Table 5A of the Rapid Deployment Report		

Attachment 1b
Proposed Low Income Program Annual Reports

	A	B	C	D	E	F
1	TABLE TA-2					
2	LIFE CYCLE BILL SAVINGS					
3	Utility Name					
4	Last Year					
5						
6	Measure Description	Number Installed	Per Measure Electric Impact (kWh)	Per Measure Gas Impact (Therms)	Effective Useful Life (EUL)	Total Measure Life Cycle Bill Savings
7	Energy Efficiency Measures					
8	Measure A					
9	Measure B					
10	Measure C					
11	Measure D					
12	Measure E					
13	Measure F					
14	Measure G					
15	Measure H					
16	Measure I					
17	Etc.					
18	Total Number of Homes Serviced By the Program					
19	Life Cycle Bill Savings Per Home					
20						
21						
22						
23	Formerly TA-7 of the Annual Earnings Assessment Proceeding (AEAP) Report					

Attachment 1b
Proposed Low Income Program Annual Reports

	A	B	C
1	TABLE TA-3		
2	ENERGY RATES USED FOR BILL SAVINGS CALCULATIONS		
3	Utility Name		
4	Year	\$/kWh	\$/Therm
5	Last Year		
6	This Year +1		
7	This Year +2		
8	This Year +3		
9	This Year +4		
10	This Year +5		
11	This Year +6		
12	This Year +7		
13	This Year +8		
14	This Year +9		
15	This Year +10		
16	This Year +11		
17	This Year +12		
18	This Year +13		
19	This Year +14		
20	This Year +15		
21	This Year +16		
22	This Year +16		
23	This Year +17		
24	This Year +18		
25	This Year +19		
26	This Year +20		
27	This Year +21		
28	This Year +22		
29	This Year +23		
30			
31			
32	Formerly TA-8 of the Annual Earnings Assessment Proceeding (AEAP) Report		

Attachment 1b
Proposed Low Income Program Annual Reports

	B	C	D	E	F
1	TABLE TA-4 BILL SAVINGS Utility Name				
2					
3					
4					
5					
6	Program Year	Program Costs	Program Lifecycle Bill Savings	Program Bill Savings/ Cost Ratio	Per Home Average Lifecycle Bill Savings
7	Last Year -2				
8	Last Year -1				
9	Last Year				
10					
11					
13					
14					
14	Formerly Table TA-9 from Annual Earnings Assessment Proceeding (AEAP) Report				

Attachment 2

PG&E PY2007-2008 Low Income Program Application - Public Input Workshops

Pacific Gas and Electric Company held three public workshops to gather input and discuss its upcoming 2007-2008 Low Income Programs Application for the Low Income Energy Efficiency (LIEE or “Energy Partners”) Program and CARE: on May 3, 2006 in Fresno, on May 22 in San Francisco, and on May 24 in Eureka.

At each workshop, 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 are summaries of comments received at each workshop.

May 3, 2006 Fresno Workshop Summary

<p><i>May 3, 2005</i> <i>10 am – 12 pm</i></p> <p><i>Conf Phone: (866)325-0587</i> <i>Passcode: *4159732317*</i></p>	<p><u>Fresno</u> <i>Piccadilly Inn University</i> <i>4961 N. Cedar Ave</i> <i>Fresno, CA 93726</i> <i>559-224-4200</i></p>
--	---

Workshop Participants

Name	Company	Phone	Email
Mary O’Drain	PG&E	415-973-2317	MJob@pge.com
Frances Thompson	PG&E	415-973-2486	FLT2@pge.com
Linda Fontes	PG&E	415-973-6239	LCF2@pge.com
Gregg Lawless	SoCalGas/SDG&E	858-654-1802	GLawless@semprautilities.com
Art Brice	RHA	559-447-7000	ABrice@rhainc.com
Shelley Booth	RHA	559-447-7000	shelly@rhainc.com
Randy Bushore	RHA	559-447-7000	rbushore@rhainc.com
Justin Heinrich	PG&E	209-401-5310	J2Hh@pge.com
Ben Hernandez	Sundowner	559-297-9600	BenHSundowner@SBCGlobal.net
Jose Landeros	Proteus	559-651-0800	JLanderos@proteusinc.org
Eddie Jimenez	Proteus	559-651-0800	eddie@proteusinc.org
Yvette Vazquez	SoCalGas/SDG&E	858-654-1802	YVazquez@semprautilities.com
PHONE			
Carrie Camarena	Greenlining	510-926-4002	carriec@greenlining.org

The following public comments were recorded:

- Contractors would like a higher capitation fee for CARE.
- LIEE/EP Budget and needs: Contractors at the workshop feel they could do as many as 90,000 homes.

Attachment 2

Low Income Needs and New Measures

Contractors recommended considering the following new measures:

- CO Alarms
- Whole House Fans
- Ceiling Fans
- Stoves
- Microwaves
- Roof Repair
- Coor Maintenance
- AC Maintenance
- Washers/Dryers
- Outside light sensors
- Increase CFL limit per home
- Hardwire interior fixtures
- And provide spare bulb
- Sunscreens
- Increase attic insulation (over R-12 in cold areas)
- Grounding for window/wall AC and evaporative coolers
- Flue vent repair for renters
- Second tier attic insulation

EP Processes

- Contractors would like to consider ways to decrease the number of trips per home.
- Think through the “non-infiltration measures” (NIM) process to consider if there isn’t more that could be offered to these homes.
- Are there other simple installation measures that could be offered?
- Finding measures that work in dual utility areas:
 - Contractors would like to offer comprehensive services from both utilities at the same time.
 - Contractors would like increased access to both utilities.
- Install infiltration measures based on customer AC use, not just heat use.
- Let contractors deliver refrigerators/appliances.
 - Same contractors that do grounding and WX now are interested in delivering appliances
- Duct Test & Seal process – stronger role for pre-test
- Performance-based bonuses/pay structure

CARE

- The time lag before an enrolled customer’s CARE status appears on bill is a problem for COCs who can’t tell from a customer’s bill that someone has recently enrolled in CARE.
- Restructure the CARE marketing fee for LIEE contractors.
- Approve online applications from COCs for CARE.

Attachment 2

May 22, 2006 San Francisco Workshop Summary

<p>May 22, 2005 10 am – 12 pm</p> <p>Conf Phone: (866)325-0587 Passcode: *4159732317*</p>	<p><u>San Francisco</u> Pacific Energy Center 851 Howard Street San Francisco, CA Phone: 415-973-2277</p>
---	--

Workshop Participants

Name	Company	Phone	Email
Mary O'Drain	PG&E	415-973-2317	MJO@pge.com
Frances Thompson	PG&E	415-973-2486	FLT2@pge.com
Linda Fontes	PG&E	415-973-6239	LCF2@pge.com
Heather Crawford	PG&E	415-973-9891	Hms9@pge.com
Sally Romero	PG&E	415-973-3523	smrr@pge.com
Stan Wyrick	PG&E	415-973-4631	smwL@pge.com
Jeff Beresini	PG&E	415-973-2931	JLBd@pge.com
Shada Dadrus	PG&E	415-973-9754	SXDH@pge.com
Kelly Lum	Community Resource Project, Inc	916-567-5220 x241	kklum@cresource.org
Hazlyn Fortune	CPUC–Energy Division	415-703-1809	hcf@cpuc.ca.gov
Adam Knowles	SoCalGas/SDG&E	213-214-4664	aknowles@semprautilities.com
PHONE			
Mariana Campbell	CPUC-DRA	415-703-2731	MCK@cpuc.ca.gov
Elise Kleiber	Western Insulation	209-538-8510	Elise.kleiber@mascoc.com
Karen Hansen	Glenn County CAA	530-934-6510 x.1468	khansen@hra.co.glenn.ca.us
Patricia Frias	Central Coast Energy Services	831-761-7080 x.107	patricia@energyservices.org

The following public comments were recorded:

LIEE

- Change period of time when you can go back to a past participating home from 10 years to 5 years.
- Allow LIEE contractors to install refrigerators.
- Allow contractors to blow higher R-value insulation in a home, especially in colder areas.
- Raise caps on number of CFL's that can be installed per home (both interior and exterior).
- Add contractor mileage reimbursement for travel over 60 miles.
- Provide reimbursement for mandatory contractor training.
- Add FAU servicing as a measure.
- Add vent termination extension for renters.

Attachment 2

- Add compensation for duct repair.
- Add refrigerator repair.
- Add leaky water heater repair and replacement.
- Change refrigerator replacement back to 10 years (from current 1992 age restriction).
- 62,500 homes per year is a comfortable target.

CARE

- Participants approved of all three of PG&E's proposed additions for CARE:
 - Increasing COC compensation to \$15
 - Increasing recertification period from 2 years to 4 years for seniors/fixed income participants
 - Accept online applications for CARE (without original signature)
- Question: can COC's submit online CARE applications?

May 24, 2006 Eureka Workshop Summary

<p><i>May 24, 2005</i> <i>10 am – 12 pm</i></p> <p><i>Conf Phone: (866)325-0587</i> <i>Passcode: *4159732317*</i></p>	<p><u>Eureka</u> <i>Red Lion Hotel Eureka</i> <i>1929 4th Street</i> <i>Eureka, CA</i> <i>Phone: 707-445-0844</i></p>
---	--

Workshop Participants

Name	Company	Phone	Email
Mary O'Drain	PG&E	415-973-2317	MJob@pge.com
Frances Thompson	PG&E	415-973-2486	FLT2@pge.com
Linda Fontes	PG&E	415-973-6239	LCF2@pge.com
Adam Knowles	SoCalGas/SDG&E	213-214-4664	aknowles@semprautilities.com
Joseph Bedortha	RWI	866-846-0602	Cristal4@aol.com
John McEntire	RWI	866-846-0602	Cristal21@aol.com
Art Brice	RHA	559-447-7000	ABrice@rhainc.com
PHONE			
Arthur Jimenez	CPUC-DRA	415-703-1628	AMJ@cpuc.ca.gov
Alik Lee	CPUC-DRA	415-703-2050	AYO@cpuc.ca.gov
Joseph Wanzala	CPUC-DRA	415-703-1185	JCW@cpuc.ca.gov

The following public comments were recorded:

PG&E CARE Changes (Linda Fontes)

- 1) Online Applications
- 2) 4-year recertification for seniors and other customers on fixed incomes
- 3) Increase COC capitation fee


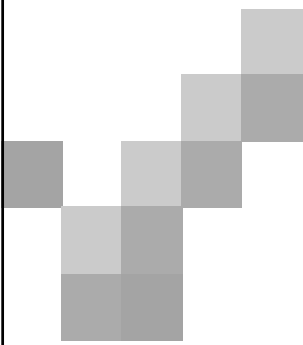
Attachment 2

PG&E EP Changes and Possible New Measures (Frances Thompson)

- 1) AC Tune-Up
- 2) Ceiling Fans
- 3) Interior Hardwire Fixtures
- 4) Occupancy Sensors
- 5) Raise CFL/Hardwire Porch Light caps
- 6) Energy Education Workshops

Public Discussion

- Increase R-Value we can add
- Aesthetic problems with hardwire lighting decreases feasibility of installing them.
Any way we can address this?
 - This is a concern for any new measure we are considering.
- Whole house fans
 - More education re how to use them would help make them more effective
- Solar shades/film
 - Has some aesthetic issues and behavioral drawbacks: offer lots of energy savings, but when people take them down for the season, they don't put them back up for the next season
- Add evaporative coolers/AC in other areas
 - Look at microclimates, for example Lake County
 - The state program offers cooling more widely
- What else can we do for our propane customers?
- Age limits on AC
- Look at climate zones we use; maybe break some into microclimates for certain cooling/heating measures
- Look at our price structures and how we pay contractors
 - Pay a variable trip fee and standard price per measure




PG&E 2007-2008 Low Income Programs Application

Public Workshops


Fresno: May 3, 2006
San Francisco: May 19, 2006
Eureka: May 24, 2006

1



PG&E Low Income Programs: Energy Partners & CARE

- **Energy Partners** is PG&E's Low Income Energy Efficiency (LIEE) Program
- **CARE** (California Alternate Rates for Energy) is PG&E's Low Income rate discount program.
- Income guidelines for Energy Partners and CARE:
 - **200% Federal Poverty Level Guidelines** (with income adjustments for household size).



2

Energy Partners

- PG&E's "Energy Partners" Program helps low income customers reduce their energy consumption and costs while increasing their comfort and safety.
 - Provides free home weatherization, energy efficiency appliances, and energy education services to qualified low income PG&E customers
 - **\$68.761 Million** 2006 Budget (\$56.530 M authorized annual budget + \$12.231 M unspent carryover)
 - **57,500** homes treated in 2005



3

Energy Partners Measures 2006

Non-Weather-Sensitive Measures

- Hard-wired CFL porch lights
- Compact fluorescent lamps
- Faucet aerators
- Low-flow showerheads
- High efficiency refrigerators
- Water heater blankets
- Water heater pipe wrap

Weather-Sensitive Measures

- Outlet gaskets
- Caulking
- Attic Insulation
- Minor home repairs
- Weather stripping attic access
- Weather stripping doors
- Gas furnace repairs
- Evaporative cooler / AC covers
- High efficiency room air conditioners
- High efficiency central air conditioners
- Evaporative coolers
- Duct testing and sealing



4

CARE

- CARE provides a **20% rate discount** to qualifying low income customers.
- **1,110,013** PG&E customers are currently enrolled in CARE
 - **1,536,146** PG&E customers are currently estimated to be CARE-eligible
 - **72.3%** penetration rate
- **\$7.457** million 2006 CARE administration budget

Discussion

- Thinking about Low Income Programs
 - Low Income Customer Needs
 - Outreach
 - Budget
 - Goals and Targets

Thanks!

PG&E Contacts

- Low Income Programs and Application
 - Mary O'Drain MJOb@pge.com

- Energy Partners
 - Frances Thompson FLT2@pge.com

- CARE
 - Linda Fontes LCF2@pge.com



	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Attachment 3 - LIEE Planning Assumptions - PG&E													
2	Units, Energy Savings, and Demand Savings													
3														
4			PY 2006 Year-End Estimated				PY 2007 Year-End Projected				PY 2008 Year-End Projected			
5	Measures	Unit	# of Units	kWh (Annual)	kW	Therms (Annual)	# of Units	kWh (Annual)	kW	Therms (Annual)	# of Units	kWh (Annual)	kW	Therms (Annual)
6	Furnaces													
7	- Repair - Gas	Each	1,065	-	-	41,821	1,052	-	-	41,310	1,052	-	-	41,310
8	- Replacement - Gas	Each	2,182	-	-	139,774	626	-	-	40,100	626	-	-	40,100
9	- Repair - Electric	Each	-	-	-	-	-	-	-	-	-	-	-	-
10	- Replacement - Electric	Each	-	-	-	-	-	-	-	-	-	-	-	-
11														
12	Infiltration & Space Conditioning.													
13	- Gaskets for Cover Plates	Each	41,309	40,566	7	10,737	41,109	40,369	7	10,685	41,109	40,369	7	10,685
14	- Duct Sealing	Home	6,000	150,600	233	40,200	3,492	87,649	136	23,396	3,492	87,649	136	23,396
15	- Evaporative Coolers	Each	1,658	648,396	1,005	-	1,746	682,811	1,058	-	1,746	682,811	1,058	-
16	- Evaporative Cooler/Air Cond. Covers	Each	4,189	3,016	1	9,599	2,439	1,756	0	5,589	2,439	1,756	0	5,589
17	- Air Conditioner Replacement - Room	Each	1,108	238,167	369	-	1,746	375,307	582	-	1,746	375,307	582	-
18	- Air Conditioner Replacement - Central	Each	469	151,016	234	-	466	150,050	233	-	466	150,050	233	-
19														
20	Weatherization													
21	- Attic Insulation	Home	3,407	169,984	31	137,742	2,328	116,150	21	94,119	2,328	116,150	21	94,119
22	- Attic Access Weatherization	Each	13,581	7,242	1	11,075	12,804	6,828	1	10,442	12,804	6,828	1	10,442
23	- Weatherstripping - Door	Each	39,751	105,871	19	83,760	39,567	105,381	19	83,372	39,567	105,381	19	83,372
24	- Caulking	Home	41,666	118,048	21	102,453	41,904	118,722	21	103,039	41,904	118,722	21	103,039
25	- Minor Home Repairs	Home	45,000	341,472	62	261,003	42,486	322,395	58	246,421	42,486	322,395	58	246,421
26														
27	Water Heater Savings													
28	- Water Heater Blanket	Each	7,944	56,072	8	80,936	7,566	53,403	8	77,084	7,566	53,403	8	77,084
29	- Low Flow Showerhead	Each	43,891	244,455	37	313,862	41,904	233,389	35	299,653	41,904	233,389	35	299,653
30	- Water Heater Repair - Gas	Each	1,411	-	1	2	-	-	-	-	-	-	-	-
31	- Water Heater Replacement - Gas	Each	418	-	-	9,029	313	-	-	6,761	313	-	-	6,761
32	- Water Heater Replacement - Electric	Each	-	-	-	-	-	-	-	-	-	-	-	-
33	- Water Heater Pipe Wrap	Home	978	40,153	6	713	1,164	47,789	7	848	1,164	47,789	7	848
34	- Faucet Aerators	Each	51,049	124,573	19	149,886	48,306	117,879	18	141,832	48,306	117,879	18	141,832
35														
36	Miscellaneous Measures													
37	- R&R Service Calls	Home	352	-	-	-	N/A	-	-	-	N/A	-	-	-
38														
39	Lighting Measures													
40	- Compact Fluorescents (inc. porchlights)	Each	58,445	6,381,473	791	-	52,380	5,719,250	709	-	52,380	5,719,250	709	-
41	- Porchlights fixture replacement	Each	11,429	406,872	-	-	10,476	372,946	-	-	10,476	372,946	-	-
42	- Interior Hardwire CFL fixtures	Each	N/A	-	-	-	43,650	2,483,685	218	-	43,650	2,483,685	218	-
43														
44	Refrigerators	Each	30,650	22,372,968	4,005	-	20,370	14,869,082	2,662	-	20,370	14,869,082	2,662	-
45														
46	Energy Education													
47	- Outreach & Assessment	Home	62,500	-	-	-	58,200	-	-	-	56,900	-	-	-
48	- In-Home Education	Home	62,500	-	-	-	58,200	-	-	-	56,900	-	-	-
49														
50	Pilots													
51	- Tankless Water Heater (2006)	Each	5	-	-	284	N/A	-	-	-	N/A	-	-	-
52	- Ceiling Fans	Each	N/A	-	-	-	2,910	-	-	-	2,910	-	-	-
53	- Air Conditioner Tune-up/Service	Each	N/A	-	-	-	5,820	2,357,100	3,771	-	5,820	2,357,100	3,771	-
54	- Education Workshops	Participant	N/A	-	-	-	-	-	-	-	-	-	-	-
55														
56	Homes Served													
57	- Total Number of Homes Treated	Home	62,500	-	-	-	58,200	-	-	-	58,200	-	-	-
58	- Total Number of Homes Weatherized	Home	51,875	-	-	-	48,306	-	-	-	48,306	-	-	-
59														
60	Total Savings			31,600,943	6,851	1,392,875		28,261,940	9,566	1,184,652		28,261,940	9,566	1,184,652

Attachment 4a - PY 2007-2008 LIEE ELECTRIC AND GAS BUDGET CATEGORY COMPARISON - PG&E

LIEE Cost Category	PY 2006 Forecasted Year-end Expenditures	PY 2007 Proposed Budget	PY 2008 Proposed Budget
ENERGY EFFICIENCY			
Gas Appliances ¹	\$12,892,555	\$6,276,740	\$6,276,740
Electric Appliances ²	\$35,212,908	\$33,485,364	\$33,485,364
Weatherization ³	\$17,518,410	\$13,757,162	\$13,757,162
Outreach & Assessment / Marketing	\$5,795,030	\$5,130,912	\$5,130,912
In Home Energy Education/Assesment/Income Eligibility	\$5,777,048	\$6,062,112	\$6,062,112
Education Workshops	\$0	\$400,000	\$400,000
OTHER PROGRAM ACTIVITIES			
Training Center	\$361,579	\$371,000	\$371,000
Inspections	\$4,193,000	\$3,997,630	\$3,997,630
Advertising	\$0	\$0	\$0
M&E	\$375,000	\$375,000	\$375,000
Regulatory Compliance	\$325,000	\$255,000	\$255,000
Other Administration ⁴	\$7,596,000	\$7,696,080	\$7,696,080
NGAT ⁵	n/a	\$2,840,000	\$2,840,000
OVERSIGHT COSTS			
CPUC Energy Division	\$47,969	\$57,000	\$57,000
TOTAL PROGRAM COSTS			
Total Program ⁶	\$90,094,498	\$80,704,000	\$80,704,000

¹Includes Furnace Repair/Replacement, Water Heater Repair/Replacement, Tankless Water Heater Pilot, and a split of 90% for Water Heater Blanket, Faucet Aerators, and Low Flow Showerheads. Includes a 10% split for Water Heater Pipe Wrap and a 75% split for Duct Testing/Seal.

²Includes Refrigerators (including Leveraging, grounding and co-pay), Central A/C Tune-Up, Evap Coolers, Room & Window A/C (including co-pay), Central A/C, Ceiling Fans, Interior Hardwire Fixtures, CFLs, and Hardwired Porch Lights. Includes a split of 10% for Water Heater Blanket, Low Flow Showerheads, and Faucet Aerators. Includes a split of 90% for Water Heater Pipe Wrap and 25% for Duct Testing/Seal.

³Includes Cover Plates/Gaskets, Evap Cooler/AC Covers, Caulking, Door Weatherstripping, Attic Access Weatherstripping, Attic Insulation, and Minor Home Repairs.

⁴Includes SEL, RHA Admin, PG&E Admin, and EPO Database costs.

⁵NGAT is currently funded out of PG&E's General Rate Case, and is not part of LIEE program funding. PG&E is requesting that NGAT funding be moved from the GRC to the LIEE program for PY2007 and PY2008.

⁶PG&E's currently authorized budget for 2006 is \$68.761 million (\$56.530 million plus estimated unspent carryover from previous years). On 4/14/06, PG&E requested a budget augmentation of \$21.334 million for 2006. PG&E's 2006 estimated spending shown here is based on this \$90.094 million budget.

Attachment 4b - PY 2007-2008 LIEE ELECTRIC BUDGET CATEGORY COMPARISON - PG&E

LIEE Cost Category	PY 2006 Forecasted Year-end Expenditures	PY 2007 Proposed Budget	PY 2008 Proposed Budget
ENERGY EFFICIENCY			
Gas Appliances ¹	\$0	\$0	\$0
Electric Appliances ²	\$35,212,908	\$33,485,364	\$33,485,364
Weatherization ³	\$4,379,602	\$3,439,291	\$3,439,291
Outreach & Assessment / Marketing	\$4,056,521	\$3,591,638	\$3,591,638
In Home Energy Education/Assesment/Income Eligibility	\$4,043,934	\$4,243,478	\$4,243,478
Education Workshops	\$0	\$280,000	\$280,000
OTHER PROGRAM ACTIVITIES			
Training Center	\$253,105	\$259,700	\$259,700
Inspections	\$2,935,100	\$2,798,341	\$2,798,341
Advertising	\$0	\$0	\$0
M&E	\$262,500	\$262,500	\$262,500
Regulatory Compliance	\$227,500	\$178,500	\$178,500
Other Administration ⁴	\$5,317,200.0	\$5,387,256.0	\$5,387,256
NGAT ⁵	n/a	\$0	\$0
OVERSIGHT COSTS			
CPUC Energy Division	\$33,578	\$39,900	\$39,900
TOTAL PROGRAM COSTS			
Total Program ⁶	\$56,721,948	\$53,965,968	\$53,965,968

¹Includes Furnace Repair/Replacement, Water Heater Repair/Replacement, Tankless Water Heater Pilot, and a split of 90% for Water Heater Blanket, Faucet Aerators, and Low Flow Showerheads. Includes a 10% split for Water Heater Pipe Wrap and a 75% split for Duct Testing/Seal.

²Includes Refrigerators (including Leveraging, grounding and co-pay), Central A/C Tune-Up, Evap Coolers, Room & Window A/C (including co-pay), Central A/C, Ceiling Fans, Interior Hardwire Fixtures, CFLs, and Hardwired Porch Lights. Includes a split of 10% for Water Heater Blanket, Low Flow Showerheads, and Faucet Aerators. Includes a split of 90% for Water Heater Pipe Wrap and 25% for Duct Testing/Seal.

³Includes Cover Plates/Gaskets, Evap Cooler/AC Covers, Caulking, Door Weatherstripping, Attic Access Weatherstripping, Attic Insulation, and Minor Home Repairs.

⁴Includes SEL, RHA Admin, PG&E Admin, and EPO Database costs.

⁵NGAT is currently funded out of PG&E's General Rate Case, and is not part of LIEE program funding. PG&E is requesting that NGAT funding be moved from the GRC to the LIEE program for PY2007 and PY2008.

⁶PG&E's currently authorized budget for 2006 is \$68.761 million (\$56.530 million plus estimated unspent carryover from previous years). On 4/14/06, PG&E requested a budget augmentation of \$21.334 million for 2006. PG&E's 2006 estimated spending shown here is based on this \$90.094 million budget.

Attachment 4c - PY 2007-2008 LIEE GAS BUDGET CATEGORY COMPARISON - PG&E

LIEE Cost Category	PY 2006 Forecasted Year-end Expenditures	PY 2007 Proposed Budget	PY 2008 Proposed Budget
ENERGY EFFICIENCY			
Gas Appliances ¹	\$12,892,555	\$6,276,740	\$6,276,740
Electric Appliances ²	\$0	\$0	\$0
Weatherization ³	\$13,138,807	\$10,317,872	\$10,317,872
Outreach & Assessment / Marketing	\$1,738,509	\$1,539,274	\$1,539,274
In Home Energy Education/Assesment/Income Eligibility	\$1,733,115	\$1,818,634	\$1,818,634
Education Workshops	\$0	\$120,000	\$120,000
OTHER PROGRAM ACTIVITIES			
Training Center	\$108,474	\$111,300	\$111,300
Inspections	\$1,257,900	\$1,199,289	\$1,199,289
Advertising	\$0	\$0	\$0
M&E	\$112,500	\$112,500	\$112,500
Regulatory Compliance	\$97,500	\$76,500	\$76,500
Other Administration ⁴	\$2,278,800	\$2,308,824	\$2,308,824
NGAT ⁵	n/a	\$2,840,000	\$2,840,000
OVERSIGHT COSTS			
CPUC Energy Division	\$14,391	\$17,100	\$17,100
TOTAL PROGRAM COSTS			
Total Program ⁶	\$33,372,550	\$26,738,032	\$26,738,032

¹Includes Furnace Repair/Replacement, Water Heater Repair/Replacement, Tankless Water Heater Pilot, and a split of 90% for Water Heater Blanket, Faucet Aerators, and Low Flow Showerheads. Includes a 10% split for Water Heater Pipe Wrap and a 75% split for Duct Testing/Seal.

²Includes Refrigerators (including Leveraging, grounding and co-pay), Central A/C Tune-Up, Evap Coolers, Room & Window A/C (including co-pay), Central A/C, Ceiling Fans, Interior Hardwire Fixtures, CFLs, and Hardwired Porch Lights. Includes a split of 10% for Water Heater Blanket, Low Flow Showerheads, and Faucet Aerators. Includes a split of 90% for Water Heater Pipe Wrap and 25% for Duct Testing/Seal.

³Includes Cover Plates/Gaskets, Evap Cooler/AC Covers, Caulking, Door Weatherstripping, Attic Access Weatherstripping, Attic Insulation, and Minor Home Repairs.

⁴Includes SEL, RHA Admin, PG&E Admin, and EPO Database costs.

⁵NGAT is currently funded out of PG&E's General Rate Case, and is not part of LIEE program funding. PG&E is requesting that NGAT funding be moved from the GRC to the LIEE program for PY2007 and PY2008.

⁶PG&E's currently authorized budget for 2006 is \$68.761 million (\$56.530 million plus estimated unspent carryover from previous years). On 4/14/06, PG&E requested a budget augmentation of \$21.334 million for 2006. PG&E's 2006 estimated spending shown here is based on this \$90.094 million budget.

Attachment 5

Pacific Gas and Electric Company

CARE Cost Summary

CARE Cost Categories	PY 2005 Recorded¹	PY 2006 Operating Budget²	PY 2006 YTD (Jan.1-Apr.30)	PY 2007 Proposed	PY 2008 Proposed
Outreach	\$5,091,739	\$4,907,000	\$1,483,135	\$5,032,000	\$5,032,000
Automatic Enrollment	\$10,565	\$150,000	\$1,195	\$150,000	\$150,000
Processing / Certification / Verification	\$1,677,418	\$1,600,000	\$624,296	\$1,600,000	\$1,600,000
Bill System / Programming	\$56,900	\$150,000	\$17,625	\$150,000	\$150,000
Needs Assessment and M&E³	\$0	\$150,000	\$0	\$250,000	\$150,000
Regulatory Compliance	\$85,430	\$100,000	\$27,540	\$100,000	\$100,000
General Administration	\$331,015	\$300,000	\$101,633	\$300,000	\$300,000
CPUC Energy Division Staff	\$98,098	\$100,000	\$31,718	\$100,000	\$100,000
Total Expenses	\$7,351,165	\$7,457,000	\$2,287,143	\$7,682,000	\$7,582,000
CARE Rate Discount	\$293,924,675	\$438,000,000	\$148,000,026	\$537,000,000	\$588,000,000
Total Program Costs and Discounts	\$301,275,840	\$445,457,000	\$150,287,169	\$544,682,000	\$595,582,000

¹ Reflects the updated PY 2005 recorded expenditures. Table 5A of the PY 2005 CARE Annual Report will be resubmitted to reflect the revised PY 2005 recorded expenditures.

² Operating budget reflects unspent funds totaling to \$70,000 shifted to Outreach.

³ The proposed M&E budget for 2007 includes \$100,000 for the Post Enrollment Verification Study, \$125,000 for Phase 2 of the Needs Assessment Study and \$25,000 reserve.

**ATTACHMENT 6
PACIFIC GAS AND ELECTRIC COMPANY
CARE PARTICIPATION RATES**

	Total Enrolled 12-31-05	Total Enrolled Through April 2006	PY 2006 Estimated Eligible	Estimated Net PY 2006 Enrollments	Estimated Year End PY 2006 Participation	Estimated PY 2006 Goal Rate	Estimated PY 2007 Net Enrollments	Estimated Year End PY 2007 Participation	Estimated PY 2007 Goal Rate (a)	Estimated PY 2008 Net Enrollments	Estimated Year End PY 2008 Participation	Estimated PY 2008 Goal Rate (a)
(Source)	(1)	5/22/06 RD Report	(2)	(3)	(Col. B+E)	(Col. F/D)	(2)	(Col. F+H)	(Col. I/D)	(2)	(Col. F+H)	(Col. I/D)
PG&E	1,040,986	1,118,339	1,536,146	87,014	1,128,000	73%	54,000	1,182,000	77%	40,000	1,222,000	80%

(a) Estimated PY2007/2008 Goal Rates will fluctuate based on annually updated CARE Eligibility information.

(1) CARE Annual Reports, dated 5/1/06

(2) Each utility's estimate based on eligibility rates adopted in D.05-10-044; rates for PY2007/2008 still to be developed.

(3) Each utility's most recent estimates of 2006 net enrollments.

Note: Estimated PY 2007/2008 Goal Rates will fluctuate based on annually updated CARE Eligibility information.

PACIFIC GAS AND ELECTRIC COMPANY

APPENDIX B

STATEMENTS OF QUALIFICATIONS

1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **STATEMENT OF QUALIFICATIONS OF JAY A. LUBOFF**

3 Q 1 Please state your name and business address.

4 A 1 My name is Jay Luboff, and my business address is Pacific Gas and Electric
5 Company, 77 Beale Street, San Francisco, California.

6 Q 2 Briefly describe your responsibilities at Pacific Gas and Electric Company.

7 A 2 I am the manager of Public Purpose Programs for PG&E's Energy Revenue
8 Requirements Department.

9 Q 3 Please summarize your educational and professional background.

10 A 3 Prior to working for PG&E, I worked for three years as a senior policy
11 analyst in the Energy Division of the California Public Utilities Commission.

12 In the past, I directed or created several national/regional and state
13 energy and environmental programs and organizations: I am the founder or
14 co-founded of the Northwest Conservation Coalition, the National
15 Residential Energy Services Network (RESNET), Energy Rated Homes of
16 America, and the Colorado E-Star Program. As well, I chaired the U.S.
17 Department of Energy Task Force on Energy Mortgages, am a Charter
18 Inductee into the Colorado Green Builders "Hall of Fame"; served as a board
19 member of the national Solar Lobby, and on the steering committee for the
20 United Nation's First International Conference on Renewable Energy.

21 Past positions I have held include: service as Director of the
22 Washington State Solar/Renewable Energy Office; service on the faculty of
23 the University of Washington's Graduate School of Public Affairs and
24 College of Engineering/Program in Social Management of Technology. I
25 also directed the Western Resource Center, a policy center at the University
26 of Washington's Institute for Public Policy and Management. I served as
27 president/director of the Western Resources Institute. Additionally, I served
28 as director of the Colorado Green program and E-Star program for the
29 Colorado Governor's Office of Energy Efficiency; and as manager of
30 energy/green financing programs for the Colorado Housing Finance
31 Authority.

1 I hold a Masters of Arts degree from the University of Washington in
2 Seattle, Washington, and an undergraduate degree from the University of
3 New Mexico.

4 Q 4 What is the purpose of your testimony?

5 A 4 I am sponsoring Chapter 4, "Accounting and Cost Recovery."

6 Q 5 Does this conclude your statement of qualifications?

7 A 5 Yes, it does.

1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **STATEMENT OF QUALIFICATIONS OF WILBERT S. MATSU**

3 Q 1 Please state your name and business address.

4 A 1 My name is Wilbert S. Matsu, and my business address is Pacific Gas and
5 Electric Company, 123 Mission Street, San Francisco, California.

6 Q 2 Briefly describe your responsibilities at Pacific Gas and Electric Company.

7 A 2 I am the manager of the Low Income Energy Management (LIEM) group,
8 which includes the Low Income Energy Efficiency (LIEE) and CARE
9 Programs, and the Central Inspection Program (CIP).

10 Q 3 Please summarize your professional background.

11 A 3 I have worked at PG&E for the past 28 years and have managed the LIEM
12 group since 2005. Prior to becoming manager of LIEM, I worked in Gas and
13 Electric Services and in Customer Service. I managed the Central
14 Inspection Program until 2005, when CARE, LIEE and CIP became part of
15 the same Low Income Energy Management team.

16 Q 4 What is the purpose of your testimony?

17 A 4 I am sponsoring Chapter 1, "Introduction to the Application for the
18 2007-2008 Low Income Energy Efficiency Program and California Alternate
19 Rates for Energy Program," Chapter 2, "Low Income Energy Efficiency
20 Program," and Chapter 3, "California Alternate Rates for Energy Program."

21 Q 5 Does this conclude your statement of qualifications?

22 A 5 Yes, it does.