

**SCE Response to Information Request E-Mailed
by ALJ Weissman on October 14, 2005 at 5:02PM.**

Responses prepared by John Fasana – SCE Market Analyst

Information to be sent to those on the service list for R.04-01-006

PG&E, SoCalGas, SDG&E, SCE, and Southwest Gas (utility respondents) are hereby directed to respond to the following information requests by Close of Business on October 18th, and to provide electronic versions of the response to all parties to R.04-01-006. The respondent utilities should also come prepared to discuss the detailed responses to these questions including policy, economic, and rate implications at the workshop which is scheduled for October 20th:

1. Prepare a Comparison Exhibit including the proposals of all participants in response to the Commission order asking for proposals to cope with the increased natural gas prices anticipated in the coming winter (those that came in before last week's FPH and those that have been submitted since then). The utilities should nominate one utility to coordinate the preparation of such exhibits.

Answer 1: Sempra is submitting the joint exhibit on behalf of the utilities.

2. In the above Comparison Exhibit, the utilities should categorize the types of proposals by CARE, Low-Income Energy Efficiency and other program areas, and type of proposal within each of the program areas and by utility. Indicate how these proposals differ from what each utility is doing now in its CARE and LIEE programs.

Answer 2: Sempra is submitting the joint exhibit on behalf of the utilities.

3. In a separate Exhibit or, if appropriate, in the same Exhibit, respondent utilities should discuss the changes, if any, to existing program Decisions, Rulings, Guidelines, or other Commission orders/direction and what would be required to effect such a change.

Answer 3: Sempra in its Petition that was filed with the Commission on October 11, 2005, proposed a series of changes to past Decisions and Rulings. SCE believes these previous Decisions and Rulings do not need to be changed. A new Decision by the Commission would establish new directives that supersede the directives in previous Decisions and Rulings.

4. Respondent utilities also provide the Commission with an exhibit comparing the anticipated impacts of winter bill or rate increases on 1) CARE customers, 2) FERA customers, 3) nonCARE residential customers 4) other customer classes

Answer 4: SCE expects to implement an increase to the DWR power charge component of rates for all customers on January 1, 2006.¹ SCE currently projects a system average increase of roughly 7.5% as a result of this DWR rate increase. The impact to individual customer groups will vary somewhat, based on the degree to which the customers' total bill is comprised of generation costs. The table provided below shows the forecasted impact of the DWR power charge increase for SCE's major customer groups.²

Table 4-1

Average Rate Impact Projected DWR Increase January 2006	
Domestic	7.4%
Small Commercial	6.6%
Medium Commercial	6.6%
Large Commercial / Industrial	7.7%
Agriculture and Pumping	10.1%
Street and Area Lighting	6.6%
System	7.5%

Because existing legislation prohibits rate increases for a portion of Domestic usage, the anticipated DWR rate increase will fall disproportionately on larger energy consumers. AB1X limits rates for Domestic usage up to 130% of the baseline allowance³ (Tiers 1 and 2), so the 7.4% average increase shown above for Domestic customers must be recovered exclusively from Domestic usage above 130% of baseline (Tiers 3 and 4). The same limitation results in increases for usage by CARE customers being restricted to Tier 3 consumption. Table 4-2 below shows current and projected winter rates for Domestic CARE, and non-CARE customers. FERA customers pay Domestic non-CARE rates, except that the lower Tier 2 rate is applied to Tier 3 usage.

¹ SCE is projecting a second, larger increase in Spring 2006 when it implements Commission decisions in on-going GRC and ERRRA proceedings. This increase is not expected to impact winter bills for 2005/2006.

² The rate forecast shown is based on DWR's filed Determination of Revenue Requirement for 2006, adjusted by SCE to include additional costs associated with recent increases in natural gas prices.

³ The Commission has established a fixed amount of kWh consumption each month as "baseline" usage to be billed as the lowest rate.

Table 4-2

Current and Projected Rates Domestic Service (\$/kWh) Projected DWR Increase January 2006
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	Non-CARE			CARE		
	Current	Projected	% Incr.	Current	Projected	% Incr.
Tier 1	0.11808	0.11808	0.0%	0.08533	0.08533	0.0%
Tier 2	0.13741	0.13741	0.0%	0.10668	0.10668	0.0%
Tier 3	0.16600	0.19768	19.1%	0.10977	0.15815	44.1%
Tier 4	0.19841	0.23479	18.3%	0.10977	0.15815	44.1%

ABIX limitations on rate increases result in monthly bill impacts for Domestic customers which are skewed towards the largest consumers. Those customers with monthly kWh consumption below 130% of their baseline allowance will essentially see no impact of the DWR power charge increase in their winter bills. Domestic customers with usage above 130% of baseline (Tier 3) will begin to see increases; with CARE customers using approximately 570 kWh's monthly experiencing the Domestic average impact of 7.4% (650 per month for non-CARE Domestic customers). The tables (4.3, 4.4 and 4.5) below show the projected monthly bill impact of the expected winter rate increase for a range of monthly consumption for Domestic Non-CARE, FERA and CARE customers.

Table 4-3

Monthly Bill Impacts (Winter) Domestic Service (Non-CARE) Projected DWR Increase January 2006

Range of kWh Usage	Percent of Customers Impacted	Current Winter Bill (\$)	Projected Winter Bill (\$)	Bill Increase (\$)	Bill Impact
< 100	1.36%	7.05	7.05	0.00	0.00%
100 - 200	3.46%	19.77	19.77	0.00	0.00%
200 - 300	7.98%	31.10	31.10	0.00	0.00%
300 - 400	11.97%	42.57	42.57	0.00	0.00%
400 - 500	13.51%	56.07	56.07	0.00	0.00%
500 - 600	12.88%	72.37	75.35	2.98	4.12%
600 - 700	11.08%	88.84	94.97	6.12	6.89%
700 - 800	8.95%	106.95	116.46	9.51	8.89%
800 - 900	6.97%	126.74	139.88	13.14	10.37%
900 - 1000	5.36%	146.56	163.33	16.77	11.44%
1000 - 1100	4.05%	166.41	186.82	20.41	12.27%
1100 - 1200	3.01%	186.16	210.20	24.03	12.91%
1200 - 1300	2.25%	206.05	233.73	27.68	13.43%
1300 - 1400	1.65%	225.90	257.21	31.32	13.86%
1400 - 1500	1.23%	245.66	280.60	34.94	14.22%
1500 - 1600	0.92%	265.63	304.23	38.60	14.53%
1600 - 1700	0.68%	285.47	327.71	42.24	14.80%
1700 - 1800	0.52%	305.43	351.33	45.90	15.03%
1800 - 1900	0.40%	325.07	374.57	49.50	15.23%
1900 - 2000	0.31%	344.94	398.08	53.15	15.41%
2000 - 2100	0.24%	364.88	421.68	56.80	15.57%
2100 - 2200	0.19%	384.78	445.23	60.45	15.71%
2200 - 2300	0.15%	404.51	468.57	64.07	15.84%
2300 - 2400	0.12%	424.52	492.26	67.74	15.96%
2400 - 2500	0.10%	444.20	515.54	71.35	16.06%
2500 - 2600	0.08%	464.01	538.99	74.98	16.16%
2600 - 2700	0.07%	483.93	562.57	78.63	16.25%
2700 - 2800	0.06%	503.95	586.26	82.30	16.33%
> 2800	0.45%	780.73	913.78	133.05	17.04%

Table 4-4

Monthly Bill Impacts (Winter) Domestic Service (CARE) Projected DWR Increase January 2006					
Range of kWh Usage	Percent of Customers Impacted	Current Winter Bill (\$)	Projected Winter Bill (\$)	Bill Increase (\$)	Bill Impact
< 100	0.82%	6.84	6.84	0.00	0.00%
100 - 200	6.08%	14.74	14.74	0.00	0.00%
200 - 300	14.09%	22.66	22.66	0.00	0.00%
300 - 400	17.83%	30.91	30.91	0.00	0.00%
400 - 500	16.64%	41.37	41.38	0.00	0.00%
500 - 600	13.32%	52.22	56.70	4.48	8.57%
600 - 700	9.74%	63.13	72.42	9.29	14.71%
700 - 800	6.79%	74.07	88.18	14.11	19.05%
800 - 900	4.62%	85.07	104.02	18.96	22.28%
900 - 1000	3.18%	96.05	119.84	23.79	24.77%
1000 - 1100	2.13%	107.02	135.65	28.63	26.75%
1100 - 1200	1.46%	117.97	151.43	33.46	28.36%
1200 - 1300	1.01%	128.96	167.26	38.30	29.70%
1300 - 1400	0.69%	139.96	183.11	43.15	30.83%
1400 - 1500	0.48%	150.90	198.87	47.97	31.79%
1500 - 1600	0.33%	161.76	214.51	52.76	32.61%
1600 - 1700	0.22%	172.94	230.63	57.69	33.36%
> 1700	0.56%	216.34	293.15	76.81	35.51%

Table 4-5

Monthly Bill Impacts (Winter) Domestic Service (FERA) Projected DWR Increase January 2006					
Range of kWh Usage	Percent of Customers Impacted	Current Winter Bill (\$)	Projected Winter Bill (\$)	Bill Increase (\$)	Bill Impact
< 100	1.25%	7.05	7.05	0.00	0.00%
100 - 200	3.96%	19.77	19.77	0.00	0.00%
200 - 300	9.14%	31.10	31.10	0.00	0.00%
300 - 400	13.09%	42.57	42.57	0.00	0.00%
400 - 500	14.10%	56.07	56.07	0.00	0.00%
500 - 600	12.96%	69.68	69.68	0.00	0.00%
600 - 700	10.82%	83.31	83.32	0.00	0.00%
700 - 800	8.54%	99.94	101.69	1.75	1.75%
800 - 900	6.52%	119.73	125.11	5.38	4.49%
900 - 1000	4.95%	139.56	148.57	9.01	6.46%
1000 - 1100	3.68%	159.40	172.05	12.65	7.94%
1100 - 1200	2.72%	179.16	195.43	16.27	9.08%
1200 - 1300	2.01%	199.05	218.97	19.92	10.01%
1300 - 1400	1.47%	218.89	242.45	23.56	10.76%
1400 - 1500	1.09%	238.66	265.84	27.18	11.39%
1500 - 1600	0.80%	258.62	289.46	30.84	11.93%
1600 - 1700	0.59%	278.46	312.94	34.48	12.38%
> 1700	2.29%	298.43	336.57	38.14	12.78%

- Provide an exhibit comparing the bill impacts of an across-the-board change in CARE eligibility to 200% and 250% of federal poverty guidelines. Show the quantified cost impacts to other classes of customers by utility. Show any increases in other costs by utility.

Answer 5: Expanding CARE eligibility as described above would be expected to increase CARE program costs (non-subsidy) by a very rough estimate of \$1 million in the first year for additional outreach and mailings. SCE has not had an opportunity to perform a detailed analysis of the likely changes to administrative costs. The following tables reflect subsidy costs only. Assuming newly eligible CARE customers would have winter usage substantially similar to existing customers; monthly savings would be expected to mimic those seen by currently eligible CARE customers. Table 5-1 below shows the monthly CARE discount included in current rates, for a range of monthly consumption.

Table 5-1

Monthly CARE Discount (Winter) Currently Effective Rates					
Range of kWh Usage	Percent of Customers	Non-CARE Winter Bill (\$)	CARE Winter Bill (\$)	CARE Discount (\$)	Bill Impact
< 100	0.82%	9.09	6.84	(2.24)	-24.68%
100 - 200	6.08%	20.01	14.74	(5.27)	-26.35%
200 - 300	14.09%	30.97	22.66	(8.31)	-26.84%
300 - 400	17.83%	42.39	30.91	(11.48)	-27.07%
400 - 500	16.64%	55.86	41.37	(14.49)	-25.94%
500 - 600	13.32%	72.12	52.22	(19.89)	-27.58%
600 - 700	9.74%	88.61	63.13	(25.48)	-28.76%
700 - 800	6.79%	106.67	74.07	(32.60)	-30.56%
800 - 900	4.62%	126.55	85.07	(41.48)	-32.78%
900 - 1000	3.18%	146.39	96.05	(50.35)	-34.39%
1000 - 1100	2.13%	166.22	107.02	(59.20)	-35.62%
1100 - 1200	1.46%	186.03	117.97	(68.05)	-36.58%
1200 - 1300	1.01%	205.88	128.96	(76.92)	-37.36%
1300 - 1400	0.69%	225.77	139.96	(85.81)	-38.01%
1400 - 1500	0.48%	245.55	150.90	(94.64)	-38.54%
1500 - 1600	0.33%	265.17	161.76	(103.41)	-39.00%
1600 - 1700	0.22%	285.39	172.94	(112.44)	-39.40%
> 1700	0.56%	363.83	216.34	(147.49)	-40.54%

CARE discounts are funded through a surcharge applicable to all other customers (excluding CARE and Street Lighting customers). Currently effective CARE rates require a subsidy by these other ratepayers of roughly \$182 million annually. Revising CARE income-eligibility criteria to 200% or 250% of federal poverty guidelines would increase the forecasted CARE subsidy by an additional annual \$33 and \$91 million, respectively. The impact of the current CARE subsidy on non-CARE customers, as well as that assuming expanded eligibility, on an average winter bill basis, is shown in Table 5-2 below.

Table 5-2

Average Monthly Bill Impact (\$) CARE Surcharge Winter 2005/2006				
	Average Monthly Bill	CARE Surcharge - Monthly		
		CARE Program Income Eligibility		
		Current	200%	250%
Domestic	77	1.24	1.46	1.85
Small Commercial	110	1.85	2.19	2.78
Medium Commercial	1,191	22.66	26.80	33.98
Large Commercial / Industrial	33,916	969.23	1,146.41	1,453.57
Agriculture and Pumping	597	15.95	18.87	23.92
Street and Area Lighting	221	-	-	-

6. In the Comparison Exhibit, summarize the estimates of the numbers of customers that will be impacted by each of the proposals and the costs of each of the proposals: in particular, if the CPUC were to approve a new rapid deployment-type program for the measures proposed, what will it cost to implement such a program? What are the anticipated savings (therms and kwh) of the proposed programs and what are the anticipated bill savings impacts of these programs on customer bills – and over what time horizon will we see these energy and bill savings?

Answer 6: Sempra is submitting the joint exhibit on behalf of the utilities.

7. Each respondent utility should provide an overall cost estimate for each of its proposals and indicate where there may be savings associated with these proposals. For each utility, show the amount of over-collections or excess budget it currently has and how this amount might be used to offset costs associated with the proposals. The cost estimates should be broken down by CARE and LIEE programs.

Answer 7: SCE does not have any unencumbered funds from prior years for LIEE or CARE. SCE plans to fund its proposals through the current 2006 and 2007 LIEE and CARE funding request that was filed with the Commission on June 1, 2005. Cost estimates for each proposal are included within the joint exhibit that Sempra is submitting on behalf of the utilities.

8. The Comparison Exhibit should show how any proposals from CBOs that are dissimilar from the utility proposals will affect each utility's CARE and LIEE program implementation and administration policies and costs. Please also indicate the time horizon for implementation, should any of these proposals be adopted by the Commission.

Answer 8: Sempra is submitting the joint exhibit on behalf of the utilities.

9. Please prepare an exhibit that addresses the major issues associated with rapid deployment of furnaces and water heaters by utility and fuel source. Provide a pros cons analysis of this issue and make suggestions for how any anticipated issues/problems may be overcome.

Answer 9: SCE's response addresses electric water heater replacements only. The issue is to establish policies and procedures for the installation of electric water heaters that address current operational condition, assessment of whether the water heater should be repaired or replaced, age, and energy efficiency of the existing unit compared to the new unit. Additional factors to be considered include installation in owner-occupied versus renter-occupied housing, and opportunities to reduce costs through bulk purchase of water heaters.

Advantages include lower bills and increased comfort due to the replacement of inefficient malfunctioning water heaters. One disadvantage is that California Civil Code requires landlords to provide space and water heating. Subsidizing landlords by replacing capital items has been a concern of the Commission in the past. Another disadvantage is that funds used to replace existing electric water heaters in good operating condition could provide greater bill savings to customers through the replacement of inefficient refrigerators.

SCE suggests the Commission direct the Standardization Team to quickly develop policies and procedures that establish criteria and address when to replace water heaters. In the interim, the Commission should allow the replacement of leaky electric water heaters.

In addition to the above questions, respondent utilities are directed to answer the following questions pertaining to their individual proposals:

10. What is the financial impact of suspending reconnect charges? How will this affect rates?

Answer 10: The financial impact of suspending reconnect fees during the upcoming November 30, 2005 through March 31, 2006 timeframe for CARE customers, who are disconnected for non-payment, is \$700,000. SCE is not proposing to suspend reconnect fees.

SCE's write-off exposure due to waiving reconnect deposits for CARE customers who are disconnected for non-payment during the upcoming November 30, 2005 through March 31, 2006 timeframe is estimated at \$2 million, of which SCE would anticipate writing off between \$100,000 and \$200,000. SCE is proposing to waive reconnect deposit fees for CARE customers from November 30, 2005 through March 31, 2006.

11. Address how the utilities would follow up on the refrigerator, furnace, and CFL proposals. Would the utilities go back to the residences involved in these emergency proposals and retrofit their houses under the "whole house" approach?

Answer 11: Before having a measure installed, each customer home is assessed for eligible electric measures. Homes with assessments that recommend measures other than refrigerators and CFLs will be tracked and referred to contractors after the winter season.

12. PG&E mentions a possible shortfall in the 2006-2007 LIEE budgets or increased budgets for the furnace replacement program. What would be the comparative figures for all the utilities?

Answer 12: Although ACCES mentioned electric furnaces in their proposal, the primary emphasis of their comments seems to be directed toward gas furnace replacement, therefore, the expected affect for SCE is minimal. Under existing criteria SCE has not found existing furnaces that meet cost and feasibility criteria for replacement.

13. Other utilities should comment on PG&E's proposal to initiate a pilot program to qualify customers for low income programs by census blocks, and explain whether or not this approach should be adopted by each utility.

Answer 13: SCE has proposed that the Commission allow utilities to use demographic data to target CARE customers for automatic enrollment in SCE's Winter Rapid Deployment Initiative. PG&E would use census data to identify census blocks with high probabilities of having a significant majority of customers who qualify for LIEE services. These blocks would be declared eligible for 100% of households to receive delivery of weatherization and other LIEE services. SCE's approach has a stronger linkage in ensuring program eligibility, particularly as CARE and LIEE income guidelines are brought into alignment. Identifying areas with a high penetration of income eligible households and referring CARE customers within these areas to CBOs will allow for a more targeted and informed outreach process. Existing CARE customers have already signed a CARE application indicating their eligibility for the program, or have been automatically enrolled into CARE based on participation in Department of Community Services and Development programs.

Since no one approach has been shown to be more effective than the other, SCE would urge the Commission to support block weatherization for PG&E and Sempra, and SCE's CARE based automatic eligibility for its Winter Rapid Deployment Initiative. SCE agrees with LIF that a hold harmless policy should be adopted for LIEE customers that receive services through the Block Group program for which they otherwise would not meet LIEE eligibility requirements.

14. What are the impacts of suspension of CARE enrollment post verification?

Answer 14: None. SCE does not anticipate any impacts to enrollment since SCE will continue to send out verification requests as usual. SCE will defer removing customers from CARE who fail to respond until after the winter months. At that time, a second mailing will be initiated for customers who have failed to respond.

15. How many unqualified customers are likely to continue on the CARE program receiving the discount in the absence of recertification?

Answer 15: None. SCE's proposal is to suspend the removal from the CARE rate of any customer who fails to recertify due to non-response, and to continue to remove those customers who respond indicating they are ineligible.

16. How many customers are estimated to be recertified during the winter months?

Answer 16: SCE expects to send recertification requests to approximately 130,000 customers during the upcoming winter period. SCE expects approximately 70% of these customers will recertify their CARE status.

17. If utilities are to enroll customers by phone, what will be the affect on personnel costs?

Answer 17: SCE is not proposing to enroll new CARE customers by phone. Preliminary estimates for enrollment by telephone are over \$500,000 per year for labor and phone costs.

18. How will the utilities change reporting requirements for data submission on a monthly basis to accommodate their proposals?

Answer 18: The utilities are proposing changes within the existing LIEE and CARE programs and budgets. The current reporting framework should work for CARE. SCE will work with Energy Division to determine their reporting needs for the Winter Rapid Deployment Initiative, although any changes should easily be incorporated within the existing reports. Within the narrative section of the report SCE will discuss the implementation of activities for the winter high bill period.

19. Describe the role, if any, of CBOs in implementing these proposals. For example, what role will the CBOs play in the phone enrollment of CARE customers?

Answer 19: CBOs have played a pivotal role in the delivery of services to low-income customers. SCE will continue to use CBOs in the rapid deployment of refrigerators and CFLs to customer homes. In addition SCE will work with CBOs and faith-based organizations in expanding CARE Capitation opportunities to increase CARE enrollment.