

**SECOND ANNUAL PROGRESS REPORT TO THE  
CALIFORNIA PUBLIC UTILITIES COMMISSION**

**FAMILY ELECTRIC RATE ASSISTANCE  
(FERA)**

**JANUARY 1, 2005 - DECEMBER 31, 2005**

May 1, 2006

**PACIFIC GAS AND ELECTRIC COMPANY  
FERA PROGRAM  
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## **FAMILY ELECTRIC RATE ASSISTANCE (FERA)**

### **I. PARTICIPANT INFORMATION**

#### **A. Provide the total number of FERA customers by month, for the reporting period.**

See Table 1.

<b>Table 1</b>		
<b>2005</b>	<b>FERA Enrolled<sup>1</sup></b>	<b>FERA Receiving Tier 3 Benefit<sup>1</sup></b>
<b>January</b>	9,954	4,942
<b>February</b>	10,163	4,460
<b>March</b>	10,403	4,546
<b>April</b>	10,659	4,121
<b>May</b>	10,747	4,121
<b>June</b>	10,873	4,878
<b>July</b>	11,217	5,969
<b>August</b>	13,025	7,100
<b>September</b>	15,180	6,094
<b>October</b>	15,362	5,919
<b>November</b>	15,297	7,167
<b>December</b>	15,122	7,940

Notes:

<sup>1</sup>Does not include sub-metered tenants.

**B. Provide the total number of FERA-eligible households, FERA-participating households, and FERA household penetration rates by quarter.**

See Table 2.

<b>Table 2</b>			
<b>FERA Penetration Rate</b>			
<b>2005 Quarter Ending</b>	<b>FERA-Eligible Households<sup>1</sup></b>	<b>FERA-Participating Households<sup>1</sup></b>	<b>FERA Household Penetration Rate<sup>2</sup></b>
March 31	208,000	10,403	5%
June 30	208,000	10,873	5%
September 30	208,000	15,180	7%
December 31	166,069	15,122	9%

Notes:

<sup>1</sup>Does not include sub-metered tenants.

<sup>2</sup>FERA Household Penetration Rate is calculated by dividing FERA Participating Households by FERA-Eligible Households.

**C. Discuss how the estimates of current FERA-eligible households were developed.**

For the 2005 program year reporting period, PG&E used the same Joint Utilities' methodology for calculating demographic FERA-eligibility rates that was adopted for CARE in 2001 in Decision (D.) 01-03-028. The particulars of the calculations may be found in Attachment A, "Technical Addendum: Joint-Utility Methodology for Calculating CARE Penetration" excerpted from the Joint Utilities' "Reporting Requirements Manual (RRM) Working Group Report for Low Income Assistance Programs" (R.98-07-037), and Attachment B, the Joint Utility CARE eligibility update (filed on October 15, 2004 and updated December 28, 2004 in compliance with the directives of D.02-07-033, Ordering Paragraph 4(b), as modified by the Assigned Commissioner's Ruling (ACR) of December 27, 2002 and the Scoping Memorandum of June 24, 2004).<sup>1</sup> In summary, PG&E applies county-based commodity-specific demographic eligibility multipliers to the technically eligible meter count within that county. The product of this calculation is then added together to obtain an overall eligibility for each commodity served.

<sup>1</sup> The Joint Utilities are PG&E, Southern California Edison Company, San Diego Gas and Electric Company and Southern California Gas Company. Energy Division and the Division of Ratepayer Advocates also participate in the RRM Working Group.

The estimates of FERA-demographically eligible households were calculated for each utility by applying the demographic eligibility rate to technically eligible households by county and utility service area. The methodology is described in the Low Income Reporting Requirements Manual. These rates were developed by Athens Research and utilize current year income and household size data. The 2005 penetration rates reported in low income monthly reports used demographic eligibility rates that were submitted to the Commission on October 14, 2005.

PG&E applied the demographically eligible meter count supplied by the Joint Utility demographer to internally derive the technically eligible meter count by county and commodity. To derive the demographic information, the Joint Utilities hired a demographic consultant, Athens Research, who culled information starting with the current census tract data available for the service area. Additionally, commercially available demographic updates were utilized to update the population information for the current year. The Joint Utility demographer then developed matrices, applying appropriate statistical methods in order to properly represent the information by county and fuel type. The raw percentage of estimated eligible population, by county and fuel type, was then provided to PG&E for combining with the technically eligible meter counts. The product of these statistics results in PG&E's estimated eligible population.

**D. Provide the current FERA sub-metered tenant counts at year-end.**

125 sub-metered tenants were enrolled in FERA at year-end.

**E. Discuss any problems encountered during the reporting period administering FERA for sub-metered tenants and/or master-meter customers.**

Since FERA was created in June 2004, the main problems encountered by sub-metered tenants and/or master-metered customers include understanding the FERA discount on their bills; understanding the difference between the FERA discount and the CARE discount; and understanding whether or not they can apply for both discounts.

## II. PROGRAM COSTS

### A. Discount Cost

**1. State the average monthly FERA discount received, in dollars per FERA customer.<sup>1,2</sup>**

The average monthly FERA discount in 2005, per FERA customer, was \$9.29.

Notes:

<sup>1</sup>Does not include sub-metered tenants.

<sup>2</sup> Enrolled customers are excluded from the monthly average during any months that they did not reach Tier 3 usage.

**2. State the cumulative annual discount for all FERA customers.<sup>1</sup>**

The cumulative annual FERA discount in 2005 was \$730,413.61.

Notes:

<sup>1</sup>Does not include sub-metered tenants.

## B. Administrative Cost

### 1. Show the FERA Program's administrative cost by category.

See Table 4.

<b>Table 4</b>	
<b>FERA Program Administrative Costs by Category and Benefits</b>	
<b>Category</b>	<b>Cost</b>
<b>Outreach</b>	\$131,272.35
<b>Processing, Certification, and Verification</b>	\$17,643.36
<b>General Administration</b>	\$54,135.08
<b>Billing System / Programming</b>	\$102.40
<b>Regulatory Compliance</b>	\$235.62
<b>Energy Division Staff Funding</b>	\$43.68
<b>TOTAL PROGRAM COSTS</b>	<b>\$203,432.49</b>
<b>CUSTOMER BENEFITS</b>	<b>\$633,845.35</b>
<b>TOTAL PROGRAM COSTS &amp; CUSTOMER BENEFITS</b>	<b>\$837,277.84</b>

**2. Explain what is included in each administrative cost category.**

See table below.

<b>Category</b>	<b>Description</b>
<b>Outreach</b>	Includes: Bill inserts, advertising, applications (printing and mailing), posters, flyers, postage, and other outreach, information technology (technical support and software licensing), staff labor, out-bound dialing and Web site design.
<b>Processing, Certification, and Verification</b>	Includes: Staff labor, information technology (technical support and software licensing), application processing, training, programming labor, and sub-meter certification.
<b>General Administration</b>	Includes: Office supplies, market research, program management labor (including pensions and benefits), and information technology (technical support and software licensing).
<b>Billing System / Programming</b>	Includes: Manual rebilling, programming, and billing labor.
<b>Regulatory Compliance</b>	Includes: Applications, advice filings, comments and reply comments, hearings, reports and studies, working group meetings, public input meetings, and tariff revisions.
<b>Energy Division Staff Funding</b>	Both past and present funding as invoices are received.
<b>Customer Benefits</b>	Includes: Rate discounts.



**3. Explain how costs of joint CARE/FERA activities are charged to each program.**

PG&E had minimal costs for joint CARE/FERA activities. Those activities were limited to outreach events, with the labor costs billed to the appropriate CARE/FERA order number depending on the number of hours spent on each program. By using a separate program application, PG&E did not incur any joint material or processing costs for CARE/FERA and both programs used separate accounting.

**C. Provide the year-end December 31 balances for the FERA balancing account for both the current and prior reporting periods.<sup>1</sup>**

The year-to-date December 31, 2005 balance for the FERA balancing account was \$861,144.79.

The program-to-date December 31, 2005 balance for the FERA balancing account was \$1,202,670.25.

The year-end December 31, 2004 balance for the FERA balancing account was \$341,525.46.

Notes:

<sup>1</sup>Includes actual administrative cost, estimated administrative cost, true-up administrative cost, PAR Adj., electric shortfall, and interest.

### III. OUTREACH

#### **A. Discuss utility outreach activities and those undertaken by third parties on the utility's behalf.**

Consistent with the provisions of D.04-02-057 that, "[A]dditional outreach should be undertaken when it can be done at little cost" (mimeo, p. 56), aside from the bill insert described below, outreach for FERA is leveraged with PG&E's CARE and Low Income Energy Efficiency ("LIEE," also known as "Energy Partners") outreach efforts. These are described below.

##### **Bill Inserts**

One bill insert was launched in August 2005. It consisted of a multilingual miniature application which generated over 11,000 applications.

##### **Leveraging**

FERA coordinated with CARE and Energy Partners in order to generate FERA enrollment. FERA information and applications were distributed at various CARE and Energy Partners outreach events. Also, CARE Community Outreach Contractors (COCs) assisted in enrolling FERA customers at no additional cost. In addition, CARE customers who notified PG&E of a change in income status which no longer qualified them for CARE were then informed about FERA and provided with an opportunity to apply if applicable. More importantly, customers that applied for CARE but were income qualified for FERA were automatically enrolled in the FERA Program.

##### **Web**

PG&E used its utility Web site to promote FERA. Each multilingual application is coded and posted in a format that allows easy download and printing. A *Frequently Asked Questions* section accompanies each program area. Links to other assistance programs were provided. Feedback from users of the Web site continues to allow for improvement of the site in 2006.

#### **B. Discuss each of the following:**

- 1. How FERA customer data and other relevant program information is shared within the utility, for example, between LIEE and other appropriate low-income programs.**

The FERA discount is noted directly into PG&E's Customer Information System. This allows customer service representatives to see the FERA status of any customer that phones PG&E's call center for assistance and to discuss appropriate benefits and services.

FERA leverages other financial assistance information on its applications, which provide a brief description of other assistance programs and the contact numbers. Also, all the completed FERA applications that qualified for CARE were forwarded to the CARE processing center and vice versa.

**2. Discuss barriers to participation encountered during the reporting period and steps taken to mitigate them.**

With the increasing awareness of energy efficiency, many FERA income qualified households with electric usage below Tier 3 (131 – 200 percent of baseline) were not interested in applying for the FERA discount since they would not benefit from it. The FERA Program commended customers on their energy conservative efforts but encouraged them to apply for FERA anyway in preparation for any unforeseen future energy usage increase. A future, qualifying FERA customer would then automatically receive their savings without having to reapply.

## IV. PROCESSING FERA APPLICATIONS

### A. Processing Self-Certification and Self-Recertification Applications (individual and sub-metered customers)

1. Provide the number of utility and third-party FERA self-certification and self-recertification applications provided, received, approved, denied, pending/never completed, or duplicates for the reporting period.

See Table 5.

TABLE 5						
FERA Self-Certification and Self-Recertification Applications <sup>1</sup>						
	Provided <sup>2</sup>	Received	Approved	Denied	Pending/Never Completed <sup>3</sup>	Duplicates
Utility	11,210	16,298	8,862	468	6,968	463
Capitation	0	0	0	0	0	0
Other Third-Party	0	0	0	0	0	0
Total	11,210	16,298	8,862	468	6,968	463

Notes:

<sup>1</sup>Includes sub-metered tenants.

<sup>2</sup>Excludes outreach applications

<sup>3</sup>Includes applications forwarded to CARE Program

### B. Processing Random Post-Enrollment Verification Requests

1. Provide the total number of verifications requested, received, approved, denied, pending/never completed, or duplicates, for the reporting period.

See Table 6.

TABLE 6						
FERA Random Post-Enrollment Verification Requests <sup>1</sup>						
	Requested	Received	Approved <sup>2</sup>	Denied	Pending/Never Completed	Duplicates
Total	565	172	171	1	393	0

Notes:

<sup>1</sup>Verification process for FERA is the same as CARE.

<sup>2</sup>Includes 145 FERA certified and 26 CARE certified

## V. PROGRAM MANAGEMENT

### **A. Discuss issues and/or events that significantly affected program management in the reporting period and how these were addressed.**

In the second year of the FERA Program, there were significant issues and/or events that affected program management.

D.05-10-044 mandated that eligibility criteria for CARE and LIEE be changed from 175 percent of Federal Poverty Guidelines (FPG) (and 200 percent for LIEE seniors and disabled) to 200 percent FPG for all residential customers. This became effective immediately. Since D.05-10-044 was adopted on October 27, 2005, PG&E updated the monthly low income program reporting tables to reflect this change in its December 21, 2005 LIEE/CARE monthly report showing November 2005 results. As a result of this demographic adjustment, the estimated CARE-eligible population in PG&E's service area has increased, extending into the bottom end of FERA's 175-250 percent eligibility range. FERA eligibility was readjusted to include households with incomes between 200 percent and 250 percent of the 1995 federal poverty level. As CARE provides the greater discount, households with incomes between 175 percent and 200 percent were excluded from the count of customers estimated to be eligible for FERA when they were included in the estimated eligibility count for CARE.

Also, for future planning, FERA staff would like to expand its outreach to include additional bill inserts, direct customer phone contact, direct mail, and dedicated community outreach contracts. This would require a planned budget.