

**NINETEENTH ANNUAL PROGRESS REPORT TO
THE
CALIFORNIA PUBLIC UTILITIES COMMISSION
CALIFORNIA ALTERNATE RATES FOR ENERGY
(CARE)**

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CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE)

CARE Residential Program

This section describes individual and sub-metered participants (tenants of qualifying master-meter customers) for the 2007 program reporting period.

I. PARTICIPANT INFORMATION

A. Provide the total number of residential CARE customers, including sub-metered tenants, by month, by energy source, for the reporting period.

See Table 1, and Tables 2.1, 2.2, and 2.3.

1. Explain any monthly variance of 5% or more in the number of participants.

During the 2007 program year, no variances of 5% or more occurred.

B. Describe the methodology, sources of data, and key computations used to estimate the utility's CARE penetration rates by energy source.

PG&E and the other California investor-owned utilities (IOUs) used the joint utility methodology adopted by the Commission in Decision (D.) 01-03-028 for developing quarterly and monthly penetration estimates in 2007. This method entails annual estimation of eligibility for CARE, Low Income Energy Efficiency (LIEE), and other income-by-household size parameters in a small area (block group, census tract, zip+2, etc.) for each IOU's territory and for the state as a whole.

Sources for this estimation include the Commission's current guidelines, current year small area vendor marginal distributions on household characteristics, Census PUMS 2000 and PUMS 2004-2006 sample data, utility meter and master meter household counts, Department of Finance Consumer Price Index (CPI) series, and various GIS sources.

Estimates from the block group level are aggregated to the county/utility and whole utility level, among other aggregations. Each quarter, the utility applies county/utility level eligibility fractions to a new set of "technical eligibility counts" (for CARE, these are metered and sub-metered occupied housing units) obtaining an estimate of income/demographic eligibility in household count form.

Every month, including each quarter, the utility counts the number of households (by small area, by county, and overall) that are enrolled in CARE. The CARE household total, including individually metered and sub-metered occupied housing units, is divided by the total income/demographic eligibility.

In November 2007, Athens Research made a refinement to the joint utility method. This method uses available (and legitimately obtainable) Census data (Advance Query, PUMS, and SF3) tabulations to produce block group level estimates of eligibility at 200% of federal poverty guidelines among individual metered, sub-metered, and non-sub-metered master metered households. These estimates may be aggregated in various ways to provide current year estimates of eligibility by “payer status”, i.e., individually metered, sub-metered, and non-sub-metered. See memorandum to Joint Utilities Low Income Working Group, Athens Research, November 26, 2007.

The most recent estimates of eligibility by payer status, from November 2007, are used to disaggregate the overall CARE eligibility rate that has been estimated historically, yielding CARE eligibility and penetration estimates that differ between individually and sub-metered households (and which are consistent with the overall estimate).

1. *Describe how the estimates of current demographic CARE-eligibility rates, by energy source for the pre-June 1st periods, were derived.*

The joint energy utility methodology, as described in the response to Question I.B. above was used throughout 2007.

2. *Describe how the estimates of current CARE-eligible meters were derived. Explain how total residential meters were adjusted to reflect CARE-eligible meters (i.e., master meters that are not sub-metered or other residential meter configurations that do not provide residential service.)*

See PG&E’s response to Question I.B above. CARE eligibility rates by small and large areas are developed so that they apply to individually metered and sub-metered households only.

3. *Discuss how the estimates of current CARE-eligible households were developed.*

See PG&E’s response above to Question I.B. Note that the methodology is based on estimating small area (block group) level household size, by income and householder-age tabulations for the current year and connecting these estimates with small area counts of households that are individually metered or sub-metered. Block group/utility-specific estimates are then disaggregated/aggregated to various geographic levels within a given utility area: zip+2, zip, tract, county, territory, etc. Statewide estimates, regardless of utility boundaries, are also provided at small and large area levels.

4. *Describe how current CARE customers were counted.*

PG&E surveys its billing system for all customer accounts on a monthly basis, filtering all non-CARE rates from the pool. The results are a listing, by commodity, of all participating CARE accounts.

In the case of sub-metered tenants receiving CARE discounts from their master-metered facilities, PG&E maintains a separate database of all participating tenants. This database is surveyed monthly and a specific count of all participants is derived.

5. *Discuss how the elements above were used to derive the utility's CARE participation rates by energy source.*

The participation rate by energy source is the total number of participating CARE customers by commodity divided by the estimated eligible CARE population by commodity.

- C. *Provide the total number of CARE residential customers, CARE-eligible households, and CARE participation rates, by energy source, by quarter. See Tables 2 through 2.4. Gas or electric (single-commodity) utilities will use the format shown in Table 2. Gas and electric (dual-commodity) utilities may use Tables 2.1 through 2.4 in lieu of Table 2.***

See Tables 2.1 through 2.4.

- D. *Provide the estimates of current demographic CARE-eligibility rates by energy source at year-end.***

Electric-only estimated eligible:	463,571
Gas-only estimated eligible:	267,236
Combined electric/gas estimated eligible:	<u>870,433</u>
 Total CARE eligibility:	 1,601,240

All CARE eligibility estimates are based on 200% of the Federal Poverty Level.

- E. *Provide the estimates of current CARE-eligible sub-metered tenants of master-meter customers by energy source at year-end.***

Applying current eligibility estimates for the general population (29.63% electric, 28.38% gas), 30,882 electric and 23,638 gas sub-metered tenants are estimated to be eligible for CARE.

- F. *Provide the current CARE sub-metered tenant counts by energy source at year-end.***

23,527 electric and 21,397 gas sub-metered tenants were receiving a CARE discount by year-end.

G. Provide the current CARE sub-metered penetration rates by energy source at year-end.

As of year-end 2007, 76% of the estimated CARE-eligible sub-metered electric tenants and 91% of the estimated CARE-eligible sub-metered gas tenants were enrolled in CARE.

H. Discuss any problems encountered during the reporting period administering the CARE program for sub-metered tenants and/or master-meter customers.

During the 2007 program year, PG&E continued its year-round recertification schedule for sub-metered tenants. One issue that continued to be a problem was insufficient discount information provided on the tenant's bill from the facility manager's billing agency. For example, the sub-metered facility may not display the CARE discount as a separate line item, making it difficult for the tenant to verify that they are receiving their CARE discount. When a tenant calls PG&E with questions, a CARE processor reviews their application for certification verification.

If the tenant continues to question their bill, PG&E recommends that the tenant speak with their billing agency and/or their sub-metered facility manager for further clarification. If the tenant does not find resolution with their billing agency and/or sub-metered facility manager, PG&E advises the tenant to contact the CPUC.

Another issue was that some managers were concerned that their tenants who were enrolled in the CARE program used more energy than the average tenant in the building. This resulted in the master-meter customer having to give the tenant more of a discount than was originally allotted by PG&E. Currently, if the customer--the sub-metered manager--is not satisfied, PG&E advises the customer to contact the CPUC.

A continuing problem tenants experienced was their manager not sending in the application to become certified. This problem can be solved with further education of the tenants. Some tenants were not aware that they can send in an application without going through the manager/facility.

Another challenge was the lack of knowledge of some master-meter owners/managers of the break down of what units correspond to which master meter if there are multiple master meters within the facility. Some of the facilities are older and the managers do not know which master meter feeds which units. This information should be marked in a conspicuous area within the facility or on the plans of the facility. Yet most facilities do not have this information identified. In order for everyone's records to be accurate, the correct unit should be certified on the correct master meter.

II. USAGE AND BILL INFORMATION

- A. Provide a comparison of CARE and non-CARE residential usage by tier (Baseline and Non-Baseline), excluding usage of residential master-meter customers, by energy source.**

See Table 3.

- B. Provide a comparison of the average monthly bill for CARE and non-CARE residential customers, excluding bills of master-meter residential customers, by energy source.**

See Table 4.

III. PROGRAM COSTS

A. Discount Cost

1. State the average monthly CARE discount received, in dollars, per CARE customer by energy source.

Electric: \$33.10

Gas: \$8.66

2. State the annual subsidy (discount) for all CARE customers by energy source.

Electric: \$378,299,253

Gas: \$90,271,208

Total: \$468,570,461

B. Administrative Cost

1. Show the CARE Residential Program's administrative cost by category.

See Table 5, Standardized CARE Administrative Cost Reporting Categories.

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

Outreach:

This category includes bill inserts, applications (printing and mailing), posters, brochures, postage, sub-metered outreach, information technology (technical support and software licensing), staff labor, outbound dialing, toll-free line, event staffing, website design, capitation fees, mass media and other outreach. This category also includes expenses for the Cooling Center Pilot Program.

Automatic Enrollment:

This category includes staff labor and information technology for automatically enrolling customers from other agencies or utilities.

Processing, Certification and Verification:

This category includes staff labor for application processing, and training.

Information Technology / Programming:

This category includes manual rebilling, programming and billing labor.

Pilots:

This category includes any pilot projects for the program. There were none in 2007.

Measurement & Evaluation:

This category includes the Needs Assessment, Phase 2 Study.

Regulatory Compliance:

This category includes program applications and advice filings, comments and reply comments, hearings, reports and studies, working group meetings, public input meetings, and tariff revisions.

General Administration:

This category includes office supplies, market research, program management labor and information technology (technical support and software licensing).

LIOB Funding:

This category includes past and present funding for the Low Income Oversight Board.

Energy Division Staff Funding:

This category includes past and present funding for the Energy Division staff.

C. Provide the year-end December 31 balance for the CARE balancing account.

The year-end December 31, 2007 balance for the CARE balancing account (electric and gas) was a net credit balance of \$21,980,755.

D. Describe which cost categories are recorded to the CARE balancing account and which are included in base rates.

D.02-09-021 authorized recording all CARE administrative costs as well as the revenue shortfall associated with the CARE discount in the CARE balancing account.

E. Provide a table showing, by customer class, the CARE surcharge paid, the average bill paid, the percentage of CARE surcharge paid relative to the average bill, the total CARE surcharge collected, and the percentage of total CARE revenues paid.

See Tables 6a and 6b.

IV. OUTREACH

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

Beginning in 2001, PG&E clearly defined its CARE-eligible households so that it could develop a targeted outreach and education plan. PG&E learned that CARE-eligible customers fall into the following demographic groups:

1. The majority of all eligible customers speak one of five languages at home: English, Spanish, Cantonese, Mandarin or Vietnamese.
2. CARE-eligible households are predominantly ethnic minorities. These include a mix of seniors, rural residents, agricultural farm workers and residents of sub-metered tenant facilities.
3. While the male head of household is often the customer of record, the female head of household usually makes energy and spending decisions and takes action on important issues.

Because of the tremendous geographic and ethnic diversity of the target community, PG&E realized its CARE enrollment would be greatly enhanced by launching an integrated communications and outreach effort. PG&E developed and implemented a CARE Outreach and Education Campaign in 2001-2002. PG&E has continued to expand this campaign since its initiation, using the following approaches in 2007:

1. An outreach program that included direct mail projects, key partnerships and enrollment events;
2. A capitation fee program to support the participation of grassroots organizations as Community Outreach Contractors (COCs); and
3. A program of grassroots paid media placements targeting low- and fixed-income households.

2007 CARE Outreach Campaign Activity Highlights

The successful 2007 CARE outreach campaign included community outreach, direct mail, grassroots media, and partnerships with COCs and public assistance agencies. Successful relationships with these organizations greatly assisted in the enrollment of CARE-eligible customers.

Direct mail remained the most effective method of reaching the target audience. This method allowed PG&E's CARE Team to contact customers in their own homes and languages, thus removing a key barrier to communication.

Listed below are the highlights of the 2007 CARE Program outreach campaign.

African American Program

PG&E participated in a variety of African American events which made it possible to distribute applications and collateral materials directly to members of the target audience. These events included the Martin Luther King Celebration, Capital City Black Expo, Hoop there It Is 2007, San Francisco Juneteenth, Oakland Black Expo, Bethany Baptist Church Presentation and the Beth Eden Baptist Church Community Christmas Fellowship. Booths were set up and CARE applications and collateral materials were distributed to attendees. When necessary, CARE staff members assisted customers in completing their application.

PG&E also sent a direct mail piece to increase enrollment and communicate information about the program to eligible but un-enrolled African American customers. Target households were chosen based on a purchased list which was merged with PG&E's customer information system.

Targeted media was also an essential part of the African American program. Radio commercials aired on 102.9 KBLX throughout the greater San Francisco Bay Area. These commercials featured PG&E employees describing the program and encouraging the audience to apply, if eligible.

Asian American Program

PG&E participated in a variety of Asian American events which made it possible to distribute applications and collateral materials directly to members of the target audience. These events included the Asian Health Services Event, San Francisco Chinese New Year Festival and Parade, Oakland Chinatown StreetFest 2007, Autumn Moon Festival and TET Festival. Booths were set up and CARE applications and collateral materials were distributed to attendees.

In-language prompts were featured on the CARE toll-free line for Cantonese, Mandarin and Vietnamese callers. Collateral materials in Chinese and Vietnamese languages were distributed via COCs and community events.

PG&E also sent direct mail pieces to increase enrollment and communicate information about the program to eligible but un-enrolled Chinese and Vietnamese customers. Target households were chosen based on a purchased list which was merged with PG&E's customer information system.

Targeted media was also an essential part of the Asian American program. Radio commercials in Chinese and Vietnamese aired on 94.1 FM KVTO and 1430 AM KVVN throughout the greater San Francisco Bay Area. These commercials featured PG&E employees describing the program and encouraging the audience to apply for CARE, if eligible.

Bill Inserts

A bill insert consisting of a mini CARE application was mailed in the June, August and October billing cycles. It included postage-paid return mailing and was in multiple languages. The bill insert presented CARE information in a concise way and allowed the customer to fill out a condensed version of the application. This initiative was an efficient outreach tool because of its ability to reach every residential PG&E customer who was not already on CARE.

Community Outreach Contractors (COCs)

The CARE team recruited and contracted with a diverse group of community-based organizations already recognized and trusted by their constituents. Eighty-two organizations representing a wide array of communities (e.g., Native American, seniors, disabled, Hispanic, and Lao) signed on to promote CARE throughout 2007.

All COCs underwent a training course and were provided with collateral materials, such as bilingual CARE posters and brochures, to display in their organizations and at outreach events. CARE utilized a special COC toll-free telephone and fax line to exclusively handle questions and offer support. CARE also supported the COCs through a variety of other channels including a monthly newsletter, an e-mail address, an enrollment tips booklet, quarterly regional meetings, site visits and community enrollment events.

A mid-year incentive was offered as a token of appreciation for any COC who completed 50% of their stated goal by the middle of the year. PG&E also hosted the Sixth Annual CARE Community Outreach Contractor Awards and Recognition Luncheon in appreciation of the COCs' efforts. Every organization received a certificate of appreciation and several organizations were individually recognized for their enrollment efforts and overall contribution to the campaign. CARE continued the effort to expand the number of community outreach contractors and aims to have 100 COCs onboard in 2008.

Direct Mail

As PG&E's CARE outreach campaign matures and continues to successfully enroll eligible customers, the challenge of reaching and enrolling these

customers becomes even more evident. To this end, CARE employed direct mail initiatives. The direct mail pieces were mailed to customers' homes, thereby reducing barriers of accessibility to enrollment information. Current CARE-enrolled customers were removed from the mail files thus lowering duplication rates. CARE orchestrated the following direct mail projects:

- Customer Care and Billing (CC&B) direct mail – PG&E utilized data from its customer information system to generate a list of prospective customers. The list included those customers who were on medical baseline or life support, and customers who had received a 48-hour notice or had been required to submit a credit deposit. An informative letter with an application was mailed directly to the customers' homes.
- Hispanic direct mail – An English/Spanish direct mail piece was created to increase enrollment within the Hispanic community. A list of Hispanic customers containing information specific to CARE criteria (income levels, household size) was purchased. An informative letter with an application was mailed directly to the customers' homes.
- Chinese direct mail – An English/Chinese direct mail piece was created to increase enrollment within the Chinese community. A list of Chinese customers containing information specific to CARE criteria (income levels, household size) was purchased. An informative letter with an application was mailed directly to the customers' homes.
- Vietnamese direct mail – An English/Vietnamese direct mail piece was created to increase enrollment within the Vietnamese community. A list of Vietnamese customers containing information specific to CARE criteria (income levels, household size) was purchased. An informative letter with an application was mailed directly to the customers' homes.
- African American direct mail – A direct mail piece was created to increase enrollment within the African American community. A list of African American customers containing information specific to CARE criteria (income levels, household size) was purchased. An informative letter with an application was mailed directly to the customers' homes.
- Native American direct mail – A direct mail piece was created to increase enrollment within the Native American community. A list of Native American customers containing information specific to CARE criteria (income levels, household size) was purchased. An informative letter with an application was mailed directly to the customers' homes.
- Pennysaver direct mail – PG&E purchased ad space in the Pennysaver direct mail coupon book. Pennysaver has an established distribution channel which is segmented by various criteria, such as income and household size. Pennysaver directly targets PG&E customers across the service area, reaching over a million customers weekly. A cut-out application was printed in the book and a postage-paid application was inserted.

- Recertification direct mail – CARE developed lists of previous CARE customers who had failed to recertify in the past year. A letter and an application were sent to these customers on a monthly basis, asking them to reapply for the program if they still qualified.
- Name Finders direct mail – A list (of target customers) containing information specific to CARE criteria was purchased. These criteria included income levels, household size and geographic location. An informative letter with an application was mailed directly to the customers' homes.
- Nonprofit direct mail – A list (of target nonprofit organizations) containing information specific to CARE criteria was purchased. An informative letter with an application was mailed directly to un-enrolled organizations.
- Welcome Packets – CARE coordinated with its Customer Service Department to insert a mini application into the welcome packets which are distributed to all new PG&E customers.
- Previously Over Income (POI) direct mail - CARE generated a list of customers who were previously above the income guidelines or on the FERA program. An informative letter with an application was mailed directly to the customers' homes.
- Post-Enrollment Verification (PEV) direct mail – CARE generated a list of customers who had not submitted proof of income in the past 12 months. An informative letter with an application was mailed directly to the customers' homes.
- Customer No Response (CNR) direct mail – CARE generated a list of customers who had previously requested an application but did not mail it in. An informative letter with an application was mailed directly to the customers' homes.
- Zip code direct mail – CARE generated a list of customers in zip codes where 25% or more un-enrolled PG&E customers were estimated to be CARE-eligible. An informative letter with an application was mailed directly to the customers' homes.
- DRA direct mail – CARE partnered with Disability Rights Advocates (DRA) to generate a list of low-income disabled customers and to create a direct mail piece that would make CARE information accessible to these customers. The direct mail piece was then mailed directly to the customers' homes.
- Braille direct mail – CARE partnered with the Lighthouse Institute for the Blind to generate a list of low-income vision-impaired customers and to create a Braille direct mail piece that would make CARE information accessible to these customers. The direct mail piece was then mailed directly to the customers' homes.

- Executive-sponsored direct mail – PG&E utilized data from its customer information system to generate a list of prospective customers. The list included those customers who were on medical baseline or life support and customers who had received a 48-hour notice or had been required to submit a credit deposit. An application with an informative letter signed by the Senior Vice President of Customer Care was mailed directly to the customers' homes.

Employee Involvement

Employee involvement was a significant outreach method utilized by the CARE program. Throughout June, CARE executed a variety of activities that served to increase awareness and boost employee involvement in enrolling eligible customers. The CARE team asked employees to pass on an application to a friend, family member or neighbor who may be eligible for the program. Applications were inserted into all employee paycheck envelopes. CARE representatives distributed applications in the lobby of PG&E headquarters, the Sacramento Resource Management Center and the Oakland local office. Employee Involvement Month was also featured in PG&E's internal newsletter generating additional awareness for the campaign. PG&E employees have become dedicated advocates of the CARE program as a result of this annual initiative.

Enrollment Events

One of the most effective ways to break down barriers, engage community leaders and build trust in communities is through community events. The CARE Team participated in 102 multicultural events, bringing a face and personality to the CARE program. These events provided an opportunity for the CARE staff to distribute collateral materials and hold face-to-face conversations with customers. In many cases, staff members aided customers in completing applications on-site. These events also allowed CARE to partner with community outreach contractors to rally further support for the program. Finally, CARE utilized events as opportunities to meet and network with organizations with similar goals and needs.

Hispanic Program

PG&E participated in a variety of Hispanic events, which made it possible to distribute applications and collateral materials directly to members of the target audience. These events included REACH Plus Community Outreach, Consumer Awareness Fair, Arvin Community Assistance Event, 7th Annual Cesar E. Chavez Holiday & Parade Festival, Carnaval de Informacion, Planada Community Assistance Day, Festival de la Familia, Madera Community Assistance Day, Migrant Parent Mini Conference 2007, Centro de la Familia 1st Annual Health Fair, Moonside Housing Event, Segunda Feria Comunitaria 2007, Coastside Opportunity Center Event, Pescadero Outreach Event, Festival

de la Isla, 26th Annual Regional Migrant Parent Conference, Dia de los Muertos, Fiesta Y Kermesse, Peruvian Consulate Presentation and Consulado Movil en San Jose. CARE booths were set up and CARE applications and collateral materials were distributed to attendees.

In-language prompts for Hispanic callers were featured on the CARE toll-free line. Collateral materials in Spanish were distributed via COCs and community events.

PG&E also sent a CARE direct mail piece to increase enrollment and communicate information about the program to eligible but un-enrolled Hispanic customers. Target households were chosen based on a purchased list which was merged with PG&E's customer information system.

Kiosk

Self-service drop-box kiosks have been operating in a number of PG&E local offices since 2004 and continue to be utilized in generating new enrollments. Kiosks are an extremely effective outreach tool. They include an application holder as well as a slot where the customer can deposit the completed application. Each kiosk comes with a lock and key in order to help maintain security and confidentiality. These kiosks allow customers to enroll themselves in CARE while waiting in line to pay their bills. The local office staff replenishes the supply of applications in the kiosk and mails completed applications to the CARE program on a regular basis.

Leveraging

CARE leveraged with its low-income sister programs, FERA, Cooling Center and Energy Partners (PG&E's LIEE Program), in order to generate enrollments. CARE applications were on display and available to participants at Cooling Centers that partnered with PG&E. Data exchanges were conducted quarterly with Energy Partners to automatically enroll eligible customers in CARE. Customers who applied for FERA but qualified for CARE were also automatically enrolled.

PG&E also implemented automatic enrollment agreements with Southern California Gas, Southern California Edison and Sacramento Municipal Utility District to regularly exchange listings of enrolled CARE customers that are identified in the shared service areas. By sharing customer data, PG&E was able to enroll qualified customers in CARE and vice versa.

Multicultural Collateral Materials

An assortment of collateral materials was produced and used to assist CARE and its partners in grassroots outreach efforts. Colorful and eye-catching brochure applications were printed and distributed to potential CARE

customers. These brochures came in four versions: English, Spanish, Chinese and Vietnamese. Bilingual posters, banners, t-shirts and visors were distributed to various organizations and constituted great tools to share information about the program. Collateral giveaway materials included pens, mirror brushes, coin purses, first-aid kits, eyeglass-cleaning cloths and children's puzzles. These items were distributed to potential customers at multicultural events. All items contained the CARE tagline ("Save 20% on your PG&E bill"), a call to action and the CARE toll-free phone number.

Multilingual Toll-Free Line

PG&E's CARE campaign required a single tool that could effectively educate a diverse target audience and at the same time provide a measurement of the campaign's effectiveness.

A dedicated toll-free line (1-866-PGE-CARE) featuring recorded information about CARE achieved both these goals. The line was recorded in five languages, Cantonese, English, Mandarin, Spanish and Vietnamese, and was accessible 24 hours a day from anywhere in the PG&E service area.

The toll-free line offered CARE customers answers to frequently asked questions, a list of referrals to local COCs, and an option for requesting a CARE application. In-language prompts also provided information about monthly CARE enrollment events and recertification procedures. All calls were monitored, tracked and analyzed as part of the ongoing effort to provide effective customer service.

Native American Program

PG&E sent a CARE direct mail piece to increase enrollment and communicate information about the program to eligible but un-enrolled Native American customers. Target households were chosen based on a purchased list which was merged with PG&E's customer information system.

Paid Media

PG&E efficiently used local radio to reach large numbers of eligible customers because radio is a highly consumed and trusted media source for low-income consumers. Grassroots media builds awareness quickly and enhances the effectiveness of other activities such as community outreach.

Radio commercials targeting the African American community were aired on 102.9 KBLX. Radio commercials (in Cantonese and Vietnamese) targeting the Asian community aired on 94.1 FM KVTO and 1430 AM KVVN radio in the greater San Francisco Bay Area. These commercials featured PG&E employees describing the program and encouraging the audience to apply for CARE, if eligible.

Partnerships

A variety of partnerships was developed and nurtured throughout the year. These partnerships allowed PG&E to raise awareness of the program among the partnering organizations' clientele. CARE partnered with organizations such as the Department of Housing and Urban Development (HUD) to recruit public housing authorities and educate them about the CARE program. Working together with the Oakland housing authority, CARE implemented a direct mail initiative targeting its tenants.

PG&E also partnered with a variety of other public assistance organizations, such as the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), health and human service organizations and food banks. Applications were mailed to the key contacts at each of these organizations and were then distributed to their clientele.

Public Affairs

CARE program maintained open communication with PG&E governmental relations representatives by keeping them informed of all major outreach efforts on a monthly basis. The representatives served as a conduit between CARE and the community and connected the program with community-based organizations that were interested in becoming COCs.

Recertification Efforts

All customers are required to recertify for CARE every two years (except sub-metered customers who are required to recertify every year). Additionally, on June 1, 2007, PG&E began certifying fixed-income customers for four years, as authorized by D.06-12-038.

PG&E mailed a recertification application package in four languages (English, Spanish, Chinese and Vietnamese) to customers 90 days prior to the expiration of their CARE discount. An automated reminder phone call was made to customers (who had not responded) 45 days prior to the expiration of their CARE discount. A letter was mailed to customers who still had not responded 30 days prior to the expiration of their discount and served as a final reminder to recertify. These efforts allowed CARE to retain 72% of customers requiring recertification.

Research

CARE aimed to better understand the unique challenges and special needs of CARE customers. PG&E organized quarterly customer opinion surveys in order to assess overall satisfaction among these customers. The opinion survey was conducted in English, Spanish and Chinese via a series of questions over the phone.

CARE strived to gain a deeper insight into which outreach efforts are most effective for various customers. To this end, PG&E conducted focus groups with Hispanic, Asian, African American and general audiences. CARE gained valuable information from these focus groups and strived to integrate it into the outreach plan. A major point highlighted by a number of customers was the value of receiving a postage-paid application. Many customers also expressed that they would like the application form to be more colorful and easier to complete. The CARE Team implemented these suggestions when redesigning the CARE direct mail piece and brochure application. These new applications will roll out in 2008.

Rural Outreach

Focused outreach was conducted in rural areas which have less access to distribution channels commonly found in urban areas. Several rural counties were identified based on their demographics. These included Butte, Placer, Mendocino, Calaveras, Lake, San Luis Obispo, Madera, Humboldt, Nevada, El Dorado, Colusa, Tehama, Sutter and Kings Counties.

In hard-to-reach rural communities, research calls were made to the Chamber of Commerce, the Visitor's Bureau, and other community agencies to determine events where CARE brochure applications could be distributed. Special attention was given to Colusa County, where several events were flagged as a priority for reaching potential CARE program recipients. Brochure applications were then distributed at these events.

CARE program partnered with welfare offices to distribute applications to their clients. Applications were mailed to food stamp recipients and brochure applications were made available in welfare agency offices, giving clients multiple opportunities to apply.

CARE program also partnered with free medical clinics to enroll their clients in the program. CARE nurtured relationships with medical clinic staff and mailed applications to their offices, asking them to pass these applications on to their clients.

These initiatives served to increase enrollment of eligible rural customers and to raise awareness of the CARE program in low-income areas.

Senior and Disabled Outreach

CARE outreach to seniors traditionally comes with several challenges. Seniors are often intimidated and overwhelmed by the thought of filling out long forms, gathering supporting documentation and following through on paperwork. Many are in need of assistance with these tasks. To this end, CARE utilized large-print applications in multiple languages, thus making it easier for seniors to apply for the program.

CARE also attended senior/disabled events and distributed applications and collateral materials. These events included the Senior Health and Wellness Fair, the 2007 Senior Recognition Day, 25th Anniversary Senior Information & Health Fair, Senior Town Hall Meeting, East Side Celebration, 6th Annual Healthy Aging Fair, Senior Resource and Information Fair, 5th Annual Healthy Aging Summit, the Auburn Senior Health Fair, 6th Annual Senior Resource Fair and events at the following senior centers: West Oakland, Downtown San Francisco, East Oakland, Telegraph Hill, Willows and Florence. Many of these events included pre-event publicity by way of posters and flyers. A booth was set up on the day of the event and was staffed by CARE representatives to answer questions and assist seniors with signing up.

CARE partnered with the Disability Rights Advocates (DRA) to reach out to disabled customers. CARE and the DRA worked in tandem to create a direct mail piece that targeted the disabled population. DRA provided valuable information, such as criteria regarding font size, margins and white space. These criteria were implemented in the creation of the direct mail piece, which was then mailed to a database of disabled customers.

CARE also partnered with the Lighthouse Institute for the Blind to create a list of eligible vision-impaired customers. CARE worked in tandem with the Lighthouse Institute for the Blind to create a Braille direct mail piece, which was then mailed to a database of visually-impaired customers.

Web

PG&E continued to use its website to promote the CARE program. Each application was posted in-language and in a format that allowed easy download and printing. Detailed information about the program was provided and links to other assistance programs were made available.

Other CARE Outreach Activities

B. Discuss each of the following:

- 1. Most effective outreach method, including a discussion of how success is measured.*

As PG&E's CARE outreach campaign matures and continues to successfully enroll eligible customers, the challenge of reaching and enrolling the remaining customers becomes even more evident. In 2007, direct mail initiatives proved to be the most effective method of reaching out to these customers. The direct mail pieces provided information to eligible customers at home, thereby reducing barriers of accessibility to enrollment information.

The largest measurement of the outreach campaign's success is the number of new enrollments in CARE. 256,193 customers were newly enrolled in the CARE Program in 2007.

The success of the 2007 CARE outreach campaign cannot be attributed to direct mail alone. The campaign was successful due to the number and variety of the following outreach initiatives:

- CARE recruited and contracted with 82 community-based organizations to provide outreach to a variety of communities throughout its service area. COCs served a multitude of minority communities including African American, Hispanic, Asian /Pacific Islander (e.g., Chinese, Vietnamese, Laotian, Hmong), senior citizen, rural, Native American, and farm worker. PG&E supported the COCs through a variety of channels: a monthly newsletter, a toll-free phone and fax line, an email address, quarterly regional meetings, site visits and training sessions, partnered enrollment events and an “Enrollment Tips” booklet. This support enhanced PG&E’s relationship with the COCs, generating 4,549 new enrollments.
- CARE continued to use a direct mail piece consisting of a bill insert application that was mailed to over 4 million customers.
 - A CARE application was inserted into the PG&E bill for June, generating 10,637 new enrollments.
 - A CARE application was inserted into the PG&E bill for August, generating 6,998 new enrollments.
 - A CARE application was inserted into the PG&E bill for October, generating 6,199 new enrollments.
- CARE leveraged with the Energy Partners program, generating 5,973 new enrollments.
- CARE leveraged with the Family Electric Rate Assistance (FERA) program, generating 533 new enrollments.
- PG&E customers continued to download CARE applications from the PG&E website, generating 12,209 new enrollments.
- CARE continued to distribute multicolored, multilingual brochure applications to various community-based organizations, COCs, city and state offices and PG&E local offices, generating 2,960 new enrollments.
- CARE partnered with various public assistance organizations generating 235 new enrollments.
- CARE collaborated with HUD, generating 436 new enrollments.
- CARE partnered with Adult and Family Services to distribute mini applications and brochures to clients who receive food stamps, generating 1,701 new enrollments.
- 76 self-service kiosks operated in PG&E local offices, generating 6,871 new enrollments.
- CARE continued to utilize Point-of-Service (POS) boxes. These POS boxes were housed by COCs and public assistance organizations. The POS box generated 103 new enrollments.

- CARE inserted mini applications into the PG&E welcome packets that were disseminated to all new customers. This initiative generated 35,466 new enrollments.
- CARE sent a direct mail piece to a targeted low income database of 400,000 customers in June. This initiative generated 5,178 new enrollments.
- CARE sent a direct mail piece to a database of 9,433 customers who were previously over the income guidelines. This initiative generated 347 new enrollments.
- A CARE direct mail piece with an application was published in the Pennysaver booklet, generating 4,887 new enrollments.
- CARE utilized data from PG&E's customer information system to send a targeted direct mail piece to customers who were on medical baseline or life support and customers who had received a 48-hour notice or had been required to submit a credit deposit. This initiative generated 20,295 new enrollments.
- CARE declared June "CARE Employee Involvement Month." Employees were asked to pass on an application to a friend or relative who was eligible for the program. This initiative generated 1,093 new enrollments.
- CARE implemented a monthly Recertification Direct Mail (RDM) initiative which was targeted towards customers failing to recertify for the program. This initiative generated 13,710 new enrollments.
- A Refer-a-Friend (RAF) direct mail piece was mailed to all CARE customers asking them to give the application to a friend or family member who may qualify for CARE. This initiative generated 5,162 new enrollments.
- CARE sent an English/ Spanish direct mail piece to a database of 100,000 Hispanic customers in July. This initiative generated 1,735 new enrollments.
- CARE sent an English/ Vietnamese direct mail piece to a database of 10,000 Vietnamese customers in September. This initiative generated 190 new enrollments.
- CARE sent an English/ Chinese direct mail piece to a database of 10,000 Chinese customers in September. This initiative generated 130 new enrollments.
- CARE sent a direct mail piece to a database of 10,000 African-American customers in September. This initiative generated 141 new enrollments.
- CARE sent a direct mail piece to a database of 4,467 Native American customers in July. This initiative generated 42 new enrollments.
- CARE utilized data from PG&E's customer information system to send a direct mail piece to customers who had previously requested an application but never mailed it back. This initiative generated 3,108 new enrollments.
- CARE sent a specialized direct mail piece that communicated information about the program to the disabled community. This initiative generated 46 new enrollments.

- CARE sent a specialized direct mail piece in Braille to a list of visually impaired customers. This initiative generated two new enrollments.
- CARE sent a direct mail piece to a database of low-income customers in specific zip codes. This initiative generated 5,154 new enrollments.
- PG&E sent an executive-sponsored direct mail piece to a targeted list of 700,000 customers. This initiative generated 11,064 new enrollments.
- PG&E sent a direct mail piece to customers who failed to submit proof of income in the past 12 months. This initiative generated 191 new enrollments.
- CARE Program partnered with community colleges in Fresno county generating 44 new enrollments.

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

Language

With the increasingly diverse population of California and the wide geographic distribution of customers within PG&E's service area, it is no surprise that language continues to be a barrier to enrolling customers in CARE. The CARE program continued its work to ease this barrier by supporting, maintaining, and promoting the CARE toll-free phone line in five languages: English, Spanish, Cantonese, Mandarin and Vietnamese.

Additionally, CARE continued to print all applications, customer correspondence and collateral materials in four languages: English, Spanish, Chinese and Vietnamese.

Geography

Another barrier to enrollment is the extent to which customers are dispersed throughout PG&E's service area. Although it is apparent from the county-by-county breakdown where the greatest population centers are located within PG&E's service area, it is the many rural miles between these urban centers that cause the most problem in reaching customers. CARE has made a concerted effort to find and retain rural community-based organizations that are able to reach customers in these less populated locations. CARE also conducted an extensive rural outreach campaign which included direct mail, events and application distribution in welfare offices and free medical clinics.

Culture

Language barriers may be linked to cultural barriers, but they are not one and the same. CARE has found that removing language barriers does not necessarily address cultural barriers that prevent customers from seeking assistance. To this end, special collateral materials were utilized, not just in-language, but also taking into consideration design and form to reach the

broadest number of customers within specific markets. Additionally, media and delivery channels were utilized that specifically addressed the ethnicity of the target market. The responses from these various approaches demonstrated the continued success of the program.

Trust

Mistrust presents a significant barrier to participation that becomes increasingly prevalent as CARE reaches deeper into the previously non-participating but eligible population. Although the reasons for mistrust are often cultural, CARE has come a long way towards understanding and interpreting these influences so that customers can feel comfortable with their decision to participate in the CARE program. The various COCs that have partnered with CARE are to thank for much of this success. These organizations, often working in particular communities previously unreachable by CARE, have been instrumental in breaking down barriers and enrolling customers.

D. How CARE customer data and other relevant program information is shared by the utility with other utilities sharing its service territory.

A small geographic location of PG&E's service area is shared with other investor-owned or municipal utilities. PG&E implemented automatic enrollment agreements with Southern California Gas, Southern California Edison and Sacramento Municipal Utility District to regularly exchange listings of enrolled CARE customers that are identified in the shared service areas. Through these exchanges, PG&E enrolled over 6,500 customers in the CARE program in 2007. PG&E plans to continue exchanging CARE customer listings with these utilities.

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

The entire database of participating CARE customer contact information was uploaded for distribution to PG&E's LIEE program providers weekly to use for their outreach.

Since November 1, 2005, when the LIEE and CARE income guidelines became the same at 200% of the Federal Poverty Guidelines, CARE has been able to automatically enroll all customers who have participated in the LIEE program (whose income had previously been verified).

Since the CARE discount was noted in CC&B, customer service representatives see the CARE status of any customer that calls PG&E's contact center for assistance. This provided important information for the customer service representative to use when discussing other benefits and services that may be of assistance to the low income customer.

CARE featured other financial assistance information on its applications. Each application that was delivered to a customer provided a brief description of other assistance programs available as well as contact numbers.

Representatives in PG&E's Contact Centers provided customers with information on the federally-funded, state-administered Home Energy Assistance Program (HEAP) program, as well as PG&E's payment assistance programs (including CARE, REACH, Third Party Notification, Balanced Payment Plan, Automatic Payment Service, FERA, Medical Baseline and Energy Partners). The CARE Processing Center also provided referral information to customers in need of additional assistance.

F. Attach a copy of the utility's agreement with CSD. Describe the process for cross-referral of low-income customers between the utility and CSD. Describe how the utility's CARE customer discount information is provided to CSD for inclusion in its federal funds leveraging application. (Note: These agreements are limited to sharing 1-800 phone numbers with customers and providing CARE benefit information for the federal fiscal year, October 1 of the current year through September 30 of the subsequent year. There are no tracking mechanisms in place to determine how many customers contact the other programs or actually become enrolled in other program(s) as a result of these agreements.)

PG&E has provided assistance in leveraging federal funding through the Home Energy Assistance Program (HEAP) on an annual basis since 1989. The primary information provided to the California Department of Community Services and Development (CSD) is a monthly breakdown of the total number of participants (residential and sub-metered tenant count) along with the total dollar amount of discount provided to that portion of the population during that period.

PG&E continues to support attempts to automatically enroll qualifying customers into CARE and is currently developing a process to automatically enroll customers for whom LIHEAP payments have been made.

G. Discuss any recommendations to improve cost-effectiveness, processing of applications, or program delivery. Discuss methods investigated or implemented by the utility or third parties under contract to the utility to improve outreach and enrollment services to non-participating households in the prior year. Provide cost-effectiveness assessments, if available.

The following direct mail initiatives were implemented to improve outreach and enrollment services. These initiatives generated a large number of new enrollments and proved to be highly cost-effective due to the savings obtained by utilizing data that was already available.

- Zip code direct mail – CARE generated a list of customers in zip codes where 25% or more un-enrolled PG&E customers were estimated to be

CARE-eligible. An informative letter with an application was mailed directly to the customers' homes.

- Customer Care and Billing (CC&B) direct mail – PG&E utilized data from its customer information system to generate a list of prospective customers. The list included those customers who were on medical baseline or life support, and customers who had received a 48-hour notice or had been required to submit a credit deposit. An informative letter with an application was mailed directly to the customers' homes.
- Executive-sponsored direct mail – PG&E utilized data from its customer information system to generate a list of prospective customers. The list included those customers who were on medical baseline or life support, and customers who had received a 48-hour notice or had been required to submit a credit deposit. An application with an informative letter signed by the Senior Vice President of Customer Care was mailed directly to the customers' homes.
- Previously Over Income (POI) direct mail - CARE generated a list of customers who were previously above the income guidelines or on the FERA program. An informative letter with an application was mailed directly to the customers' homes.
- Post-Enrollment Verification (PEV) direct mail – CARE generated a list of customers who had not submitted proof of income in the past 12 months. An informative letter with an application was mailed directly to the customers' homes.
- Customer No Response (CNR) direct mail – CARE generated a list of customers who had previously requested an application but did not mail it in. An informative letter with an application was mailed directly to the customers' homes.

CARE worked with PG&E's Customer Service department to insert a mini application into welcome packets which were distributed to all new customers. This initiative proved to be highly cost-effective because the only incremental cost incurred was that of printed applications.

Recognizing that PG&E employees have great potential as CARE advocates, the CARE team invited all employees to pass on an application to a friend or family member who may qualify. These applications were inserted into employee paycheck envelopes and also distributed daily during Employee Involvement Month.

For details of these successful new initiatives, please see the "2007 CARE Outreach Campaign Activity Highlights" portion of the annual report.

V. PROCESSING CARE APPLICATIONS

A. Processing Self-Certification and Self-Recertification Applications (Individual and Sub-metered Customers)

1. *Provide the total number of third-party CARE applications received, approved, denied, pending/incomplete, or duplicates in the reporting period.*

See Table 7.

2. *Provide the number of utility CARE self-certification and self-recertification applications provided, received, approved, denied, pending/never completed, or duplicates for the reporting period.*

See Table 8.

3. *Provide a table showing the number of customers removed from CARE by month due to the recertification process. (NOTE: Customers may be removed due to a variety of reasons including: non-response to a request to recertify, failure to complete the application process, ineligibility, or by customer request due to changed eligibility status.)*

See Table 9.

4. *Describe the utility's process for recertifying sub-metered tenants of master-meter customers.*

PG&E requested recertification based upon the original certification date for the tenant within each facility. Each month, tenants certified one year previously are mailed a new application and a request for recertification of their eligibility for CARE.

The tenants are given 90 days to complete their application and return it to PG&E. A recertification reminder letter is mailed to tenants 30 days prior to the expiration of their CARE discount. Tenants failing to return the application within 90 days are removed from the sub-metered CARE listing for the facility and a revised listing is mailed to the manager/landlord notifying them of the change in the tenant's eligibility.

B. Processing Random Post-Enrollment Verification Applications

1. *Provide a table showing the number of customers removed from CARE by month due to the verification process. (NOTE: Customer may be removed due to a variety of reasons including: non-response to a request to verify income, failure to complete the verification process, ineligibility, or by customer request due to changed eligibility status.)*

See Table 9.

2. *Provide the total number of applications mailed, received, approved, denied, pending/never completed, or duplicates, for the reporting period.*

See Table 10.

- C. Describe any contracts the utility has with third parties to conduct certification, recertification and/or verification on the utility's behalf. Describe how these third-party efforts compare to the utility's efforts in comparable customer segments, such as hard-to-reach or under-served. Include comparisons of effectiveness and cost-effectiveness of comparable customer segments, if available.***

PG&E had no third party contractors performing these duties in 2007. All these functions were performed by the CARE Processing Center within PG&E.

VI. PROGRAM MANAGEMENT

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

Decision D.06-12-038 required the utilities to:

- Increase COC capitation payment from (up to) \$12 to (up to) \$15
- Implement categorical enrollment
- Implement four-year certification for fixed-income residential and sub-metered customers
- Implement internet-based enrollment

PG&E completed the first three changes in the first and second quarter of 2007 and will complete internet-based enrollment in the first quarter of 2008.

Assembly Bill (AB) 2576 required the utilities to utilize a single application for CARE and FERA Programs. PG&E implemented this change on June 1, 2007.

AB 2104 required the electrical and gas corporations to:

- Develop processes to directly accept CARE applications from tenants of a mobile home park, apartment building, or similar residential complex.
- Develop processes to directly notify and provide renewal applications to tenants.
- Develop processes to provide (in a timely manner) each master-metered customer with a list of tenants who are approved to receive the CARE discount, specifically identifying those tenants added to or deleted from the CARE program since the previous billing cycle.

Although PG&E had already met all the requirements set forth in AB 2104, PG&E decided to re-evaluate its current processes and moved forward with enhancement of the internal CARE sub-metered database. This enhancement made it easier for the program to communicate and provide data to both sub-metered tenants and master-meter customers.

As addressed in section 1-H, insufficient CARE discount information provided on the tenant's bill from the facility manager's billing agency was an on-going issue throughout the year. Also, master-meter customers were concerned that they were giving the tenants more of a discount than originally allotted by PG&E because CARE-enrolled tenants used more energy than the average tenants. To address these issues, PG&E created a web bill calculation worksheet which was used to assist all sub-metered tenants and master-metered customers with their bills.

In light of energy conservation and energy efficiency, PG&E performed an in-depth review of the CARE rate discount. PG&E concluded that although less than 1% of CARE customers were reaching Tier 5 usage for 10 to 12 months of the year, this group was receiving 10% of the annual CARE electric discount. To ensure program integrity and to protect non-CARE customers' interest, PG&E initiated two changes to program management.

The first change was to conduct income verification of CARE customers who reached Tier 5 usage in 3 phases: 10 to 12 months, 7 to 12 months, and 3 to 12 months. Through these 3 phases, 36% of customers responded and qualified to continue to receive the CARE discount, and 64% were dropped from the CARE program due to non-response, request to be dropped, income-ineligible, or provided incomplete documentation.

The second change was to increase the percentage of post-enrollment verification (PEV) from 5% to 10% and to implement a new automated monthly PEV process that required certified customers to submit income proof based on electric usage. The goal was to improve the PEV process by selecting those customers who were less likely to qualify. PG&E selected 0.5% of customers whose highest usage was in Tiers 1-3, up to 25% of customers whose highest usage was in Tier 4, and 100% of customers whose usage reached the Tier 5 level.

PG&E conducted a 2006-2007 winter initiative campaign which included a CARE application and a letter from the Senior Vice President of Customer Care listing various ways to save energy throughout the winter months. This packet was mailed to all PG&E customers who were not enrolled in CARE. PG&E proactively conducted another winter initiative campaign in 2007-2008 which consisted of a CARE application and a letter from the Senior Vice President of Customer Care encouraging qualified customers to apply for the CARE program.

VII. CARE Expansion Program

This section covers the nonprofit homeless shelters and group living facilities, migrant and farm worker housing centers, qualified privately-owned employee housing, and qualified nonprofit housing for agricultural employees.

A. PARTICIPANT INFORMATION

Provide the total number of residential and/or commercial facilities by month, by energy source for the reporting period.

See Tables 11A and 11B.

1. *State the total number of residents (excluding caregivers) for residential facilities, and for commercial facilities, by energy source, at year-end.*

There were 84,197 tenants residing within facilities receiving the CARE discount by December 31, 2007. This information is not available by energy source. The resulting numbers were representative of the total number of residents housed in all facilities, both residential and commercial, and for both energy commodities.

B. USAGE INFORMATION

Provide the average monthly usage by energy source per residential facility and per commercial facility.

See Table 12.

C. PROGRAM COSTS

1. *Administrative Cost*

Show the CARE Expansion Program's administrative cost by category.

See Table 5, CARE Expansion Administrative Cost Reporting Categories.

2. *Discount Information*

- a. *State the average annual CARE discount received per residential facility by energy source.*

Electric: \$355.56 Gas: \$136.68

- b. *State the average annual CARE discount received per commercial facility by energy source.*

Electric: \$4,440.71 Gas: \$1,564.05

D. OUTREACH

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

CARE conducted outreach to a variety of nonprofit housing facilities and public assistance organizations throughout PG&E's service area. PG&E continued to reach out to nonprofit facilities and implemented a variety of approaches to target these facilities currently not enrolled in the CARE program.

PG&E purchased a list of nonprofit organizations from a third party vendor in order to conduct a direct mail initiative. The list contained contact information for organizations that matched the criteria for the CARE nonprofit living facilities program (including confirmed 501(C)(3) status). The direct mail piece was sent to this list informing these organizations about the CARE program and eligibility requirements.

PG&E continued to reach out to agricultural facilities and implemented a variety of approaches to target those facilities not currently enrolled in the CARE program. PG&E purchased a list of agricultural employee housing facilities from a third party vendor in order to conduct a direct mail initiative. The list contained contact information for organizations that matched the criteria for the CARE agricultural employee housing facilities program. The direct mail piece was sent to this list informing these organizations about the CARE program and eligibility requirements.

CARE participated in the 26th Annual Migrant Parents Conference providing CARE information to family members living in or near agricultural facilities. The participation by PG&E was helpful in the dissemination of information to areas where the communication channel might not be as ample.

CARE continued to use the PG&E website as a useful source of information. As new applications and income guidelines became available, each expanded program application was made available in local offices and was also posted online in formats that allowed for easy download and printing. A *Frequently Asked Questions* section accompanied each program area and links to other assistance programs were provided. Feedback from users of the website as well as outreach partners continues to allow for improvement of the site in 2008.

2. *Discuss each of the following:*

a. *Most effective outreach method, including a discussion of how success is measured.*

Nonprofit and agricultural direct mail was the most effective method for the CARE expansion program. PG&E collected and utilized databases containing nonprofit and agricultural organization contacts in PG&E's

service area that best fit the CARE expansion program guidelines. Also, word-of-mouth continued to be an effective way to enroll new organizations in CARE.

PG&E continued to re-enroll a number of eligible organizations that were previously decertified because of non-response to the annual recertification letters. By directly contacting them through either written correspondence and/or phone calls, PG&E reminded these previous CARE recipients about the benefits of annually recertifying and assisted them in re-enrolling.

PG&E retained a higher percentage of nonprofit customers during recertification periods. The expansion of contact persons for each organization, improvements in how PG&E requests documentation and greater frequency in follow-ups with each organization greatly helped in keeping eligible housing facilities in the CARE program.

D.06-12-038 clarified that common use areas of nonprofit group living facilities should receive the CARE discount as long as the facility meets program eligibility requirements (without regard to the metering arrangement). Common use areas are those areas that may be shared or used by occupants within a multi-family accommodation, including, but not limited to, laundry room, recreation room, swimming pool, tennis courts, gardens, hall/outdoor lighting. In May of 2007 accounts that were deemed as "common use areas" (within qualified nonprofit organizations) were approved for CARE. A mass mailing to all existing CARE-certified nonprofit organizations was sent to inform them that common use area accounts are now eligible to receive the discount.

- b. How the CARE facility data and relevant program information is shared by the utility with other utilities sharing service territory.*

PG&E does not currently exchange CARE facility data or expansion program information with other utilities in the shared service areas.

- c. Barriers to participation encountered in the prior year and steps taken to mitigate these, if feasible, or not, if infeasible.*

There continued to be some confusion over the eligibility criteria for the expanded programs. Often, customers did not understand the criteria to fulfill the eligibility for a nonprofit group living facility or agricultural employee housing. For example, the CARE program received a number of nonprofit applications that were actually for single-family customers. Because more than one family was living on the premises and, therefore, was on the same PG&E account, the customers believed they should apply for the nonprofit group living facility program. For nonprofit organizations that served as group living facilities, defining established on-site social services for residents proved challenging. Some organizations did not clearly specify in their applications the type of services they provide to their clients. At times, it was determined that

the organizations only provided lodging and did not qualify for the program.

Also, there continued to be delays from customers not supplying supplementary documentation needed to support the application process. To mitigate the situation, various means of communication and follow-up with the client kept many of the organizations properly informed about eligibility and eventual certification.

There was ongoing confusion regarding customers' tax exemption status. Many customers believed that if they hold 501(C)(3) tax exemption status, they also automatically qualified for the CARE expansion program. In order to qualify for nonprofit group living facility status, residential services must account for 70% of the facilities' energy usage and on-site social services must be provided to facility residents. In these cases, the qualifications were explained to the customer to help determine their eligibility.

For the agricultural housing program, there has also been a misbelief that if residential customers were actual farm workers, they should enroll in the expanded program. Again, customers were informed that they were eligible for the residential programs and correctly enrolled at that time.

3. *Discuss any recommendations to improve the cost-effectiveness, processing of applications, or program delivery. Discuss methods investigated or implemented by the utility or third parties on the utility's behalf to improve outreach and enrollment services to non-participating facilities in the prior year. Provide cost-effectiveness assessments, if available.*

In May of 2007, accounts that were deemed as "common areas" (within qualified nonprofit organizations) were approved for CARE. A mass mailing to all existing CARE-certified nonprofit organizations was sent to inform them that common area accounts are now eligible to receive the discount.

E. PROCESSING CARE APPLICATIONS

1. *Processing Self-Certification and Self-Recertification Applications*

- a. Provide the total number of third party CARE Expansion program applications received, approved, denied, pending/never completed, or duplicates.*

See Table 13.

- b. Provide the total number of utility CARE Expansion program applications received, approved, denied, pending/never completed, or duplicates for the reporting period.*

See Table 13.

- 2. Describe any contracts the utility has with third parties to conduct certification, recertification and/or verification on the utility's behalf. Describe how these third-party efforts compare to the utility's efforts in comparable customer segments such as hard-to-reach or under-served. Include comparisons of effectiveness and cost-effectiveness of comparable customer segments, if available.**

PG&E worked with Namefinders, Inc. to obtain listings of eligible housing facilities to participate in the CARE expansion program. These lists were used to introduce CARE to nonprofit and agricultural employee housing facilities. Program information and applications were mailed to these facilities in an effort to enroll them in CARE.

Also, PG&E initiated a partnership with the United Way of Bay Area (UWBA). This organization agreed to serve as a conduit between PG&E and the community by promoting the benefits of CARE to its host of recognized nonprofit group living facilities. This partnership set the foundation for a solid leveraging opportunity to better serve the diverse clients within their common service area.

F. PROGRAM MANAGEMENT

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

D.06-12-038 clarified that common use areas of nonprofit group living facilities should receive the CARE discount as long as the facility meets program eligibility requirements (without regard to the metering arrangement). Common use areas are those areas that may be shared or used by occupants within a multi-family accommodation, including, but not limited to, laundry room, recreation room, swimming pool, tennis courts, gardens, hall/outdoor lighting. In May of 2007, accounts that were deemed as "common use areas" (within qualified nonprofit organizations) were approved for CARE. A mass mailing to all existing CARE-certified nonprofit organizations was sent to inform them that common use area accounts are now eligible to receive the discount.

Tables

TABLE 1		
RESIDENTIAL CARE PROGRAM		
Customers by Month¹		
2007	CARE Customers	Percentage Change
January	1,141,978	0.40%
February	1,142,572	0.05%
March	1,135,034	-0.66%
April	1,135,139	0.01%
May	1,133,969	-0.10%
June	1,130,758	-0.28%
July	1,138,071	0.65%
August	1,142,722	0.41%
September	1,138,701	-0.35%
October	1,134,418	-0.38%
November	1,136,636	0.20%
December	1,107,733	-2.54%

1 Total individual and sub-metered.

TABLE 2.1			
CARE RESIDENTIAL PENETRATION RATE			
Electric-Only Customers			
2007 Quarter Ending	CARE Residential Electric-Only Customers	CARE-Eligible Electric-Only Customers	CARE Electric- Only Customers Penetration Rate
March 31	266,176	463,571	57%
June 30	265,694	463,571	57%
September 30	269,324	463,571	58%
December 31	263,776	463,571	57%

TABLE 2.2			
CARE RESIDENTIAL PENETRATION RATE			
Gas-Only Customers			
2007 Quarter Ending	CARE Residential Gas-Only Customers	CARE-Eligible Gas-Only Customers	CARE Gas-Only Customer Penetration Rate
March 31	180,727	267,236	68%
June 30	182,904	267,236	68%
September 30	184,628	267,236	69%
December 31	186,599	267,236	70%

TABLE 2.3			
CARE RESIDENTIAL PENETRATION RATE			
Gas and Electric (Dual-Commodity) Customers			
2007 Quarter Ending	CARE Residential Dual-Commodity Customers	CARE-Eligible Dual-Commodity Customers	CARE Dual-Commodity Customer Penetration Rate
March 31	688,131	870,433	79%
June 30	682,160	870,433	78%
September 30	684,749	870,433	79%
December 31	657,358	870,433	76%

TABLE 2.4			
CARE RESIDENTIAL PENETRATION RATE			
Households			
2007 Quarter Ending	CARE Residential Households	CARE-Eligible Households	CARE Household Penetration Rate
March 31	1,135,034	1,601,240	71%
June 30	1,130,758	1,601,240	71%
September 30	1,138,701	1,601,240	71%
December 31	1,107,733	1,601,240	69%

TABLE 3			
AVERAGE MONTHLY GAS / ELECTRIC USAGE Residential Non-CARE vs. CARE Customers¹			
Customer	Gas Therms Tier 1	Gas Therms Tier 2	Total
Non-CARE	26.2	12.5	38.7
CARE	25.2	9.3	34.4
Customer	Electric KWh Tier 1	Electric KWh Tier 2	Total
Non-CARE	333	236	569
CARE	347	179	526

1 Excludes master-meter usage.

TABLE 4		
AVERAGE MONTHLY GAS / ELECTRIC BILL Residential Non-CARE vs. CARE Customers¹		
(Dollars per Customer)		
Customer	Gas	Electric
Non-CARE	\$49.33	\$94.18
CARE	\$34.96	\$45.85

1 Excludes master-meter usage.

Table 5					
Standardized CARE Administrative Cost Reporting Categories					
2007 Costs by Energy Source					
Category	Residential		Expanded		Total
	Electric	Gas	Electric	Gas	
Outreach	\$2,900,424	\$1,500,879	\$214	\$115	\$4,401,632
Automatic Enrollment	\$1,757	\$946	\$0	\$0	\$2,703
Processing/ Certification/Verification	\$1,072,133	\$577,302	\$23,029	\$12,400	\$1,684,865
Information Technology / Programming	\$64,948	\$34,972	\$0	\$0	\$99,919
Pilots	\$0	\$0	\$0	\$0	\$0
Measurement & Evaluation	\$0	\$0	\$0	\$0	\$0
Regulatory Compliance	\$62,014	\$33,392	\$0	\$0	\$95,407
General Administration	\$422,145	\$227,309	\$0	\$0	\$649,454
LIOB	\$0	\$0	\$0	\$0	\$0
CPUC Energy Division	\$45,339	\$24,413	\$0	\$0	\$69,752
TOTAL Program Costs	\$4,568,760	\$2,399,214	\$23,243	\$12,516	\$7,003,733
CARE Rate Discount	\$374,191,898	\$89,148,674	\$4,107,355	\$1,122,534	\$468,570,461
Service Establishment Charge Discount	\$0	\$0	\$0	\$0	\$0
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	\$378,760,658	\$91,547,888	\$4,130,598	\$1,135,050	\$475,574,194

TABLE 6A -ELECTRIC					
CARE SURCHARGE AND REVENUE COLLECTED BY CUSTOMER CLASS					
Customer Class	Average Monthly		CARE Surcharge as Percent of Bill	Total CARE Surcharge Revenue Collected	Percentage of CARE Surcharge Revenue Collected
	CARE Surcharge	Monthly Bill			
Residential*	\$1.17	\$94.95	1.23%	\$49,811,160.27	31.10%
Commercial	\$10.91	\$713.19	1.53%	\$68,413,847.15	42.71%
Agricultural	\$10.97	\$672.00	1.63%	\$10,573,102.17	6.60%
Large/Indust	\$2,088.77	\$85,378.61	2.45%	\$31,378,172.29	19.59%

* Excludes CARE customers

TABLE 6B - GAS					
CARE SURCHARGE AND REVENUE COLLECTED BY CUSTOMER CLASS					
Customer Class	Average Monthly		CARE Surcharge as Percent of Bill	Total CARE Surcharge Revenue Collected	Percentage of CARE Surcharge Revenue Collected
	CARE Surcharge	Monthly Bill			
Residential	\$0.47	\$49.33	0.9%	\$19,925,836.00	40.2%
Commercial	\$3.92	\$306.08	1.3%	\$10,215,869.45	20.6%
Industrial	\$2,603.70	\$19,345.89	13.5%	\$19,462,355.24	39.2%

NOTES:

Industrial includes both G-NT(D) and G-NT(T) and is net of volumes qualifying for G-COG.

TABLE 7					
CARE Community Outreach Project					
January 1, 2007 through December 31, 2007					
Entity	Total Received	Approved	Denied	Pending/ Never Completed	Duplicate
Airport Neighbors United Inc	11	1	2	1	7
Alameda County Associated Community Action	12	9	0	0	3
Allen Temple Health and Social Services Ministries	19	7	0	0	12
Amador-Tuolumne Community Action Agency	38	19	1	0	18
Area 12 Agency on Aging	19	12	0	0	7

Asian Community Mental Health Services	3	0	0	0	3
Asian Resources	20	11	1	0	8
California Association of Area Agencies on Aging	2,780	678	18	0	2,084
California Association of the Physically Handicapped, Inc. (Fresno)	13	5	0	0	8
California Diversified Services	14	4	0	0	10
California Welfare To Independence Network 2000, Inc.	1	0	0	0	1
CARECEN Family Services Program	2	0	0	0	2
Carlie Cares Patient Assistance	12	2	0	0	10
Catholic Charities Diocese of Fresno	75	28	5	0	42
Catholic Charities Diocese of Stockton	3	0	0	0	3
Center for Training and Careers, Inc.	9	8	0	0	1
Central Coast Energy Services, Inc	943	287	18	10	628
Central Latino de San Francisco	3	3	0	0	0
Central Valley Opportunity Center	180	111	3	0	66
Centro Legal de la Raza, Inc	1	0	0	0	1
Chabot College Foundation	53	33	0	0	20
Charles P. Foster Foundation	0	0	0	0	0
Child Care Links	67	13	3	0	51
Chinese Christian Herald Crusades	40	12	3	0	25
Communication Services, LLC	1,144	543	48	0	553
Community Action Agency of Butte County, Inc.	215	150	0	0	65
Community Action Marin	492	338	18	0	136
Community Action of Napa Valley	6	3	0	0	3
Community Action Partnership of Madera County	38	8	2	2	26
Community Gatepath	0	0	0	0	0
Community Resource Project, Inc.	538	351	35	11	141
Council for thje Spanish Speaking	5	2	0	0	3
County of San Benito Community Services & Workforce Development	8	8	0	0	0
Cupertino Community SVCS Inc.	34	19	0	0	15
Davis Street Community Center	44	24	0	0	20
Delta Community Services	30	8	3	0	19
Disability Resource Agency for Independent Living	13	6	1	0	6
Dixon Family Services	21	12	1	0	8
East Bay Youth Consortium	1	0	0	0	1
Familia Unidas	2	0	0	0	2
Franklin McKinley Education Foundation	1	0	0	0	1
God Financial Plan, Inc.	1	1	0	0	0
Greater Hill Zion Missionary Baptist Church	0	0	0	0	0
Heritage Institute for Family Advocacy	232	129	8	0	95
Hip Housing Human Investment Project, Inc.	9	4	0	0	5
Housing Rights	1	0	0	0	1
Independent Living Center of Kern County, inc.	17	8	0	0	9
Independent Living Resource Center SF	14	5	0	0	9
Indian Health Center of Santa Clara Valley	2	0	0	0	2
Kings Community Action Organization, Inc.	39	26	2	0	11
La Luz Bilingual Center	20	9	0	0	11
Madera County Community Action Agency, Inc.	0	0	0	0	0
Mendocino Latinos Para La Comunidad, Inc.	43	30	0	0	13
Merced County Community Action Agency	131	75	10	1	45

Merced Lao Family Community Inc.	102	52	2	2	46
Monument Crisis Center	39	17	2	0	20
Native American Health Center	6	4	0	0	2
New Direction Christian Center	3	0	0	0	3
Ninth District CME Church	0	0	0	0	0
North Coast Opportunities, Inc.	0	0	0	0	0
Northeast Community Federal Credit Union	6	1	0	0	5
Oakland Citizens Committee for Urban Renewal (O.C.C.U.R.)	214	71	32	16	95
Pack N Ship	5	4	0	0	1
Partners For Peace	11	3	0	0	8
People of Purpose	7	5	0	0	2
Peoples Community Partnership Federal Credit Union	4	3	0	0	1
Plumas County Community Development Commission	5	3	0	0	2
Plumas Crisis Intervention & Resource Center	42	28	0	0	14
Proteus Inc.	42	11	3	1	27
Q Foundation DBA Aids Housing Alliance SF	13	6	0	0	7
REDI (Renewable Energy Development institute)	18	6	0	0	12
Redwood Community Action Agency	95	49	16	4	26
Regional Technical Training	0	0	0	0	0
Resources for Independent Living Inc. - Sacramento	9	7	0	0	2
RetroTech, Inc.	390	213	46	2	129
Rising Sun Energy Center	27	17	2	0	8
Salvation Army Golden State Divisional Headquarters	1,071	332	21	0	718
San Francisco / Sacramento district (AMEC)	1	1	0	0	0
San Francisco Community Power Cooperative	0	0	0	0	0
San Francisco's Womens Center	2	0	0	0	2
Second Harvest Food Bank of Santa Cruz and San Benito Counties	10	6	1	0	3
Seniors First, Inc.	30	19	0	0	11
Shasta County Child Abuse Prevention Council	2	0	0	0	2
Shoreview Residents Association, Inc.	0	0	0	0	0
Southeast Asian Institute for Advancement, Inc.	0	0	0	0	0
Universal Multi-Cultural Awareness Foundation	65	31	1	0	33
Veterans In Community Advocacy	0	0	0	0	0
Volunteer Center Of Sonoma County	65	43	4	0	18
YMCA of the East Bay West Contra Costa Branch	98	19	2	0	77
Yuba Sutter Legal Center	54	26	2	0	26
TOTALS	9,855	3,979	316	50	5,510

TABLE 8						
CARE Self-Certification and Self-Recertification Applications¹						
	Provided	Received	Approved	Denied	Pending/Never Completed	Duplicates
Total	n/a	733,247	658,110	3,650	71,487	138,031
Percentage	n/a	100.00%	89.75%	0.50%	9.75%	18.82%

- The number of applications provided is not available, as millions of applications are in circulation due to multiple bill inserts and outreach initiatives.
- Duplicates are counted as approved as well, so the total will not add up to 100%.

¹ Includes sub-metered customers.

TABLE 9			
RESIDENTIAL CARE PROGRAM			
Customers¹ Removed by Month through Recertification and Post-Enrollment Verification			
2007	Recertification	Post-Enrollment Verification	Total
January	0	2,598	2,598
February	0	2,552	2,552
March	17,122	880	18,002
April	3,651	738	4,389
May	4,471	2,915	7,386
June	5,833	9,910	15,743
July	5,565	701	6,266
August	4,019	2,119	6,138
September	7,370	552	7,922
October	13,350	2,518	15,868
November	12,926	3,852	16,778
December	16,370	33,018	49,388
Total	90,677	62,353	153,030

¹ Total individual and sub-metered.

TABLE 10						
CARE Random Post-Enrollment Verification Applications						
	Mailed	Received	Approved	Denied	Pending/Never Completed	Duplicates
Total	29,850	8,918	8,660	258	20,932	n/a
Percentage	100.00%	29.88%	29.01%	0.86%	70.12%	n/a

* Duplicates were included in the Random Post-Enrollment Verification process, but were not specifically tracked.

TABLE 11 A			
CARE EXPANSION PROGRAM Participating Facilities by Month (Gas)			
2007	CARE Residential Facilities	CARE Commercial Facilities	Total
January	2,585	350	2,935
February	2,620	351	2,971
March	3,080	480	3,560
April	3,089	484	3,573
May	3,118	490	3,608
June	3,172	495	3,667
July	3,176	495	3,671
August	3,183	496	3,679
September	3,190	496	3,686
October	3,208	499	3,707
November	3,236	506	3,742
December	3,228	509	3,737

TABLE 11B			
CARE EXPANSION PROGRAM Participating Facilities by Month (Electric)			
2007	CARE Residential Facilities	CARE Commercial Facilities	Total
January	2,976	454	3,430
February	3,022	455	3,477
March	3,481	634	4,115
April	3,489	640	4,129
May	3,505	661	4,166
June	3,608	692	4,300
July	3,612	698	4,310
August	3,620	702	4,322
September	3,627	705	4,332
October	3,629	710	4,339
November	3,662	716	4,378
December	3,665	718	4,383

TABLE 12		
CARE EXPANSION PROGRAM		
Average Monthly Gas / Electric Usage¹		
	Gas	Electric
Customer	Therms	KWh
Residential Facilities	43	711
Commercial Facilities	622	7,835

1 Excludes master meter usage.

TABLE 13					
CARE EXPANSION PROGRAM					
CARE Outreach Pilot, Other Outreach, and Utility					
CARE Applications Sent By Third Parties					
Entity	Received	Approved	Denied	Pending/Never Completed	Duplicates
Third-Parties	0	0	0	0	0
Utility	525	466	25	27	7
Total	525	466	25	27	7
Percentage	100.00%	88.76%	4.76%	5.14%	1.33%

ATTACHMENT A

TECHNICAL ADDENDUM: JOINT-UTILITY METHODOLOGY FOR CALCULATING CARE PENETRATION

**Workshop on Penetration Rates for
CARE and ULTS Programs**

February 6, 2002

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Joint-Utility Methodology for Calculating CARE Penetration: Technical Description

INTRODUCTION

This document discusses existing methods used by the joint energy utilities and raises methodological issues regarding estimating CARE eligibility and penetration. This serves as a technical supplement to the joint utilities' presentation on their methodology for calculating CARE penetration rates as given at the Workshop on Penetration Rates for CARE and ULTS Programs on February 6, 2002. The remaining sections of this document contain: an example table showing the joint distribution of household size and income from PUMS; example tables showing the separate current-year distributions for household size and household income from the commercial data vendor; detailed information on iterative proportional fitting; a list of data used in the estimation work; and, definitions of technical terminology.

Objective of the Method

The initial objective presented to the consultant, Athens Research, was to estimate annually, for each unique county/utility/ commodity (fuel type), the proportion of technically eligible utility-served households (i.e., the fraction of individual residential meters and qualified sub-meters that are eligible for CARE based on household size and household income). The CARE demographic eligibility rate (i.e., ratio or proportion) was to be estimated annually, and utilities were to apply that ratio to their quarterly counts on individual residential meters and qualified sub-meters (i.e., technical eligibility) to obtain updated CARE eligibility counts. The second objective was to streamline and document the estimation programs, and to complete sensitivity tests and validation exercises begun during the estimation period. This second objective is only now being undertaken, a delay due in small part to additional ad hoc exercises that were added by the Commission, including estimating LIEE demographic eligibility, and estimating the rural and non-rural shares of each unique county/utility/commodity's (CUC's) total eligibility.

Major Features of the Method

The method combines current-year estimates of household size distributions and household income (separate distributions) with Census year estimates of the joint distribution of household size and household income, to estimate current-year demographic eligibility. Census year income data from PUMS (sample household long form Census data) is transformed to account for CPI changes in California, and to conform to categories of income available in current-year vendor data. Meter/sub-meter information from each utility is used to tailor demographic eligibility to specific CUC's.

Specifically, the *joint* distribution of household size and income available from PUMS is modified using *iterative proportional fitting*¹ to match current-year distributions on household size and income, providing a new estimate of the joint distribution. From the new joint distribution, current-year demographic eligibility per CUC is estimated; this is applied to quarterly counts of technical eligibility by utility staff, to obtain quarterly program eligibility count estimates. Finally, the total number of CARE participants (taken from utility program records) is divided by the total counts of program eligibility to calculate the CARE eligibility rate for a specific CUC.

Description of THE METHOD

Experience has shown that the method is somewhat better understood if the core process is described first, followed by a description of the preceding steps that are completed prior to carrying out the core process. Having this in mind, we begin with an overview of the core process.

Core Process

For each and every unique county/utility/commodity (fuel type), we have several key matrices or tables, defined by the household size categories that are available in current-year vendor data and the household

¹ See the subsequent section on iterative proportional fitting for a detailed technical explanation of this method.

income categories (ranges) that are used in current-year vendor data.² The first matrix or table, Table 1, has 14 rows and 6 columns (14 x 6) and contains the *joint income by household size* distribution observed in the most recent PUMS data set (PUMS 1990 in our case). Incomes are given in current-year dollars (CPI adjusted), and as previously indicated, the income categories match those used in the vendor data. Each cell of this table contains the number of households for a particular income category and household size. For example, cell XYZ shows the number of households in income range \$20,000 – \$24,999 and household size 3. Note this table is arbitrarily normalized so that the sum of all the cells in the table totals 1,000,000 and could be normalized to any number as long as the relationship between household income and size remains the same.

The second table, Table 2, is also 14 x 6, and its cells show, for every corresponding cell in Table 1, the proportion of households that would have been program eligible based on current-year dollars. In all but six or seven cells, the proportion of eligible households equals either 1 (i.e., all households are eligible) or 0 (i.e., no households are eligible). For one cell in each household size group 1-5, and for one or two cells in the household size group 6+, some households will be above and some below the size/income threshold for CARE, so that the proportion in the cell equals a value between 0 and 1.³ Note that Table 2 can be constructed to reflect CARE, LIEE, or any other program eligibility standard. For example, with respect to the LIEE program, we have constructed an alternative, which gives the proportion of households that are eligible at either the 175% eligibility level or the 200% eligibility level applicable where the head is age 60 or work-prevented.

Next, to represent the current-year income distribution, we construct from vendor data, a set of current-year household income marginals (i.e., the number of households in each of the fourteen current-year household income ranges). For example, in Table 3 below, cell ABC shows the number of households in the income range, \$15,000 - \$19,999. As in the case for Table 1, the total of all the cells in this 14 x 1 table is normalized to a total of 1,000,000 for convenience.

To represent the current-year household size distribution, we construct from vendor data, a set of current-year household size marginals (i.e., the number of households in each of the six current-year household size categories). For example, in Table 4 below, cell DEF shows the number of households with a household size equal to 5. Notice that these two separate distributions (e.g., the current-year household income distribution and the current-year household size distribution are “pieces” of a joint distribution of household income and size.

² For the purposes of this project, Applied Geographic Systems is the commercial data vendor who provided the current-year income and household size distribution data. There were six categories for household size (1, 2, 3, 4, 5, 6+) and 14 categories (ranges) of income (\$0-\$40,000 by intervals of \$5,000, followed by somewhat larger intervals at higher income levels).

³ The proportions in the first column of Table 2 are given only for example and should not be viewed as actual values.

Table 1		Joint Distribution of Household Income and Size (1990)					
		Household Size Categories					
Household Income	Income Ranges	1	2	3	4	5	6+
	0-4,999			...			
	5,000-9,999			...			
	10,000-14,999			...			
	15,000-19,999			...			
	20,000-24,999	XYZ
	25,000-29,999			...			
	30,000-34,999			...			
	35,000-39,999			...			
	40,000-49,999			...			
	50,000-59,999			...			
	60,000-74,999			...			
	75,000-99,999			...			
	100,000-124,999			...			
	125,000+			...			

Table 2		Proportions of Eligible Households by Income/Size (\$2001)					
		Household Size Categories					
Household Income	Income Ranges	1	2	3	4	5	6+
	0-4,999	1					
	5,000-9,999	1					
	10,000-14,999	...					
	15,000-19,999	...					
	20,000-24,999	e.g., 0.47					
	25,000-29,999	0					
	30,000-34,999	0					
	35,000-39,999	0					
	40,000-49,999	...					
	50,000-59,999	...					
	60,000-74,999	...					
	75,000-99,999	...					
	100,000-124,999	...					
	125,000+	...					

Table 3	Current-Year Distribution of Household Income	
Household Income	Income Ranges	Number of Households
	0-4,999	...
	5,000-9,999	...
	10,000-14,999	...
	15,000-19,999	ABC
	20,000-24,999	...
	25,000-29,999	...
	30,000-34,999	...
	35,000-39,999	...
	40,000-49,999	...
	50,000-59,999	...
	60,000-74,999	...
	75,000-99,999	...
	100,000-124,999	...
	125,000+	...

Table 4	Current-Year Distribution of Household Size					
	Household Size Categories					
	1	2	3	4	5	6+
Number of Households	DEF	...

With these matrices in hand, we use *iterative proportional fitting* to modify the distribution in Table 1 to match the current-year household income and size distributions in Tables 3 and 4, respectively. This means alternately normalizing rows of Table 1 to match Table 3, and columns of Table 1 to match Table 4, repeating the process until the normalizations stop changing the interior cells of (modified) Table 1. The resultant modified table (not explicitly shown here) is the estimated current-year joint distribution of household income and size. Note that this table is adjusted for the change between 1990 and the current year, with respect to household size and household income, while preserving the joint relationship between size and income.

Finally, to achieve the estimated proportion of CARE eligible households, we first multiply each cell of the table containing the estimated current-year joint distribution of household income and size by Table 2 (the table showing the proportions of eligible households for each income/size group). Then, we sum all of the cells to obtain the number of eligible households per million, which can be converted to the demographic eligibility rate for a particular county/utility/commodity (fuel type) or CUC.

How the Matrices Used in the Core Process are Produced

PUMS household records are processed to reflect current-year income (CPI-adjusted), the income categories that are used in the current-year vendor data, and to match the level of household size detail in the vendor data. In the processing of PUMS household income data, we create alternatives with respect to smoothing the reported values. Briefly, we may leave the income data at its reported value and correct it via CPI, or we may address the large number of responses that are given at popular rounded values, using a variety of possible smoothing algorithms. The algorithm chosen for use here lead to more stable results than leaving the data in raw form, and was not significantly different from more extreme smoothing techniques.

PUMS household records are identified at the PUMA level (a geographic level of aggregation equivalent to 100,000 in population). Vendor data is available at the block group level. We use MABLE tables (tables of Census data developed by the Missouri Census Data Center, nationwide), to allocate the data in these files to the block group/zip code level, using standard correspondence table techniques. This places the data in a geographic “least common denominator” that can be flexibly added up to reflect specific geographies pertaining to counties and utilities. Utility records on meter/sub-meter presence were obtained for late spring 2001. These were also disaggregated to the block group/zip code level.

With these disaggregations/allocations completed, we were in a position to aggregate the data to reflect county/block group/zip code combinations in which the utility is present. Various definitions of “presence” are possible in this context. For example, records can be weighted to: 1) reflect the utility meter/sub-meter count in each county/block group/zip code; 2) reflect the simple presence/absence of the utility in the small geography; or, 3) be limited to cases where at least 100 utility meters/sub-meters are found in the relevant zip code. In all cases, it appears that the method is robust under variations on the weighting scheme; we chose to use the utility count as a weight in producing county/utility/commodity-specific tables for Tables 1-4, respectively.

In all, we produce a total of more than 200 unique aggregations of county/utility/commodity (fuel type) for input into the “core process” described above, for both CARE (and LIEE) eligibility, under various eligibility scenarios.

USING THE ESTIMATES

Calculating Eligible Utility-Served Households Per CUC

On a quarterly basis, utilities identify and count technically eligible meters and sub-meters for specific commodities (fuel types) within each of the counties in their territory. The demographic eligibility rates for CARE (and LIEE), produced by the consultant, are multiplied by the quarterly technical eligibility counts to calculate the number of CARE-eligible households (and the slightly larger number of LIEE-eligible households).

Deriving Urban/Rural Shares of CUC Eligibility

For each county/utility/commodity (fuel type), the consultant was asked to provide an estimate of the proportion of eligible households in rural and non-rural locations. Using the technical eligibility data that was provided by the utilities for late spring 2001 and vendor data on the distribution of household size and household income in each California zip code, we disaggregate the total eligibility per CUC to specific CUC/zip code combinations in the utility territory. For each CUC/zip code, the share of CUC eligibility is calculated. Using the Rural Health Council (RHC)/Zipinfo categorization of zip codes, the shares of rural and non-rural zip codes within each CUC are summed to provide a rural/non rural split per CUC. This “split” is also used to allocate eligibility totals per CUC.

Utility or Study-Specific Uses

SDG&E have used the CARE (and LIEE) disaggregations to the zip code level in internal studies of its programs. Also, block group disaggregations of eligibility will be used by the Phase II contractor for the Low Income Residential Needs Assessment Study, as a means of identifying high and low concentrations of program eligibility for onsite sampling purposes.

DOCUMENTATION/STREAMLINING/SENSITIVITY TESTING/VALIDATION

The second phase of the CARE eligibility estimation project will:

1. Complete the documentation for the project.
2. Streamline programs that include investigative portions no longer needed, and make portions of the programming job stream more general.
3. Complete sensitivity tests that were set up during the estimation phase, involving income smoothing alternatives, three different methods of weighting block group/zip records to match CUC's, and an analysis of whether differences between program and Census definitions of household incomes influence eligibility estimates significantly.
4. Extend the validation efforts that were begun in July/August 2002.

Joint-Utility Methodology for Calculating CARE Penetration: Example Distributions

The following tables are examples of the following distributions: a) the joint distribution of household income and size (PUMS); b) the current-year distribution of household income (vendor data); and c) the current-year distribution of household size (vendor data). The PUMS data is for a specific PUMA with income given in current-year (2001) dollars, and the vendor data is for a specific block group. These are the initial tables used prior to beginning the core process.

Table A		Joint Distribution of Household Income and Size (PUMS)					
		Household Size Categories					
Household Income	Income Ranges	1	2	3	4	5	6+
	0-4,999	146	138	78	16	40	18
	5,000-9,999	337	27	0	0	26	0
	10,000-14,999	201	315	49	29	0	53
	15,000-19,999	328	189	102	18	16	0
	20,000-24,999	526	424	82	152	16	34
	25,000-29,999	593	168	88	90	130	0
	30,000-34,999	422	383	135	87	32	99
	35,000-39,999	475	555	159	172	31	26
	40,000-49,999	940	1094	407	442	143	196
	50,000-59,999	913	1215	667	469	73	150
	60,000-74,999	785	2131	823	902	401	204
	75,000-99,999	476	2640	1934	1598	624	255
	100,000-124,999	183	1969	1480	1647	403	319
	125,000+	258	2645	2217	2287	985	522

Table B	Current-Year Distribution of Household Income (Vendor Data)	
Household Income	Income Ranges	Number of Households
	0-4,999	3
	5,000-9,999	9
	10,000-14,999	4
	15,000-19,999	38
	20,000-24,999	19
	25,000-29,999	18
	30,000-34,999	29
	35,000-39,999	29
	40,000-49,999	54
	50,000-59,999	69
	60,000-74,999	87
	75,000-99,999	154
	100,000-124,999	65
	125,000+	28

Table C	Current-Year Distribution of Household Size (Vendor Data)					
	Household Size Categories					
	1	2	3	4	5	6+
Number of Households	129	156	110	113	48	50

Joint-Utility Methodology for Calculating CARE Penetration: Iterative Proportional Fitting

The following excerpt was taken from, The Methods and Materials of Demography condensed version, by Henry S. Shryock and Jacob S. Siegel (Academic Press, 1978). This supplement is intended to provide detailed technical information on iterative proportional fitting. Numbered pages 544-547 of this document demonstrate cases where adjustments of distributions to marginals are required (similar to that described in the 'Core Method' section above); and, numbered pages 547-549 deal, specifically, with iterative proportional fitting as a method for carrying out this adjustment.

Technical Definitions

Technical Eligibility: Indicates that a household has an individual residential meter or qualified sub-meter.

Demographic Eligibility: Indicates that a household satisfies CARE eligibility rules based on household size and income.

Block Group: A subdivision of a census tract (or, in 1990, a block numbering area) that is the smallest geographic unit for which the Census Bureau tabulates 100-percent data. Many blocks correspond to individual city blocks bounded by streets, but blocks – especially in rural areas – may include many square miles and may have some boundaries that are not streets. The Census Bureau established blocks covering the entire nation for the first time in 1990. Previous censuses back to 1940 had blocks established only for part of the nation.

Iterative Proportional Fitting: A standard method used in demography and other sciences when adjustments of distributions to marginals are required.

Data Sources

Key sources

The following identifies primary data sources and provides brief summaries of roles these data played in the analysis/estimation work.

PUMS1990: Source of Cross-Tabulation of Income by Household Size.

The Public Use Microdata Samples are based on long form Census responses by a sample of 5% of Census households. Household income and household size are available in this data set. The PUMAs (geographical areas for PUMS) must be disaggregated to match up with other data sets.

AGS2000, 2001, and 2005 (Vendor Data)

Applied Geographic System's demographic estimates for 2000 and 2005 are available via Tetrad, Inc., which supplies the estimates as part of a geographic information system product. We obtained statewide California data from the "Core Demographic Data" product, purchasing both county/block group level data and zip code level data. AGS is a respected firm sharing the demographic data niche with Claritas, Experian, Acxiom, and other suppliers. AGS data were purchased for Athens Research use, essentially to meet the need originally met by Claritas, which was not purchased by Edison during the recent energy and financial crisis. For most of our work, we used county/block group data from AGS. However, in disaggregating estimates to the zip code level to develop rural/urban splits, zip code data from AGS was applied as well.

Utility Data on Technical Eligibility

From each of the four utilities, we obtained county/zip/commodity (fuel type) level counts of individual residential meters and qualified sub-meters. These data were used, primarily, in conforming AGS data and PUMS data to the utility territory and, secondarily, in providing working estimates of total eligibility once demographic eligibility rates had been estimated. The data were obtained in June and July of 2001 from each of the IOU's.

MABLE Tables

During the 1990's, the Missouri Census Data Center took on the task of creating massive correspondence tables linking various Census and non-Census geographies. From the MABLE tables, we produced tables based on population distribution, household distribution, and acreage for use in linking PUMS data (PUMA level), AGS data (block group or zip level), and utility data (county/zip level) at a "lowest common denominator" county/block group/zip code geography. This linkage allowed re-aggregation of the data for various estimation purposes.

California CPI Data

State DOF data on historical CPI levels was critical to translating 1990 PUMS data into current-year dollars for eligibility estimation purposes.

The Rural Health Council (RHC)/Zipinfo Tables

To identify California zip codes that are rural, we were provided a table developed by the Rural Health Council (RHC), and also obtained a table (from Zipinfo) that implements the “Goldsmith” method of categorizing zip codes. The RHC method required by the CPUC took precedence in the classification, but zip codes not explicitly classified by the RHC are classified using the Goldsmith categorization.

Secondary sources

The following identifies secondary data sources and provides brief summaries of roles these data played in the analysis/estimation work.

Claritas

During the latter 1990’s, Southern California Edison’s method of estimating eligibility involved using changes in the percentage of households that are low income to adjust initial eligibility estimates based on PUMS 1990 data. We have used some recent Claritas data to compare and validate estimates based on the statewide procedure, which for the moment uses Applied Geographic Systems’ current-year estimates.

SCAG

Informal and preliminary validation of estimates, and the AGS data underlying the estimates included SCAG estimates for year 2000 on median household incomes at the county level.

CENSUS Interim Models

Similarly, we have compared county-level estimates to household income estimates produced by the Census for the year 1997, based on modeling work done by Census staff.

HUD Data

We have informally and preliminarily compared our results and the underlying AGS data to HUD county level data on household and family incomes.

ATTACHMENT B

TECHNICAL ADDENDUM: JOINT-UTILITY CARE ELIGIBILITY UPDATE

**Filed in
PG&E's 21st Rapid Deployment Monthly Status Report,
February 21, 2003**

Joint Utility CARE Eligibility Update

In Interim Decision D.02-07-033, Ordering Paragraph 4b, the Commission ordered the following:

“Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCal), collectively referred to as "the utilities", shall make the following improvements to the methodology adopted in D.01-03-028 for calculating CARE penetration rates:

b. Order and utilize the special tabulations of 2000 Census data as soon as they are available in Fall 2002 to update CARE penetration rates.... As described in this decision, they shall update the number of eligible customers in their service territories using the 2000 Census data required under (b) above with their January, 2003 status report. The report should present a calculation of penetration rates that reflects this updated information and the new enrollments due to automatic enrollment, to date.”

In a subsequent Assigned Commissioner’s Ruling (ACR) issued on December 27, 2002, the Commission modified the directives of Ordering Paragraph 4b of D.02-07-033 as follows, given that special tabulations data were not available as expected:

“The utilities shall include with their February 2003 rapid deployment status reports, due February 21, 2003, updated numbers of CARE-eligible customers in their service territories using 2000 Census data from Summary File 3. The utilities shall include a detailed calculation of the updated penetration rates, along with a narrative describing any differences between the updated and current penetration rates.”

Accordingly, the following discussion explains the differences between the 2001 penetration rate estimates and the updated (2002) penetration rate estimates filed with the February 2003 Rapid Deployment status reports. The updated estimates rely on demographic eligibility proportions that incorporate SF3 block group level data describing the year 2000 distribution of 1999 incomes, with implicit adjustments for CPI changes between 1999 and 2002.

DISCUSSION

Using the Joint Utility CARE methodology for estimating demographic eligibility adopted in D.01-03-028, the utilities have updated the CARE eligibility and penetration rate estimates. The results of this update are filed with each utility's respective February 2003 Rapid Deployment status report. Differences in data used for the 2001 and 2002 estimates are detailed below, along with an explanation for the differences in observed penetration rates between the two years.

Data Differences

The Joint Utility Methodology for estimating CARE penetration is designed to use current-year estimates of household income and household size obtained from a respected data vendor to estimate eligibility. In 2001, the utilities used 2001 estimates of household size and household income obtained from Applied Geographic Systems (AGS) to estimate demographic eligibility (the proportion of all customers within a given utility service area who satisfy the household size and income criteria for the CARE program). The utilities applied these demographic eligibility estimates to counts of technically eligible meters and sub-meters (counts of the number of customers with a qualified meter or sub-meter) to determine the estimated number of customers who are both demographically and technically eligible for CARE. This information is then used to calculate the estimated penetration rate by utility, commodity (fuel type), and county.¹ Per the December 27, 2002 ACR, the Commission ordered the utilities to use Census SF3 Income data to update the CARE estimates for 2002. Given that Census data is based on 1999 reported incomes, this means that the updated eligibility estimates filed herein are developed using current-year (2002) estimates of household size obtained from AGS and an implicitly adjusted 1999 distribution of household income obtained from Census SF3 income data.

While the most ideal circumstance would have been to use current-year (2002) vendor data that incorporated Census SF3 income data,² this data was not available from data vendors. However, the current-year (2002) estimates produced using Census SF3 income data, as required by the Commission, do provide reasonable estimates of eligibility throughout the state and make use of the most current Census information made available to date. Thus, these estimates reasonably can be used as an indication of the utilities' progress in enrolling all customers that are willing to participate in CARE. Essentially, for each utility, fuel type, and county, block group data are aggregated to provide a current-year (2002) estimate of the household size distribution, and a current-year estimate of the household income distribution. These are used to develop an adjusted household size by household income *matrix* estimated for the current year. Note that, in compliance with the ACR dated December 27, 2002, the current-year estimate of the household income distribution assumes no changes since 1999 in the shape of the real income distribution – only moderate changes in the number of households existing in these block groups. It would be preferable to proceed with future estimates using small area estimates (from data vendors) that incorporate 1999 income distributions (from the 2000 Census), CPI changes, and real income distribution changes tracked by demographic data vendors, rather than implicitly accepting a real

income distribution from 1999 as per our necessary response to the December 27th ACR.

Differences in Estimated Eligibility

Sensitivity analyses conducted informally after the utilities completed their annual update of CARE eligibility estimates in July 2002,³ indicated that roughly 90% of the increase in eligibility (from 2001 to the July 2002 estimates) is due to changes in vendor data; and, roughly 10% of the increase in eligibility is due to the relative aggressiveness of the increase in CARE guidelines for 2002. Consider, first, the portion of the increase due to changes in vendor data.

The Joint Utility methodology for estimating CARE eligibility makes use of current-year demographic data obtained from data vendors such as AGS or Claritas.⁴ These are respectable firms that provide demographic data of all types that are used in many applications. However, given that, in 2001, we were in the 12th intercensal year (the time between different Censes when no new demographic data is available), the utilities were aware that differences could have emerged in estimates of household income distributions between data firms as well as between what the data vendors estimate and what would be shown in Census 2000 results. As such, the utilities recommended conducting sensitivity analyses to see the impact of using estimates of current-year (2001) household income and household size distributions obtained from one data vendor compared to another. The objective would have been to forewarn any potential changes that might be forthcoming once vendors adjusted their estimates of household income and household size distributions as they incorporated data from Census 2000. The Commission later ruled, in D.02-07-033, that these tests were not warranted given that the data vendor selected was a respected firm.

We have since learned through simple data analyses that AGS had a more optimistic view of household income distributions in 2001 than did Claritas and the 2000 Census data. Accordingly, using Census SF3 data to estimate eligibility results in a marked increase in eligibility than what was estimated in 2001.⁵ The utilities caution, however, against concluding that the decision to use data on household income and household size distributions obtained from vendor incorporation of Census 2000 and more recent economic data is a mistake. Rather, the key point is to realize that whenever we are in the intercensal period, no matter which vendor is used, estimates of household income and household size distributions can be expected to deviate somewhat from actual realities simply because sufficient data is not available to derive more accurate estimates. After data vendors incorporate all of the detailed Census 2000 data (*i.e.*, once data vendors fully incorporate all higher-order Census 2000 data and Census SF3 income data and use this data to derive current-year estimates of household income and household size distributions for 2003 and beyond), we can expect more consistent estimates of these distributions for use in future updates. As time continues and we enter the next intercensal period, once again, we will see a divergence in the estimated distributions between vendor firms until the next Census is completed and made publicly available. However, such divergences will be lessened to the extent that more

interim Census products like the American Community Survey are available to demographic vendors than in previous decades.

With respect to the portion of the increase due to changes in the eligibility guidelines, the Joint Utility Methodology incorporates the current-year's mid-year Consumer Price Index (CPI) estimate obtained from the California Department of Finance in estimating demographic eligibility rates. The California CPI was specifically used so that changes in eligibility would reflect changes in California realities – the task of an empirical effort. In contrast, the growth factor that the Commission applied to the eligibility guidelines for 2002 was based on a lagged change in the *national* CPI. For the period in question, the changes that occurred nationally were greater than the changes that occurred in California; therefore, CARE guidelines were increased more aggressively than the corresponding change in California incomes. As such, more individuals qualify for CARE in 2002 than otherwise would have, had the growth factor applied to eligibility guidelines been based on changes in the California CPI.⁶ This difference in growth factors used (and, thus, the consequent aggressiveness of the increase in CARE guidelines) accounts for about 10% of the increase in eligibility observed between 2001 and 2002.