FIFTEENTH ANNUAL PROGRESS REPORT TO THE CALIFORNIA PUBLIC UTILITIES COMMISSION

CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE)

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TABLE OF CONTENTS

CARE RESIDENTIAL PROGRAM

CARE EXPANSION PROGRAM

ATTACHMENTS

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 2003 program reporting period.

I. PARTICIPANT INFORMATION

A. ***Provide the total number of residential CARE customers, including submetered 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 2003 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.

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

For the 2003 program year reporting period, PG&E continued to use the Joint Utilities' methodology for calculating demographic CARE-eligibility rates that was adopted in 2001 in D.01-03-028. The particulars of the calculations may be found in attachment A, "Technical Addendum: Joint-Utility Methodology for Calculating CARE Penetration" excerpted from the Joint Utilities' "Reporting Requirements Manual (RRM) Working Group Report for Low Income Assistance Programs" (R.98-07-037).[1] In summary, PG&E applies county-based commodity-specific demographic eligibility multipliers to the technically eligible meter count within that county. The product of this calculation is then added together to obtain an overall eligibility for each commodity served.

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 submetered or other residential meter configurations that do not provide residential service.)*

   PG&E obtains a count of technically eligible meters by county and commodity. Within each commodity, there are only certain eligible rate schedules authorized to receive CARE. Customers who are ineligible for

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

CARE are removed from the pool of technically eligible meters. For each county, the result of this filtering process provides the total technically eligible meter count to which demographic eligibility multipliers may then be applied.

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

   The demographically eligible households were calculated for each utility by applying the demographic eligibility rate to technically eligible households by county by utility service area. The methodology is described in the Low Income Reporting Requirements Manual. These rates were developed by Athens Research and utilize current year income and household size data. The 2003 penetration rates reported in monthly reports used demographic eligibility rates that were submitted in February 2003.

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

   Attachments A and B describe the Joint Utility methodology for calculating CARE penetration (filed in February 2002 for the Workshop on Penetration Rates for CARE and ULTS Programs) and the Joint Utility CARE eligibility update (filed in February 2003 in compliance with the directives of Interim Decision 02-07-033, Ordering Paragraph 4(b), as modified by the Assigned Commissioner's Ruling (ACR) of December 27, 2002).

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

   Monthly, PG&E surveys its billing system for all customer accounts, 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. Monthly, this database is surveyed 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 technically 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 Table 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:	309,156
Gas-only estimated eligible:	188,668
Combined electric/gas estimated eligible:	646,360
Total CARE eligibility:	1,144,184

PG&E updated the CARE-eligibility demographics in 2003. All CARE eligibility estimates are based on 175% of Federal Poverty Guidelines.

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 (22.75%), 23,500 electric and 18,576 gas sub-metered tenants are eligible for CARE.

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

15,019 electric and 13,583 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 2003, 64% of the CARE-eligible electric tenants and 73% of the CARE-eligible gas tenants were signed up for CARE. This represents an overall 68% sub-metered penetration rate.

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

During the 2003 program year, PG&E continued its year-round re-certification schedule for sub-metered tenants. One issue that continued to be a problem in 2003 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 they were 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, then PG&E advises the tenant to contact the California Public Utilities Commission.

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	Gas
Rate Discount	$10. 21	$5.55
Avoided Surcharges	$10.54	
Total	$20.75	$5.55

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

	Electric	Gas
Rate Discount	$94,184,869	$50,893,905
Avoided Surcharges	$97,307,019	
Total	$191,491,888	$50,893,905

B. Administrative Cost

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

   See Table 5A, Standardized CARE Administrative Cost Reporting Categories.

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

   Outreach:
   This category includes Bill Inserts, Advertising, Applications (printing and mailing), Posters, Brochures, Flyers, Postage, Sub-Metered Outreach, Information Technology (technical support and software licensing), Call Center Labor, Staff Labor, Outbound Dialing, Toll-free line, Event Staffing, Capitation Fees, Other Outreach and Mass Media Outreach.

   Regulatory Compliance:
   This category includes Program Applications, Advice Filings, Comments and Reply Comments, Hearings, Reports and Studies, Working Group Meetings, Public Input Meetings, and Tariff Revisions.

Processing, Certification and Verification:
Costs associated with this category include Staff Labor, Information Technology (technical support and software licensing), Application Processing, Training, Programming Labor, and Sub-Meter Certification.

Billing System / Programming:
Manual Rebilling, and Programming and Billing Labor.

General Administration:
Office Supplies, Market Research, Program Management Labor, and Information Technology (technical support and software licensing).

Measurement & Evaluation:
Needs Assessment Study, and Customer Satisfaction Survey.

LIAB Funding:
Both past and present funding as invoices are received.

Energy Division Staff Funding:
Both past and present funding as invoices are received.

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

Gas: $19,679,183

Electric: - $6,271,706

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 costs into 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.

In May 2001, the California Legislature passed SBX1-5 to respond to the effects

of the California energy crisis. The bill granted one-time funding to mitigate the burden of rising electric rates on low income electric utility customers through CARE outreach. PG&E began a CARE outreach campaign in late 2001, using SBX1-5 funds.

Although all SBX1-5 funding was expended in 2002, PG&E was directed by the CPUC to maintain similar funding levels in order to capture momentum from the highly successful 2001-2002 program year campaign launch. The 2002 campaign successes and challenges were reviewed and PG&E's best practices were chosen for expansion in 2003. Additionally, new approaches were tested to find better methods for outreach in areas that were still underrepresented.

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. Ninety-seven percent of all eligible customers speak one of five languages at home: English, Spanish, Cantonese, Mandarin or Vietnamese. Forty-three percent are Spanish-dominant.
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 effort. PG&E developed and implemented a CARE Outreach and Education Campaign in 2001-2002. PG&E continued and expanded this Campaign in 2003, using the following approaches:

1. A public relations program that includes educational materials, enrollment events and local media outreach, focusing on previously underrepresented target areas within the PG&E service area;
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.

2003 CARE Outreach Campaign Activity Highlights

PG&E worked with Hill and Knowlton to develop and manage an integrated CARE outreach campaign in 2003. The purpose of the campaign was to significantly increase the participation of residential customers on low or

limited, fixed incomes who were eligible, but not enrolled in, the state-mandated CARE rate discount program.

The CARE campaign was conceptualized and developed over the first two quarters of 2003 and was successfully launched in June 2003. The intensive campaign consisted of activities in three major areas: community outreach, grassroots media and capitation fees.

Capitation fees were central to the campaign. These fees made it possible for PG&E to compensate third parties for assisting in the enrollment of CARE-eligible, but non-enrolled customers. This group of active supporters came to be known as Community Outreach Contractors and constituted one of two partnership networks.

The second network was less formal and comprised of key media, retail companies, charitable organizations and government agencies serving targeted counties and communities. Participants in this support network were not contracted by PG&E and, therefore, did not receive financial compensation.

Nineteen major programs and activity areas formed the 2003 CARE campaign. In alphabetical order, those areas were:

African American Program

Young Communications Group developed a targeted outreach program built around recruiting and engaging community-based organizations with cultural expertise as CARE COCs. Informal focus groups were conducted with African American customers to understand barriers to enrollment. To significantly increase enrollment of African Americans in the CARE program, CARE enrollment events catering primarily to eligible African American seniors, women and working mothers were held in conjunction with the Greater Sacramento Urban league at churches and community centers. Incentive items were important factors in creating excitement and building attendance at events. Media relations were focused on African American community newspapers and radio stations throughout PG&E's service area. News releases focused on enrollment drives, new income guidelines and CARE COCs serving the community.

Asian American Program

The Asian American community is extremely diverse in itself, with many distinct groups comprising the umbrella Asian American population segment. Therefore, primary and secondary target markets were identified based on population size, income levels and in-language preference, and PG&E developed several programs throughout the campaign to reach these markets. The Chinese and Vietnamese communities were established as the primary target markets; and the Korean, Cambodian, Lao, Hmong, Mien and Filipino

communities were established as secondary target markets. Senior citizens also were targeted within these communities.

Special in-language prompts were featured on the CARE toll-free line for Cantonese, Mandarin and Vietnamese callers. Collateral materials were developed in several languages and distributed through COCs and other channels. Culturally appropriate giveaways, such as in-language bags, were also created specifically for new customers who applied for the CARE program at enrollment events.

Several CARE enrollment events were held in conjunction with community festivals such as the Hmong New Year, Vietnamese Tet Festival and Chinese New Year, in predominantly Asian neighborhoods. CARE booths were set up and staffed by COCs at Portsmouth Square in San Francisco's Chinatown.

Targeted media relations were also an essential part of the Asian American program. News releases in Chinese, Korean and Vietnamese were distributed and placement was secured in radio stations, television stations and newspapers. Releases focused on enrollment drives and events, new income guidelines, the first ever Chinese-language bill insert, and those COCs serving the Asian American community. Interviews were also coordinated with PG&E spokespersons in Vietnamese and Chinese.

Bill Inserts

A bill insert consisting of a miniature CARE application was utilized in the June, August, and October billing cycles. The bill insert included postage paid return mailing and was in multiple languages. Both June and October's bill inserts were in English and Spanish, whereas the August bill insert featured the first ever Chinese and English mini-application. June and August bill inserts were sent to all 4.5 million PG&E customers but, to avoid duplication, October bill inserts were only sent to those customers not currently on CARE. Combined, the bill inserts generated 220,036 applications.

Business Partners

A major factor in the ongoing success of the CARE outreach campaign was the involvement of companies and businesses in CARE enrollment events sponsored by PG&E. These private sector partners were selected and qualified primarily on the basis of their low income customer bases targeting Latino, African American, Asian American and other income-eligible PG&E customers.

For 2003, a key component to reaching the enrollment goal was to expand and revitalize this successful business partnership program. A strategic list of targets was developed, focusing primarily on businesses and organizations in the 2003 CARE outreach campaign's top ten target counties. With this approach, the team sought to reach those customers both at the "mainstream" and

grassroots levels, ensuring numerous "touch points" with potential CARE enrollees.

Collateral items were also developed, such as CARE-branded hangtags and magnets (placed on refrigerators, washers, dryers and dishwashers for sale in appliance stores); napkins (distributed at restaurants); and buttons (worn by cashiers). A total of 88 partners were secured in 2003, representing 326 outlets in 40 counties throughout PG&E's service area. A partner is defined as one organization that has several outlets; for example, Western Appliance is one partner that provides nine total outlets. Our partners included retail stores, ethnic restaurants, hospitals, charitable organizations, banks, pharmacies, bookstores and cash advance locations throughout Northern California. Coded CARE brochures with applications were also displayed in these establishments.

Community Outreach

Leveraging the capitation fee, the CARE team recruited and contracted a diverse group of community-based organizations already recognized and trusted by their constituents. With the help of PG&E community relations staff, individual calls were made to enlist COCs. More than 70 organizations representing a wide array of communities (Native American, seniors, disabled, Hispanic, and Lao, to name a few) signed on to promote the CARE program throughout 2003. These COCs were trained to educate consumers about CARE in their own language. Some COCs also supported other PG&E low-income energy programs.

All COCs underwent a training course and were provided with collateral items such as T-shirts identifying them as CARE COCs, and with bilingual CARE posters and brochures to display in their organizations. PG&E set up a special COC toll-free line exclusively to handle questions and offer support to COCs. In 2003, COCs enrolled 16,886 customers while also helping coordinate and staff community enrollment events throughout the PG&E service area. COC representatives also served as spokespeople on public service announcements and testified before the CPUC on PG&E's CARE campaign.

PG&E hosted the Second Annual CARE Community Outreach Contractor Awards and Recognition Luncheon in 2003 in appreciation of the COCs' efforts. Every organization received a Certificate of Appreciation and 10 organizations were individually recognized for their enrollment efforts and overall contributions to the campaign.

Enrollment Events

One of the most effective ways for marketers and service providers to break down barriers, engage community leaders and build trust in communities is through community events. In 2003, the CARE team participated in 9 PG&E-sponsored enrollment events and partnered with COCs to staff CARE booths at 11 community events.

In all, the CARE team produced or was involved in major CARE enrollment drives held in Kern, Sacramento, and Santa Clara counties. A CARE drive in association with Wal-Mart was also held in Bakersfield. Smaller, local events took place in Fresno, Lodi, Merced, Modesto, Oakland, Sacramento, San Francisco, San Jose, and Stockton.

Several segments of the CARE campaign's target audience were reached through these events. CARE events were almost always supported with targeted grass roots media and public affairs, which helped create a halo effect for CARE lasting months after the events occurred.

Hispanic Program

As the Hispanic community represents the largest CARE-eligible segment of PG&E's customer base, PG&E's outreach campaign contractors developed a targeted program to meet the unique needs of the community. Media relations were a key program element. CARE was supported and mentioned by Univision and Telemundo stations, which are heavily consumed by the target audiences. Community outreach was also key, and a large number of COCs served the targeted Hispanic community.

Public service announcements (PSAs) were produced and distributed to local radio and television stations to promote special CARE events, PG&E billing inserts, CARE guideline changes and other timely items.

CARE enrollment drives in key counties were tailored to local retail and Spanish-language radio partners, and local enrollment events featured music, giveaways, and activities. Outreach was also conducted at such community events as Día de los Muertos.

Media Partnerships

With the CARE campaign, PG&E has effectively and efficiently used local television and radio to reach large numbers of eligible customers because television and radio are the most consumed and trusted media by low income consumers. In 2003, the CARE team continued a media partnership with Radio Bilingüe that consisted of educational messages regarding CARE.

Media Relations

News media also proved a vital channel to gauge public reaction, assess challenges and utilize "third-party" endorsements. When done in conjunction with grassroots paid media, special events, community outreach, billing inserts and other activities, targeted media relations demonstrably enhanced the impact of the overall campaign.

Media relations targeted sources including Hispanic, African American, and Asian Pacific American media, which promoted CARE enrollment drives,

announced new income guidelines and promoted CARE application inserts in monthly PG&E customer bills. Positive media coverage had a direct and measurable impact on calls from targeted customers to the CARE toll-free phone line.

Multicultural Collateral

An assortment of collateral materials was produced to assist CARE partners in their grassroots education and outreach efforts. These included in-language brochures, matching brochure holders, in-language posters, T-shirts, banners and squeeze lights. Specialty collateral materials were produced as well, such as the CARE-in-a-Box. CARE-in-a-Box is a media kit that was designed so that PG&E's public affairs department would have a visual aid when explaining the program to elected officials and community-based organizations. A CARE Kiosk was designed as well. Forty-four self-service drop-box kiosks were placed in PG&E local offices so that customers could enroll themselves in CARE while waiting in line to pay their bills. These kiosks are multilingual and allow enrollees to keep their information confidential. Also, PG&E partnered with local COCs to "adopt" kiosks allowing both the customer and our COCs to benefit from this collateral.

Multilingual Toll-Free Line

PG&E's CARE campaign necessitated a single tool that could effectively educate a diverse target audience without intimidation, and at the same time provide a measurement of the campaign's effectiveness.

A dedicated toll-free line featuring culturally appropriate, recorded information about CARE achieved both these goals. The line was developed in the five languages spoken by 97 percent of the eligible PG&E customers: Cantonese, English, Mandarin, Spanish and Vietnamese, and is accessible 24-hours a day from anywhere in PG&E's territory.

From the beginning, the toll-free line (1-866-PGE-CARE) offered PG&E customers: answers to frequently asked questions; a list of referrals to local COCs; and an option of leaving questions or requesting a CARE application. In-language prompts also provided detailed information on monthly CARE enrollment events and on re-certification procedures.

In 2003, the dedicated CARE line handled approximately 136,000 calls and more than 22,000 CARE applications were requested as a direct result.

Native American Program

An outreach program focusing on Humboldt County tribes was developed in 2003. CARE application materials were sent to seven tribes and tribal leaders in Humboldt County. Each tribe was given a supply of CARE packets containing a coded CARE application, postage paid return envelope and PG&E-branded pen

to distribute to their members. Packets also included a draft cover letter that each tribe could choose to personalize and use. Several tribes mailed CARE packets to their members and included versions of this personalized CARE letter. (All postage costs were paid by PG&E.) Two tribes distributed the CARE information in other ways. In addition, CARE Native American posters were distributed at the annual Elders Dinner in November.

Paid Media

Grassroots paid media is one of the most cost-effective means to build awareness quickly and enhance the effectiveness of other communications activities such as community outreach.

Following the strong 2002 media presence, paid media in 2003 was used strategically on a more limited basis. Radio and television spots were produced in Cantonese, Mandarin, and Spanish specifically to drive targeted customers to local enrollment events. A radio spot was developed expressly to publicize CARE applications inserted into customer bills in June and October. An in-language application was also inserted into Chinese newspapers.

Public Affairs

Respected third parties throughout PG&E's service area agreed to endorse CARE. Opinion leaders vary from community to community, but those who endorsed CARE included elected officials, school officials and religious leaders, among others.

PG&E hosted a Santa Clara Enrollment Drive with Supervisor Blanca Alvarado. She encouraged both the media and the community to take advantage of the program and declared "CARE Day" in her district. The support of third parties such as Supervisor Alvarado contributed to the overall success of the campaign.

Re-certification Efforts

The CPUC requires all customers on CARE to reapply for their discount every two years. In 2003, two new approaches to reach a higher recertification retention rate were tested: a multilingual "in color" re-certification packet; and a 60 day reminder letter sent to those customers who had only 30 days left of their 90 day cycle to reapply. CARE re-certification retention rates reached an all-time high of 85% as a result of these efforts.

Research

To better understand the unique challenges and special needs of various CARE customer groups, PG&E's CARE team organized several focus groups. Formal focus groups were conducted in the Korean and Vietnamese markets to glean information regarding barriers to enrollment. Informal focus groups were also conducted in the African American market.

Rural Outreach

Focused outreach was conducted in rural areas which have less access to distribution channels commonly found in more urban areas. Several rural counties were identified based on their demographics. These included Butte, Placer, Mendocino, Calaveras, and El Dorado Counties, among others. Miniature CARE applications were inserted in welfare check mail-outs in several of these counties. PG&E partnered with other utilities, including Sierra Pacific Power, Avista, and Southwest Gas, to develop collateral materials such as napkins and grocery bags.

Senior Outreach

Sacramento, San Joaquin and Stanislaus Counties were targeted for special senior outreach. The number of income eligible seniors was estimated based on phone and internet-based research and a media plan was developed. Press releases and media interviews were sent to *The Elk Grove Citizen*, *The Galt Herald*, *Valley Community Newspapers*, and KCTC-AM radio station. Three Christmas holiday events were held in mid-December, reaching over 650 senior citizens.

Web

PG&E continued to use the utility web site to promote the CARE program in 2003. Each application is posted in-language and in a format that allows easy download and printing. A *Frequently Asked Question* section accompanied each program area and links to other assistance programs were provided. Feedback from users of the web site as well as outreach partners continues to allow for improvement of the site in 2004.

Other CARE Outreach Activities

Attachments C and D detail PG&E's outreach and media activities during 2003.

B. Discuss each of the following:

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

   PG&E believes that no single medium represents the best approach to deliver the CARE program to our customers. The CARE outreach campaign demonstrated that a carefully crafted combination of media, collateral and community support is what is needed to reinforce the message of assistance through the CARE program to our customers.

   The single biggest measurement of the outreach campaign's success is the improvement in PG&E's CARE penetration rate. After starting the year with

a 64 percent penetration rate, PG&E surpassed 71 percent by December 2003. In total, the company enrolled and re-enrolled 522,552 customers during the year.

While individual campaign elements had varying degrees of impact on call volume with the toll-free line, no single activity can easily be measured as the most effective tool for enrolling customers. The campaign was successful because the various campaign elements were integrated and complimentary. In addition to overall improvement in enrollment, PG&E noted other measurements of success:

- PG&E assembled more than 70 community-based organizations to support CARE outreach. Dozens participated in community events and together they submitted more than 16,800 applications in 2003.

- More than 260,000 calls from customers have been handled in five languages by the CARE toll-free line since the line's inception in August 2001. The dedicated CARE line handled approximately 136,000 calls and more than 22,000 CARE applications were mailed to callers as a direct result during the 2003 CARE outreach campaign.

- The CARE story was accurately reported in six languages in nearly every market within PG&E's service territory.

- Supervisor Blanca Alvarado endorsed the campaign and she officially proclaimed "CARE Day" in Santa Clara. Additionally, two CARE partners testified before the CPUC and acknowledged PG&E for delivering a dynamic, effective and culturally appropriate CARE campaign.

In an effort to best meet the needs of CARE Program participants, PG&E developed its first CARE Customer Opinion Survey (COS) in which a percentage of English, Spanish and Mandarin/Cantonese customers were polled. The following key highlights were derived:

- 95 percent of respondents rated their overall experience with the CARE toll-free line "excellent," "very good" or "good."
- 95 percent of respondents rated the CARE Program "excellent," "very good," or "good" in helping them save money on their monthly energy bills.
- 100 percent of respondents felt the CARE representative treated them with respect.
- Overall customer satisfaction of the CARE program is 96 percent.

In October 2003, the staff of the Fresno Unified School District (FUSD) invited PG&E to educate the community about the CARE Program at the

Fresno School District Parent Advisory Committee meeting. Over 30 schools, ranging from elementary to high schools, were represented. PG&E CARE representatives highlighted the benefits of being on the CARE program and distributed over 1,500 CARE packets to individual school advocates.

In November 2003, PG&E returned to the Fresno area to participate in the 23rd Annual Regional Migrant Parent Conference, where a PG&E representative and a local COC staffed a CARE information booth.

All together, PG&E's presence in highlighting the CARE program in the Fresno area translated into greater visibility and stronger ties with not only the administrators in the FUSD but also with the families that the company serves.

During the 2003 Program Year, the most cost-effective method of outreach was the bill-insert self-mailing CARE application, sent to over 4 million residential customers who were not currently participating in CARE.

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 territory, it is no surprise that language continues to be a barrier to enrolling customers in the CARE program. In 2003, PG&E continued its work to ease this barrier by supporting, maintaining, and promoting our CARE toll-free phone line in five languages: English, Spanish, Cantonese, Mandarin and Vietnamese.

Additionally, PG&E continues to print all applications, customer correspondence and collateral materials in four languages: English, Spanish, Chinese and Vietnamese.

In 2004, via on-going customer research, PG&E will be investigating what languages are most used by low income customers in its service area to determine whether any additional languages should be added.

Geography

Another barrier to enrollment is the extent to which customers are scattered throughout the PG&E service area. Although it is apparent from the county-by-county breakdown where the greatest population centers are located within PG&E's territory, it is the many rural miles between these urban centers that cause the most problem in reaching customers. PG&E has made a concerted effort to find and retain rural based organizations that are able to reach customers in these less populated locations.

Culture

Language barriers may be linked to cultural barriers, but they are not one and the same. PG&E has found that removing language barriers does not necessarily address cultural barriers that prevent customers from seeking assistance from PG&E. Towards that end, PG&E contracted with a number of consultants, collectively referred to as the Ethnic Media Partners, who helped PG&E to include appropriate ethnic and cultural context in advertising and assistance messages throughout its communities. Special collateral materials were developed, 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 developed that specifically addressed the ethnicity of the target market. The responses from these various approaches demonstrated the continued success of the program in 2003.

Trust

Customer issues such as mistrust and self-elimination present significant barriers to participation that become increasingly prevalent as PG&E reaches deeper into the previously non-participating but eligible population. Although the reasons for mistrust are often cultural, PG&E has come a long ways towards understanding and interpreting these influences so that customers can feel comfortable with their decision to participate in the discount program. The various COCs that have partnered with PG&E are to thank for much of this success. These various organizations, often working in particular communities previously unreachable by PG&E, 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.

PG&E borders two investor-owned utilities in a small geographic location of the service territory. There is no formal agreement for electronic data exchange of the type developed between Southern California Edison and Southern California Gas companies. PG&E plans to begin a data exchange with Southern California Edison and Southern California Gas companies in 2004.

In certain areas, customers may receive one commodity from PG&E, and another from an adjacent utility. When an eligible customer application from such a customer is received, PG&E will certify the customer and then mail a copy of the application directly to the processing center for that bordering utility.

In 2003, PG&E implemented automatic enrollment agreements with the Modesto Irrigation District (MID) and the Turlock Irrigation District (TID). PG&E has a Memorandum Of Understanding (MOU) with the Modesto Irrigation District (MID) to share customer data and ensure that shared customers receive the benefits of their respective discount programs. PG&E is

also working with the Sacramento Municipal Utility District (SMUD) to sign a similar MOU. MID and SMUD both contract with the California Department of Community Services and Development (CSD) to administer their discount programs.

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 is uploaded for distribution to the LIEE providers quarterly to use for their outreach.

Since the CARE discount is noted directly into the Customer Information System, customer service representatives see the CARE status of any customer that phones PG&E's call center for assistance. This knowledge comes in handy for handling these calls, and provides 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 leverages other financial assistance information, which is included on PG&E's CARE applications. On each application that is delivered to a customer, PG&E provides a brief description of other assistance available and contact numbers for these other programs.

Also, as part of PG&E's Customer Service Call Center scripting, customer service representatives are instructed to provide information on the Home Energy Assistance Program (HEAP) program should a customer contact PG&E regarding any other payment assistance program (including CARE, REACH, Balance Payment Plan, Medical Baseline and Life Support and Energy Partners). Likewise, the CARE Processing Center also provides referral information to customers who may be identified as being 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.)

There is currently no formal written agreement for exchange of leveraging information between PG&E and CSD. However, 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 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 also has a Memorandum of Understanding with the Modesto Irrigation District (MID) to automatically enroll qualifying low income customers, as described above under the response to Section IV.E. MID contracts with CSD to administer their discount programs.

G. Discuss any recommendations to improve cost-effectiveness, processing of applications, or program delivery. Discuss methods investigated or implemented by the uility 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.

In 2003, PG&E implemented several changes and additions to improve cost effectiveness.

Two new approaches to reach a higher re-certification retention rate were tested: a multilingual "in color" re-certification packet; and a 60 day reminder letter that was sent to those customers who had only 30 days left on their 90 day cycle to reapply. CARE re-certification retention rates reached an all-time high of 85% as a result of these new efforts.

PG&E's new billing system allowed application processing to be partially automated. This "mass transaction" process created a cost savings per application of $4.64. The CARE processing team was able to certify CARE applications within 48 hours of receipt. This new process also provided additional quality assurance in the certification process.

Customer bills were modified to include a specific CARE line item stating the amount of the CARE discount by commodity, thus giving the customer a clear picture of how much they are saving every month.

PG&E enhanced its sub-metered information database to automatically print customer letters and mobile home park manager reports. The PG&E CARE processing team also partnered with PG&E's general mail processing center to mass mail all CARE correspondence.

The annual application bill insert process was also updated in October 2003 to exclude bill inserts to customers already enrolled in the CARE Program. Although the bill insert is one of PG&E's most successful outreach methods, the increase in processing duplicate applications was extremely time consuming and created a large volume of customer correspondence. Excluding already-enrolled customers from the process enhanced the CARE Processing Center's certification time and greatly improved team efficiency.

In previous years, CARE customer discount adjustment requests were created manually and faxed from PG&E's Call Centers to the CARE processing team. In 2003, an electronic CARE queue was developed and implemented, allowing adjustment requests to be distributed directly to the CARE processing team. The CARE processing team was able to process discount adjustments within 48 hours of receipt.

Also in 2003, PG&E contracted with an outside agency, Trimmer Agency, to improve outreach in rural areas that do not have the same access to distribution channels commonly used in the more urban areas. Several rural counties were identified based on their demographic characteristics (Butte, Placer, Mendocino, Calaveras, El Dorado) and special outreach to these counties was conducted utilizing a miniature CARE application welfare check insert. PG&E partnered with several other utilities, including Sierra Pacific Power, Avista and Southwest Gas to develop collateral materials such as napkins and grocery bags.

V. PROCESSING CARE APPLICATIONS

A. Processing Self-Certification and Self-Recertification Applications (Individual and Submetered 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 submetered tenants of master-meter customers.*

   PG&E requested re-certification 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 re-certification of their eligibility for CARE.

   The tenants are given 90 days to complete their application and return it to PG&E. Tenants failing to return the application within 90 days are removed from the sub-meter 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 2003. 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.

PG&E changed billing systems in late 2002. The migration from the old billing system to the new billing system affected program management in the first few months of the 2003 reporting period. CARE staff created an automatic "mass transaction" process, which improved the cost effectiveness of processing

CARE applications, as described in Section IV.G. Customer bills were also modified to include a specific CARE line item stating the amount of the CARE discount by commodity, as described in Section IV.G.

CARE Expansion Program

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

I. PARTICIPANT INFORMATION

A. 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 47,351 tenants residing within facilities receiving the CARE discount by December 31, 2003. 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**.**

II. USAGE INFORMATION

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

See Table 12.

III. PROGRAM COSTS

A. Administrative Cost

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

See Table 5b, CARE Expansion Administrative Cost Reporting Categories.

B. Discount Information

1. State the average annual CARE discount received per residential facility by energy source.

Electric: $358 Gas: $135

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

Electric: $1,910 Gas: $1,072

IV. OUTREACH

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

During the reporting period, PG&E worked with energy management organizations, Utility Cost Management and the Center for Energy and Environment, to further advertise the programs to non-profits and agricultural employee housing facilities.

PG&E continued the utility web site in 2003. 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 Question* section accompanied each program area and links to other assistance programs were provided. Feedback from users of the web site as well as outreach partners continues to allow for improvement of the site in 2004.

In September 2003, PG&E reached out to California's Migrant Farm Worker Housing Centers. PG&E met with members of the California Office of Migrant Services (OMS), including OMS manager Richard Galloday, to discuss possibly enrolling 24 of the 26 state migrant housing centers in PG&E's service area. After careful review of housing center household incomes, California's Migrant Farm Worker Housing Centers did not qualify for the 20% discount, mainly due to the program's 100% income compliance among all its housing center's residential households. When the CPUC revises CARE income guidelines in June 2004, PG&E will evaluate the centers' eligibility again.

Also in 2003, PG&E began planning to outreach to a variety of non-profit housing facilities throughout PG&E's service area. For 2004, PG&E will incorporate a non-profit facility database to implement a direct mail approach to non-profit housing facilities currently not enrolled in the CARE Program.

B. Discuss each of the following:

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

Word-of-mouth continues to be the most effective outreach method available for the expanded programs. Non-profit participants hear about the program through another current participant, and inquire regarding their own eligibility. Moreover, consistent communication between the non-profit

organizations and PG&E helped ensure timely certification of eligible facilities.

Additionally, PG&E re-enrolled a number of eligible organizations that were previously de-certified through non-response to the annual re-certification letters. By directly contacting them through either written correspondence and/or phone calls, PG&E informed these previous CARE recipients about the benefits of annually re-certifying, and helped them re-enroll.

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

   PG&E borders two investor-owned utilities in a small geographic location of the service territory. There is no formal agreement for electronic data exchange of the type developed between Southern California Edison and Southern California Gas Companies, although discussions are currently underway. PG&E plans to begin a data exchange with Southern California Edison and Southern California Gas companies in 2004.

   In certain areas, customers may receive one commodity from PG&E, and another from an adjacent utility. When an eligible customer application from such a customer is received, PG&E will certify the customer and then mail a copy of the application directly to the processing center for that bordering utility.

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

   There continues to be confusion over the eligibility criteria for the expanded programs. Often times, customers do not understand the definitions of "Group Living Facility" or "Agricultural Employee Housing". For example, the CARE Program received a number of non-profit applications during 2003 that were actually for single-family customers. Because more than one family was living on the premises--and therefore on the same PG&E account--the customer believed they should apply for the group-living facility program. In each of these cases, the misconception was explained and the customer enrolled in the correct program.

   Also, there continue to be delays from customer not supplying supplementary documentation needed to support the application process. To manage 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 is also continuing confusion regarding customers' tax exemption status. Many customers believe that if they hold 501(c)(3) tax exemption status, they also automatically qualify for the CARE Expansion program. In order to qualify for non-profit group living facility status under the CARE

Expansion program, residential services must also account for 70% of the facilities' energy usage, and the on-site social services must be provided to facility residents. In these cases, the qualifications are explained to the customer to help determine their eligibility.

For the Agricultural Housing program, there has also been a misleading belief that, if a customer was an actual farm-worker, they should enroll in this particular expanded program. Again, the customers were informed that they were eligible for the residential programs and correctly enrolled at that time.

C. Discuss any recommmendations 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 2003, PG&E CARE dedicated two additional staff members to the expanded programs to ensure faster processing of applications. In addition, the increase in staff provided ample assistance in the area of maintaining customers' accounts, ensuring that the CARE discount is properly applied to eligible housing facilities.

Also, PG&E enhanced its non-profit information database to automatically print customer letters and facility reports. CARE processing staff partnered with PG&E's general mail processing center to mass mail all CARE correspondence.

PG&E continues to work on partnering with several umbrella organizations representing facilities that might qualify for non-profit discounts, including the California Association of Non-Profits. By educating these organizations, PG&E can enroll more eligible facilities.

Additionally, PG&E can invite non-profit organizations to energy briefings located throughout its service area. At these briefings, PG&E discusses cost savings that can result from participating in various utility programs.

V. PROCESSING CARE APPLICATIONS

A. Processing Self-Certification and Self-Recertification Applications

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

See Table 13.

2. *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.

B. 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 2003. 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.

PG&E migrated to a new billing system in late 2002. This migration from the old billing system to the new one affected program management during the first few months of 2003. Coupled with the ongoing concerns regarding CARE Expansion Program customers not annually re-certifying, PG&E faced another great challenge: educating customers about the new account identification numbers associated with each of their service addresses.

In response, PG&E revamped its Expansion Program database to accommodate the new account identification numbers in a way that best reflected customer needs. These system improvements enabled customers to better determine which of their service addresses received the CARE discount. PG&E combined its revamped certification reports with ongoing phone dialog with customers to increase awareness of the new account numbers as well as to maintain a level of understanding of their CARE eligibility.

Tables

TABLE 1

RESIDENTIAL CARE PROGRAM
Customers by Month[1]

2003	CARE Customers	Percentage Change
January	735,798	0.64%
February	740,756	0.67%
March	737,332	-0.46%
April	745,924	1.17%
May	740,298	-0.75%
June	748,146	1.06%
July	769,078	2.80%
August	777,627	1.11%
September	790,729	1.68%
October	802,987	1.55%
November	806,939	0.49%
December	812,204	0.65%

1 Total individual and sub-metered.

TABLE 2.1

CARE RESIDENTIAL PENETRATION RATE
Electric-Only Customers

2003 Quarter Ending	CARE Residential Electric-Only Customers	CARE-Eligible Electric-Only Customers	CARE Electric-Only Customers Penetration Rate
March 31	182,762	309,156	59%
June 30	185,527	309,156	60%
September 30	195,895	309,156	63%
December 31	199,545	309,156	65%

TABLE 2.2

CARE RESIDENTIAL PENETRATION RATE
Gas-Only Customers

2003 Quarter Ending	CARE Residential Gas-Only Customers	CARE-Eligible Gas-Only Customers	CARE Gas-Only Customer Penetration Rate
March 31	106,581	188,668	56%
June 30	110,470	188,668	59%
September 30	112,927	188,668	60%
December 31	117,235	188,668	62%

TABLE 2.3

CARE RESIDENTIAL PENETRATION RATE
Gas and Electric (Dual-Commodity) Customers

2003 Quarter Ending	CARE Residential Dual-Commodity Customers	CARE-Eligible Dual-Commodity Customers	CARE Dual-Commodity Customer Penetration Rate
March 31	447,989	646,360	69%
June 30	452,149	646,360	70%
September 30	481,907	646,360	75%
December 31	495,424	646,360	77%

TABLE 2.4

CARE RESIDENTIAL PENETRATION RATE
Households

2003 Quarter Ending	CARE Residential Households	CARE-Eligible Households	CARE Household Penetration Rate
March 31	737,332	1,144,184	64%
June 30	748,146	1,144,184	65%
September 30	790,729	1,144,184	69%
December 31	812,204	1,144,184	71%

TABLE 3			
AVERAGE MONTHLY GAS / ELECTRIC USAGE Residential Non-CARE vs. CARE Customers[1]			
Customer	**Gas Therms Tier 1**	**Gas Therms Tier 2**	**Total**
Non-CARE	29.8	10.8	40.6
CARE	27.7	7.6	35.4
Customer	**Electric KWh Tier 1**	**Electric KWh Tier 2**	**Total**
Non-CARE	339	224	563
CARE	347	154	501

1 Excludes master-meter usage.

TABLE 4		
AVERAGE MONTHLY GAS / ELECTRIC BILL Residential Non-CARE vs. CARE Customers[1]		
(Dollars per Customer)		
Customer	**Gas**	**Electric**
Non-CARE	$ 38.76	$78.85
CARE	$ 25.92	$43.26

1 Excludes master-meter usage.

Table 5A			
Standardized CARE Administrative Cost Reporting Categories			
2003 Cost in Dollars			
	Electric	Gas	Total
Outreach			
- Capitation Fees	150,085	42,332	192,417
- Other Outreach	2,474,531	697,945	3,172,476
- Mass Media Advertisng	492,856	139,011	631,867
Total Outreach	3,117,473	879,287	3,996,760
Processing/ Certification/Verification	1,472,655	415,364	1,888,019
Billing System / Programming	32,463	9,156	41,620
Pilots			
Outreach Pilot	0	0	0
- Pilot (B)	0	0	0
- Pilot (C)	0	0	0
Total Pilots	0	0	0
Measurement & Evaluation	40,508	11,425	51,933
Regulatory Compliance	101,321	28,578	129,898
Other Administration	292,191	82,413	374,604
Indirect Costs	0	0	0
Oversight Costs			
- LIAB Start-up	0	0	0
- LIAB PY Past Year	0	0	0
- LIOB	0	0	0
- CPUC Energy Division	79,421	22,401	101,822
Total Oversight Costs	79,421	22,401	101,822
TOTAL PROGRAM COSTS	5,136,032	1,448,624	6,584,656
CARE Rate Discount	94,184,869	50,893,905	145,078,774
Avoided Surcharges	97,307,019	NA	97,307,019
Service Establishment Charge Discount			
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	196,627,920	52,342,529	248,970,449

* PG&E expended all SBX1 5 funding in 2002.

Table 5B	
CARE Expansion Administrative Cost Reporting 2003 Annual Costs in Dollars	
Category	**Expenditure**
Outreach	**$5,755**
Regulatory Compliance	**$0**
Processing/Certification/Verification	**$62,733**
Billing System / Programming	**$3,247**
General Administration	**$1,628**
Measurement & Evaluation	**$0**
LIAB Funding	**$0**
Energy Division Staff Funding	**$0**
Total Programs Costs	**$73,363**

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*	$0.71	$79.60	0.89%	$30,436,461.58	33.16%
Commercial	$6.51	$750.89	0.87%	$38,822,506.93	42.30%
Agricultural	$4.89	$541.47	0.90%	$4,727,531.37	5.15%
Large/Indust	$1,167.23	$85,262.46	1.37%	$17,792,178.36	19.39%

* 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	$ 0.44	$ 38.76	1.1%	$ 26,305,375.13	42.5%
Commercial	$ 4.91	$ 282.55	1.7%	$ 12,450,258.48	20.1%
Industrial	$1,348.44	$ 9,356.53	14.4%	$ 23,166,420.73	37.4%

NOTES:
Industrial includes both G-NT(D) and G-NT(T) and is net of volumes qualifying for G-COG.
Industrial Revenue Includes El Paso Capacity Charge collected starting March 2003 and which is being refunded in 2004.

TABLE 7					
CARE Community Outreach Project					
January 1, 2003 through December 31, 2003					
	CARE Applications Submitted				
Entity	**Received**	**Approved**	**Denied**	**Pending/ Never Completed**	**Duplicates**
Airport Neighbors United Inc.	22	20	1	1	8
Alameda County Community Food Bank	41	37	4	0	14
Amador-Tuolumne Community Action Agency	85	77	5	3	23
Area 12 Agency on Aging	22	19	3	0	6
Asian Resources	186	176	9	1	38
California Association of Area Agencies on Aging	28	23	2	3	4
California Human Development Corporation	94	88	6	0	18
California Workforce and Energy Services	1	1	0	0	0
Cambodian Community of Stockton	19	18	1	0	8
CARECEN Family Services Program	34	34	0	0	8
Catholic Charities Diocese of Fresno	128	121	7	0	26
Catholic Charities of the East Bay	4	4	0	0	1
CDS Communications	37	34	3	0	1
Central Valley Opportunity Center	790	779	11	0	86
Centro La Familia Advocacy Services	47	44	3	0	23
Centro Legal de la Raza - Oakland	38	37	1	0	13
Chapa-de Indian Health Program, Inc.	7	6	1	0	1
Charity Cultural Services Center	208	124	84	0	31
Charles P. Foster Foundation	283	265	16	2	35
Chinese Newcomers Service Center	28	25	3	0	4
Christ Temple Community Church	3	3	0	0	1
Community Action Board of Santa Cruz	1,373	1,342	31	0	313
Community Action Marin	203	192	10	1	42
Community Resource Project, Inc.	1,440	1,386	48	6	180
Congress Of California Seniors Education & Research Fund	3	3	0	0	1
Council for the Spanish Speaking	56	46	10	0	16
Council of Churches of Santa Clara County	72	69	3	0	22
Disability Resource Agency for Independent Living	25	25	0	0	8
Ebony Counseling Center	5	5	0	0	0
El Concilio Of San Mateo County	536	517	19	0	75

TABLE 7 (con't)					
CARE Community Outreach Project					
January 1, 2003 through December 31, 2003					
	CARE Applications Submitted				
Entity	**Received**	**Approved**	**Denied**	**Pending/ Never Completed**	**Duplicates**
Familia Center	8	8	0	0	4
Familia Unidas	30	30	0	0	13
Family Bridges	41	40	1	0	14
Foothill Volunteer Center	20	18	2	0	8
Fresno Center for New Americans	52	52	0	0	15
GOD Financial Plan, Inc.	272	265	6	1	98
Housing Conservation & Development Corporation	15	11	3	1	5
Immigrant Resettlement and Cultural Center, Inc.	63	62	0	1	22
Indian Health Center of Santa Clara Valley	0	0	0	0	0
Korean American Community Services Inc.	20	20	0	0	0
Korean Center / Intercultural Institute of California	23	23	0	0	7
La Raza Centro Legal, Inc of San Francisco	0	0	0	0	0
Lao Family Community of Fresno	16	15	1	0	3
Lao Khmu Association	19	18	1	0	9
Law Foundation of Silicon Valley	4	4	0	0	1
Madera County Community Action Agency, Inc.	131	121	8	2	33
Merced County Community Action Agency	125	119	6	0	19
Merced Lao Family Community Inc.	135	132	2	1	69
Network for Elders	32	32	0	0	11
North Peninsula Neighborhood Services	11	9	2	0	2
Oakland Citizens Committee for Urban Renewal (O.C.C.U.R.)	254	243	6	5	30
People Resources, Inc.	23	20	3	0	3
Plumas County Community Development Commission	36	34	2	0	9
Proteus Inc.	417	414	3	0	38
Redwood Community Action Agency	150	147	3	0	9
RetroTech, Inc.	5,764	5,631	123	10	1376
Sacramento Lao Family Community	16	16	0	0	5
San Francisco Community Power Cooperative	11	9	1	1	3
Shoreview Residents Association, Inc.	421	410	9	2	96
Slavic Community Center of Sacramento	179	168	11	0	69

TABLE 7 (con't)					
CARE Community Outreach Project					
January 1, 2003 through December 31, 2003					
	CARE Applications Submitted				
Entity	**Received**	**Approved**	**Denied**	**Pending/ Never Completed**	**Duplicates**
Spanish Speaking Unity Council	171	163	8	0	40
Suscol Inter Tribal Council	1	1	0	0	0
The Salvation Army of Fresno	107	105	2	0	10
Volunteer Center Of Sonoma County	78	71	7	0	10
West County Community Services	33	28	5	0	1
Winegard Energy	5,101	5,003	97	1	837
Yuba Sutter Legal Center	26	25	1	0	5
No Contract Third- Parties	1,467	1,309	156	2	469
Total	21,090	20,296	750	44	4,349
Percentage	100%	96%	4%	0%	21%

* Duplicates are also considered Approved, so the total will not add up to 100%.

* Number of Approved will differ from what was reported in Table 8 of the Monthly RD Reports, as Duplicates are not considered Approved in that table.

TABLE 8						
CARE Self-Certification and Self-Re-certification Applications[1]						
	Provided	**Received**	**Approved**	**Denied**	**Pending/Never Completed**	**Duplicates**
Total	483,674	584,539	522,552	8,469	53,518	151,359
Percentage	n/a	100%	89.4%	1.4%	9.2%	25.9%

- Duplicates are counted as Approved as well, so the total will not add up to 100%.
- Provided does not include the approximate 14.5 million bill insert applications that were mailed as part of the CARE Outreach Campaign.

1 Includes sub-metered customers.

TABLE 9

RESIDENTIAL CARE PROGRAM
Customers[1] Removed by Month through Re-certification and Post-Enrollment Verification

2003	Recertification	Post-Enrollment Verification	Total
January	0	78	78
February	0	173	173
March	3,944	227	4,171
April	0	238	238
May	7,792	176	7,968
June	4,085	268	4,353
July	5,024	184	5,208
August	4,871	247	5,118
September	3,284	377	3,661
October	3,122	252	3,374
November	3,805	250	4,055
December	3,221	193	3,414
Total	39,148	2,663	41,811

* Due to an accounting system change, all customers due to re-certify in October and November 2003 were automatically re-certified. Therefore, no customers were removed in January and February due to failure to re-certify. The January re-certification notices were not mailed until February. These customers were given until May to re-certify, and therefore were not removed in April.

1 Total individual and sub-metered.

TABLE 10

CARE Random Post-Enrollment Verification Applications

	Mailed	Received	Approved	Denied	Pending/Never Completed	Duplicates
Total	9,045	6,410	6,382	28	2,635	0
Percentage	100.00%	70.87%	70.56%	0.31%	29.13%	0%

* 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)

2003	CARE Residential Facilities	CARE Commercial Facilities	Total
January	889	193	1,082
February	896	196	1,092
March	903	201	1,104
April	942	204	1,146
May	982	208	1,190
June	989	211	1,200
July	992	212	1,204
August	1,028	219	1,247
September	1,040	223	1,263
October	1,050	224	1,274
November	1,088	228	1,316
December	1,145	232	1,377

TABLE 11B

CARE EXPANSION PROGRAM
Participating Facilities by Month (Electric)

2003	CARE Residential Facilities	CARE Commercial Facilities	Total
January	978	244	1,222
February	982	247	1,229
March	995	252	1,247
April	1,016	256	1,272
May	1,046	267	1,313
June	1,062	270	1,332
July	1,069	272	1,341
August	1,097	285	1,382
September	1,111	288	1,399
October	1,121	291	1,412
November	1,164	296	1,460
December	1,196	302	1,498

TABLE 12		
CARE EXPANSION PROGRAM		
Average Monthly Gas / Electric Usage[1]		
	Gas	**Electric**
Customer	**Therms**	**KWh**
Residential Facilities	69	1,258
Commercial Facilities	731	8,107

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	388	289	61	38	0
Total	388	289	61	38	0
Percentage	100.00%	74.5%	15.7%	9.8%	0.00%

ATTACHMENT A

TECHNICAL ADDENDUM: JOINT-UTILITY METHODOLOGY FOR CALCULATING CARE PENETRATION

Workshop on Penetration Rates for CARE and ULTS Programs

February 6, 2002

TABLE OF CONTENTS

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*[2] 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

[2] 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.[3] 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.[4] 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.

[3] 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).

[4] 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.

ATTACHMENT C

CARE Leveraging and Outreach Initiatives

ATTACHMENT D

CARE Media and Advertising Initiatives

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