

April 30, 2009

Ms. Julie A. Fitch
Director, Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4004
San Francisco, CA 94102

Re: 20th Annual CARE Progress Report
January 1, 2008 - December 31, 2008 Reporting Period

Dear Ms. Fitch:

Pacific Gas and Electric Company hereby encloses its 20th Annual Progress Report on its California Alternative Rates for Energy (CARE) Program. The report is submitted to the Commission in compliance with the reporting requirements set forth in Decisions 89-07-062 and 01-03-028, which modified the reporting requirement formats consistent with the RRM Working Group Report.

Should you have any questions concerning this report, please contact me at (415) 973-6646.

Very truly yours,

DANIEL F. COOLEY

DFC:pjd

cc: ALJ Kimberly Kim
Karen Watts-Zagha
Sarita Sarvate
Kelly Hymes
Natalie Walsh
Zaida Amaya-Pineda

Enclosure

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

**CALIFORNIA ALTERNATE RATES FOR ENERGY
(CARE)**

JANUARY 1, 2008 - DECEMBER 31, 2008

May 1, 2009

**PACIFIC GAS AND ELECTRIC COMPANY
CARE PROGRAM
MAIL CODE B5K
PO Box 770000
SAN FRANCISCO, CA 94177**

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CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE)

CARE Residential Program

This section describes individual and sub-metered participants (tenants of qualifying master-meter customers) for the 2008 program reporting period.

I. PARTICIPANT INFORMATION

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

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

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

During the 2008 program year, no variances of 5% or more occurred.

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

PG&E and the other California investor-owned utilities (IOUs) used the joint utility methodology adopted by the Commission in Decision (D.) 01-03-028 for developing quarterly and monthly penetration estimates in 2008. This method entails annual estimation of eligibility for CARE, Low Income Energy Efficiency (LIEE), and other income-by-household size parameters in a small area (block group, census tract, zip+2, etc.) for each IOU's territory and for the state as a whole.

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

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

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

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

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

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

The joint energy utility methodology, as described in the response to Question I.B. above was used throughout 2008.

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

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

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

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

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

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

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

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

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

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

See Tables 2.1 through 2.4.

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

Electric-only estimated eligible:	433,107
Gas-only estimated eligible:	266,020
Combined electric/gas estimated eligible:	<u>829,094</u>

Total CARE eligibility:	1,528,221
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CARE eligibility estimates are based on 200% of the Federal Poverty Level.

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

44,867 electric and 30,456 gas sub-metered tenants are estimated to be eligible for CARE.

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

27,352 electric and 24,507 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 2008, 61% of the estimated CARE-eligible sub-metered electric tenants and 80% of the estimated CARE-eligible sub-metered gas tenants were enrolled in CARE.

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

During the 2008 program year, PG&E continued its year-round recertification schedule for sub-metered tenants. One issue that continued to be a problem was insufficient discount information provided on the tenant's bill from the facility manager's billing agency. For example, the sub-metered facility may not display the CARE discount as a separate line item, making it difficult for the tenant to verify that they are receiving their CARE discount. When a tenant calls PG&E with questions, a CARE processor reviews their application for certification verification.

If the tenant continues to question their bill, PG&E recommends that the tenant speak with their billing agency and/or their sub-metered facility manager for further clarification. If the tenant does not find resolution with their billing agency and/or sub-metered facility manager, PG&E advises the tenant to contact their County's Department of Weights and Measures (DWM). DWM can help tenants with meter reading accuracy / testing, proper meter installation, billing accuracy, and verification of correct rate. If contacting the DWM does not resolve the tenant's billing question, the tenant is advised to file a complaint with the California Public Utilities Commission (CPUC).

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

Another issue was the failure of facility management to inform the CARE Program of updated contact information when there was a change in personnel. Due to this miscommunication, facility management could be delayed in receiving updated certification reports.

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: \$31.57

Gas: \$9.28

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

Electric: \$355,162,710

Gas: \$95,016,375

Total: \$450,179,085

B. Administrative Cost

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

See Table 5, Standardized CARE Administrative Cost Reporting Categories.

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

Outreach:

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

Automatic Enrollment:

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

Processing / Certification / Verification:

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

Information Technology / Programming:

This category includes manual rebilling, programming and billing labor.

Pilots:

This category includes any pilot projects for the program. There were none in 2008.

Measurement & Evaluation:

This category includes the Needs Assessment, Phase 2 Study.

Regulatory Compliance:

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

General Administration:

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

LIQB:

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

CPUC Energy Division:

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

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

The year-end December 31, 2008 balance for the CARE balancing account (electric and gas) was a net credit balance of \$48,021,642.

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

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

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

See Tables 6a and 6b.

IV. OUTREACH

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

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

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

Because of the tremendous geographic and ethnic diversity of the target community, PG&E realized its CARE enrollment would be greatly enhanced by launching an integrated communications and outreach effort. PG&E developed and implemented a CARE Outreach and Education Campaign in 2001-2002. PG&E has continued to expand this campaign since its initiation, using the following approaches in 2008:

1. An outreach program that included direct mail projects, online enrollment, key partnerships and enrollment events;
2. Integration with other PG&E low-income assistance programs and cross-utility data sharing;
3. A capitation fee program to support the participation of grassroots organizations as Community Outreach Contractors (COCs); and
4. A program of grassroots paid media placements targeting income-qualified households.

2008 CARE Outreach Campaign Activity Highlights

The successful 2008 CARE outreach campaign included community outreach, direct mail, grassroots media, and partnerships with COCs and public assistance agencies. Successful relationships with these organizations greatly assisted in the enrollment of CARE-eligible customers.

Direct mail remained one of the most effective methods of reaching the target audience. This method allowed PG&E's CARE program to contact customers in their own homes and languages, thus removing a key barrier to communication. Online enrollment (implemented in 2008), was also highly effective, allowing customers to complete and submit the application online.

Listed below are the highlights of the 2008 CARE Program outreach campaign.

African American Program

PG&E participated in a variety of African American events which made it possible to distribute applications and collateral materials directly to members of the target audience. These events included the Martin Luther King Celebration, Capital City Black Expo, San Francisco Juneteenth, Oakland Black Expo, Sacramento Juneteenth, Grace Baptist Church Community Block Party, and United Negro College Fund (UNCF) 24th Annual Walk for Education. Booths were set up and CARE applications and collateral materials were distributed to attendees. When necessary, CARE staff members assisted customers in completing their applications.

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

Television commercials targeting the African American community were aired on CW 44/Cable 12. These commercials featured two actual CARE customers: a senior citizen and a woman who was enrolled in the program via a CARE Community Outreach Contractor.

Radio commercials targeting the African American community were aired on 102.9 KBLX. These commercials featured an actual CARE customer describing her experience with the program.

Asian American Program

PG&E participated in a variety of Asian American events which made it possible to distribute applications and collateral materials directly to members of the target audience. These events included the San Francisco Vietnamese TET Festival, San Jose Vietnamese Spring Festival and Parade, San Francisco Lunar New Year Festival, Stockton Chinese New Year Festival, Chinatown Families Economic Resource Fair, 8th Annual Asian Pacific American Heritage of San Mateo, 4th Annual Asian Heritage Street Celebration, Oakland Chinatown National Night Out Block Party, Oakland Chinatown StreetFest, 18th SF Chinatown Autumn Moon Festival, and 4th Annual Sunset District Autumn Moon Festival. Booths were set up and CARE applications and collateral materials were distributed to attendees.

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

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

Targeted media was also an essential part of the Asian American program. Radio commercials in Chinese and Vietnamese aired on 94.1 FM KVTO and 1430 AM KVVN throughout the greater San Francisco Bay Area.

Bill Inserts

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

Community Outreach Contractors (COCs)

The CARE team recruited and contracted with a diverse group of community-based organizations already recognized and trusted by their constituents. One hundred and four organizations representing a wide array of communities (e.g., Native American, seniors, disabled, Hispanic, and Lao) signed on to promote CARE throughout 2008.

All COCs underwent a training course and were provided with collateral materials (e.g., coded applications, brochure holders, posters, poster stands, point-of-service boxes, event give-aways, clipboards, notebooks, polybags, t-shirts, buttons) to display in their organizations and at outreach events. CARE utilized a special COC toll-free phone and fax line to exclusively handle questions and offer support.

CARE supported the COCs through a variety of other channels including a kick-off meeting, quarterly regional meetings, on-site visits, a monthly electronic newsletter, an e-mail address, an enrollment tips booklet, sponsored COC outreach events, monthly progress reports, a mid-year incentive and an end-of-year recognition survey. PG&E also hosted the Seventh Annual CARE Community Outreach Contractor Awards and Recognition Luncheon in appreciation of the COCs' efforts. Every organization received a certificate of appreciation and several organizations were individually recognized for their enrollment efforts and overall contribution to the campaign. CARE continued the effort to expand the number of community outreach contractors and aims to have 135 COCs onboard in 2009.

Direct Mail

As PG&E's CARE outreach campaign matures and continues to successfully enroll eligible customers, the challenge of reaching and enrolling these customers becomes even more evident. To this end, CARE employed direct mail initiatives. An attractive, postage-paid self-addressed application was mailed to customers' homes, thereby reducing barriers of accessibility to enrollment information. Current CARE-enrolled customers were removed from the mail files thus lowering duplication rates. An informative letter with an application was mailed directly to customers' homes. CARE orchestrated the following direct mail projects:

- Customer Care and Billing (CC&B) direct mail – PG&E utilized data from its customer information system to generate a list of prospective customers. The list included those customers who were on medical baseline or life support, and customers who had received a 48-hour notice or had been required to submit a credit deposit.
- Hispanic direct mail – An English/Spanish direct mail piece was created to increase enrollment within the Hispanic community. A list of Hispanic customers containing information specific to CARE criteria (income levels, household size) was purchased.
- Chinese direct mail – An English/Chinese direct mail piece was created to increase enrollment within the Chinese community. A list of Chinese customers containing information specific to CARE criteria (income levels, household size) was purchased.
- Vietnamese direct mail – An English/Vietnamese direct mail piece was created to increase enrollment within the Vietnamese community. A list of Vietnamese customers containing information specific to CARE criteria (income levels, household size) was purchased.
- African American direct mail – A direct mail piece was created to increase enrollment within the African American community. A list of African American customers containing information specific to CARE criteria (income levels, household size) was purchased.

- Native American direct mail – A direct mail piece was created to increase enrollment within the Native American community. A list of Native American customers containing information specific to CARE criteria (income levels, household size) was purchased.
- Recertification direct mail – CARE developed lists of previous CARE customers who had failed to recertify in the past year. A letter and an application were sent to these customers on a monthly basis, asking them to re-apply for the program if they still qualified.
- General Market direct mail – A list (of target customers) containing information specific to CARE criteria was purchased. These criteria included income levels, household size and geographic location.
- Previously Over Income (POI) direct mail - CARE generated a list of customers who were previously above the income guidelines or on the FERA program.
- Post-Enrollment Verification (PEV) direct mail – CARE generated a list of customers who had not submitted proof of income in the past 12 months.
- Customer No Response (CNR) direct mail – CARE generated a list of customers who had previously requested an application but did not mail it in.
- Zip Code direct mail – CARE generated a list of customers in zip codes where 25% or more un-enrolled PG&E customers were estimated to be CARE-eligible.
- Welcome Packets – CARE coordinated with its Customer Service Department to insert a mini application into the welcome packets which are distributed to new customers.
- Non-Profit direct mail – A list (of target non-profit organizations) containing information specific to CARE criteria was obtained via partnership with UWBA (United Way of the Bay Area). An informative letter with an application was mailed directly to un-enrolled organizations.

Employee Involvement

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

PG&E employees have become dedicated advocates of the CARE program as a result of this annual initiative.

Enrollment Events

One of the most effective ways to break down barriers, engage community leaders and build trust in communities is through community events. The CARE Team participated in 105 multicultural events, bringing a face and personality to the CARE program. These events provided an opportunity for the CARE staff to distribute collateral materials and hold face-to-face conversations with customers. In many cases, staff members aided customers in completing applications on-site. These events also allowed CARE to partner with community outreach contractors to rally further support for the program. Finally, CARE utilized events as opportunities to meet and network with organizations with similar goals and needs.

Hispanic Program

PG&E participated in a variety of Hispanic events, which made it possible to distribute applications and collateral materials directly to members of the target audience. These events included the Monroe Elementary School Presentation, Festival de la Familia, San Francisco Cinco de Mayo, Yuba City Cinco de Mayo, Saramento Hispanic Chamber of Commerce's Business Expo, San Jose Mariachi Festival, 27th Annual Regional Migrant Parent Conference and Dia de los Muertos. CARE booths were set up and CARE applications and collateral materials were distributed to attendees.

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

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

Integration

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

PG&E also continued automatic enrollment agreements with Southern California Gas, Southern California Edison, Sacramento Municipal Utility

District, and Modesto Irrigation District to exchange listings of enrolled CARE customers that are identified in the shared service areas. By sharing customer data, PG&E was able to enroll qualified customers in CARE and vice versa.

Kiosk

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

Multicultural Collateral

An assortment of collateral materials was produced and used to assist CARE and its partners in grassroots outreach efforts. Brochure applications were printed and distributed to potential CARE customers. These brochures came in three versions: English/Spanish, English/Chinese and English/Vietnamese. Bilingual posters, banners, brochure holders, in-language buttons, clipboards with calculator, enrollment tips booklets and t-shirts were distributed to various organizations and constituted great tools to share information about the program. Collateral giveaway materials included pens, mirror brushes, coin purses, first-aid kits, eyeglass-cleaning cloths and children's puzzles. These items were distributed to potential customers at multicultural events. All items contained the CARE tagline ("Save Money on your PG&E bill") and the CARE toll-free phone number.

Multilingual Toll-Free Line

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

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

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

Native American Program

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

Paid Media

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

Radio commercials targeting the African American community were aired on 102.9 KBLX. Radio commercials (in Cantonese and Vietnamese) targeting the Asian community aired on 94.1 FM KVTO and 1430 AM KVVN radio in the greater San Francisco Bay Area. These commercials featured an actual CARE customer describing her experience with the program.

Television commercials targeting the African American community were aired on CW 44/Cable 12. These commercials featured two actual CARE customers: a senior citizen, and a woman who was enrolled in the program via a CARE Community Outreach Contractor.

Partnerships

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

Public Affairs

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

Recertification Efforts

All customers are required to recertify for CARE every two years (except sub-metered customers who are required to recertify every year, and fixed-income customers who are required to recertify every four years).

PG&E mailed a recertification application package in four languages (English, Spanish, Chinese and Vietnamese) to customers 90 days prior to the expiration of their CARE discount. An automated reminder phone call was made to customers (who had not responded) 45 days prior to the expiration of their CARE discount. A letter was mailed to customers who still had not responded 30 days prior to the expiration of their discount and served as a final reminder to recertify. These efforts allowed CARE to retain 74% of customers requiring recertification.

Survey

CARE aimed to better understand the unique challenges and special needs of CARE customers. PG&E organized quarterly customer opinion surveys in order to assess overall satisfaction among these customers. The opinion survey was conducted in English, Spanish and Chinese via a series of questions over the phone. CARE staff listened in on the customer opinion surveys throughout the year, implemented survey revisions and achieved a customer satisfaction score of 75% Excellent/Very good.

Senior and Disabled Outreach

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

CARE also attended senior/disabled events and distributed applications and collateral materials. These events included the 1st Annual Westfield Oakridge Winter Walk & Resource Fair for Seniors, Network for Elders Presentation, West Valley Senior Walk/Resource Fair, 2008 Merced County Senior Citizen Recognition Day, 26th Annual Senior Information & Health Faire, AGPSC Senior Fair, Prescription for Walking Healthy Aging Summit, Roseville Senior Health Fair, Congress of California Seniors Northern, California Conference 2008, Healthy Living Wellness Expo 2008, Tribute to Seniors, Self Help for the Elderly Longevity Walkathon and Senior Advocate Fair and Yuba County Senior Resource Expo. Many of these events included pre-event publicity by way of posters and flyers. A booth was set up on the day of the event and was staffed by CARE representatives to answer questions and assist seniors with signing up.

CARE strived to recruit and contract with Independent Living Centers (ILCs) to reach out to the disabled population. A number of these ILCs were successfully recruited, and CARE aims to contract with the remaining ILCs in 2009.

Sub-metered

CARE developed a new postage-paid self-addressed application for sub-metered tenants. CARE worked with a third-party vendor to contact facility managers to obtain tenant information. A direct mail piece with a letter and a sub-metered application was then mailed to these tenants. 3,005 new customers were enrolled in the program as a result of this initiative.

Web

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

PG&E initiated online enrollment for the CARE program in March. Customers were able to access the residential CARE application on the PG&E website using one of two options: completion of a simple form which requires no registration; or via "My Account", which requires registration. With the online application, customers were able to complete the necessary household and income eligibility information, accept the declaration that the information they provided is true, and submit the application electronically.

Other CARE Outreach Activities

B. Discuss each of the following:

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

As PG&E's CARE outreach campaign matures and continues to successfully enroll eligible customers, the challenge of reaching and enrolling the remaining customers becomes even more evident. In 2008, direct mail initiatives proved to be the most effective method of reaching out to these customers. Direct mail pieces provided information to eligible customers at home, thereby reducing barriers of accessibility to enrollment information.

The largest measurement of the outreach campaign's success is the number of new enrollments in CARE. 327,590 customers were newly enrolled in the CARE Program in 2008.

The success of the 2008 CARE outreach campaign cannot be attributed to direct mail alone. The campaign was successful due to the number and variety of the following outreach initiatives:

- PG&E recruited and contracted with 104 community-based organizations to outreach to a variety of communities throughout its service area.

COCs served a multitude of minority communities including African American, Hispanic, Asian /Pacific Islander (e.g., Chinese, Vietnamese, Laotian, Hmong), senior citizen, rural, Native American, and farm worker. PG&E supported the COCs through a variety of channels: a monthly newsletter; a toll-free phone and fax line; an e-mail address; quarterly regional meetings; site visits and training sessions; partnered enrollment events; and an “Enrollment Tips” booklet. This support has enhanced PG&E’s relationship with the COCs generating 6,180 new enrollments.

- CARE Program leveraged with the Energy Partners Program generating 11,823 new enrollments.
- PG&E customers continued to download CARE applications from the PG&E website generating 9,314 new enrollments.
- PG&E continued distribution of multilingual CARE brochure applications to various CBOs, COCs, churches, city and state offices, and PG&E local offices generating 3,872 new enrollments.
- PG&E partnered with various public assistance organizations generating 186 new enrollments.
- PG&E partnered with Adult and Family Services to distribute mini CARE applications and brochures to clients who receive food stamps, generating 1,136 new enrollments.
- 66 self-service kiosks were maintained in PG&E local offices generating 9,234 new enrollments.
- PG&E inserted mini applications into 1,120,000 Welcome Packets that are disseminated to new customers, generating 18,459 new enrollments.
- PG&E implemented a monthly Recertification Direct Mail (RDM) initiative which was targeted toward customers failing to re-certify for the CARE Program. This initiative generated 24,877 new enrollments.
- PG&E sent a direct mail piece to 200,000 customers enrolled in the Balanced Payment Plan, generating 2,721 new enrollments.
- PG&E sent a direct mail piece to 450,000 customers enrolled in the Third-party Notification Program, generating 9,855 new enrollments.
- PG&E continued to insert CARE applications into customer bills. 3.2 million applications were inserted into: the February bill, generating 10,296 new enrollments; the June bill, generating 11,595 new enrollments; and the October bill, generating 8,910 new enrollments.

- PG&E sent a direct mail piece to a database of 20,000 Vietnamese customers, generating 364 new enrollments.
- PG&E sent a direct mail piece to a database of 20,000 Chinese customers, generating 267 new enrollments.
- PG&E sent a direct mail piece to a database of 30,000 African-American customers, generating 197 new enrollments.
- PG&E sent a direct mail piece to a database of 4,500 Native American customers, generating 32 new enrollments.
- PG&E sent a direct mail piece to a database of 100,000 Hispanic customers, generating 1,261 new enrollments.
- PG&E sent a direct mail piece to a database of 20,000 senior customers, generating 84 new enrollments.
- PG&E sent a direct mail piece to a database of 250,000 low-income customers in specific zip codes, generating 12,880 new enrollments.
- PG&E sent a direct mail piece to a database of 300,000 low-income customers, generating 2,502 new enrollments.
- PG&E sent a direct mail piece to a database of 10,000 customers who were previously over the CARE income guidelines, generating 384 new enrollments.
- PG&E sent a direct mail piece to a database of 70,000 customers who had previously requested an application but never mailed it back. This initiative generated 2,025 new enrollments.
- PG&E sent a direct mail piece to a database of sub-metered customers, generating 3,005 new enrollments.
- PG&E initiated online enrollment, generating 34,722 new enrollments.
- PG&E utilized data from the customer information system to send a direct mail piece to a database of 700,000 customers who are on the Medical Baseline and Life Support programs, have received a 48-hour notice or been asked for a credit deposit. This initiative generated 15,650 new enrollments.
- PG&E declared June “CARE Employee Involvement Month”. Employees were asked to pass on a CARE application to a relative, friend, or neighbor

who is eligible for the program. This initiative generated 862 new enrollments.

- PG&E sent 6,650 brochure applications to community colleges within PG&E's service area, generating 112 new enrollments.

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

Language

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

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

Geography

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

Culture

Language barriers may be linked to cultural barriers, but they are not one and the same. CARE has found that removing language barriers does not necessarily address cultural barriers that prevent customers from seeking assistance. To this end, CARE implemented targeted media projects and participated in a number of ethnic community events. These efforts have been instrumental in decreasing the cultural barrier to customer participation.

Trust

Mistrust presents a significant barrier to participation that becomes increasingly prevalent as CARE reaches deeper into the previously non-participating but eligible population. Although the reasons for mistrust are often cultural, CARE has come a long way towards understanding and interpreting these influences so that customers can feel comfortable with their decision to participate in the

CARE program. The various COCs that have partnered with CARE are to thank for much of this success. These organizations, often working in particular communities previously unreachable by CARE, have been instrumental in breaking down barriers and enrolling customers.

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

A small geographic location of PG&E's service area is shared with other investor-owned or municipal utilities. PG&E continued automatic enrollment agreements with Southern California Gas, Southern California Edison, Sacramento Municipal Utility District, and Modesto Irrigation District to regularly exchange listings of enrolled CARE customers that are identified in the shared service areas. Through these exchanges, PG&E enrolled over 7,600 customers in the CARE program in 2008.

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

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

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

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

CARE featured other financial assistance information on its applications. Each 8.5 x 11 application that was delivered to a customer provided a brief description of other assistance programs available as well as contact numbers.

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

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

PG&E has provided assistance in leveraging federal funding through the Home Energy Assistance Program (HEAP) on an annual basis since 1989. The primary information provided to the California Department of Community Services and Development (CSD) is a monthly breakdown of the total number of participants (residential and sub-metered tenant count) along with the total dollar amount of discount provided to that portion of the population during that period. CSD was not required to submit a federal funds leveraging application in 2008.

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

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

- Zip Code direct mail – CARE generated a list of customers in zip codes where 25% or more un-enrolled PG&E customers were estimated to be CARE-eligible. An informative letter with an application was mailed directly to customers' homes.
- Customer Care and Billing (CC&B) direct mail – PG&E utilized data from its customer information system to generate a list of prospective customers. The list included those customers who were on medical baseline or life support, and customers who had received a 48-hour notice or had been required to submit a credit deposit. An informative letter with an application was mailed directly to customers' homes.
- Third-Party Notification direct mail – CARE generated a list of customers who were on the Third-party Notification Program, which allows customers to name a friend or relative to receive duplicate copies of past-due payment invoices. An informative letter with an application was mailed directly to customers' homes.

- Balanced Payment Plan direct mail - CARE generated a list of customers who were on the Balanced Payment Plan Program, which allows customers to even out their monthly payments. An informative letter with an application was mailed directly to customers' homes.
- Previously Over Income (POI) direct mail - CARE generated a list of customers who were previously above the income guidelines or on the FERA program. An informative letter with an application was mailed directly to customers' homes.
- Post-Enrollment Verification (PEV) direct mail – CARE generated a list of customers who had not submitted proof of income in the past 12 months. An informative letter with an application was mailed directly to customers' homes.
- Customer No Response (CNR) direct mail – CARE generated a list of customers who had previously requested an application but did not mail it in. An informative letter with an application was mailed directly to customers' homes.
- LIHEAP automatic enrollment - CARE implemented a new process in 2008 using an internal report to automatically enroll customers for whom LIHEAP payments have been made. This process resulted in over 17,500 new enrollments.

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

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

For details of these successful new initiatives, please see the "2008 CARE Outreach Campaign Activity Highlights" portion of the annual report.

V. PROCESSING CARE APPLICATIONS

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

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

See Table 7.

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

See Table 8.

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

See Table 9.

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

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

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

B. Processing Random Post-Enrollment Verification Applications

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

See Table 9.

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

See Table 10.

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

PG&E had no third-party contractors performing these duties in 2008. All these functions were performed by the CARE Processing Center within PG&E.

VI. PROGRAM MANAGEMENT

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

Decision 06-12-038 required the utilities to:

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

PG&E completed the first three changes in the first and second quarter of 2007 and the last change in the first quarter of 2008. PG&E plans to expand Internet-based enrollment to Spanish and Chinese languages in 2009.

As addressed above in response to Question I.H., insufficient CARE discount information provided on the tenant's bill from the facility manager's billing agency was an on-going issue throughout the year. To improve data accuracy and communication, PG&E revised the letter and report sent to landlords and tenants to include the start and end date of the certification period for each tenant. Also, master-meter customers were concerned that they were giving the tenants more of a discount than originally allotted by PG&E because CARE-enrolled tenants used more energy than the average tenants. To address these issues, PG&E created a web bill calculation worksheet to assist all sub-metered tenants and master-metered customers with their bills. PG&E also included information to better inform tenants about their billing rights and how to contact other entities that could assist with billing questions. This information was included on the back of each tenant's certification letter.

In May 2008, PG&E made a change to the CARE Toll-Free line (1-866-PGE-CARE) to have it answered by Contact Center representatives 24 hours a day, 7 days a week. This change significantly reduced voice messages and increased service to customers and operational efficiency.

PG&E consistently searched for improvements to reduce costs and improve outreach effectiveness. The most significant improvement was the redesign of outreach direct mail pieces which provided over \$300,000 in savings.

On November 6, 2008, the Commission issued D.08-11-031, which approved the IOUs' CARE administrative budgets for 2009-2011. This is the first time the CARE Program has been approved for a three-year cycle.

Ordering Paragraph 90 of D. 08-11-031 directed the IOUs to indicate in their monthly and annual reports the number and nature of customer complaints received regarding CARE recertification efforts, beginning with the first report due on or about December 31, 2008. PG&E began reporting this information in its monthly report for November 2008 and will also include it in the 2009 annual report.

VII. 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 nonprofit housing for agricultural employees.

A. PARTICIPANT INFORMATION

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

See Tables 11A and 11B.

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

There were 93,983 tenants residing within facilities receiving the CARE discount by December 31, 2008. This information is not available by energy source. The resulting numbers were representative of the total number of residents housed in all facilities, both residential and commercial, and for both energy commodities.

B. USAGE INFORMATION

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

See Table 12.

C. PROGRAM COSTS

1. Administrative Cost

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

See Table 5, CARE Expansion Administrative Cost Reporting Categories.

2. Discount Information

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

Electric: \$818.52 Gas: \$152.16

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

Electric: \$4,035.04 Gas: \$1,370.07

D. OUTREACH

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

PG&E conducted outreach to nonprofit housing facilities and public assistance organizations not currently enrolled in the CARE program. CARE partnered with United Way of the Bay Area (UWBA) to encourage nonprofit housing facilities in the PG&E service area to enroll. A direct mail piece including a letter and an application was mailed to these facilities from UWBA. 97 new facilities were enrolled via this initiative.

PG&E continued to reach out to agricultural facilities not currently enrolled in the CARE program. CARE collaborated with the PG&E Service and Sales department to promote CARE to its agricultural customers via face-to-face interactions and application distribution.

CARE participated in the 27th Annual Migrant Parent Conference providing CARE information to family members living in or near agricultural facilities, where such information is not readily available from other sources.

CARE continued to use the PG&E website as a useful source of information. As new applications and income guidelines became available, each expanded program application was made available in local offices and was also posted online in formats that allowed for easy download and printing. A *Frequently Asked Questions* section accompanied each program area and links to other assistance programs were provided. Feedback from users of the website as well as outreach partners helped to improve the site in 2009.

2. Discuss each of the following:

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

Word-of-mouth continued to be the most effective way to enroll new nonprofit organizations in CARE.

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

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

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

PG&E does not currently exchange CARE facility data or expansion program information with other utilities in the shared service areas. PG&E plans to begin exchanging facility data and expansion program information in 2009.

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

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

Also, there continued to be delays from customers not supplying supplementary documentation needed to support the application process. To mitigate the situation, various means of communication and follow-

up with the client kept many of the organizations properly informed about eligibility and eventual certification.

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

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

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

PG&E continued to reach out to agricultural facilities and implemented a variety of approaches to target those facilities not currently enrolled in the CARE program. CARE collaborated with the PG&E Service and Sales department to promote CARE to its agricultural customers via face-to-face interactions and application distribution.

CARE is planning to leverage with other utilities in California to exchange nonprofit group living facility and agricultural employee housing data and expansion program information in 2009.

PG&E will continue to explore new outreach methods to improve enrollment services to non-participating facilities in 2009.

E. PROCESSING CARE APPLICATIONS

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

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

See Table 13.

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

See Table 13.

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

PG&E had no third-party contractors performing these duties in 2008. All these functions were performed by the CARE Processing Center within PG&E.

F. PROGRAM MANAGEMENT

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

There continued to be delays from customers not supplying supplementary documentation needed to support the application process. This issue could diminish in 2009 when the certification period is changed from one year to two years.

VIII. Cooling Centers Program

A. BACKGROUND INFORMATION

Cooling centers are facilities opened to the public and operated during hot summer months in order to provide the elderly and others with shelter from heat. The use of cooling centers can reduce the risk of experiencing heat-induced ailments for the targeted population of elderly and low-income citizens.

PG&E's Cooling Centers Program worked with local governments to support their existing cooling center programs, to educate target customers on heat preparedness, and to publicize the location and accessibility of all cooling center locations within PG&E's service area. In addition, PG&E provided material, financial and other support to selected local government-operated cooling centers for the purpose of increasing participation among low- and fixed-income customers. The 2008 program was funded under the California Alternate Rate for Energy (CARE) Program.

B. PROGRAM GOALS

- Work with local governments to support existing cooling center programs.

- Provide customers with a cool, comfortable, safe place to seek relief in the event of a heat storm.
- Maximize target customer participation by marketing cooling center programs and educating customers about heat storms.
- Maximize customer benefit by supporting cooling centers through partnerships and financial support.

C. PROGRAM CONCEPTS

In compliance with Ordering Paragraph 13 in D.06-12-038 and Advice Letter 3220-E-A effective April 15, 2008, PG&E provided support to existing local government-operated cooling center programs in its service area to increase customer participation.

PG&E believes that local governments have a greater familiarity with the needs of their respective populations, as well as an understanding of the optimal locations for cooling centers and what is needed to improve participation. Additionally, many local governments in heat-susceptible areas have already established cooling centers or have filed emergency plans with the Governor's Office of Emergency Services (OES).

Through the Cooling Centers Program, PG&E created partnerships with local governments to reinforce and augment cooling center participation by:

- Providing financial support to cooling center programs that meet minimum operating requirements during heat-related emergencies;
- Offering outreach and communication channels to increase customer awareness of heat-related risks; and
- Creating a PG&E Cooling Center network to promote communication among local governments about cooling center programs.

PG&E leverages these partnerships with participating cooling centers to provide information on low-income utility assistance, energy efficiency, and renewable energy programs.

D. GRANT AGREEMENT

In order for any existing cooling center in PG&E's service area to participate in the program, it needed to meet the following criteria:

- Free entrance for all customers
- No discrimination among attendees
- Be accessible via public transportation or shuttle service

- Provide a safe and comfortable atmosphere
- Provide seating areas
- Provide complimentary water
- List disability access
- Have specific trigger criteria to open cooling centers
- Distribute brochures advertising other PG&E services such as CARE, Family Electric Rate Assistance (FERA), and Energy Partners (PG&E's LIEE Program)

Once the opportunity to establish partnership with local governments was identified, PG&E mailed the local government organizations a grant agreement, detailing the total grant amount and conditions.

E. LOCAL GOVERNMENT PARTNERSHIPS

PG&E established partnerships with eight local government organizations:

- Sanger City Fire Department
- Fresno County Rural Transit Agency
- City of Fresno Parks, Recreation and Community Services
- Kern County Aging and Adult Services
- Merced County Office of Emergency Services
- City of Madera – Office of Emergency Services
- City of West Sacramento Senior Center
- City of San Jose Department of Parks, Recreation and Neighborhood Services

See Table 14

PG&E selected these organizations due to their high proportion of CARE-eligible customers and seniors as well as high average temperatures relative to the other counties in PG&E's service area. Specifically, PG&E used the following criteria for selection:

- Population: High CARE and/or medical baseline eligible populations that are PG&E electric customers (greater than 1,000 CARE-eligible electric customers per zip code)

- Climate: Located in California Energy Commission (CEC) climate zones 11 – 161
- Current Structure: Had existing programs or were planning cooling center programs for 2008

F. OUTREACH

Marketing and Outreach

PG&E coordinated with local governments to hold kick-off events in Fresno and Bakersfield during the Memorial Day weekend to help raise awareness about cooling centers.

Basic outreach and communication services were offered to all counties in PG&E's service area regardless of their level of participation in PG&E's Cooling Centers Program.

Through discussions with cooling center coordinators and other sources, PG&E learned that customer awareness of cooling centers was minimal. Despite the availability of cooling centers in their counties, many customers did not go to these centers because they were either unaware of their existence or of the serious risks of extended heat exposure and how to address these risks. PG&E created bilingual brochures to inform customers about how to stay cool and how to locate and contact a cooling center.

Website

PG&E continued to use a dedicated PG&E Cooling Centers website - <http://www.pge.com/coolingcenter/> - as a communication channel to cooling centers in PG&E's service area. On the website, customers could use an interactive map to locate cooling centers in their area. The website provides contact information, hours of operation, and disability access information as available for each cooling center registered on the website. The website also provides a link to local governments' emergency websites related to cooling centers, transportation services, general heat-related health and safety information, and PG&E assistance programs that might benefit target customers (e.g., CARE, FERA and LIEE).

Safety information is available in four languages: English, Spanish, Chinese and Vietnamese. The PG&E Cooling Center website is also American Disability Act (ADA)-compliant to assist visually disabled customers.

Toll-free Line

¹ Climate Zones refer to California Energy Commission Building Climate Zones.

PG&E continued to use an automated phone information system. Customers could call toll-free 1-877-474-3266 to access information regarding cooling center locations, contact information, operating hours, and the accessibility of cooling centers in their area. Customers with speech and hearing impairments could also call the TDD/TTY 1-800-652-4712 to access cooling center information.

PG&E contact center staff were trained on heat preparedness education and on the PG&E Cooling Centers Program to serve customers who preferred to speak to a PG&E customer representative.

Bill Insert

Information on the PG&E Cooling Centers Program and heat-preparedness was made available to customers in the form of a bill insert that was sent to customers via their paper bills or e-Bills.

Radio Message

During the summer when the cooling centers received notice from the Mayor, City Council and City Manager's Offices to open, each local government informed customers via local media outlets of the risks associated with heat exposure, to take shelter during periods of extreme heat, and to find the cooling center nearest to them.

Collateral

PG&E distributed Cooling Center brochures at PG&E events where other assistance programs were promoted. Cooling Center brochures provided tips for preparing for hot weather, identified symptoms of heat-related illnesses, and explained how to locate cooling centers. The brochure was designed utilizing large fonts and was available in English, Spanish, Chinese, and Vietnamese.²

PG&E distributed cooling center information through CARE events, local governments, community-based organizations (CBO), and nonprofit organizations in targeted regions.

Cooling Center stickers were distributed to partnered local governments to help customers identify cooling centers in their area.

G. PROGRAM COSTS

The approved budget for the 2008 program was \$300,000. The following table provides descriptions for the expenditures of the program.

² PG&E provided bilingual brochures to local governments to distribute; brochures are also handed out at PG&E CARE events.

See Table 15

H. PROGRAM MANAGEMENT

At the end of the season, each participating local government organization submitted a report to PG&E. These reports included numerous suggestions for the 2009 program:

- Additional financial support is needed, especially with the financial problems most of our cities and counties are having.
- PG&E should schedule presentations on extreme heat and/or programs to help seniors and/or low-income residents with their utility bills at the cooling centers.
- PG&E should sponsor a Movie in the Park Night to encourage residents to conserve energy by turning off their air conditioners and enjoy a free movie at the park.
- PG&E should sponsor a mobile science vehicle that provides information about solar power and other PG&E programs to encourage participation.

Local government organizations also shared what was least effective about their cooling centers:

- Although information was sent to every media outlet and the county social services department, attendance figures were low at several sites. Some cooling centers had to shut down early due to lack of attendees.
- At times, it was difficult to promote the extended hours due to short notice from the Mayor, City Council and City Manager's Offices.
- Although there are more buildings available, only half were used though costs were still incurred.
- In an area where only one cooling center operated, only a small population within a certain radius could be served.
- Due to the financial problems most cities and counties are having, some cooling centers had to adjust their hours to close early.
- There was operation overlap for centers that opened as both cooling centers and warming centers; therefore some cooling centers' grant money was used for warming centers.

Tables

TABLE 1		
RESIDENTIAL CARE PROGRAM		
Customers by Month¹		
2008	CARE Customers	Percentage Change
January	1,102,680	-0.46%
February	1,118,732	1.46%
March	1,113,005	-0.51%
April	1,120,874	0.71%
May	1,136,218	1.37%
June	1,134,760	-0.13%
July	1,133,741	-0.09%
August	1,132,848	-0.08%
September	1,130,931	-0.17%
October	1,133,114	0.19%
November	1,133,956	0.07%
December	1,136,237	0.20%

1 Total individual and sub-metered.

TABLE 2.1			
CARE RESIDENTIAL PENETRATION RATE			
Electric-Only Customers			
2008 Quarter Ending	CARE Residential Electric-Only Customers	CARE-Eligible Electric-Only Customers	CARE Electric- Only Customers Penetration Rate
March 31	265,548	433,107	61%
June 30	272,664	433,107	63%
September 30	273,746	433,107	63%
December 31	275,923	433,107	64%

TABLE 2.2			
CARE RESIDENTIAL PENETRATION RATE			
Gas-Only Customers			
2008 Quarter Ending	CARE Residential Gas-Only Customers	CARE-Eligible Gas-Only Customers	CARE Gas-Only Customer Penetration Rate
March 31	188,060	266,020	71%
June 30	190,478	266,020	72%
September 30	188,792	266,020	71%
December 31	194,788	266,020	73%

TABLE 2.3			
CARE RESIDENTIAL PENETRATION RATE			
Gas and Electric (Dual-Commodity) Customers			
2008 Quarter Ending	CARE Residential Dual-Commodity Customers	CARE-Eligible Dual-Commodity Customers	CARE Dual-Commodity Customer Penetration Rate
March 31	659,397	829,094	80%
June 30	671,618	829,094	81%
September 30	668,393	829,094	81%
December 31	665,526	829,094	80%

TABLE 2.4			
CARE RESIDENTIAL PENETRATION RATE			
Households			
2008 Quarter Ending	CARE Residential Households	CARE-Eligible Households	CARE Household Penetration Rate
March 31	1,113,005	1,528,221	73%
June 30	1,134,760	1,528,221	74%
September 30	1,130,931	1,528,221	74%
December 31	1,136,237	1,528,221	74%

TABLE 3			
AVERAGE MONTHLY GAS / ELECTRIC USAGE			
Residential Non-CARE vs. CARE Customers¹			
Customer	Gas Therms Tier 1	Gas Therms Tier 2	Total
Non-CARE	25.7	12.9	38.5
CARE	24.7	9.3	34.0
Customer	Electric KWh Tier 1	Electric KWh Tier 2²	Total
Non-CARE	336	236	572
CARE	354	176	530

1 Excludes master-meter usage.

2 All usage above 130% of baseline.

TABLE 4		
AVERAGE MONTHLY GAS / ELECTRIC BILL		
Residential Non-CARE vs. CARE Customers¹		
(Dollars per Customer)		
Customer	Gas	Electric
Non-CARE	\$51.80	\$95.40
CARE	\$36.24	\$46.11

1 Excludes master-meter usage.

Table 5					
Standardized CARE Administrative Cost Reporting Categories					
2008 Costs by Energy Source					
Category	Residential		Expanded		Total
	Electric	Gas	Electric	Gas	
Outreach	\$2,818,969	\$1,470,347	\$0	\$0	\$4,289,316
Automatic Enrollment	\$7,047	\$3,795	\$0	\$0	\$10,842
Processing/ Certification/Verification	\$1,293,347	\$696,418	\$18,925	\$10,190	\$2,018,880
Information Technology / Programming	\$144,473	\$77,793	\$0	\$0	\$222,266
Pilots	\$0	\$0	\$0	\$0	\$0
Measurement & Evaluation	\$0	\$0	\$0	\$0	\$0
Regulatory Compliance	\$50,508	\$27,197	\$0	\$0	\$77,705
General Administration	\$476,704	\$256,686	\$0	\$0	\$733,390
LIOB	\$0	\$0	\$0	\$0	\$0
CPUC Energy Division	\$56,925	\$30,652	\$0	\$0	\$87,577
TOTAL Program Costs	\$4,847,973	\$2,562,888	\$18,925	\$10,190	\$7,439,976
CARE Rate Discount	\$349,158,814	\$93,807,478	\$6,003,896	\$1,208,897	\$450,179,085
Service Establishment Charge Discount	\$0	\$0	\$0	\$0	\$0
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	\$354,006,787	\$96,370,366	\$6,022,821	\$1,219,087	\$457,619,061

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*	\$3.05	\$96.14	3.18%	\$131,388,896.88	31.14%
Commercial	\$27.95	\$697.63	4.01%	\$176,793,517.31	41.91%
Agricultural	\$30.12	\$743.02	4.05%	\$29,443,909.39	6.98%
Large/Indust	\$5,551.33	\$91,355.63	6.08%	\$84,254,270.87	19.97%

* 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	\$0.76	\$51.80	1.5%	\$33,329,391.93	39.7%
Commercial	\$6.34	\$302.79	2.1%	\$16,852,062.64	20.1%
NG Vehicle	\$14.61	\$769.10	1.9%	\$403,458.69	0.5%
Industrial	\$4,447.15	\$15,743.15	28.2%	\$33,354,180.10	39.7%

NOTES:

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

TABLE 7					
CARE Community Outreach Project					
January 1, 2008 through December 31, 2008					
Entity	Total Received	Approved	Denied	Pending/ Never Completed	Duplicate
ACORN Institute, Inc.	0	0	0	0	0
Airport Neighbors United, Inc.	30	9	5	0	16
Alameda County Associated Community Action Program	17	7	4	1	5
Allen Temple Health and Social Services Ministries	27	13	3	0	11
Amador-Tuolumne Community Action Agency	75	44	6	2	23

Area 12 Agency on Aging	27	6	1	0	20
Arriba Juntos	13	2	0	0	11
Asian Community Mental Health Services	10	1	0	0	9
Asian Resources	49	27	3	1	18
California Association of Area Agencies on Aging	3,691	600	344	93	2,654
California Association of the Physically Handicapped, Inc. (Fresno)	16	10	1	1	4
California Diversified Services	21	3	3	1	14
California Human Development Corporation	9	5	0	1	3
California Welfare To Independence Network 2000, Inc.	4	4	0	0	0
Carlie Cares Patient Assistance	14	7	3	0	4
Catholic Charities Diocese of Fresno	101	41	9	1	50
Catholic Charities Diocese of Stockton	12	7	0	0	5
Center for Training and Careers, Inc.	16	2	3	0	11
Central Coast Center for Independent Living	16	6	0	0	10
Central Coast Energy Services, Inc	1,106	242	75	11	778
Central Latino de San Francisco	4	2	0	0	2
Central Valley Opportunity Center	74	46	2	0	26
Centro La Familia Advocacy Services	2	0	0	0	2
Centro Legal de La Raza	0	0	0	0	0
Chabot College Foundation	79	31	9	0	39
Charles P. Foster Foundation	1	1	0	0	0
Charthouse Center for Families	55	22	7	2	24
Child Care Links	128	55	7	1	65
Chinese Christian Herald Crusades	21	7	1	0	13
Communication Services, LLC	391	191	61	4	135
Community Action Agency of Butte County, Inc.	194	68	39	1	86
Community Action Marin	338	222	27	6	83
Community Action of Napa Valley	11	3	0	1	7
Community Action Partnership of Madera County	118	69	11	1	37
Community Gatepath	0	0	0	0	0
Community Resource Project, Inc.	531	317	66	3	145
Council for the Spanish Speaking	3	2	0	0	1
Cupertino Community Services	14	4	0	0	10
Davis Street Community Center	60	26	3	0	31
Delta Community Services	23	15	2	0	6
Disability Resource Agency for Independent Living	10	7	1	0	2
Dixon Family Services	30	14	4	0	12
EBONY Counseling Center	2	1	1	0	0
Familia Center	6	2	2	1	1
Familia Unidas	5	4	0	0	1
Filipino American Development Foundation	20	9	4	0	7
Folsom-Cordova Community Partnership	12	2	1	1	8
God Financial Plan, Inc.	1	1	0	0	0
Greater Hill Zion Missionary Baptist Church	2	1	0	0	1
H & R Block	3,002	1,835	310	0	857
Heritage Institute for Family Advocacy	184	80	48	5	51
Hip Housing Human Investment Project, Inc.	14	10	0	0	4
Housing Authority of Alameda County	19	0	0	3	16

Housing Rights, inc	2	2	0	0	0
Independent Living Center of Kern County, Inc.	32	15	3	0	14
Independent Living Resource Center SF	2	0	0	0	2
Indian Health Center of Santa Clara	0	0	0	0	0
International Humanities Center	101	50	6	2	43
Kings Community Action Organization, Inc.	41	25	5	1	10
La Luz Bilingual Center	10	7	1	0	2
Lao Family Community of Fresno, Inc.	25	5	2	0	18
Lao Family Community of Stockton	9	2	0	0	7
Lao Khmu Association	70	21	1	1	47
Mendocino Latinos Para La Comunidad, Inc.	26	11	1	0	14
Merced County Community Action Agency	158	79	8	16	55
Merced Lao Family Community Inc.	99	51	9	0	39
Moncada Outreach	399	300	28	7	64
Monument Crisis Center	14	7	0	0	7
Native American Health Center	13	7	3	0	3
Network for Elders	31	12	1	1	17
North Peninsula Neighborhood Services Ctr	46	23	7	1	15
Northeast Community Federal Credit Union	3	0	0	0	3
Nuestra Alianza De Willits	5	0	0	0	5
Oakland Citizens Committee for Urban Renewal (OCCUR)	760	314	100	17	329
Pack N Ship	29	17	0	0	12
Partners For Peace	22	4	2	0	16
People Resources	4	1	0	0	3
People of Purpose	0	0	0	0	0
Peoples Community Partnership Federal Credit Union	0	0	0	0	0
Plumas County Community Development Commission	16	9	0	0	7
Plumas Crisis Intervention & Resource Center	39	27	2	0	10
Proteus Inc.	13	3	7	0	3
Rebuilding Together Sacramento	4	3	0	0	1
REDI (Renewable Energy Development institute)	16	9	0	0	7
Redwood Community Action Agency	114	53	11	10	40
Resources for Independent Living Inc. - Sacramento	6	1	1	0	4
Rising Sun Energy Center	17	7	1	0	9
Salvation Army Golden State Divisional Headquarters	801	355	33	5	408
San Francisco Chamber of Commerce Foundation / SF Works	3	3	0	0	0
San Francisco Community Power Cooperative	15	7	1	3	4
San Francisco Women's Center	5	3	0	0	2
Second Harvest Food Bank of Santa Cruz and San Benito Counties	13	5	1	0	7
Seniors First, Inc.	34	10	1	1	22
Shasta County Child Abuse Prevention Council	7	6	0	1	0
Slavic Community Center	9	3	1	0	5
St Helena Family Center	13	6	0	1	6
Una Nueva Esperanza	51	0	4	9	38
Universal Multi-Cultural Awareness Foundation	18	5	3	1	9
Vineyard Workers Services	1	0	1	0	0

Volunteer Center Of Sonoma County	69	43	5	0	21
West Valley Community Services	2	2	0	0	0
YMCA of the East Bay West Contra Costa Branch	15	5	3	0	7
Yolo Family Resource Center	24	11	0	1	12
Yuba Sutter Legal Center	7	3	0	0	4
TOTALS	13,821	5,615	1,318	219	6,669

TABLE 8						
CARE Self-Certification and Self-Recertification Applications¹						
	Provided	Received	Approved	Denied	Pending/Never Completed	Duplicates
Total	13,000,000	680,022	648,286	6,430	25,306	88,363
Percentage	n/a	100.00%	95.33%	0.95%	3.72%	12.99%

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

1 Includes sub-metered customers.

TABLE 9			
RESIDENTIAL CARE PROGRAM			
Customers¹ Removed by Month through Recertification and Post-Enrollment Verification			
2008	Recertification	Post-Enrollment Verification	Total
January	19,535	2,160	21,695
February	8,691	3,481	12,172
March	10,111	218	10,329
April	11,814	7,955	19,769
May	8,504	2,001	10,505
June	8,221	2,778	10,999
July	7,222	2,227	9,449
August	7,515	5,099	12,614
September	6,489	2,108	8,597
October	6,852	6,060	12,912
November	7,467	1,686	9,153
December	8,980	1,559	10,539
Total	111,401	37,332	148,733

1 Total individual and sub-metered.

TABLE 10						
CARE Random Post-Enrollment Verification Applications						
	Mailed	Received	Approved	Denied	Pending/Never Completed	Duplicates
Total	62,218	25,002	22,083	2,919	37,216	n/a
Percentage	100.00%	40.18%	35.49%	4.69%	59.82%	n/a

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

TABLE 11 A			
CARE EXPANSION PROGRAM Participating Facilities by Month (Gas)			
2008	CARE Residential Facilities	CARE Commercial Facilities	Total
January	3,253	517	3,770
February	3,253	518	3,771
March	3,242	519	3,761
April	3,235	517	3,752
May	3,228	519	3,747
June	3,240	519	3,759
July	3,247	521	3,768
August	3,284	521	3,805
September	3,239	522	3,761
October	3,264	525	3,789
November	3,305	525	3,830
December	3,323	528	3,851

TABLE 11B			
CARE EXPANSION PROGRAM Participating Facilities by Month (Electric)			
2008	CARE Residential Facilities	CARE Commercial Facilities	Total
January	3,711	732	4,443
February	3,715	734	4,449
March	3,709	736	4,445
April	3,702	737	4,439
May	3,692	736	4,428
June	3,691	738	4,429
July	3,694	737	4,431
August	3,711	740	4,451
September	3,622	740	4,362
October	3,625	744	4,369
November	3,675	748	4,423
December	3,700	754	4,454

TABLE 12		
CARE EXPANSION PROGRAM		
Average Monthly Gas / Electric Usage¹		
	Gas	Electric
Customer	Therms	KWh
Residential Facilities	45	738
Commercial Facilities	600	7,672

1 Excludes master meter usage.

TABLE 13					
CARE EXPANSION PROGRAM					
CARE Outreach Pilot, Other Outreach, and Utility					
Entity	Received	Approved	Denied	Pending/Never Completed	Duplicates
Third-Parties	0	0	0	0	0
Utility	651	523	62	11	55
Total	651	523	62	11	55
Percentage	100.00%	80.34%	9.52%	1.69%	8.45%

TABLE 14	
2008 Cooling Centers Participating Organizations	
City of Fresno - Parks, Recreation and Community Services	<p>Grant: \$10,000</p> <p>Triggers that opened cooling centers: All days declared as National Weather Service heat emergency condition at 105 degrees or above.</p> <p>Number of cooling centers opened: 23 centers including neighborhood and community centers, and pools.</p> <p>Number of cooling center days: 5 days from 7/9/08 through 8/16/08.</p> <p>Opened hours: Opened until 10:00 p.m.</p> <p>Number of attendees: 3,161 excluding hundreds of children that came to the pool for free swimming.</p> <p>Transportation: Free transportation was available through the Fresno County Transit Agency.</p> <p>Refreshment, entertainment and activities: Provided water. Schedule activities such as ceramics, crafts, ping-pong, table</p>

	tennis, and other leisure activities. Some centers also equipped with television and technology labs with Internet access.
Fresno County Rural Transit Agency	Grant: \$8,000 Triggers that opened cooling centers: N/A Number of cooling centers opened: N/A Number of cooling center days: N/A Opened hours: N/A Number of attendees: N/A Transportation: Provided free transportation to cooling center participants within Fresno County. Refreshment, entertainment and activities: N/A
Kern County Aging and Adult Services	Grant: \$12,000 Triggers that opened cooling centers: Cooling Centers located in San Joaquin and Kern River valleys were opened when temperatures reach 105 degrees. Mountain centers were opened when temperatures reach 95 degrees. Desert centers were opened when temperatures reach 108 degrees. Number of cooling centers opened: 7, including senior centers, community centers, libraries, and Veteran's Halls. Number of cooling center days: 14 days from 7/8/08 through 9/5/08. Opened hours: Opened until 8:00 p.m. Number of attendees: 75 Transportation: Bus passes were provided through Kern Regional Transit and Golden Empire Transit. Refreshment, entertainment and activities: Provided water and snacks. No entertainment provided.
Merced County Office of Emergency Services	Grant: \$5,000 Triggers that opened cooling centers: National Weather Services (NWS) Extreme Heat Advisory: 110+ degrees for more than two hours. Number of cooling centers opened: 14, including libraries and community centers. Number of cooling center days: 3 days in July 2008. Opened hours: Opened until 9:00 p.m. Number of attendees: An average of 7 - 10 persons per day. Transportation: County transportation was provided. Refreshment, entertainment and activities: Provided water and snacks. No entertainment provided.
City of Madera - Office of Emergency Services	Grant: \$4,000 Triggers that opened cooling centers: Open during regular business hours to anyone who needs respite from the heat. Number of cooling centers opened: 6, including community centers, swimming pool, and senior centers. Number of cooling center days: Open during regular business hours through summer. Opened hours: Opened until 5:00 p.m. and extended the hours as needed. Number of attendees: An average of 10 - 15 persons per day. Transportation: Dial-a-Ride

	<p>Refreshment, entertainment and activities: Provided snacks and water. Board games, playing cards, and basketball gear. Senior centers have a pool table.</p>
<p>City of West Sacramento - Senior Center</p>	<p>Grant: \$500</p> <p>Triggers that opened cooling centers: Expected to open on days when temperature reaches over 100 degrees.</p> <p>Number of cooling centers opened: 1 - senior center.</p> <p>Number of cooling center days: No specific count. However the cooling center was opened in June, July, and August.</p> <p>Opened hours: Opened until 9:00 p.m.</p> <p>Number of attendees: An average of 20 - 50 persons per day.</p> <p>Transportation: Provided transportation to participants, up to 5 participants on a given day.</p> <p>Refreshment, entertainment and activities: Provided snacks and water. Television, music and social venue but no other entertainment.</p>
<p>Sanger City Fire Department</p>	<p>Grant: \$2,000</p> <p>Triggers that opened cooling centers: Determined by the National Weather Service Heat Index.</p> <p>Number of cooling centers opened: 2, including community pool and church.</p> <p>Number of cooling center days: Open during regular business hours through summer.</p> <p>Opened hours: Opened until 8:00 p.m.</p> <p>Number of attendees: 68</p> <p>Transportation: 2 vans and a bus were available but not utilized.</p> <p>Refreshment, entertainment and activities: Provided water, juices and snacks. Indoor basketball court, outside playground, TV, video movies and games.</p>
<p>City of San Jose - Department of Parks, Recreation and Neighborhood Services</p>	<p>Grant: \$7,000</p> <p>Triggers that opened cooling centers: National Weather Services when temperatures move into the mid 90's. Cooling Centers opened on days of continued high heat and power outages in some neighborhoods.</p> <p>Number of cooling centers opened: 10, including community centers and senior center.</p> <p>Number of cooling center days: 8 days from 5/14/08 through 8/29/08.</p> <p>Opened hours: Opened until 8:00 p.m. and 9:00 p.m.</p> <p>Number of attendees: 568</p> <p>Transportation: Provided transportation to senior center via city bus, local Outreach Van agencies, and other public transportation.</p> <p>Refreshment, entertainment and activities: Provided light snacks and water. No live entertainment, however television and games are available.</p>

TABLE 15			
2008 Cooling Centers Program Budget and Expenditures			
	2008 Budget	2008 Spent	Description
Administration and Program Development	\$75,000	\$11,301	Includes program development costs to build partnerships with local governments, manage applications and contracts, operate expense accounts, update website and automated phone line, communicate with local governments, track program performance, administer quality assurance, and compile data for CPUC reporting.
Outreach and Awareness <ul style="list-style-type: none"> • Event Planning • Website • Toll-Free Line • Collateral 	\$75,000	\$28,927	Includes program launch, customer interaction, community support, maintenance of information for automated phone line and website, redesign, production and distribution of Cooling Center brochures, stickers, and bill inserts to 5.3 million customers.
Direct funding to Cooling Centers	\$150,000	\$49,110	Includes capped amount of financial support for local government cooling center programs.
Total	\$300,000	\$89,338	

ATTACHMENT A

TECHNICAL ADDENDUM: JOINT-UTILITY METHODOLOGY FOR CALCULATING CARE PENETRATION

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

February 6, 2002

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Joint-Utility Methodology for Calculating CARE Penetration: Technical Description

INTRODUCTION

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

Objective of the Method

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

Major Features of the Method

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

Specifically, the *joint* distribution of household size and income available from PUMS is modified using *iterative proportional fitting*³ 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

³ 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.⁴ 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 1.⁵ 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.

⁴ 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).

⁵ 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 Censuses 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.