SIXTEENTH ANNUAL PROGRESS REPORT TO THE CALIFORNIA PUBLIC UTILITIES COMMISSION

CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE)

JANUARY 1, 2004 - DECEMBER 31, 2004

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CARE Residential Program

This section describes individual and sub-metered participants (tenants of qualifying master-meter customers) for the 2004 program reporting period.

I. PARTICIPANT INFORMATION

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

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

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

   During the 2004 program year, no variances of 5% or more occurred.

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

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

For the 2004 program year reporting period, PG&E continued to use the Joint Utilities' methodology for calculating demographic CARE-eligibility rates that was adopted in 2001 in D.01-03-028. The particulars of the calculations may be found in attachment A, "Technical Addendum: Joint-Utility Methodology for Calculating CARE Penetration" excerpted from the Joint Utilities' "Reporting Requirements Manual (RRM) Working Group Report for Low Income Assistance Programs" (R.98-07-037).[1] In summary, PG&E applies county-based commodity-specific demographic eligibility multipliers to the technically eligible meter count within that county. The product of this calculation is then added together to obtain an overall eligibility for each commodity served.

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

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

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

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

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

   The demographically eligible households were calculated for each utility by applying the demographic eligibility rate to technically eligible households by county utility service area. The methodology is described in the Low Income Reporting Requirements Manual. These rates were developed by Athens Research and utilize current year income and household size data. The 2004 penetration rates reported in monthly reports used demographic eligibility rates that were submitted on October 15, 2004 and updated December 28, 2004.

   PG&E applied the demographically eligible meter count supplied by the Joint Utility demographer to internally derive the technically eligible meter count by county and commodity. To derive the demographic information, the Joint Utilities hired a demographic consultant, Athens Research, who culled information starting with the current census tract data available for the service area. Additionally, commercially available demographic updates were used to update the population information for the current year. The Joint Utility demographer then developed matrices to represent the information by county and commodity type. The raw percentage of the estimated eligible population, by county and commodity type, was then provided to PG&E. This was combined with the count of technically eligible meters. The product of this effort is PG&E's estimated eligible population.

   Attachments A and B describe the Joint Utility methodology for calculating CARE penetration (filed in February 2002 for the Workshop on Penetration Rates for CARE and ULTS Programs) and the Joint Utility CARE eligibility update (filed on October 15, 2004 and updated on December 28, 2004 in compliance with the directives of Interim Decision 02-07-033, Ordering Paragraph 4(b), as modified by the Assigned Commissioner's Ruling (ACR) of December 27, 2002 and the Scoping Memorandum of June 24, 2004).

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

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

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

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

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

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

See Table 2.1 through 2.4.

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

Electric-only estimated eligible:	338,588
Gas-only estimated eligible:	200,289
Combined electric/gas estimated eligible:	649,824
Total CARE eligibility:	1,188,701

PG&E updated the CARE-eligibility demographics in 2004. All CARE eligibility estimates are based on 175% of Federal Poverty Guidelines.

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

Applying current eligibility estimates for the general population (23.29%), 24,289 electric and 19,323 gas sub-metered tenants are eligible for CARE.

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

18,089 electric and 16,274 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 2004, 74% of the CARE-eligible electric tenants and 84% of the CARE-eligible gas tenants were signed up for CARE. This represents an overall 79% sub-metered penetration rate.

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

During 2004, PG&E continued its year-round recertification schedule for sub-metered tenants. One issue that continued to be a problem in 2004 was insufficient discount information provided on the tenant's bill from the facility manager's billing agency. For example, the sub-metered facility may not display the CARE discount as a separate line item, making it difficult for the tenant to verify they were receiving their CARE discount. When a tenant calls PG&E with questions, a CARE processor reviews their application for certification verification.

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

A second issue during 2004 was facility managers who were concerned that the tenants enrolled in the CARE program used more energy than the average tenant. This would result in the master-metered customer having to give the tenant more of a discount than the master-metered customer was receiving from PG&E to "pass-through" to the tenant. Currently, if the sub-metered manager is not satisfied, PG&E CARE staff advises the manager to contact the California Public Utilities Commission (CPUC).

II. USAGE AND BILL INFORMATION

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

See Table 3.

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

See Table 4.

III. PROGRAM COSTS

A. Discount Cost

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

	Electric	Gas
Rate Discount	$10.36	$5.80
Avoided Surcharges	$ 9.04	
Total	$19.40	$5.80

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

	Electric	Gas
Rate Discount	$106,581,836	$59,340,405
Avoided Surcharges	$ 92,812,580	
Total	$199,394,416	$59,340,405

B. Administrative Cost

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

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

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

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

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

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

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

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

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

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

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

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

Gas: $-10,571,392 (Credit)

Electric: $7,228,349

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

D.02-09-021 authorized recording all CARE costs into the CARE balancing account.

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

See Tables 6a and 6b.

IV. OUTREACH

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

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

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

Because of the tremendous geographic and ethnic diversity of the target community, PG&E realized its CARE enrollment would be greatly enhanced by launching an integrated communications effort. PG&E developed and implemented a CARE Outreach and Education Campaign in 2001-2002. PG&E continued and expanded this campaign in 2004, using the following approaches:

1. A public relations program that includes educational materials, enrollment events and local media outreach, focusing on previously underrepresented target areas within the PG&E service area;
2. A capitation fee program to support the participation of grassroots organizations as Community Outreach Contractors (COCs); and
3. A program of grassroots paid media placements targeting low and fixed income households.

2004 CARE Outreach Campaign Activity Highlights

The CARE campaign was successfully launched and consisted of an intense program comprised of a multitude of activities. These activities included community outreach, grassroots media, and capitation fees.

Capitation fees made it possible for PG&E to compensate third parties for assisting in the enrollment of CARE-eligible, but non-enrolled customers. This group of active supporters is known as Community Outreach Contractors.

The CARE Outreach Campaign also included key media, retail companies, charitable organizations and government agencies serving targeted counties and communities. Participants in this support network were not contracted by PG&E and, therefore, did not receive financial compensation.

Listed below are the major highlights of the 2004 CARE Program Outreach Campaign.

African American Program

African American individuals are more likely to be reached through media, restaurants, stores, recreational centers and places of worship that specifically serve them. These are the venues that the CARE Program attempted to penetrate this year. Focus groups were one of the tools utilized in the planning and implementation of PG&E's CARE campaign. This type of qualitative research provided in-depth information about the psychographics of intended audiences, i.e. their behaviors, attitudes and perceptions. In order to help refine and adjust programs for the CARE campaign, and to ensure that all eligible PG&E customers enroll in CARE, PG&E worked with a vendor to conduct formal focus groups. Results and findings from this research were applied to the strategies and tactics implemented in all CARE outreach activities.

People of African descent do not necessarily identify as African American. Communities of Black immigrants from Ethiopia, Nigeria, Belize and Jamaica, to name a few, have roots similar to African Americans, but they may not be effectively reached through the channels of communication that serve African Americans. For that reason, CARE implemented an African Caribbean Pilot Program. This program included a pilot use of media sponsorships and culturally-relevant public service announcements (PSAs) about CARE on local radio stations that offer African Caribbean programming. It also included a pilot test of a culturally appropriate op-ed piece about CARE for local African and Caribbean community newspapers, featuring bylines by leaders of the partner organizations. Also, CARE brochures with specially-coded applications were distributed through restaurants, music stores, social clubs, churches and other venues that cater to African and Caribbean Black immigrants.

In order to reach deeper into the under-enrolled African American community, CARE participated in the Christian Methodist Episcopal (CME) Community Partnership Program. This program included presentations to over 11,000 African-American CME members by a CME CARE Coordinator (CMECC). The CMECC was trained by the CARE staff. After completing the training, the CMECC made multiple presentations at CME churches at such regular forums

as mid-week senior meetings, bible study classes, choir rehearsals, quarterly leadership trainings and/or community health fairs. Quantities of CARE brochures and specially coded applications were distributed. CME ministers gave an endorsement of the CARE Program from the pulpit of each participating church. The activities of the CMECC were supported through various media channels such as the CME website, CME's online bi-weekly newsletter, public service messages, and paid sponsorship of approximately six (6) gospel radio programs.

In an effort to increase CARE enrollment by resistant African Americans in Alameda County, CARE designed and tested an African American door hanger. This application targeted zip codes with the highest density of African Americans that are likely to fit the CARE income guidelines.

Asian American Program

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

Special in-language prompts were featured on the CARE toll-free phone line for Cantonese, Mandarin and Vietnamese callers. Collateral materials were developed in several languages and distributed through COCs and other channels.

Several CARE enrollment events were held in conjunction with community festivals such as the Hmong New Year, Vietnamese Tet Festival, Vietnamese Spring Festival and Parade and Chinese New Year, in predominantly Asian neighborhoods. CARE booths were set up and CARE applications and collateral materials were distributed in San Francisco's Chinatown.

Partnering with various Asian Pacific Islander (API) community organizations has proven effective in reaching out to low-income community members because these organizations serve as their home away from home. The CARE Program capitalized on this opportunity to strike up new relationships and execute innovative CARE outreach and enrollment activities. The CARE Program developed and implemented partnerships with key API organizations whose client/constituent base mirrors CARE's eligible customer base. Enrollment drives and various API events served to increase CARE enrollment and awareness levels about the program among members of various API community organizations.

The CARE Program implemented a Chinese Direct Mail Pilot Program that delivered material to Chinese-speaking eligible customers at home thereby reducing barriers of accessibility to enrollment information. CARE worked with an Asian database vendor (Ethnic Data Management) to develop a list of new and prospective Chinese CARE enrollees in Alameda, Sacramento, San Mateo and Santa Clara Counties. Using income as a parameter ($30k/household/year), information from PG&E's current CARE database was merged with a purchased list from Ethnic Data Management. As a result, current Chinese CARE-enrolled customers from the aforementioned counties were weeded out from the mail file in order to reduce duplication rates. Direct mail pieces were mailed out to prospective Chinese CARE customers in the four target counties. The Chinese direct mail piece was also used as a research tool to measure awareness levels about the CARE Program.

Targeted media relations were also an essential part of the Asian American program. News releases in Chinese and Vietnamese were distributed and placement was secured in radio stations and newspapers. Releases focused on important events and the first ever Vietnamese language bill insert.

Bill Inserts

Bill inserts are a great way to target our selected audience. This approach reduces costs by utilizing costumer information provided by our database. This approach is directed towards our audience and is flexible and personable. The perception of an insert as junk mail is reduced by having it delivered with the utility bill and not as a stand-alone advertisement. A bill insert consisting of a miniature CARE application was utilized in the March, June, and November 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 simplified version of the application. Both March and November's bill inserts were in English and Spanish. For the first time, the June bill insert featured the Vietnamese and English mini-application. This initiative was one of CARE's most effective outreach methods. Combined, the bill inserts generated 86,805 applications.

Business Partners

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

A key component to reaching the enrollment goal was to expand and revitalize this successful business partnership program. A strategic list of targets was developed, focusing primarily on businesses and organizations in the CARE outreach campaign's top ten target counties. With this approach, the team

sought to reach those customers both at the "mainstream" and grassroots levels, ensuring numerous "touch points" with potential CARE enrollees.

Collateral items were also utilized, such as CARE brochures and brochure holders, CARE-branded magnets (placed on refrigerators, washers, dryers and dishwashers for sale in appliance stores); napkins (distributed at restaurants); and buttons (worn by cashiers). A total of 105 partners were secured, representing 369 outlets in the Top 10 counties in PG&E's service area. A partner is defined as one organization that has several outlets; for example, Western Appliance is one partner that provides nine total outlets. Our partners included retail stores, ethnic restaurants, hospitals, charitable organizations, banks, pharmacies, bookstores and cash advance locations throughout Northern California. Coded CARE brochures with applications were also displayed in these establishments.

Food banks distribute food to low or moderate-income families who find themselves in need of emergency assistance. Research shows that food banks limit the number of times a household can receive help annually, insuring a high number of unique recipients. As part of the food bank initiative, a CARE brochure was placed in a box or bag of food that was given to each family. Food banks also gave brochures to local food pantries that assist in distribution throughout the county.

Community Outreach Contractors

Leveraging the capitation fee, the CARE team recruited and contracted with a diverse group of community-based organizations already recognized and trusted by their constituents. With the help of PG&E's community relations staff, individual calls were made to enlist COCs. More than 50 organizations representing a wide array of communities (Native American, seniors, disabled, Hispanic, and Lao, to name a few) signed on to promote the CARE Program throughout 2004. These COCs were trained to educate consumers about CARE in their own language. Some COCs also supported other PG&E low-income energy programs.

All COCs underwent a training course and were provided with collateral items such as T-shirts identifying them as CARE COCs, and with bilingual CARE posters and brochures to display in their organizations. CARE utilized a special COC toll-free phone and fax line to exclusively handle questions and offer support to COCs. CARE also supported the COCs through a variety of other channels including a monthly newsletter, an e-mail address, quarterly regional meetings, site visits, training sessions and community enrollment events. This support enhanced CARE's relationship with the COCs, generating 35,877 new CARE enrollments.

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

Direct Mail

As PG&E's CARE Outreach campaign matures and continues to successfully enroll eligible customers, the challenge of reaching and enrolling those remaining hard-to-reach customers becomes even more evident. To this end, CARE employed Direct Mail advertisements. These advertisements communicated with eligible customers in their homes thereby reducing barriers of accessibility to enrollment information.

For the first time, CARE employed three types of Direct Mail Advertisements.

CARE Direct Mail – CARE developed a list of those PG&E customers who are not already on the CARE Program. A colorful and eye-catching direct mail piece was designed and distributed throughout counties in PG&E's service territory.

Chinese Direct Mail - The CARE Program implemented a Chinese Direct Mail Pilot Program that delivered material to Chinese-speaking eligible customers at home thereby reducing barriers of accessibility to enrollment information. CARE worked with an Asian database vendor (Ethnic Data Management) to develop a list of new and prospective Chinese CARE enrollees in Alameda, Sacramento, San Mateo and Santa Clara counties. Using income as a parameter ($30k/household/year), information from PG&E's current CARE database was merged with a purchased list from Ethnic Data Management. As a result, current Chinese CARE-enrolled customers from the aforementioned counties were weeded out from the mail file in order to reduce duplication rates. Direct mail pieces were mailed out to prospective Chinese CARE customers in the four target counties. The Chinese direct mail piece was also used as a research tool to measure awareness levels about the CARE Program.

Recertification Direct Mail – CARE developed a list of previous CARE customers who had failed to recertify in the past two years. A letter and a mini application were sent to the customers on the list, asking them to recertify for the program.

Due to the enrollment success of this initiative, PG&E is implementing its fourth direct mail piece in January 2005: a "Piggybank" design. This piece will also include a research tool to measure awareness about the CARE Program.

Enrollment Events

One of the most effective ways for marketers and service providers to break down barriers, engage community leaders and build trust in communities is through community events. The CARE Team participated in 47 multicultural events bringing a face and personality to the CARE Program.

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

Hispanic Program

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

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

The CARE Program developed four prints ads (two English and two Spanish) to use periodically as media insertion opportunities become available. The print ads fall under two categories: awareness and direct response. The awareness ads are designed to increase the program's visibility to the reader and make them more familiar with how the program works to their benefit. The direct response ads include an application for eligible CARE customers to fill out and mail. Both sets of ads contain information about the CARE Program and provide contact information with a call to action.

In an effort to increase CARE enrollment by Hispanic customers in Fresno and San Joaquin counties, CARE designed and tested an Hispanic door hanger. This initiative served to generate enrollments for the CARE Program.

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

Kiosk

The CARE Kiosk was utilized as a tool to assist in generating new enrollments. Kiosks are a convenient tool, because they include an application holder (where multilingual applications are held), as well as a slot where the customer can deposit the completed application. Each kiosk is locked and comes with a key in order to help maintain security and confidentiality. Forty-four self-service

drop-box kiosks were placed in PG&E local offices so that customers could enroll themselves in CARE while waiting in line to pay their bills. Also, CARE partnered with local COCs to "adopt" kiosks allowing both the customer and our COCs to benefit from this collateral item.

Leveraging

CARE leveraged with its low-income sister programs, Family Electric Rate Assistance (FERA) and Energy Partners (EP), in order to generate CARE enrollments. CARE information, brochures and applications were distributed at a variety of EP events. Also, FERA customers were informed about CARE qualifications and were provided with an opportunity to apply for the CARE Program. In turn, CARE shared information about FERA and EP programs with current and potential CARE customers. Customers that applied for FERA, but qualified for CARE, were automatically enrolled in the CARE Program.

PG&E Employee Awareness Month was another leveraging tool utilized by the CARE Program. Throughout March, CARE organized a variety of programs that served to increase awareness and boost employee involvement in enrolling eligible customers

Media Partnerships

With the CARE campaign, PG&E has effectively and efficiently used local television and radio to reach large numbers of eligible customers because television and radio are the most consumed and trusted media by low income consumers.

Media Relations

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

Media relations targeted sources including Hispanic, African American, and Asian Pacific American media, which promoted CARE enrollment drives, announced new income guidelines and promoted CARE application inserts in monthly PG&E customer bills. Positive media coverage had a direct and measurable impact on calls from targeted customers to the CARE toll-free phone line.

Multicultural Collateral Materials

An assortment of collateral materials was produced and utilized to assist CARE partners in their grassroots education and outreach efforts.

Colorful and eye-catching brochures were printed and distributed to potential CARE customers. These brochures are bilingual and come in three versions: English/Spanish, English/Chinese and English/Vietnamese. The first part of the brochure contains CARE information, such as qualifications, a description of the application process and helpful hints for completing the application. The second part of the brochure is a self-mailing, postage-paid application. CARE posters were distributed to potential customers and various organizations (for display purposes). CARE posters are a great tool to share information about the CARE Program with potential CARE customers. These posters are bilingual and come in three versions: English/Spanish, English/Chinese and English/Vietnamese. These posters contain the CARE Program website, the CARE toll-free line number and basic CARE information. They are colorful and easy to read due to the large print.

The CARE Program explored a new avenue to facilitate CARE enrollment among African Americans and Hispanics. CARE created and piloted a door hanger application and delivery system that facilitated the process of enrollment for customers. CARE piloted the door hangers in Alameda County to reach African American customers and Fresno and San Joaquin Counties to reach Hispanic customers. T-shirts, banners and squeeze lights were also distributed to potential CARE customers.

Multilingual Toll-Free Line

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

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

The toll-free line (1-866-PGE-CARE) offers CARE customers: answers to frequently asked questions; a list of referrals to local COCs; and an option of leaving questions or requesting a CARE application. In-language prompts also provide detailed information on monthly CARE enrollment events and on re-certification procedures.

Native American Program

CARE continued a Native American Outreach Program that built upon 2003 initiatives. CARE raised awareness and understanding of the CARE Program among income-eligible tribal members. CARE worked with tribal leaders to distribute applications to the tribal members in Sonoma and Fresno Counties. A packet of information was assembled and mailed to tribal leaders for dissemination among the Native American population. In March, CARE employed a Native American student to outreach to various pow wows, food banks and health centers.

Paid Media

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

Following the strong 2003 media presence, paid media was used strategically on a more limited basis. Radio and television spots were produced in Cantonese, Mandarin, and Spanish specifically to attract targeted customers to local enrollment events. A radio spot was developed expressly to publicize CARE applications inserted into customer bills in November. Also, a paid Spanish language TV spot was utilized in five target markets (Bakersfield, Fresno, Sacramento, San Francisco and San Luis Obispo) to alert eligible but non-enrolled PG&E Spanish-speaking customers of the CARE insert in the November bill.

Public Affairs

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

Recertification Efforts

The CPUC requires all residential customers on CARE to reapply for their discount every two years. Multiple approaches were utilized in order to reach a higher recertification retention rate. A recertification reminder was posted on the PG&E bill quarterly (February, May, July and October). The final direct mail piece of the year (Recertification Direct Mail) was targeted towards customers failing to recertify for the CARE Program in the last two years. A new phone call-out was implemented and served as a final reminder for CARE customers to recertify their enrollment. Calls to each customer were made for three consecutive months.

Research

CARE strived to better understand the unique challenges and special needs of various CARE customer groups. PG&E's CARE team organized several focus groups in order to identify barriers to CARE enrollment among eligible, but not enrolled PG&E general market, Hispanic and African American customers. A test of enrolled and eligible non-enrolled PG&E customers was conducted. The strategy was to learn how enrolled customers became aware of the program and what specific aspect of that communication triggered their enrollment. This information was then applied to motivate enrollment among eligible, non-enrolled PG&E customers. The CARE Program also explored the impact that the CARE toll-free phone line, collateral materials, bill inserts and direct mail have on generating CARE enrollments.

Rural Outreach

Focused outreach was conducted in rural areas which have less access to distribution channels commonly found in more urban areas. Several rural counties were identified based on their demographics. These included Butte, Placer, Mendocino, Calaveras, Lake, San Luis Obispo, Madera, Humboldt, Nevada and El Dorado Counties, among others. Miniature CARE applications were inserted in welfare check mail-outs in most of these counties. Also, CARE brochures were distributed to food banks, health clinics, low income housing organizations, community based organizations, senior nutrition programs and Head Start Programs throughout these counties. CARE built strong and beneficial relationships with key staff in the aforementioned organizations and plans to continue working with them in 2005.

Senior and Disabled Outreach

CARE conducted outreach efforts targeted at income-eligible seniors and disabled customers. Emphasis was placed on three counties within the top ten priority counties that have large senior populations: San Francisco, San Luis Obispo and Sonoma. The goal of the efforts was to increase overall enrollment in and awareness of the CARE Program among eligible senior and/or disabled customers. CARE attended senior/disabled events and distributed CARE applications and collateral materials. CARE also created strategic partnerships with key organizations serving the senior and disabled population and utilized media outlets serving seniors and disabled persons.

Web

PG&E continued to use the utility's web site to promote the CARE Program. Each application is posted in-language and in a format that allows easy download and printing. A *Frequently Asked Question* section accompanies each program area and links to other assistance programs. Feedback from users of the web site as well as outreach partners will allow for improvement of the site in 2005.

Other CARE Outreach Activities

Attachments C and D detail PG&E's outreach and media activities during 2004.

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 those remaining hard-to-reach customers becomes even more evident. Bill inserts and direct mail initiatives proved to be the most effective outreach method. These advertisements communicated with eligible customers in their homes thereby reducing barriers of accessibility to enrollment information.

The single biggest measurement of the outreach campaign's success is the improvement in PG&E's CARE penetration rate. After starting the year with a 68 percent penetration rate, CARE reached 76 percent by the end of the year. In total, the company enrolled 238,029 new customers.

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

- CARE assembled more than 50 community-based organizations to support CARE outreach. Dozens participated in community events and their efforts generated 35,877 new enrollments.

- The CARE Kiosk was utilized as a tool to assist in generating new enrollments. Kiosks are a convenient tool, because they include an application holder as well as a slot where the customer can deposit the completed application. Forty-four self-service drop-box kiosks were placed in PG&E local offices so that customers could enroll themselves in CARE while waiting in line to pay their bills. Also, PG&E partnered with local COCs to "adopt" kiosks allowing both the customer and our COCs to benefit from this collateral item. The kiosk generated 6,239 new enrollments.

- Colorful and eye-catching brochures were printed and distributed to potential CARE customers. These brochures are bilingual and come in three versions: English/Spanish, English/Chinese and English/Vietnamese. The first part of the brochure contains CARE information, such as qualifications, a description of the application

process and helpful hints for completing the application. The second part of the brochure is a self-mailing, postage-paid application. The brochures generated 6,983 new enrollments.

- CARE leveraged with its low-income sister programs, FERA and Energy Partners, in order to generate CARE enrollment. CARE information, brochures and applications were distributed at a variety of Energy Partners events. Also, FERA customers were provided with information about the CARE Program. Employee Awareness Month was another leveraging tool utilized by the CARE Program. Throughout the month of March, CARE organized a variety of programs that served to increase awareness and boost employee involvement in enrolling eligible customers. These leveraging efforts resulted in 6,964 new enrollments.

- For the first time, CARE employed three types of Direct Mail Advertisements. These advertisements communicated with eligible customers in their homes thereby reducing barriers of accessibility to enrollment information. Collectively, the direct mail initiative generated 11,186 new enrollments.

- Recertification Direct Mail – CARE developed a list of previous CARE customers who had failed to recertify in the past two years. A letter and an application were sent to the customers on the list, asking them to recertify for the program. This initiative generated 8,638 new CARE enrollments.

- PG&E continued to use the utility web site to promote the CARE Program. Each application is coded and posted in-language in a format that allows easy download and printing. 10,597 new CARE customers were enrolled.

- CARE was presented in front of a council at the San Francisco Mayor's Office on Disability. Additionally, two council members testified before the rest of the committee and acknowledged PG&E for delivering a dynamic, effective and culturally appropriate CARE campaign.

- The most cost-effective method of outreach was the bill-insert self-mailing CARE application, sent to over 4 million residential customers who were not currently participating in CARE. This annual initiative generated 68,741 new CARE 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 the CARE Program. The CARE Program continued its work to ease this barrier by supporting, maintaining, and promoting our CARE toll-free phone line in five languages: English, Spanish, Cantonese, Mandarin and Vietnamese.

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

Culture

Language barriers may be linked to cultural barriers, but they are not one and the same. CARE has found that removing language barriers does not necessarily address cultural barriers that prevent customers from seeking assistance from PG&E. CARE contracted with a number of consultants, who helped CARE to include the appropriate ethnic and cultural context in advertising and assistance messages throughout their communities. Special collateral materials were utilized, not just in-language, but also taking into consideration design and form, to reach the broadest number of customers within specific markets. Additionally, media and delivery channels were utilized that specifically addressed the ethnicity of the target market. The responses from these various approaches demonstrated the continued success of the program.

Trust

Customer issues such as mistrust and self-elimination present significant barriers to participation that become 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 various 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.

PG&E borders two investor-owned utilities in a small geographic section of its service area. CARE implemented an automatic enrollment agreement with Southern California Gas to exchange listings of enrolled CARE customers that were identified in the shared service territory. CARE plans to begin a data exchange with Southern California Edison in 2005.

CARE continued automatic enrollment agreements with the Modesto Irrigation District (MID) and the Turlock Irrigation District (TID). PG&E has a Memorandum Of Understanding (MOU) with the Modesto Irrigation District (MID) to share customer data and ensure that shared customers receive the benefits of their respective discount programs. MID contracts with the California Department of Community Services and Development (CSD) to administer their discount programs.

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

The entire database of participating CARE customer contact information is uploaded for distribution to the LIEE providers quarterly to use for their outreach.

Since the CARE discount is noted directly into the Customer Information System, customer service representatives see the CARE status of any customer that phones PG&E's call center for assistance. This knowledge comes in handy for handling these calls, and provides important information for the customer service representative to use when discussing other benefits and services that may be of assistance to the low income customer.

CARE leverages other financial assistance information, which is included on PG&E's CARE applications. On each application that is delivered to a customer, PG&E provides a brief description of other assistance available and contact numbers for these other programs.

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

F. Attach a copy of the utility's agreement with CSD. Describe the process for cross-referral of low-income customers between the utility and CSD. Describe

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

In May 2004, PG&E began receiving a quarterly listing of CSD information from the CPUC. This listing was used to match CSD customers with their PG&E accounts. A letter was mailed to the identified customers giving them 30 days to opt out of the program. After the 30-day opt-out period, the customers were then automatically enrolled in the CARE Program.

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

PG&E also has a Memorandum of Understanding with the Modesto Irrigation District (MID) to automatically enroll qualifying low income customers, as described above under the response to Section IV. D. MID contracts with CSD to administer their discount programs.

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

CARE implemented several changes and additions to improve cost effectiveness.

Two new approaches to reach a higher recertification retention rate were implemented: 45 days before the CARE discount is scheduled to expire, an automated calling system is used to remind customers to reapply, giving them the option to request a new application and the 60 day reminder letter that was implemented in 2003 was updated to include English, Spanish, Chinese, and Vietnamese.

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

Source codes were added to CARE applications and PG&E enhanced its customer information system to add the functionality for tracking these source codes. This has resulted in much greater accuracy regarding the tracking of individual CARE outreach initiatives.

CARE contracted with an outside agency, Trimmer Agency, to improve outreach in rural areas that do not have the same access to distribution channels commonly used in the more urban areas. Several rural counties were identified based on their demographic characteristics (Butte, Placer, Mendocino, Calaveras, El Dorado) and special outreach to these counties was conducted utilizing a miniature CARE application welfare check insert.

V. PROCESSING CARE APPLICATIONS

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

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

   See Table 7.

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

   See Table 8.

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

   See Table 9.

4. *Describe the utility's process for recertifying 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. Tenants failing to return the application within 90 days are removed from the sub-meter CARE listing for the facility and a revised listing is mailed to the manager/landlord notifying them of the change in the tenant's eligibility.

B. Processing Random Post-Enrollment Verification Applications

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

   See Table 9.

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

   See Table 10.

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

PG&E had no third party contractors performing these duties in 2004. All these functions were performed by the CARE Processing Center within PG&E.

VI. PROGRAM MANAGEMENT

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

PG&E did not experience any issues or events that significantly affected program management. Due to the CARE Team's process improvements, particularly in the enrollment source tracking area, cost effectiveness was greatly improved in 2004.

CARE Expansion Program

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

I. PARTICIPANT INFORMATION

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

See Tables 11A and 11B.

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

   There were 45,118 tenants residing within facilities receiving the CARE discount by December 31, 2004. This information is not available by energy source. The resulting numbers were representative of the total number of residents housed in all facilities, both residential and commercial, and for both energy commodities**.**

II. USAGE INFORMATION

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

See Table 12.

III. PROGRAM COSTS

A. Administrative Cost

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

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

B. Discount Information

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

Electric: $338 Gas: $185

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

Electric: $2,980 Gas: $1,694

IV. OUTREACH

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

During the reporting period, CARE conducted outreach to a variety of non-profit housing facilities and public assistance organizations throughout PG&E's service area. PG&E incorporated a non-profit facility database to implement an approach to target non-profit housing facilities currently not enrolled in the CARE Program. CARE specifically worked with Hill & Knowlton, Utility Cost Management, California Migrant Center, and other energy management organizations to further advertise the program to non-profits and agricultural employee housing facilities. In addition, Utility Cost Management assisted CARE in consolidating accounts with corresponding large non-profit organizations to better manage and increase CARE enrollment.

The passage of state legislation Assembly Bill 868 prompted PG&E to build a stronger relationship with California Migrant Centers in potentially enrolling all 22 active facilities in PG&E's service area. California Migrant Centers provided PG&E with the necessary data to assess CARE enrollment.

CARE continued to utilize the PG&E web site as a useful leveraging tool. As new applications and income guidelines became available, each expanded program application was made available in local offices, and was also posted online in formats that allowed for easy download and printing. A *Frequently Asked Question* section accompanied each program area and links to other assistance programs were provided. Feedback from users of the web site as well as outreach partners will improve the site in 2005.

B. Discuss each of the following:

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

   Non-profit direct mail was the most effective outreach method available for the CARE expansion program. PG&E collected databases containing non-profit organization contacts in PG&E's service territory that best fit the CARE expansion program guidelines. These efforts enrolled 20 new organizations equaling over 100 accounts. Thereby, CARE helped reduced the barriers of accessibility to enrollment information.

   Additionally, CARE re-enrolled a number of eligible organizations that were previously decertified because of their non-response to the annual re-certification letters. By directly contacting them through either written

correspondence and/or phone calls, PG&E informed these previous CARE recipients about the benefits of annually recertifying, and helped them re-enroll.

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

   PG&E borders two investor-owned utilities in a small geographic section of the service territory. There is no formal agreement for CARE Expansion program data exchange with Southern California Gas Company or Southern California Edison.

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

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

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

   There is also continuing confusion regarding customers' tax exemption status. Many customers believe that if they hold 501(c)(3) tax exemption status, they also automatically qualify for the CARE Expansion Program. In order to qualify for non-profit group living facility status under the CARE Expansion Program, residential services must also account for 70% of the facilities' energy usage, and the on-site social services must be provided to facility residents. In these cases, the qualifications are explained to the customer to help determine their eligibility.

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

C. Discuss any recommmendations to improve the cost-effectiveness, processing of applications, or program delivery. Discuss methods investigated or implemented by the utility or third parties on the utility's behalf to improve

outreach and enrollment services to non-participating facilities in the prior year. Provide cost-effectiveness assessments, if available.

CARE dedicated additional staff members to the expanded programs to ensure faster processing of applications. In addition, the increase in staff provided ample assistance in the area to maintain customers' accounts and ensure that the CARE discount is properly applied to eligible housing facilities.

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

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

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

V. PROCESSING CARE APPLICATIONS

A. Processing Self-Certification and Self-Recertification Applications

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

   See Table 13.

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

   See Table 13.

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

PG&E had no third party contractors performing these duties in 2004. All these functions were performed by the CARE Processing Center within PG&E.

VI. PROGRAM MANAGEMENT

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

PG&E did not experience any issues or events that significantly affected program management. Due to the CARE Team's process improvements, particularly in the enrollment source tracking area, cost effectiveness was greatly improved in 2004

Tables

TABLE 1

RESIDENTIAL CARE PROGRAM
Customers by Month[1]

2004	CARE Customers	Percentage Change
January	812,846	0.08%
February	813,892	0.13%
March	831,457	2.16%
April	849,825	2.21%
May	845,859	-0.47%
June	852,244	0.75%
July	871,054	2.21%
August	871,393	0.04%
September	872,749	0.16%
October	875,166	0.28%
November	879,518	0.50%
December	903,217	2.69%

1. Total individual and sub-metered.

TABLE 2.1

CARE RESIDENTIAL PENETRATION RATE
Electric-Only Customers

2004 Quarter Ending	CARE Residential Electric-Only Customers	CARE-Eligible Electric-Only Customers	CARE Electric-Only Customers Penetration Rate
March 31	203,055	338,588	60%
June 30	207,399	338,588	61%
September 30	213,018	338,588	63%
December 31	222,660	338,588	66%

TABLE 2.2

CARE RESIDENTIAL PENETRATION RATE
Gas-Only Customers

2004 Quarter Ending	CARE Residential Gas-Only Customers	CARE-Eligible Gas-Only Customers	CARE Gas-Only Customer Penetration Rate
March 31	122,203	200,289	61%
June 30	125,091	200,289	62%
September 30	125,715	200,289	63%
December 31	130,081	200,289	65%

TABLE 2.3

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

2004 Quarter Ending	CARE Residential Dual-Commodity Customers	CARE-Eligible Dual-Commodity Customers	CARE Dual-Commodity Customer Penetration Rate
March 31	506,199	649,824	78%
June 30	519,754	649,824	80%
September 30	534,016	649,824	82%
December 31	550,476	649,824	85%

TABLE 2.4

CARE RESIDENTIAL PENETRATION RATE
Households

2004 Quarter Ending	CARE Residential Households	CARE-Eligible Households	CARE Household Penetration Rate
March 31	831,457	1,188,701	70%
June 30	852,244	1,188,701	72%
September 30	872,749	1,188,701	73%
December 31	903,217	1,188,701	76%

TABLE 3			
AVERAGE MONTHLY GAS / ELECTRIC USAGE Residential Non-CARE vs. CARE Customers[1]			
Customer	**Gas Therms Tier 1**	**Gas Therms Tier 2**	**Total**
Non-CARE	29.0	11.6	40.6
CARE	27.7	7.9	35.6
Customer	**Electric KWh Tier 1**	**Electric KWh Tier 2**	**Total**
Non-CARE	339	224	563
CARE	347	154	501

1. Excludes master-meter usage.

TABLE 4		
AVERAGE MONTHLY GAS / ELECTRIC BILL Residential Non-CARE vs. CARE Customers[1]		
(Dollars per Customer)		
Customer	**Gas**	**Electric**
Non-CARE	$40.35	$78.85
CARE	$27.15	$43.26

1. Excludes master-meter usage.

Table 5A			
Standardized CARE Administrative Cost Reporting Categories			
2004 Cost in Dollars			
	Electric YTD	Gas YTD	Total YTD
Outreach			
- Capitation Fees	282,166	151,935	434,101
- Other Outreach	1,954,612	1,052,483	3,007,095
- Mass Media Advertisng	197,135	106,149	303,284
Total Outreach	2,433,913	1,310,568	3,744,481
Automatic Enrollment	8,212	4,422	12,634
Processing/ Certification/Verification	750,113	403,907	1,154,020
Billing System / Programming	25,340	13,645	38,985
Pilots			
Outreach Pilot	0	0	0
- Pilot (B)	0	0	0
- Pilot (C)	0	0	0
Total Pilots	0	0	0
Measurement & Evaluation	259,700	139,839	399,539
Regulatory Compliance	58,372	31,431	89,804
Other Administration	157,100	84,592	241,692
Indirect Costs	0	0	0
Oversight Costs			
- LIAB Start-up	0	0	0
- LIAB PY Past Year	0	0	0
- LIOB	0	0	0
- CPUC Energy Division	36,523	19,666	56,189
Total Oversight Costs	36,523	19,666	56,189
TOTAL PROGRAM COSTS	3,721,062	2,008,071	5,737,344
CARE Rate Discount	106,581,836	59,340,405	165,922,240
Avoided Surcharges	92,812,580	NA	92,812,580
Service Establishment Charge Discount			
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	203,115,478	61,348,476	264,472,164

Table 5B CARE Expansion Administrative Cost Reporting 2004 Annual Costs in Dollars	
Category	**Expenditure**
Outreach	$2,551
Regulatory Compliance	$0
Processing/Certification/Verification	$47,323
Billing System / Programming	$978
General Administration	$185
Measurement & Evaluation	$0
LIAB Funding	$0
Energy Division Staff Funding	$0
Total Programs Costs	$51,037

TABLE 6A -ELECTRIC CARE SURCHARGE AND REVENUE COLLECTED BY CUSTOMER CLASS					
Customer Class	**Average Monthly**		**CARE Surcharge as Percent of Bill**	**Total CARE Surcharge Revenue Collected**	**Percentage of CARE Surcharge Revenue Collected**
	CARE Surcharge	**Monthly Bill**			
Residential[1]	$0.71	$79.60	0.89%	$30,436,461.58	33.16%
Commercial	$6.51	$750.89	0.87%	$38,822,506.93	42.30%
Agricultural	$4.89	$541.47	0.90%	$4,727,531.37	5.15%
Large/Ind.	$1,167.23	$85,262.46	1.37%	$17,792,178.36	19.39%

1. 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	$0.45	$40.35	1.1%	$27,245,384.46	42.7%
Commercial	$4.80	$281.82	1.7%	$12,969,319.19	20.3%
Industrial[1]	$2,929.05	$6,880.74	42.6%	$23,661,862.87	37.0%

1. 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, 2004 through December 31, 2004					
Entity	**Total Received**	**Approved**	**Denied**	**Pending/ Never Completed**	**Duplicate**
Airport Neighbors United	55	55	0	0	0
Amador-Tuolumne Community Action Agency	66	38	5	2	21
Area 12 Agency on Aging	90	45	9	2	34
Asian Resources	134	93	9	2	30
California Association of Area Agencies on Aging	1,505	996	78	35	396
California Human Development Corporation	979	721	35	3	220
California Workforce and Energy Services	67	45	2	0	20
CARECEN Family Services Program	991	773	72	4	142
Catholic Charities Diocese of Fresno	19	0	0	0	19
Center for Training and Careers	14	13	0	1	0
Central Coast Energy Services, Inc	1,557	970	60	3	524
Centro Legal de la Raza, Inc	210	117	3	1	89
Charles P. Foster Foundation	819	600	41	10	168
Chinese Christian Herald Crusades	68	41	6	1	20
Christ Temple Community Church	467	387	18	2	60
Community Action Marin	562	468	31	4	59
Community Resource Project, Inc.	2,003	1,463	86	35	419
Council for the Spanish Speaking	127	85	5	1	36
Disability Resource Agency for Independent Living	23	12	1	5	5
Elder Abuse Prevention	2	0	1	0	1
Familia Unidas	1,796	1,000	77	23	696
Foothill Volunteer Center	21	13	3	0	5
God Financial Plan, Inc.	577	356	60	5	156
Heritage Institute for Family Advocacy	291	183	36	4	68
Hispanic Chamber of Commerce of Sonoma County	3	3	0	0	0
Immigrant Resettlement and Cultural Center, Inc.	679	530	35	3	111
Indian Health Center of Santa Clara Valley	64	46	1	0	17
Korean American Community Services Inc.	13	12	1	0	0
La Raza Centro Legal, Inc of San Francisco	5	4	1	0	0
Madera County Community Action Agency, Inc.	371	260	24	2	85
Merced County Community Action Agency	116	77	3	3	33
Merced Lao Family Community Inc.	829	574	23	1	231
Oakland Citizens Committee for Urban Renewal (O.C.C.U.R.)	133	97	28	1	7
People Resources, Inc.	22	12	3	1	6
Plumas County Community Development Commission	27	16	2	1	8
Proteus Inc.	348	239	28	2	79
Redwood Community Action Agency	199	141	14	1	43
Resources for Families and Communities	69	23	9	0	37
RetroTech, Inc.	7,581	5,772	273	21	1515
Sacramento Lao Family Community	40	20	4	0	16
Salvation Army Golden State Divisional Headquarters	935	538	78	10	309

San Francisco Community Power Cooperative	47	20	2	1	24

TABLE 7 (con't)

CARE Community Outreach Project

January 1, 2004 through December 31, 2004

Entity	Total Received	Approved	Denied	Pending/ Never Completed	Duplicate
Scotts Valley Band of Pomo Indians	1	1	0	0	0
Shoreview Residents Association, Inc.	1,476	1,106	63	19	288
Slavic Community Center of Sacramento	70	39	2	0	29
The Greenlining Institute	62	27	4	1	30
The JCK Business Development Corporation	14,564	10,056	953	54	3501
Vietnamese Elderly Mutual Assistant Association	21	13	0	0	8
Volunteer Center Of Sonoma County	353	245	32	2	74
Winegard Energy	10,463	6,989	771	87	2616
Yuba Sutter Legal Center	698	543	18	1	136
No Contract Third- Parties	0	0		0	0
Total	51,632	35,877	3,010	354	12,391
Percentage	100%	69%	6%	1%	24%

TABLE 8

CARE Self-Certification and Self-Re-certification Applications[1]

	Provided[2]	Received	Approved	Denied	Pending/Never Completed	Duplicates[3]
Total	562,627	496,827	443,660	6,826	46,341	49,893
Percentage	n/a	100.0%	89.3%	1.4%	9.3%	10.0%

1. Includes sub-metered customers.
2. "Provided" does not include the approximate 13 million bill insert applications that were mailed as part of the CARE Outreach Campaign.
3. Duplicates are counted as Approved as well, so the total will not add up to 100%.

TABLE 9

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

2004	Recertification	Post-Enrollment Verification	Total
January	3,294	133	3,427
February	3,823	226	4,049
March	4,565	376	4,941
April	6,879	675	7,554
May	6,123	511	6,634
June	3,066	610	3,676
July	4,522	576	5,098
August	4,567	393	4,960
September	4,477	320	4,797
October	4,928	720	5,648
November	7,540	972	8,512
December	356	1,023	1,379
Total	54,140	6,535	60,675

1. Total individual and sub-metered.

TABLE 10

CARE Random Post-Enrollment Verification Applications

	Mailed	Received	Approved	Denied	Pending/Never Completed	Duplicates[1]
Total	12,819	6,307	6,284	23	6,512	0
Percentage	100.00%	49.20%	49.02%	0.18%	50.80%	0%

[1] 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)

2004	CARE Residential Facilities	CARE Commercial Facilities	Total
January	1,350	257	1,607
February	1,405	267	1,672
March	1,428	275	1,703
April	1,344	295	1,639
May	1,570	304	1,874
June	1,573	308	1,881
July	1,488	279	1,767
August	1,417	283	1,700
September	1,644	314	1,958
October	1,476	265	1,741
November	1,568	294	1,862
December	1,480	292	1,772

TABLE 11B

CARE EXPANSION PROGRAM
Participating Facilities by Month (Electric)

2004	CARE Residential Facilities	CARE Commercial Facilities	Total
January	1,452	320	1,772
February	1,499	346	1,845
March	1,508	361	1,869
April	1,747	365	2,112
May	1,683	389	2,072
June	1,682	384	2,066
July	1,604	344	1,948
August	1,512	356	1,868
September	1,694	406	2,100
October	1,518	345	1,863
November	1,635	381	2,016
December	1,549	392	1,941

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

1. Excludes master meter usage.

TABLE 13					
CARE EXPANSION PROGRAM **CARE Outreach Pilot, Other Outreach, and Utility**					
CARE Applications Sent By Third Parties					
Entity	**Received**	**Approved**	**Denied**	**Pending/Never Completed**	**Duplicates**
Third-Parties	0	0	0	0	0
Utility	388	289	61	38	0
Total	388	289	61	38	0
Percentage	100.0%	74.5%	15.7%	9.8%	0.0%

ATTACHMENT A

TECHNICAL ADDENDUM: JOINT-UTILITY METHODOLOGY FOR CALCULATING CARE PENETRATION

Workshop on Penetration Rates for CARE and ULTS Programs

February 6, 2002

TABLE OF CONTENTS

Joint-Utility Methodology for Calculating CARE Penetration: Technical Description

INTRODUCTION

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

Objective of the Method

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

Major Features of the Method

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

Specifically, the *joint* distribution of household size and income available from PUMS is modified using *iterative proportional fitting*[2] to match current-year distributions on household size and income, providing a new estimate of the joint distribution. From the new joint distribution, current-year demographic eligibility per CUC is estimated; this is applied to quarterly counts of technical eligibility by utility staff, to obtain quarterly program eligibility count estimates. Finally, the total number of CARE participants (taken from utility program records) is divided by the total counts of program eligibility to calculate the CARE eligibility rate for a specific CUC.

Description of THE METHOD

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

Core Process

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

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

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

The second table, Table 2, is also 14 x 6, and its cells show, for every corresponding cell in Table 1, the proportion of households that would have been program eligible based on current-year dollars. In all but six or seven cells, the proportion of eligible households equals either 1 (i.e., all households are eligible) or 0 (i.e., no households are eligible). For one cell in each household size group 1-5, and for one or two cells in the household size group 6+, some households will be above and some below the size/income threshold for CARE, so that the proportion in the cell equals a value between 0 and 1.[4] Note that Table 2 can be constructed to reflect CARE, LIEE, or any other program eligibility standard. For example, with respect to the LIEE program, we have constructed an alternative, which gives the proportion of households that are eligible at either the 175% eligibility level or the 200% eligibility level applicable where the head is age 60 or work-prevented.

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

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

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

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

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

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

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

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

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

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

How the Matrices Used in the Core Process are Produced

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

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

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

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

USING THE ESTIMATES

Calculating Eligible Utility-Served Households Per CUC

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

Deriving Urban/Rural Shares of CUC Eligibility

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

Utility or Study-Specific Uses

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

DOCUMENTATION/STREAMLINING/SENSITIVITY TESTING/VALIDATION

The second phase of the CARE eligibility estimation project will:

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

Joint-Utility Methodology for Calculating CARE Penetration: Example Distributions

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

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

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

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

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

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

Technical Definitions

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

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

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

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

Data Sources

Key sources

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

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

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

AGS2000, 2001, and 2005 (Vendor Data)

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

Utility Data on Technical Eligibility

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

MABLE Tables

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

California CPI Data

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

The Rural Health Council (RHC)/Zipinfo Tables

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

Secondary sources

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

Claritas

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

SCAG

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

CENSUS Interim Models

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

HUD Data

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

ATTACHMENT B

TECHNICAL ADDENDUM: JOINT-UTILITY CARE ELIGIBILITY UPDATE

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

JOINT UTILITY CARE ELIGIBILITY UPDATE

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

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

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

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

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

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

Discussion

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

Data Differences

The Joint Utility Methodology for estimating CARE penetration is designed to use current-year estimates of household income and household size obtained from a respected data vendor to estimate eligibility. In 2001, the utilities used 2001 estimates of household size and household income obtained from Applied Geographic Systems (AGS) to estimate demographic eligibility (the proportion of all customers within a given utility service area who satisfy the household size and income criteria for the CARE program). The utilities applied these demographic eligibility estimates to counts of technically eligible meters and sub-meters (counts of the number of customers with a qualified meter or sub-meter) to determine the estimated number of customers who are both demographically and technically eligible for CARE. This information is then used to calculate the estimated penetration rate by utility, commodity (fuel type), and county.[5] 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,[6] 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

[5] The estimated penetration rate is calculated for each utility, commodity, and county, by dividing the total number of customers enrolled in CARE (obtained from utility records) by the estimated total number of customers who are technically and demographically eligible for CARE.

[6] Vendor data incorporating Census SF3 income data would have provided a current-year (2002) distribution of household income that would have taken into account Census 2000 realities. Data vendors anticipate incorporating Census SF3 income data into their estimates of the 2003 household income distribution. The utilities expect that these data will be released prior to the utilities' August 21 annual update of 2003 CARE eligibility. At that time, the utilities will use these 2003 estimates of household income and household size, which will fully reflect Census 2000 realities, to update 2003 CARE eligibility estimates (contingent upon a timely release of the data later this summer).

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,[7] 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.[8] These are respectable firms that provide demographic data of all types that are used in many applications. However, given that, in 2001, we were in the 12th intercensal year (the time between different Censes when no new demographic data is available), the utilities were aware that differences could have emerged in estimates of household income distributions between data firms as well as between what the data vendors estimate and what would be shown in Census 2000 results. As such, the utilities recommended conducting sensitivity analyses to see the impact of using estimates of current-year (2001) household income and household size distributions obtained from one data vendor compared to another. The objective would have been to forewarn any potential changes that might be forthcoming once vendors adjusted their estimates of household income and household size distributions as they incorporated data from Census 2000. The Commission later ruled, in D.02-07-033, that these tests were not warranted given that the data vendor selected was a respected firm.

We have since learned through simple data analyses that AGS had a more optimistic view of household income distributions in 2001 than did Claritas and the 2000 Census data. Accordingly, using Census SF3 data to estimate eligibility results in a marked increase in eligibility than what was estimated in 2001.[9] The utilities caution, however, against concluding that the decision to use data on household income and household

[7] The utilities completed an annual update of CARE eligibility estimates in July 2002, which produced eligibility estimates that are similar to the estimates included in this filing. The Commission, however, directed the utilities to continue to use the prior 2001 estimates in lieu of the July 2002 update. The July 2002 estimates were developed using 2002 AGS data (vendor data) on household income and household size that made use of available higher order Census data and non-Census economic data including Current Population Survey data. This accounts for the similarity between the updated estimates and the July 2002 estimates that were not used by the Commission. Given that the July 2002 estimates are very similar to the 2002 eligibility estimates included in this filing, the results of the informal sensitivity analyses completed at that time are discussed here to further explain the differences between the 2001 estimates and the 2002 eligibility and penetration rate estimates filed herein.

[8] The Joint Utility Methodology used AGS data, but we make comparative mention of Claritas for the purposes of this discussion.

[9] Similar increases are observed in the utilities' July 2002 update of CARE eligibility that used vendor data, which had not yet incorporated SF3 data but had made use of other economic and 2000 Census data, notably Census Current Population Survey data and SF1 data on household size.

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.[10] 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.

[10] Had the Commission used the California CPI to create a growth factor for the CARE guidelines, the increase in eligibility given the new guidelines would have matched the increase in eligibility that the Joint Utility Methodology factors in by using the California CPI to estimate eligibility and penetration rates, and we would not have observed this difference. By using the national CPI to create the growth factor for the current CARE guidelines, it is simply the fact that more people were made eligible than otherwise would have been had the California CPI been used to create the growth factor. These additional customers, who now are newly eligible for CARE, are reflected in the 2002 estimates of eligibility and the corresponding penetration rates filed with this report.

ATTACHMENT C

CARE Leveraging and Outreach Initiatives

ATTACHMENT D

CARE Media and Advertising Initiatives