

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

**FAMILY ELECTRIC RATE ASSISTANCE
(FERA)**

JANUARY 1, 2007 - DECEMBER 31, 2007

May 1, 2008

**PACIFIC GAS AND ELECTRIC COMPANY
FERA PROGRAM
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TABLE OF CONTENTS

FERA PROGRAM

I.	PARTICIPANT INFORMATION	1
II.	PROGRAM COSTS	4
III.	OUTREACH.....	8
IV.	PROCESSING FERA APPLICATIONS	10
V.	PROGRAM MANAGEMENT.....	11

FAMILY ELECTRIC RATE ASSISTANCE (FERA)

I. PARTICIPANT INFORMATION

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

See Table 1.

Table 1		
2007	FERA Enrolled¹	FERA Receiving Tier 3 Benefit¹
January	11,358	7,303
February	10,927	5,567
March	10,754	5,597
April	10,575	4,725
May	10,532	5,823
June	10,593	5,460
July	10,936	6,383
August	11,430	6,873
September	11,642	7,077
October	11,878	5,391
November	11,360	5,914
December	11,281	6,324

Notes:

¹ Does not include sub-metered tenants.

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

See Table 2.

Table 2			
FERA Penetration Rate			
2007 Quarter Ending	FERA-Eligible Households¹	FERA-Participating Households¹	FERA Household Penetration Rate²
March 31	213,404	10,754	5%
June 30	213,404	10,593	5%
September 30	213,404	11,642	5%
December 31	213,404	11,281	5%

Notes:

¹Does not include sub-metered tenants.

²FERA Household Penetration Rate is calculated by dividing FERA Participating Households by FERA-Eligible Households.

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

For the 2007 program year reporting period, PG&E used the same Joint Utilities' methodology for calculating demographic FERA-eligibility rates that was adopted for California Alternate Rates for Energy (CARE) in 2001 in Decision (D.) 01-03-028. The particulars of the calculations may be found in Attachment A, "Technical Addendum: Joint-Utility Methodology for Calculating CARE Penetration" excerpted from the Joint Utilities' "Reporting Requirements Manual (RRM) Working Group Report for Low Income Assistance Programs" (R.98-07-037) and Attachment B, the Joint Utility CARE eligibility update (filed on October 15, 2004 and updated December 28, 2004 in compliance with the directives of D.02-07-033, Ordering Paragraph 4(b), as modified by the Assigned Commissioner's Ruling (ACR) of December 27, 2002 and the Scoping Memorandum of June 24, 2004).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.

The estimates of FERA-demographically eligible households were calculated for each utility by applying the demographic eligibility rate to technically eligible households by county and utility service area. The methodology is described in

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 Division of Ratepayer Advocates also participate in the RRM Working Group.

the Low Income Reporting Requirements Manual. These rates were developed by Athens Research and utilize current year income and household size data. The 2007 penetration rates reported in low income monthly reports used demographic eligibility rates that were submitted to the Commission on September 29, 2006.

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

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

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

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

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

II. PROGRAM COSTS

A. Discount Cost

1. State the average monthly FERA discount received, in dollars per FERA customer.^{1,2}

The average monthly FERA discount in 2007, per FERA customer, was \$20.57.

Notes:

¹Does not include sub-metered tenants.

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

2. State the cumulative annual discount for all FERA customers.¹

The cumulative annual FERA discount in 2007 was \$3,815,698.32.

Notes:

¹Does not include sub-metered tenants.

B. Administrative Cost

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

See Table 3.

Table 3	
FERA Program Administrative Costs by Category and Benefits	
Category	Cost
Outreach	\$7,424.95
Processing, Certification, and Verification	\$1,012.87
General Administration	\$42,842.67
Billing System / Programming	\$0.00
Regulatory Compliance	\$688.52
Energy Division Staff Funding	\$0.00
TOTAL PROGRAM COSTS	\$51,969.01
CUSTOMER BENEFITS	\$1,511,197.82
TOTAL PROGRAM COSTS & CUSTOMER BENEFITS	\$1,563,166.83

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

See table below.

Category	Description
Outreach	Includes: Bill inserts, applications (printing and mailing), postage, sub-metered outreach, information technology (technical support and software licensing), staff labor, out-bound dialing and Web site design.
Processing, Certification, and Verification	Includes: Staff labor for application processing and training.
General Administration	Includes: Office supplies, program management labor and information technology (technical support and software licensing).
Billing System / Programming	Includes: Manual rebilling, programming and billing labor.
Regulatory Compliance	Includes: Program applications and advice filings, comments and reply comments, hearings, reports and studies, working group meetings, public input meetings and tariff revisions.
Energy Division Staff Funding	Includes: Both past and present funding for the Energy Division staff.
Customer Benefits	Includes: Rate discounts.

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

PG&E had minimal costs for joint CARE/FERA activities. Those activities were limited to outreach events, with the labor costs billed to the appropriate CARE/FERA order number depending on the number of hours spent on each program.

C. Provide the year-end December 31 balances for the FERA balancing account for both the current and prior reporting periods.

The year-end December 31, 2007 balance for the FERA balancing account was a debit of \$1,603,094.

The year-end December 31, 2006 balance for the FERA balancing account was a debit of \$1,658,767.

The year-end December 31, 2005 balance for the FERA balancing account was a debit of \$1,340,372¹.

The year-end December 31, 2004 balance for the FERA balancing account was a debit of \$340,948.

Notes:

¹ The figures were adjusted and different from the 2005 Annual Report.

III. OUTREACH

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

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

Bill Inserts

Three bill inserts were launched in the June, August, and October 2007 billing cycles. They consisted of a multilingual miniature application with postage-paid return mailing which generated over 1,200 enrollments.

Leveraging

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

Web

PG&E used its utility Web site to promote FERA. Each multilingual application was coded and posted in a format that allowed easy download and printing. A *Frequently Asked Questions* section accompanied each program area. Links to other assistance programs were provided. Feedback from users of the Web site continues to allow for improvement in 2008.

B. Discuss each of the following:

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

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

FERA applications include a brief description of other financial assistance information and programs and relevant contact numbers. Also, completed FERA applications that qualified for CARE were forwarded to the CARE Processing Center and vice versa.

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

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

IV. PROCESSING FERA APPLICATIONS

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

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

See Table 4.

TABLE 4						
FERA Self-Certification and Self-Recertification Applications ¹						
	Provided ²	Received	Approved	Denied	Pending/Never Completed	Duplicates
Utility	12,761	7,287	5,926	122	1,239	319
Capitation	0	0	0	0	0	0
Other Third-Party	0	0	0	0	0	0
Total	12,761	7,287	5,926	122	1,239	319

Notes:

¹Includes sub-metered tenants.

²Excludes outreach applications and multiple bill inserts.

B. Processing Random Post-Enrollment Verification Requests

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

See Table 5.

TABLE 5						
FERA Random Post-Enrollment Verification Requests ¹						
	Requested	Received	Approved ²	Denied	Pending/Never Completed	Duplicates
Total			424			

Notes:

¹Random Post-Enrollment Verification was not conducted for FERA in 2007 due to the small number of enrollments and discounts.

²424 CARE Post-Enrollment Verification requests were approved for FERA.

V. PROGRAM MANAGEMENT

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

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

This change allowed FERA to expand its outreach to include additional bill inserts and direct mails at no additional cost to the program.