

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

**JANUARY 1, 2005 - DECEMBER 31, 2005**

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## CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE)

### CARE Residential Program

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This section describes individual and sub-metered participants (tenants of qualifying master-meter customers) for the 2005 program reporting period.

#### I. PARTICIPANT INFORMATION

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

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

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

During the 2005 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 1<sup>st</sup> periods, were derived.*

For the 2005 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).<sup>1</sup> 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 sub-metered 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 CARE are removed from the pool of technically eligible meters. For each

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<sup>1</sup> 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.

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 and 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 2005 penetration rates reported in monthly reports used demographic eligibility rates that were submitted to the Commission on October 14, 2005.

D.05-10-044 mandated that eligibility criteria for CARE and LIEE be changed from 175% of Federal Poverty Guidelines (FPG) (and 200% for LIEE seniors and disabled) to 200% of FPG for all residential customers. This became effective immediately. Since D.05-10-044 was adopted on October 27, 2005, PG&E updated the monthly reporting tables to reflect this change in its December 21, 2005 LIEE/CARE monthly report showing November 2005 results. As a result of this demographic adjustment, the estimated CARE and LIEE-eligible population in PG&E's service area have both increased. PG&E's CARE and LIEE penetration rates have decreased and are thus not comparable to penetration rates reported before November 2005.

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

Attachments A and B describe the Joint Utility methodology for calculating CARE penetration (filed in February 2002 for the Workshop on Penetration Rates for CARE and ULTS Programs) and the Joint Utility CARE eligibility update (filed on October 15, 2004 and updated December 28, 2004 in compliance with the directives of Interim 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).

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

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

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

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

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

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

See Table 2.1 through 2.4.

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

Electric-only estimated eligible:	435,236
Gas-only estimated eligible:	263,787
Combined electric/gas estimated eligible:	<u>837,122</u>
Total CARE eligibility:	1,536,145

PG&E updated the CARE-eligibility demographics on November 1, 2005. All CARE eligibility estimates are based on 200% of the Federal Poverty Level.

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

Applying current eligibility estimates for the general population (29.17%), 30,403 electric and 24,402 gas sub-metered tenants are estimated to be eligible for CARE.

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

20,455 electric and 18,368 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 2005, 67% of the estimated CARE-eligible electric tenants and 75% of the estimated CARE-eligible gas tenants were signed up for CARE.

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

During the 2005 program year, PG&E continued its year-round recertification schedule for sub-metered tenants. One issue that continued to be a problem was insufficient discount information provided on the tenant's bill from the facility manager's billing agency. For example, the sub-metered facility may not display the CARE discount as a separate line item, making it difficult for the tenant to verify that they 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 (Commission).

Another issue in 2005 was managers who are concerned that their tenants who are enrolled in the CARE program use more energy than average, resulting in the master-metered customer having to give the tenant more of a discount than the master-metered customer is receiving to "pass-through" to the tenant from PG&E. Currently, if the PG&E customer--the sub-metered manager--is not satisfied, PG&E advises the customer to contact the Commission.

## **II. USAGE AND BILL INFORMATION**

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

See Table 3.

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

See Table 4.

### III. PROGRAM COSTS

***A. Discount Cost***

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

Electric: \$22.90

Gas: \$8.47

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

Electric: \$221,153,243

Gas: \$72,771,432

Total: \$293,924,675

***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), 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, 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

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

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

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

See Tables 6a and 6b.

## IV. OUTREACH

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

Beginning in 2001, PG&E clearly defined its CARE-eligible households so that it could develop a targeted outreach and education plan. PG&E learned that



CARE-eligible customers fall into the following demographic groups:

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

Because of the tremendous geographic and ethnic diversity of the target community, PG&E realized its CARE enrollment would be greatly enhanced by launching an integrated communications and outreach effort. PG&E developed and implemented a CARE Outreach and Education Campaign in 2001-2002. PG&E continued and expanded this campaign in 2005, using the following approaches:

1. A marketing 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 such as Community Outreach Contractors (COCs); and
3. A program of grassroots paid media placements targeting low and fixed income households.

## **2005 CARE Outreach Campaign Activity Highlights**

The CARE outreach campaign was successfully launched and consisted of a multitude of activities. These activities included community outreach, grassroots media, direct mail and partnerships with government agencies, COCs and faith-based organizations (FBOs). Successful relationships with all of these organizations greatly assisted in the enrollment of CARE-eligible, but non-enrolled customers.

The campaign also included key media, retail companies, charitable organizations and government agencies serving targeted counties and communities.

Direct mail has developed into one of the primary means of reaching the target audience. This method allows CARE to reach customers in their own homes and in their native languages, thus breaking down barriers to communication. The direct mail campaign is highly effective in targeting the audience and reducing costs by communicating only with eligible customers.

Listed below are the highlights of the 2005 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.

In 2004, a partnership with the Ninth District, Northern California Region of the Christian Methodist Episcopal Church (CME) was established. PG&E continued ties with the presiding prelate of the Ninth District and his administrative staff who have the infrastructure to distribute CARE applications to income-eligible African American customers. In 2005, that relationship was nurtured and expanded which led to an increased number of completed CARE applications by eligible African American customers. PG&E built upon the awareness created in the previous year by the CME CARE coordinators to broaden the number of CARE advocates within the CME Northern California Alliance of ministers. This awareness enabled participation among other church denominations to increase the number of CARE applications that are distributed and completed.

This successful partnership was duplicated with the Fifth District, Northern California Conference of the African Methodist Episcopal Church (AME). This relationship led to an increased number of completed CARE applications by eligible African American customers. In support of the AME partnership, PG&E developed and distributed a press release.

PG&E participated in a variety of African American events which made it possible to distribute applications and collateral materials directly to members of the target audience. These events included: Bayview Hunters Point, Juneteenth, Black Expo, Baptist Church Day, Art and Soul Festival, AME Church presentation, Grace Community Church Family Day, Hoop There It Is, Basketball Tournament and Bayview Unity Day.

Targeted media relations were an essential part of the African American program. PG&E utilized media to cultivate opportunities that would lead to an increased number of completed applications. News releases were distributed and placement was secured through radio stations and newspapers. PG&E's external agency developed and produced a testimonial vignette targeted to African American radio listeners. The objective of the vignette was to drive traffic to CARE church partner locations, compel income-eligible customers to request and complete applications and support door hanger application distribution. These door hanger applications targeted zip codes with the highest density of eligible African Americans. Also, a gospel show dedicated to promoting the CARE program aired among African American viewers in the Bay Area.

### **Asian American Program**

The Asian American community is extremely diverse, 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. CARE developed several programs throughout the campaign to reach these markets. The Chinese and Vietnamese communities were established as the primary target markets. The Korean, Cambodian, Lao, Hmong, Mien and Filipino communities were established as secondary target markets. Senior citizens also were targeted within these communities.

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

PG&E participated in a variety of Asian events which made it possible to distribute applications and collateral materials directly to members of the target audience. These events included: the Vietnamese Tet Festival, Vietnamese Spring Festival and Parade, Chinese New Year, Kimochi Spirit Awards and Dragonboat races. CARE booths were set up and CARE applications and collateral materials were distributed to attendees.

Partnerships with key Asian Pacific Islander (API) organizations were developed and implemented. Working together with these groups has proven effective in reaching out to these low-income community members because these organizations serve as their home away from home. The CARE program

capitalized on this opportunity to execute innovative outreach and enrollment activities.

The CARE program implemented a direct mail piece that communicated with Vietnamese-speaking eligible customers in their homes thereby reducing barriers of accessibility to enrollment information. PG&E worked with a database vendor to develop a list of prospective Vietnamese CARE enrollees in Alameda, Sacramento, San Joaquin, Contra Costa, San Francisco, Sonoma, Fresno, Stanislaus, Kern, Santa Barbara, San Luis Obispo and Santa Clara counties. All these counties have a significant number of Vietnamese residents. Using income as a parameter (households earning less than \$30,000 per year), information from PG&E's customer information system was merged with the purchased list. As a result, current Vietnamese CARE-enrolled customers from the aforementioned counties were removed from the mail file thus reducing duplication rates.

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 through radio stations and newspapers.

### **Bill Inserts**

A bill insert consisting of a miniature CARE application was utilized in the March, June, October, November and December billing cycles. It included postage paid return mailing and was in multiple languages. The bill insert presented CARE information in a concise way and allowed the customer to fill out a condensed version of the application. The bill inserts in March, October and December were in English and Spanish. The June and November bill inserts were in English and Chinese. This initiative was an efficient outreach tool because of its ability to reach every PG&E customer who is not already on CARE.

### **Business Partners**

A Business Partners campaign continued with the involvement of organizations and businesses in enrolling potential CARE customers. These partners were selected primarily on the basis of their low income customer bases targeting Hispanic, African American, Asian American and other income-eligible PG&E customers. The object of the campaign was to reach those customers both at the mainstream and grassroots levels, ensuring numerous touch points with potential CARE enrollees.

PG&E contacted all businesses and organizations that participated in the business partnership in 2004. A total of 144 partners were secured in the top 10 counties in PG&E's service area. PG&E's partners included retail stores, ethnic restaurants, hospitals, charitable organizations, banks, pharmacies, bookstores and cash advance locations throughout Northern California. Applications and

collateral materials, such as CARE brochures and brochure holders were mailed to these organizations for display.

### **Community Outreach Contractors**

The CARE team recruited and contracted with a diverse group of community-based organizations already recognized and trusted by their constituents. More than 50 organizations representing a wide array of communities (e.g., Native American, seniors, disabled, Hispanic, Lao) signed on to promote CARE throughout 2005. These COCs were trained to educate consumers about CARE in their own languages. Some COCs also supported other PG&E low-income energy programs.

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

A mid-year incentive was offered as a token of appreciation for any COC who completed 50% of their stated goal by the middle of the year. CARE also hosted the Fourth Annual CARE Community Outreach Contractor Awards and Recognition Luncheon in appreciation of the COCs' efforts. Every organization received a certificate of appreciation and several organizations were individually recognized for their enrollment efforts and overall contributions to the campaign. CARE began an effort to expand the number of community outreach contractors and aims to have 100 COCs onboard in 2006. This effort includes a partnership with the Neighborhood Payment Center Team which is currently in the process of recruiting organizations to become payment centers. On multiple occasions, Neighborhood Payment Centers were used to help present CARE to interested parties.

### **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. Current CARE enrolled customers were removed from the mail files thus lowering duplication rates. CARE orchestrated the following direct mail projects:

Piggybank direct mail – PG&E purchased a list comprised of prospective customers who are not already in the program. A colorful and eye-catching direct mail piece was distributed throughout the top 10 target counties within

PG&E's service area. The piggybank design on the front page of the piece represented the potential savings of being on CARE.

Cordaptix direct mail – PG&E utilized data from its customer information system to send a direct mail piece to prospective customers. The customer data retrieved included those customers who are on medical baseline or life support and were not already on the CARE program. Also included were customers who had received a 48-hour notice or had been required to submit a credit deposit. This was a successful mailing generating high levels of customer response. This initiative proved to be cost-effective due to the savings obtained by utilizing data that was already available.

Admail West direct mail – A targeted list of customers was purchased containing information specific to CARE criteria. These criteria included income levels, household size and geographic location. The list was merged with PG&E's customer information system to exclude current CARE customers. An informative letter with an application was mailed directly to the customers' homes. The success of this mailing inspired a second phase which was implemented at the end of the year.

Vietnamese direct mail – PG&E worked with a database vendor to develop a list of prospective Vietnamese CARE enrollees in Alameda, Sacramento, San Joaquin, Contra Costa, San Francisco, Sonoma, Fresno, Stanislaus, Kern, Santa Barbara, San Luis Obispo and Santa Clara counties. All of these counties have a significant number of Vietnamese residents. Using income as a parameter (\$30,000/household/year), information from PG&E's customer information system was merged with the purchased list.

*Pennysaver* direct mail – PG&E purchased ad space in the *Pennysaver* direct mail coupon book. *Pennysaver* has an already established distribution channel which is segmented by various criteria. *Pennysaver* directly targets PG&E customers across the service area by income and number of households. *Pennysaver* reaches over a million customers weekly. A cut-out application was printed in the book, and a mini application was also periodically inserted.

Recertification direct mail – CARE developed a list of previous CARE customers who had failed to recertify in the past year. A letter and application were sent to these customers, asking them to reapply for the program.

Refer-a-Friend direct mail – CARE customers can be PG&E's primary advocates in enrolling new customers. Current CARE customers know first-hand the benefits and savings of being on the program. For that reason PG&E sent a letter and an application to all CARE customers asking for assistance in passing on the application to a friend or relative who may be eligible. This initiative effectively provided CARE customers with an opportunity to share the benefits of the program with other customers who may qualify.

Door Hanger direct mail – A customer list determined by household income was purchased by PG&E. An informative letter and a door hanger application were then mailed to this targeted audience.

A&N direct mail – PG&E continued to leverage its customer information system by retrieving customer data with a specific code. These customers had previously requested an application or inquired about the program. PG&E sent a direct mail piece with a CARE letter and an application asking them to reapply.

Nonprofit direct mail – A targeted list of nonprofit organizations was purchased containing information specific to CARE criteria. This list was merged with PG&E's nonprofit database to exclude all organizations currently enrolled in CARE. An informative letter with an application was mailed directly to non-enrolled organizations.

Welcome Packets – CARE coordinates with its Customer Service Department to insert a mini application into the welcome packets which are distributed to all new PG&E customers. This has proven to be a highly effective method of not only educating new customers about CARE but also about other free services provided.

Hispanic direct mail - An English/Spanish direct mail piece was created to increase enrollment and to support the October bill insert. The mail piece allowed the program to be communicated to eligible but un-enrolled households in Hispanic low-income areas. Target households were chosen based on a purchased list which was merged with PG&E's customer information system.

### **Employee Involvement**

Employee Involvement Month was a significant outreach method utilized by the CARE program. Throughout June, CARE executed a variety of activities that served to increase awareness and boost employee involvement in enrolling eligible customers. The CARE Team asked employees to pass on an application to a friend or family member who may be eligible for the program. Applications were inserted into all employee paychecks. CARE representatives distributed applications in the lobby of PG&E headquarters for one hour daily throughout the month. Employee Involvement Month was featured in PG&E's internal newsletter generating additional awareness for the campaign. PG&E employees have become dedicated advocates of the CARE program as a result of this initiative.

### **Enrollment Events**

One of the most effective ways to break down barriers, engage community leaders and build trust in communities is through community events. The CARE Team participated in 90 multicultural events bringing a face and personality to the CARE program. These events provided an opportunity for the

CARE staff to distribute collateral materials and hold face-to-face conversations with customers. In many cases, staff members aided customers in completing applications on site. These events allowed CARE to partner with community outreach contractors to rally further support for the program. CARE also utilized events as opportunities to meet and network with organizations with similar goals and needs.

Several segments of the target audience were reached through these events. CARE events were often 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 to external agencies 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 watched by the target audiences. Community outreach was also a key to the campaign

An English/Spanish CARE direct mail piece was created to increase enrollments. The mail piece allowed the program to be communicated to eligible but un-enrolled households in Hispanic low-income areas. Target households were chosen based on a purchased list which was merged with PG&E's customer information system.

An English/Spanish door hanger was distributed in the top 10 target counties to assist in increasing enrollment. Door-to-door delivery of the door hanger is an effective way of reaching eligible customers as they present a direct opportunity for reaching potential new enrollees. The door hangers were delivered to prospective households using zip code analysis.

A public service announcement (PSA) was produced and distributed in Spanish to local radio and television stations to promote special CARE events, bill inserts and CARE income guideline changes.

PG&E participated in a variety of Hispanic events which made it possible to distribute applications and collateral materials directly to members of the target audience. These events included: Mariachi Festival, Festival de la Familia, Cinco de Mayo, League of United Latin American Citizens (LULAC) State Convention, Central Latino Senior Rally, Carnival, Tamale Festival, Viva Mexico, Hispanic Heritage Festival, Mobil Consul of Guatemala, Mexican Independence Celebration, and the 24<sup>th</sup> Annual Migrant Parent Conference.

### **Kiosk**

Self-service drop-box kiosks have been operating in a number of PG&E local offices since 2004 and continue to be utilized to assist in generating new



enrollments. Kiosks have become an extremely effective outreach tool. They include an application holder as well as a slot where the customer can deposit the completed application. Each kiosk comes with a lock and key in order to help maintain security and confidentiality. These kiosks allow customers to enroll themselves in CARE while waiting in line to pay their bills. Midyear, CARE expanded the initiative to include placement of kiosks in all local offices that had sufficient space.

### **Leveraging**

CARE is leveraged with its low-income sister programs, FERA and Energy Partners (PG&E's Low Income Energy Efficiency (LIEE) Program), in order to generate enrollments. As the income guidelines changed in November, Energy Partners' senior and disabled customers were automatically enrolled in CARE. Customers that applied for FERA, but now qualify for CARE, were automatically enrolled in CARE.

Also, PG&E established a data exchange program with two of the other major California utility companies, Southern California Edison Company and Southern California Gas Company. By sharing customer data, PG&E was able to enroll qualifying customers onto CARE and vice versa.

### **Media Relations**

Media relations are an important component of any effective communications program. News media provide 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, bill inserts and other activities, targeted media relations noticeably enhance the impact of the overall campaign.

Media relations targeted sources including Hispanic, African American, and Asian Pacific Islander media, which promoted enrollment drives, announced new income guidelines and promoted bill inserts. Media coverage had a direct and measurable impact on customer calls to the CARE toll-free line.

PG&E developed a Hispanic CARE Video News Release (VNR) for mass distribution to news departments in support of the October bill insert. This Spanish-language VNR delivered another layer of communication and provided the opportunity to visualize different demographic types of CARE-enrolled customers as well as provided testimonials of CARE savings.

### **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 application 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 CARE

program also utilized a bilingual door hanger application. Bilingual posters were distributed to various organizations and are a great tool to share information about the program. Collateral material giveaway items such as pens, coin zip purses, pill boxes and first aid kits were distributed to potential customers at multicultural events. All items contain the CARE tagline (“Save 20% on your PG&E bill”), a call to action and the CARE toll-free telephone number.

### **Multilingual Toll-Free Line**

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

A dedicated toll-free line featuring recorded information about CARE achieves both these goals. The line is recorded in five languages: Cantonese, English, Mandarin, Spanish and Vietnamese, and is accessible 24-hours a day from anywhere in the PG&E service area.

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 about monthly CARE enrollment events and re-certification procedures.

### **Paid Media**

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

PG&E developed and implemented media to support the CARE October bill insert. Paid television was utilized in order to reach the Hispanic population more effectively and broadly. The use of Hispanic TV helped to extend the CARE message to eligible customers who may have been missed through other efforts in the past. This Hispanic TV initiative ran in the San Francisco-Oakland-San Jose, Sacramento and Fresno-Visalia markets. Additionally, Bakersfield and St. Luis Obispo continued to be supported by radio.

Also, two CARE commercial campaigns were broadcast in the greater Bay Area on two major networks: CBS and UPN. The first campaign was developed to heighten the awareness of the CARE program by making CARE information and applications more accessible to viewers. Several commercials included a testimonial by a CARE customer who related her experiences with the program. The second campaign was developed to promote the Community Outreach Contractor program and to recruit qualified community-based organizations.

## **Partnerships**

A variety of partnerships was developed and nurtured throughout the year. These partnerships allowed PG&E to raise awareness of the program among the partnering organizations' clientele. This joint venture helped expand communication channels by utilizing information from the database of partnering organizations to communicate to potential CARE customers. CARE partnered with organizations such as the Department of Housing and Urban Development (HUD) to recruit public housing authorities and educate them about CARE. Working together with public housing authorities, CARE commenced a direct mail initiative targeting tenants of these housing authorities. This successful initiative not only generated new enrollments but heightened the interest of other public housing authorities also interested in becoming advocates of the program.

PG&E also partnered with a variety of other public assistance organizations, such as the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), health and human service organizations, food banks and the City and County of San Francisco Welfare Department. In some cases, applications were mailed to customers utilizing the organization's database. In other cases, applications were mailed to the key contacts at each of these organizations and were then distributed to their clientele.

PG&E reached out to the "working poor" via an avenue that exists within the context of their daily lives - their employers. This was accomplished by establishing partnerships with blue-collar companies in order to insert mini applications into the paychecks of their employees.

## **Phone Enrollment**

As a result of the natural gas increase during the 2005-2006 winter season, PG&E established a proactive phone campaign to enroll new customers. This campaign began on November 1, 2005 and will last through April 30, 2006. It consists of CARE representatives placing phone calls to customers who have previously requested an application which was never submitted. Eligible customers are enrolled by phone and are asked to mail in a completed application.

## **Public Affairs**

Respected third parties throughout PG&E's service area agreed to endorse CARE. Opinion leaders from various communities who endorsed CARE include: elected officials, school officials and religious leaders, among others.

## **Recertification Efforts**

All customers are required to recertify for CARE every two years except sub-metered customers who are required to recertify every year. Multiple

approaches were utilized in order to reach a higher recertification retention rate. A recertification reminder was posted on PG&E bills quarterly. A reminder letter was mailed to customers 30 days prior to the expiration of their CARE discount. An automated phone call served as another reminder to recertify. These efforts allowed CARE to retain 80% of customers requiring recertification.

## **Research**

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

## **Rural Outreach**

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

Based on external research, 100% of welfare recipients qualify for the CARE program. Our past experience shows that most people seeking aid go through at least one branch of the welfare system at some point. This outreach had two facets: mini applications were mailed to welfare clients and brochures were made available in welfare agency offices, giving clients many opportunities to apply.

PG&E reached out to blue-collar workers via avenues that exist within the context of their daily lives, such as interaction with their children's daycare providers. In some cases, low to moderate income families are households where one or both parents work outside the home, and children are placed in daycare facilities. The majority of daycare providers work with income-subsidized families. PG&E sent brochures to these registered facilities for distribution to each household. This initiative served to raise awareness and increase enrollment of hard-to-reach, eligible customers. In the process, beneficial relationships with key staff in daycare facilities were formed.

It is PG&E's goal to reach low income areas in several target rural counties. Through initial research, PG&E concluded that it is possible to determine isolated target areas via county assessors' offices. Once target areas were determined, mailings were implemented to corresponding postal carrier routes, rural routes, post office boxes, and neighborhoods. The mailings consisted of an attractive direct mail with a brochure application stapled inside.

Through external research, PG&E found that low-income neighborhoods have a higher concentration of payday loan establishments per capita than moderate to high-income neighborhoods. Additional research showed that these low-income neighborhoods have a high concentration of minorities. A payday loan establishment initiative was implemented in order to reach customers in targeted rural counties.

As part of PG&E's rural outreach campaign, CARE implemented a fast-food restaurant initiative. Through external research PG&E found that low-income neighborhoods have a higher concentration of fast-food restaurants per capita than moderate to high-income neighborhoods. Additional research shows that these low-income neighborhoods have a high concentration of minorities. For that reason, a well-designed tray liner and take-out bag with attached CARE applications were produced. PG&E distributed CARE tray liners and take-out bags directly to Burger King, McDonalds, and Pizza Hut in Shasta, Tehama, Colusa, Glenn, Butte, Sutter and Yuba counties.

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

### **Senior and Disabled Outreach**

CARE conducted outreach efforts targeted at income-eligible seniors and disabled customers. CARE attended senior/disabled events and distributed applications and collateral materials. For example, events called "CARE Days" were held in selected rural counties. These events included pre-event publicity by way of posters and flyers. A booth was set up on the day of the event and was staffed by CARE representatives to assist seniors with signing up. CARE also created strategic partnerships with key organizations serving the senior and disabled population.

A large print application was developed by an external agency to assist seniors in reading the information necessary to fill out the application. This application was piloted in the In-Home Support Services newsletter which has a predominantly senior audience.

CARE outreach to seniors traditionally comes with several challenges. In some cases, seniors may feel that the CARE discount is a handout. CARE outreach to seniors intends to overcome these misconceptions and to help them understand that the CARE program is a benefit that they have earned and deserve for the hard work they did throughout their lives.

### **Web**

PG&E continued to use its 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. A detailed review and enhancement of the Web site was conducted to help streamline the flow of information to the customer thus making the Web site more user-friendly. Feedback from users of the Web site as well as outreach partners continues to allow for improvement of the site in 2006.

## **Other CARE Outreach Activities**

Attachments C and D detail PG&E's outreach and media activities during 2005.

### ***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. In 2005, direct mail initiatives proved to be the most effective method of reaching out to these customers. The direct mail pieces communicated with eligible customers in their homes thereby reducing barriers of accessibility to enrollment information.

The largest measurement of the outreach campaign's success is the change in PG&E's CARE net enrollment. The year started with 903,217 CARE customers and ended with 1,040,986, a net increase of 137,769 customers.

The success of the 2005 CARE outreach campaign cannot be attributed to direct mail alone. The campaign was successful due to the number and variety of the following outreach initiatives:

- PG&E recruited and contracted with 61 community-based organizations to outreach to a variety of communities throughout its service area. These contractors, or COCs, serve a multitude of minority communities including: African American, Hispanic, Asian /Pacific Islander (e.g., Chinese, Vietnamese, Laotian, Hmong), senior citizens, rural communities, Native Americans and farm workers. PG&E supports the COCs, through a variety of channels: a monthly newsletter, a toll-free phone and fax line, an email address, quarterly regional meetings, site visits and training sessions, partnered enrollment events and an "Enrollment Tips" booklet. This support has enhanced PG&E's relationship with the COCs generating 13,803 new enrollments. Due to the success of the COC partnership, PG&E is expanding its number of COCs from 53 to 100. To aid with this expansion, CARE has partnered with PG&E's Neighborhood Payment Center Team and Governmental Relations Department.

- PG&E continued to utilize a direct mail piece consisting of a bill insert application that was mailed to over 4 million customers:
  - The March insert was in English and Spanish generating 23,616 new enrollments.
  - The June insert was in English and Chinese generating 11,007 new enrollments.
  - The October insert was in English and Spanish. A Hispanic media campaign consisting of Spanish television and radio aired to support the insert. The October bill insert generated 20,851 new enrollments.
  - The November insert was in English and Chinese, generating 6,267 new enrollments.
  - The December insert was in English and Spanish, generating 7,192 new enrollments.
- PG&E created a piggybank direct mail piece sent to targeted zip codes generating 2,228 CARE enrollments.
- PG&E distributed a door hanger direct mail piece sent to targeted zip codes generating 2,271 CARE enrollments.
- CARE leveraged with its low-income sister programs, Family Electric Rate Assistance (FERA) and Energy Partners, generating 7,794 CARE enrollments from FERA and 20,015 CARE enrollments from Energy Partners.
- June was declared Employee Involvement Month. CARE organized a variety of activities that served to increase awareness and boost employee involvement generating 512 CARE enrollments.
- PG&E continued to use its utility Web site to promote the CARE program. Each application is coded and posted in-language in a format that allows easy download, generating 11,500 CARE enrollments.
- CARE brochures are bilingual and come in three versions: English/Spanish, English/Chinese and English/Vietnamese. These colorful and eye-catching brochures were distributed generating 7,173 CARE enrollments.
- PG&E established partnerships with various public assistance organizations generating 1,552 CARE enrollments. PG&E also partnered with HUD generating 6,987 CARE enrollments.

- PG&E established partnerships with McDonalds and Burger King Restaurants in rural areas to distribute CARE take-out bags and tray liners with a CARE application generating 681 CARE enrollments.
- PG&E partnered with Adult and Family Services to distribute mini CARE applications and brochures to clients who receive food stamps generating 7,338 CARE enrollments.
- PG&E partnered with blue-collar organizations such as ABM Security, WSB Security and Able Janitorial to send out CARE applications to their employees generating 68 CARE enrollments.
- The CARE Kiosk allowed customers to enroll themselves at the local office generating 14,416 CARE enrollments.
- An RAF (Refer a Friend) direct mail piece was mailed to all CARE customers asking them to give an application to a friend or family member who may qualify for CARE. This effort generated 12,846 new enrollments.
- A CARE direct mail piece was published in the *Pennysaver* newspaper generating 8,607 CARE enrollments.
- PG&E utilized CARE Point of Service (POS) boxes. These POS boxes are placed with: Community Outreach Contractors, HUD and public assistance organizations and at PG&E paystations. The POS box generated 1,452 CARE enrollments.
- The Admail West direct mail piece was mailed to a targeted list of customers from a purchased database. This initiative was implemented at the end of August and again in November, generating 18,697 CARE enrollments.
- PG&E utilized data from its customer information system to send out a targeted direct mail piece to 688,768 customers (Medical Baseline, Life Support, 48-hours notice and credit deposit). This initiative generated 36,836 CARE enrollments.
- A door hanger application was distributed among predominantly Hispanic neighborhoods generating 536 CARE enrollments.
- The recertification direct mail initiative was mailed to customers who had failed to recertify for the CARE program, generating 12,260 CARE enrollments.
- A partnership with the Christian Methodist Episcopal and the African Methodist Episcopal churches was formed in order to



disseminate CARE information and applications to parishioners. This initiative generated 57 CARE enrollments.

- A Hispanic direct mail piece was sent to targeted zip codes generating 4,411 CARE enrollments.
- A Vietnamese direct mail piece was sent to targeted households generating 460 CARE enrollments.
- A mini application was inserted into the Welcome Packets distributed to all new PG&E customers generating 2,425 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 the 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 service area, it is the many rural miles between these urban centers that cause the most problem in reaching customers. CARE has made a concerted effort to find and retain rural 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. CARE contracted with a number of consultants, who helped CARE to include appropriate ethnic and cultural context in advertising and assistance messages throughout its 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 ways 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 location of its service area. PG&E implemented automatic enrollment agreements with Southern California Gas and Southern California Edison to regularly exchange listings of enrolled CARE customers that are identified in the shared service areas. Through these exchanges, PG&E was able to enroll almost 5,000 customers in the CARE program in 2005. PG&E plans to continue exchanging CARE customer listings with these utilities.

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

The entire database of participating CARE customer contact information is uploaded for distribution to PG&E's Low Income Energy Efficiency (LIEE) Program providers quarterly to use for their outreach.

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

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 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 its applications. Each application that is delivered to a customer provides a brief description of other assistance programs available and contact numbers.

Also, as part of PG&E's Customer Service Call Center, customer service representatives are instructed to provide information on the federally funded, state administered Home Energy Assistance Program (HEAP) Program, should a customer contact PG&E regarding any other PG&E payment assistance program (including CARE, REACH, Third Party Notification, Balanced Payment Plan, Automatic Payment Service, FERA, Medical Baseline 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 July 2005, PG&E received a listing of California Department of Community Services and Development (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, over 3,000 PG&E 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.

- 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.

PG&E implemented a new system for electronically scanning and archiving all certified applications for the CARE program. Certified applications are scanned on a daily basis and uploaded to a digital library in the Electronic Document Management System on the PG&E Intranet. Authorized CARE program employees are then able to perform an online search based on the customer's PG&E account number in order to locate the electronic image of the application for reference. The implementation of this system has greatly reduced the time necessary to locate a customer application, resulting in improved customer satisfaction with the CARE program. With the CARE program processing hundreds of thousands of applications on an annual basis, the new system is more efficient and less prone to human error, reducing the possibility of misfiled applications.

PG&E also continued to make improvements in the tracking and analysis of individual CARE outreach initiatives. New procedures were implemented, using the recently added source codes on all CARE outreach applications, for tracking each application type from the point that it is received, and classifying the application as a new enrollment, recertification, or duplicate. This analysis is now available on a monthly and year-to-date basis, and is instrumental in determining the cost-effectiveness and success of each outreach initiative.

A variety of new methods served to improve outreach and enrollment services to non-participating households. Direct mail procedures were improved as potential CARE customer lists were merged with data from PG&E's customer information system. Current customers were removed from the mail files thereby reducing duplication rates and increasing cost-effectiveness. This enhanced method of creating and sorting the customer mailing lists has become the standard.

The following direct mail initiatives were implemented to improve outreach and enrollment services:

- Admail West direct mail: Purchased a list of customers who fit CARE criteria, including income levels, household size and geographic location.
- Refer-a-Friend direct mail: Corresponded with current CARE customers inviting them to pass on an application to an eligible friend or relative.
- Cordaptix direct mail: Data from PG&E's customer information system was utilized. The data retrieved included customers who were on medical baseline and life support, as well as those who had received a 48-hour notice or had been required to submit a credit deposit.
- A&N direct mail: Corresponded with customers who had previously requested an application or inquired about the program.

- *Pennysaver* direct mail: Purchased ad space in the *Pennysaver* coupon book and inserted a mini application which directly targets customers by income and zip code.
- HUD direct mail: Partnered with the Department of Housing and Urban Development to implement a direct mail initiative targeting tenants of public housing authorities.

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

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

CARE participated in 90 multicultural events bringing a face and personality to the program. CARE also utilized events as opportunities to network with organizations with similar needs.

Due to the 2005-2006 winter gas crisis, CARE conducted a phone enrollment campaign. CARE representatives placed phone calls to customers who had previously requested an application but did not return it. Eligible customers were enrolled by phone and asked to mail in a completed application.

A large print CARE application was developed in order to assist seniors in reading the information necessary to complete the application. This application was piloted in the In-Home Support Services newsletter which has a predominantly senior audience.

New avenues were employed to reach the rural population. PG&E sent CARE applications to registered daycare providers and payday loan establishments. Tray liners and take-out bags with attached CARE applications were produced and distributed to Burger King, McDonalds and Pizza Hut restaurants. Information from the county assessors' offices was utilized to send a direct mail piece to customers living in rural postal carrier routes, counties, and post office boxes.

For details of these successful new initiatives, please see the "2005 CARE Outreach Campaign Activity Highlights" portion of the annual report.

## V. PROCESSING CARE APPLICATIONS

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

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

See Table 7.

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

See Table 8.

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

See Table 9.

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

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

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

**B. Processing Random Post-Enrollment Verification Applications**

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

See Table 9.

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

See Table 10.

**C. Describe any contracts the utility has with third parties to conduct certification, recertification and/or verification on the utility's behalf.**

***Describe how these third-party efforts compare to the utility's efforts in comparable customer segments, such as hard-to-reach or under-served. Include comparisons of effectiveness and cost-effectiveness of comparable customer segments, if available.***

PG&E had no third party contractors performing these duties in 2005. 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 executed a program management change in its outreach campaign. Previously, PG&E had an external marketing agency develop and execute the general market CARE outreach initiatives and manage the Hispanic, Asian and African American CARE outreach initiatives. In 2005, the CARE program outreach team assumed these responsibilities and internally developed, managed and executed those same target markets, saving the CARE program \$700,000 which was in turn used for additional outreach initiatives.

Also, due to the 2005-2006 winter gas crisis and Commission D.05-10-044, CARE's income guidelines increased from 175% to 200% of the Federal Poverty Guidelines. PG&E planned and executed a winter relief enrollment campaign on November 1, 2005, enrolling 43,137 customers by end-of-year. This success was accomplished through phone enrollment, recertification and post-verification postponement, automatic enrollment of LIEE senior and disabled customers, and direct mail to current and new residential customers.

## CARE Expansion Program

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

### 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 49,028 tenants residing within facilities receiving the CARE discount by December 31, 2005. 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: \$260

Gas: \$132



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

Electric: \$5,834    Gas: \$2,054

## IV. OUTREACH

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

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

PG&E purchased a list of nonprofit organizations from a third party vendor in order to conduct a direct mail initiative. The list contained two types of nonprofit organization information. The first list contained contact information for organizations that matched the criteria for the CARE nonprofit living facilities program. For these organizations, PG&E had confirmation of their 501(C)(3) status and verified that these nonprofits were eligible to receive CARE. The second list contained information about organizations that were not confirmed as being a 501(C)(3) status. The direct mail piece was mailed to this list informing these organizations of the CARE program and eligibility requirements. This direct mail initiative was highly effective in raising awareness of the CARE nonprofit living facilities program and assisted in a number of organizations enrolling in the program.

CARE participated in the 24<sup>th</sup> Annual Migrant Parents Conference. PG&E provided CARE information to family members living in or near agricultural facilities. The participation by PG&E was helpful in the dissemination of information to areas where the communication channel might not be as ample.

An article describing the CARE Agricultural Housing Facility Program and its eligibility requirements was published in the *Agsafe* newsletter. This newsletter is distributed to various agricultural housing facilities. The article contained a call to action asking facility managers to contact CARE for more information.

CARE continued to utilize the PG&E Web site as a useful source of information. As new applications and income guidelines became available, each expanded program application was made available in local offices and was also posted online in formats that allowed for easy download and printing. A *Frequently Asked Question* section accompanied each program area and links to other assistance programs were provided. Feedback from users of the Web site as well as outreach partners continues to allow for improvement of the site in 2006.

***B. Discuss each of the following:***

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

Nonprofit direct mail was one of the most effective methods for the CARE expansion program. PG&E collected and utilized databases containing nonprofit organization contacts in PG&E's service area that best fit the CARE expansion program guidelines. Moreover, word-of-mouth continues to be an effective way to enroll new organizations onto CARE.

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

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

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

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

- 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 some confusion over the eligibility criteria for the expanded programs. Often, customers do not understand the criteria to fulfill the eligibility for a Group Living Facility or Agricultural Employee Housing.

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

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

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

There is ongoing 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 nonprofit group living facility status, residential services must account for 70% of the facilities' energy usage and on-site social services must be provided to facility residents. In these cases, the qualifications are explained to the customer to help determine their eligibility.

For the agricultural housing program, there has also been a misbelief that if residential customers were actual farmworkers, they should enroll in the expanded program. Again, customers were informed that they were eligible for the residential programs and correctly enrolled at that time. For some time, the California OMS Migrant Farmworker Housing Centers could not qualify for CARE due to the 100% income eligibility requirements for all its residents. However, Assembly Bill (AB) 868 allowed the enrollment of all active state migrant farmworker housing centers into CARE on the basis that a large percentage of the residents were low-income. Therefore, more eligible agricultural housing facilities participated in CARE.

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

Due to several staff changes in this area, PG&E did not implement any new process improvements or outreach initiatives in 2005 but continued all of its successful initiatives from 2004.

## **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 2005. All of 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 executed a program management change in its outreach campaign. Previously, PG&E had an external marketing agency develop and execute the general market CARE outreach initiatives and manage the Hispanic, Asian and African American CARE outreach initiatives for the expanded program. In 2005, the CARE program outreach team assumed these responsibilities and internally developed, managed and executed the same target marketing, saving the CARE program \$700,000 which was in turn used for additional outreach initiatives.

Another event that significantly affected the program was AB 868. It allowed all California Migrant Farmworker Housing Centers (operated by the Office of Migrant Services) to be placed on CARE. Prior to this, many of the Migrant Farmworker Housing Centers did not qualify due to the 100% income eligibility rule. In AB 868, the state recognized that many of the families were low-income. The passage of AB 868 prompted PG&E to build a stronger relationship with the Office of Migrant Services and to enroll all 22 active facilities in PG&E's service area. The Office of Migrant Services provided PG&E with the necessary data to assess CARE enrollment.

Also, due to the 2005-2006 winter gas crisis and D.05-10-044, CARE's income guidelines increased from 175% to 200% of the Federal Poverty Guidelines. PG&E planned and executed a winter relief enrollment campaign on November 1, 2005, enrolling 43,137 customers by end-of-year. This success was accomplished through phone enrollment, recertification and post-verification postponement, automatic enrollment of LIEE senior and disabled customers and direct mail to current and new residential customers.

## **Tables**

<b>TABLE 1</b>		
<b>RESIDENTIAL CARE PROGRAM</b>		
<b>Customers by Month<sup>1</sup></b>		
<b>2005</b>	<b>CARE Customers</b>	<b>Percentage Change</b>
January	903,619	0.04%
February	900,926	-0.30%
March	915,883	1.66%
April	929,243	1.46%
May	922,396	-0.74%
June	927,691	0.57%
July	931,058	0.36%
August	934,172	0.33%
September	954,218	2.15%
October	980,112	2.71%
November	1,010,746	3.13%
December	1,040,986	2.99%

1 Total individual and sub-metered.

<b>TABLE 2.1</b>			
<b>CARE RESIDENTIAL PENETRATION RATE</b>			
<b>Electric-Only Customers</b>			
<b>2005 Quarter Ending</b>	<b>CARE Residential Electric-Only Customers</b>	<b>CARE-Eligible Electric-Only Customers</b>	<b>CARE Electric- Only Customers Penetration Rate</b>
March 31	224,531	363,780	62%
June 30	227,801	363,780	63%
September 30	233,548	363,780	64%
December 31	249,305	435,236	57%

<b>TABLE 2.2</b>			
<b>CARE RESIDENTIAL PENETRATION RATE</b>			
<b>Gas-Only Customers</b>			
<b>2005 Quarter Ending</b>	<b>CARE Residential Gas-Only Customers</b>	<b>CARE-Eligible Gas-Only Customers</b>	<b>CARE Gas-Only Customer Penetration Rate</b>
March 31	134,693	216,085	62%
June 30	136,952	216,085	63%
September 30	141,348	216,085	65%
December 31	156,793	263,787	59%

<b>TABLE 2.3</b>			
<b>CARE RESIDENTIAL PENETRATION RATE</b>			
<b>Gas and Electric (Dual-Commodity) Customers</b>			
<b>2005 Quarter Ending</b>	<b>CARE Residential Dual-Commodity Customers</b>	<b>CARE-Eligible Dual-Commodity Customers</b>	<b>CARE Dual-Commodity Customer Penetration Rate</b>
March 31	556,659	704,013	79%
June 30	562,938	704,013	80%
September 30	579,322	704,013	82%
December 31	634,888	837,122	76%

<b>TABLE 2.4</b>			
<b>CARE RESIDENTIAL PENETRATION RATE</b>			
<b>Households</b>			
<b>2005 Quarter Ending</b>	<b>CARE Residential Households</b>	<b>CARE-Eligible Households</b>	<b>CARE Household Penetration Rate</b>
March 31	915,883	1,283,879	71%
June 30	927,691	1,283,879	72%
September 30	954,218	1,283,879	74%
December 31	1,040,986	1,536,146	68%

<b>TABLE 3</b>			
<b>AVERAGE MONTHLY GAS / ELECTRIC USAGE</b>			
<b>Residential Non-CARE vs. CARE Customers<sup>1</sup></b>			
<b>Customer</b>	<b>Gas Therms Tier 1</b>	<b>Gas Therms Tier 2</b>	<b>Total</b>
Non-CARE	28.4	10.0	38.4
CARE	26.6	7.5	34.1
<b>Customer</b>	<b>Electric KWh Tier 1</b>	<b>Electric KWh Tier 2</b>	<b>Total</b>
Non-CARE	337	232	569
CARE	347	163	510

1 Excludes master-meter usage.

<b>TABLE 4</b>		
<b>AVERAGE MONTHLY GAS / ELECTRIC BILL</b>		
<b>Residential Non-CARE vs. CARE Customers<sup>1</sup></b>		
<b>(Dollars per Customer)</b>		
<b>Customer</b>	<b>Gas</b>	<b>Electric</b>
Non-CARE	\$40.06	\$78.86
CARE	\$33.68	\$36.66

1 Excludes master-meter usage.



<b>Table 5A</b>			
<b>Standardized CARE Administrative Cost Reporting Categories</b>			
<b>2005 Cost in Dollars</b>			
	YTD Total		
	Electric	Gas	Combined
Outreach			
- Capitation Fees	109,551	58,989	168,540
- Other Outreach	3,226,402	1,737,293	4,963,695
- Mass Media Advertising	21,528	11,592	33,120
Total Outreach	3,357,481	1,807,874	5,165,355
Automatic Enrollment	6,866	3,697	10,563
Processing / Certification / Verification	1,090,323	587,097	1,677,420
Billing System / Programming	34,770	18,722	53,492
Pilots			
Outreach Pilot	0	0	0
- Pilot (B)	0	0	0
- Pilot (C )	0	0	0
Total Pilots	0	0	0
Regulatory Compliance	55,529	29,901	85,430
Other Administration	215,185	115,869	331,054
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	45,114	24,292	69,406
Total Oversight Costs	45,114	24,292	69,406
TOTAL PROGRAM COSTS	4,805,268	2,587,452	7,392,720
CARE Rate Discount	221,153,243	72,771,432	293,924,675
Service Establishment Charge Discount			
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	225,958,511	75,358,884	301,317,395

<b>Table 5B</b>	
<b>CARE Expansion Administrative Cost Reporting 2005 Annual Costs in Dollars</b>	
<b>Category</b>	<b>Expenditure</b>
<b>Outreach</b>	<b>\$6753</b>
<b>Regulatory Compliance</b>	<b>\$0</b>
<b>Processing/Certification/Verification</b>	<b>\$44,482</b>
<b>Billing System / Programming</b>	<b>\$455</b>
<b>General Administration</b>	<b>\$266</b>
<b>Measurement &amp; Evaluation</b>	<b>\$0</b>
<b>LIAB Funding</b>	<b>\$0</b>
<b>Energy Division Staff Funding</b>	<b>\$0</b>
<b>Total Programs Costs</b>	<b>\$51,956</b>

<b>TABLE 6A -ELECTRIC</b>					
<b>CARE SURCHARGE AND REVENUE COLLECTED BY CUSTOMER CLASS</b>					
<b>Customer Class</b>	<b>Average Monthly</b>		<b>CARE Surcharge as Percent of Bill</b>	<b>Total CARE Surcharge Revenue Collected</b>	<b>Percentage of CARE Surcharge Revenue Collected</b>
	<b>CARE Surcharge</b>	<b>Monthly Bill</b>			
Residential*	\$0.84	\$79.57	1.06%	\$36,099,956.68	33.80%
Commercial	\$7.33	\$671.42	1.09%	\$44,742,452.54	41.89%
Agricultural	\$5.49	\$467.04	1.18%	\$5,149,724.94	4.82%
Large/Indust	\$1,434.63	\$84,171.25	1.70%	\$20,818,710.57	19.49%

\* Excludes CARE customers

<b>TABLE 6B - GAS</b>					
<b>CARE SURCHARGE AND REVENUE COLLECTED BY CUSTOMER CLASS</b>					
<b>Customer Class</b>	<b>Average Monthly</b>		<b>CARE Surcharge as Percent of Bill</b>	<b>Total CARE Surcharge Revenue Collected</b>	<b>Percentage of CARE Surcharge Revenue Collected</b>
	<b>CARE Surcharge</b>	<b>Monthly Bill</b>			
Residential	\$0.67	\$40.06	1.7%	\$39,277,959.64	41.3%
Commercial	\$7.61	\$349.08	2.2%	\$19,436,847.55	20.4%
Industrial	\$4,724.65	\$10,924.24	43.2%	\$36,405,048.37	38.3%

**NOTES:**

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

TABLE 7					
CARE Community Outreach Project					
January 1, 2005 through December 31, 2005					
Entity	Total Received	Approved	Denied	Pending/ Never Completed	Duplicate
Airport Neighbors United	89	56	32	1	0
Amador-Tuolumne Community Action Agency	122	56	62	4	0
Area 12 Agency on Aging	104	35	67	2	0
<b>Asian Resources</b>	134	65	68	1	0
California Association of Area Agencies on Aging	1,680	610	1,054	16	0
California Human Development Corporation	162	83	79	0	28
CARECEN Family Services Program	101	61	40	0	7
Catholic Charities Diocese of Fresno	0	0	0	0	0
Center for Training and Careers	2	1	0	1	0
Central Coast Energy Services, Inc	1,011	412	593	6	0
Central Latino de San Francisco	38	11	26	1	0
Central Valley Opportunity Center	0	0	0	0	0
Centro Legal de la Raza, Inc	147	52	91	4	0
CET Santa Maria	12	5	7	0	0
Charles P. Foster Foundation	101	67	34	0	12
Child Care Links	14	4	9	1	0
Chinese Christian Herald Crusades	63	25	36	2	0
Christ Temple Community Church	63	13	50	0	0
Communication Services, LLC	851	418	415	18	115
Community Action Agency Butte Co.	0	0	0	0	0
Community Action Marin	522	310	205	7	28
Community Resource Project, Inc.	1,035	692	323	20	0
Disability Resource Agency for Independent Living	17	8	9	0	0
Elder Abuse Prevention	13	3	10	0	1
Energy Conservation Consultants, Inc.	16	13	3	0	5
Familia Unidas	162	94	67	1	0
Franklin McKinley Education Foundation	0	0	0	0	0
God Financial Plan, Inc.	195	88	106	1	0
Heavens Gate Employment of California	0	0	0	0	0
Heritage Institute for Family Advocacy	460	240	199	21	24
Hip Housing Human Investment Project, Inc.	0	0	0	0	0
Hispanic Chamber of Commerce of Sonoma County	3	3	0	0	0
Immigrant Resettlement and Cultural Center, Inc.	168	118	50	0	0
Indian Health Center of Santa Clara Valley	28	10	17	1	6
Korean American Community Services Inc.	11	8	3	0	0
La Luz Bilingual Center	14	7	7	0	0
Merced County Community Action Agency	94	62	30	2	0
Merced Lao Family Community Inc.	132	60	71	1	18
Monument Community Partnership Senior Action	0	0	0	0	0
North Coast Opportunities, Inc.	0	0	0	0	0
Oakland Citizens Committee for Urban Renewal (O.C.C.U.R.)	344	134	198	12	0
Partners for Peace	0	0	0	0	0
Plumas County Community Development Commission	16	9	6	1	5
Proteus Inc.	217	71	145	1	0
Redwood Community Action Agency	50	35	14	1	7
Regional Technical Training	0	0	0	0	0
RetroTech, Inc.	2,250	1,417	803	30	17
Rising Sun Energy Center	135	82	46	7	0
TABLE 7					

CARE Community Outreach Project					
January 1, 2005 through December 31, 2005					
Entity	Total Received	Approved	Denied	Pending/ Never Completed	Duplicate
Sacramento Lao Family Community	0	0	0	0	0
Salvation Army Golden State Divisional Headquarters	680	333	342	5	65
San Francisco / Sacramento district (AMEC)	0	0	0	0	0
San Francisco Community Power Cooperative	95	12	83	0	0
Scotts Valley Band of Pomo Indians	1	1	0	0	0
Second Harvest Food Bank of Santa Cruz and San Benito Counties	0	0	0	0	0
Shoreview Residents Association, Inc.	309	159	136	14	0
Slavic Community Center of Sacramento	56	23	33	0	0
The JCK Business Development Corporation	10,060	6561	3,312	187	0
Vietnamese Elderly Mutual Assistant Association	4	0	4	0	8
Volunteer Center Of Sonoma County	175	109	65	1	0
Winegard Energy	1,966	1,101	856	9	132
Yuba Sutter Legal Center	135	73	62	0	4
No Contract Third- Parties	0	0		0	0
<b>Total</b>	<b>24,057</b>	<b>13,810</b>	<b>9,868</b>	<b>379</b>	<b>482</b>

TABLE 8						
CARE Self-Certification and Self-Re-certification Applications <sup>1</sup>						
	Provided	Received	Approved	Denied	Pending/Never Completed	Duplicates
<b>Total</b>	n/a	784,931	698,718	8,423	77,790	233,388
<b>Percentage</b>	n/a	100.00%	89.02%	1.07%	9.91%	29.73%

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

<sup>1</sup> Includes sub-metered customers.

<b>TABLE 9</b>			
<b>RESIDENTIAL CARE PROGRAM</b>			
<b>Customers<sup>1</sup> Removed by Month through Recertification and Post-Enrollment Verification</b>			
<b>2005</b>	<b>Recertification</b>	<b>Post-Enrollment Verification</b>	<b>Total</b>
January	4,928	720	5,648
February	7,540	1,113	8,653
March	356	1,268	1,624
April	3,212	768	3,980
May	3,686	781	4,467
June	4,345	994	5,339
July	3,781	1,325	5,106
August	2,032	1,094	3,126
September	7,268	1,790	9,058
October	7,679	936	8,615
November	0	26	26
December	0	30	30
<b>Total</b>	<b>44,827</b>	<b>10,845</b>	<b>55,672</b>

- No customers were dropped through recertification or failure to respond to post-enrollment verification in November and December due to the Winter Customer Care and Relief Program.

<sup>1</sup> Total individual and sub-metered.

<b>TABLE 10</b>						
<b>CARE Random Post-Enrollment Verification Applications</b>						
	<b>Mailed</b>	<b>Received</b>	<b>Approved</b>	<b>Denied</b>	<b>Pending/Never Completed</b>	<b>Duplicates</b>
<b>Total</b>	24,627	16,952	16,853	99	7,675	n/a
<b>Percentage</b>	100.00%	68.84%	68.43%	0.40%	31.16%	n/a

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

<b>TABLE 11 A</b>			
<b>CARE EXPANSION PROGRAM Participating Facilities by Month (Gas)</b>			
<b>2005</b>	<b>CARE Residential Facilities</b>	<b>CARE Commercial Facilities</b>	<b>Total</b>
January	1,469	305	1,774
February	1,484	307	1,791
March	1,508	310	1,818
April	1,528	311	1,839
May	1,536	314	1,850
June	2,319	318	2,637
July	2,324	324	2,648
August	2,327	320	2,647
September	2,378	329	2,707
October	2,402	333	2,735
November	2,412	344	2,756
December	2,414	346	2,760

<b>TABLE 11B</b>			
<b>CARE EXPANSION PROGRAM Participating Facilities by Month (Electric)</b>			
<b>2005</b>	<b>CARE Residential Facilities</b>	<b>CARE Commercial Facilities</b>	<b>Total</b>
January	1,534	392	1,926
February	1,548	394	1,942
March	1,572	397	1,969
April	1,585	399	1,984
May	1,587	406	1,993
June	2,658	416	3,074
July	2,658	421	3,079
August	2,658	418	3,076
September	2,720	428	3,148
October	2,752	432	3,184
November	2,767	442	3,209
December	2,772	441	3,213

<b>TABLE 12</b>		
<b>CARE EXPANSION PROGRAM</b>		
<b>Average Monthly Gas / Electric Usage<sup>1</sup></b>		
	<b>Gas</b>	<b>Electric</b>
<b>Customer</b>	<b>Therms</b>	<b>KWh</b>
Residential Facilities	50	898
Commercial Facilities	664	8,171

1 Excludes master meter usage.

<b>TABLE 13</b>					
<b>CARE EXPANSION PROGRAM</b>					
<b>CARE Outreach Pilot, Other Outreach, and Utility</b>					
<b>CARE Applications Sent By Third Parties</b>					
<b>Entity</b>	<b>Received</b>	<b>Approved</b>	<b>Denied</b>	<b>Pending/Never Completed</b>	<b>Duplicates</b>
<b>Third-Parties</b>	0	0	0	0	0
<b>Utility</b>	412	338	42	24	8
<b>Total</b>	412	338	42	24	8
<b>Percentage</b>	100%	82%	10.2%	5.8%	2%



# **ATTACHMENT A**

## **TECHNICAL ADDENDUM: JOINT-UTILITY METHODOLOGY FOR CALCULATING CARE PENETRATION**

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

**February 6, 2002**

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## Joint-Utility Methodology for Calculating CARE Penetration: Technical Description

### INTRODUCTION

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

### Objective of the Method

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

### Major Features of the Method

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

Specifically, the *joint* distribution of household size and income available from PUMS is modified using *iterative proportional fitting*<sup>2</sup> 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

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<sup>2</sup> 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.<sup>3</sup> 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.<sup>4</sup> 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.

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<sup>3</sup> 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).

<sup>4</sup> 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 21<sup>st</sup> 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.<sup>1</sup> 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,<sup>2</sup> this data was not available from data vendors. However, the current-year (2002) estimates produced using Census SF3 income data, as required by the Commission, do provide reasonable estimates of eligibility throughout the state and make use of the most current Census information made available to date. Thus, these estimates reasonably can be used as an indication of the utilities' progress in enrolling all customers that are willing to participate in CARE. Essentially, for each utility, fuel type, and county, block group data are aggregated to provide a current-year (2002) estimate of the household size distribution, and a current-year estimate of the household income distribution. These are used to develop an adjusted household size by household income *matrix* estimated for the current year. Note that, in compliance with the ACR dated December 27, 2002, the current-year estimate of the household income distribution assumes no changes since 1999 in the shape of the real income distribution – only moderate changes in the number of households existing in these block groups. It would be preferable to proceed with future estimates using small area estimates (from data vendors) that incorporate 1999 income distributions (from the 2000 Census), CPI changes, and real income distribution changes tracked by demographic data vendors, rather than implicitly accepting a real

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

### **Differences in Estimated Eligibility**

Sensitivity analyses conducted informally after the utilities completed their annual update of CARE eligibility estimates in July 2002,<sup>3</sup> 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.<sup>4</sup> 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 12<sup>th</sup> intercensal year (the time between different Censuses when no new demographic data is available), the utilities were aware that differences could have emerged in estimates of household income distributions between data firms as well as between what the data vendors estimate and what would be shown in Census 2000 results. As such, the utilities recommended conducting sensitivity analyses to see the impact of using estimates of current-year (2001) household income and household size distributions obtained from one data vendor compared to another. The objective would have been to forewarn any potential changes that might be forthcoming once vendors adjusted their estimates of household income and household size distributions as they incorporated data from Census 2000. The Commission later ruled, in D.02-07-033, that these tests were not warranted given that the data vendor selected was a respected firm.

We have since learned through simple data analyses that AGS had a more optimistic view of household income distributions in 2001 than did Claritas and the 2000 Census data. Accordingly, using Census SF3 data to estimate eligibility results in a marked increase in eligibility than what was estimated in 2001.<sup>5</sup> The utilities caution, however, against concluding that the decision to use data on household income and household size distributions obtained from vendor incorporation of Census 2000 and more recent economic data is a mistake. Rather, the key point is to realize that whenever we are in the intercensal period, no matter which vendor is used, estimates of household income and household size distributions can be expected to deviate somewhat from actual realities simply because sufficient data is not available to derive more accurate estimates. After data vendors incorporate all of the detailed Census 2000 data (*i.e.*, once data vendors fully incorporate all higher-order Census 2000 data and Census SF3 income data and use this data to derive current-year estimates of household income and household size distributions for 2003 and beyond), we can expect more consistent estimates of these distributions for use in future updates. As time continues and we enter the next intercensal period, once again, we will see a divergence in the estimated distributions between vendor firms until the next Census is completed and made publicly available. However, such divergences will be lessened to the extent that more

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

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

## **ATTACHMENT C**

### **CARE Leveraging and Outreach Initiatives**

## **ATTACHMENT D**

### **CARE Media and Advertising Initiatives**