

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

**FAMILY ELECTRIC RATE ASSISTANCE
(FERA)**

JANUARY 1, 2006 - DECEMBER 31, 2006

May 1, 2007

**PACIFIC GAS AND ELECTRIC COMPANY
FERA PROGRAM
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FAMILY ELECTRIC RATE ASSISTANCE (FERA)

I. PARTICIPANT INFORMATION

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

See Table 1.

Table 1		
2006	FERA Enrolled^{1, 2}	FERA Receiving Tier 3 Benefit¹
January	14,276	8,129
February	12,756	6,346
March	12,437	6,724
April	12,336	5,528
May	12,176	6,896
June	12,225	6,517
July	12,207	7,749
August	13,023	8,176
September	13,735	6,648
October	13,593	6,045
November	12,565	6,441
December	11,359	6,666

Notes:

¹ Does not include sub-metered tenants.

² Enrollment qualifications changed for CARE in November 2005 resulting in a decreased number of eligible customers for FERA.

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

See Table 2.

Table 2			
FERA Penetration Rate			
2006 Quarter Ending	FERA-Eligible Households¹	FERA-Participating Households¹	FERA Household Penetration Rate²
March 31	166,069	12,437	7%
June 30	166,069	12,225	7%
September 30	166,069	13,735	8%
December 31	166,069	11,359	7%

Notes:

¹Does not include sub-metered tenants.

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

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

For the 2006 program year reporting period, PG&E used the same Joint Utilities' methodology for calculating demographic FERA-eligibility rates that was adopted for California Alternate Rates for Energy (CARE) in 2001 in Decision (D.) 01-03-028. The particulars of the calculations may be found in Attachment A, "Technical Addendum: Joint-Utility Methodology for Calculating CARE Penetration" excerpted from the Joint Utilities' "Reporting Requirements Manual (RRM) Working Group Report for Low Income Assistance Programs" (R.98-07-037) and Attachment B, the Joint Utility CARE eligibility update (filed on October 15, 2004 and updated December 28, 2004 in compliance with the directives of D.02-07-033, Ordering Paragraph 4(b), as modified by the Assigned Commissioner's Ruling (ACR) of December 27, 2002 and the Scoping Memorandum of June 24, 2004).¹ In summary, PG&E applies county-based commodity-specific demographic eligibility multipliers to the technically eligible meter count within that county. The product of this calculation is then added together to obtain an overall eligibility for each commodity served.

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

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

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

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

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

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

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

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

II. PROGRAM COSTS

A. Discount Cost

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

The average monthly FERA discount in 2006, per FERA customer, was \$19.16.

Notes:

¹Does not include sub-metered tenants.

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

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

The cumulative annual FERA discount in 2006 was \$2,306,615.44.

Notes:

¹Does not include sub-metered tenants.

B. Administrative Cost

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

See Table 4.

Table 4	
FERA Program Administrative Costs by Category and Benefits	
Category	Cost
Outreach	\$118,611.59
Processing, Certification, and Verification	\$7,048.83
General Administration	\$54,476.93
Billing System / Programming	\$0.00
Regulatory Compliance	\$2,510.07
Energy Division Staff Funding	\$13.75
TOTAL PROGRAM COSTS	\$182,661.17
CUSTOMER BENEFITS	\$1,581,744.91
TOTAL PROGRAM COSTS & CUSTOMER BENEFITS	\$1,764,406.08

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

See table below.

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

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

PG&E had minimal costs for joint CARE/FERA activities. Those activities were limited to outreach events, with the labor costs billed to the appropriate CARE/FERA order number depending on the number of hours spent on each program. By using a separate program application, PG&E did not incur any joint material or processing costs for CARE/FERA.

C. Provide the year-end December 31 balances for the FERA balancing account for both the current and prior reporting periods.^{1, 2}

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

The year-end December 31, 2005 balance for the FERA balancing account was a debit of \$1,340,372.

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

Notes:

¹ Includes actual administrative cost, estimated administrative cost, true-up administrative cost, PAR Adj., electric shortfall, and interest.

² The figures were adjusted and different from previous annual reports.

III. OUTREACH

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

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

Bill Inserts

One bill insert was launched in August 2006. It consisted of a multilingual miniature application which generated over 7,500 applications.

Leveraging

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

Web

PG&E used its utility Web site to promote FERA. Each multilingual application was coded and posted in a format that allows easy download and printing. A *Frequently Asked Questions* section accompanies each program area. Links to other assistance programs were provided. Feedback from users of the Web site continues to allow for improvement of the site in 2007.

B. Discuss each of the following:

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

The FERA discount is recorded directly into PG&E's Customer Information System. This allows customer service representatives to see the FERA status

of any customer that phones PG&E's call center for assistance and to discuss appropriate benefits and services.

FERA includes other financial assistance information on its applications, which provide a brief description of other assistance programs and the contact numbers. Also, all the completed FERA applications that qualified for CARE were forwarded to the CARE processing center and vice versa.

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

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

IV. PROCESSING FERA APPLICATIONS

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

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

See Table 5.

TABLE 5						
FERA Self-Certification and Self-Recertification Applications ¹						
	Provided ²	Received	Approved	Denied	Pending/Never Completed ³	Duplicates
Utility	13,806	13,415	6,143	404	6,868	724
Capitation	0	0	0	0	0	0
Other Third-Party	0	0	0	0	0	0
Total	13,806	13,415	6,143	404	6,868	724

Notes:

¹Includes sub-metered tenants.

²Excludes outreach applications.

³Includes applications forwarded to CARE Program.

B. Processing Random Post-Enrollment Verification Requests

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

See Table 6.

TABLE 6						
FERA Random Post-Enrollment Verification Requests ¹						
	Requested	Received	Approved ²	Denied	Pending/Never Completed	Duplicates
Total	421	172	165	7	249	0

Notes:

¹Verification process for FERA is the same as CARE.

²Includes 148 FERA certified and 17 CARE certified.

V. PROGRAM MANAGEMENT

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

D.05-10-044 mandated that eligibility criteria for CARE and LIEE be changed from 175 percent of Federal Poverty Guidelines (FPG) (and 200 percent for LIEE seniors and disabled) to 200 percent 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 low income program 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-eligible population in PG&E's service area has increased, extending into the bottom-end of FERA's 175-250 percent eligibility range. FERA eligibility was readjusted to include households with incomes between 200 percent and 250 percent of the 1995 federal poverty level. As CARE provides the greater discount, households with incomes between 175 percent and 200 percent were excluded from the count of customers estimated to be eligible for FERA when they were included in the estimated eligibility count for CARE. Through the CARE direct mail initiative, FERA customers with income between 175 percent and 200 percent were re-enrolled in the CARE Program which decreased the FERA penetration rate at the same time.

Also, for future planning, FERA staff would like to expand its outreach to include additional bill inserts, direct customer phone contact, direct mail, and dedicated community outreach contracts. This would require a planned budget. PG&E does not plan to request such a budget at this time.