July 2, 2001

Advice 2325-G/2131-E
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Allocation of CARE Funding

Purpose

This filing complies with Ordering Paragraph 8 of Decision (D.) 01-05-033, dated May 3, 2001, to provide the Commission with information necessary to implement the provisions of Senate Bill (SB) X1 5, Section 5(a)(2), and to further the rapid deployment of low-income assistance programs during the energy crisis. In addition, this filing complies with the June 15, 2001, Administrative Law Judge's (ALJ) Ruling on filing procedures to implement Assembly Bill (AB) X1 3. The ALJ ruling requires that the projections of the California Alternate Rates for Energy (CARE) rate subsidy costs required by D. 01-05-033 must include the costs associated with the one-time natural gas credit enacted by AB X1 3.

Background

Low-income assistance programs consist of rate assistance under CARE and direct weatherization and energy efficiency services under the Low-Income Energy Efficiency (LIEE) program. CARE provides a rate discount to eligible low-income customers, in accordance with Section 739.1 of the Public Utilities Code. Through the nonbypassable Public Purpose Surcharge required by Section 381(a) (electric) and 890 (gas) of the Public Utilities Code, Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company, Southern California Edison Company and Southern California Gas Company (together known as "the utilities") collect approximately $140 million per year to fund the CARE program and $60 million for LIEE services. Senate Bill (SB) X1 5, Section 5(a)(2) appropriates $100 million to provide immediate assistance to electric or gas utility customers enrolled in, or eligible to be enrolled in, the CARE program. The dollars are to be allocated by the Commission for the benefit of the customers of the electric and gas corporations subject to the Commission's jurisdiction.

D. 01-05-033 allocated $15 million of the $100 of CARE funds to cover new capitation fees, expand targeted CARE outreach efforts and supplement administrative costs. Ordering Paragraph 8 of D. 01-05-033 ordered that the remaining $85 million shall be allocated to the utilities to cover the increased costs of CARE rate subsidies on an “as needed” basis.

Ordering Paragraph 8 of D. 01-05-033 ordered, that within 60 days of May 3, 2001, the utilities shall file advice letters that include the following information: 1) authorized CARE funding currently in rates; 2) actual expenses to date for CARE administrative costs (including outreach), and subsidies/credits; 3) projections of CARE rate subsidy costs over the next 12 months, including projections of new enrollments; and 4) a proposed allocation of the $90 [sic] million to cover those costs, based on need that cannot be covered with surcharge-generated revenues. The June 15 ALJ Ruling further requires the utilities to provide a forecast of revenues needed to pay the costs associated with the one-time natural gas credit enacted by AB X1 3, which requires gas utilities to provide a one-time bill credit equal to the gas utility’s average CARE customer discount applied for each month from October 2000 to March 2001, to all existing gas customers who enroll in the CARE program between May 22, 2001, and October 1, 2001.

1. Authorized Annual CARE Funding Currently in Rates

	Electric	Gas	Total
CARE Funding Collected Through the Public Goods Charge	$33.000 million	$17.900 million	$50.900 million
Administrative Costs Collected in Base Rates	$0.511 million	$0.411 million	$0.922 million
Total	$33.511 million	$17.9 million	$51.822 million

2. Actual Expenses to Date

CARE Administrative Costs (Including Outreach)
Subsidies/Credits

January 2001	$6,565,894
February 2001	$6,815,297
March 2001	$6,975,564
April 2001	$4,866,859
May 2001	$4,333,812
Year to Date	$29,557,425

3. New Enrollees Over the Past 8 Months and Projections of New Enrollees Over the Next 12 Months

	New Enrollees	Overall Penetration Rate
October 2000	6,388	45.45%

November 2000	6,114	46.28%
December 2000	8,852	47.48%
January 2001	7,729	48.52%
February 2001	12,791	50.26%
March 2001	17,601	52.64%
April 2001	26,763	56.27%
May 2001	18,568	58.79%
June 2001 (Forecast)	20,000	61.50%*
July 2001	22,500	64.55*
August 2001	24,400	67.86*
September 2001	25,300	71.29*
October 2001	29,200	75.25*
November 2001	26,100	78.79*
December 2001	26,000	82.31*
January 2002	27,100	85.98*
February 2002	26,200	89.54*
March 2002	29,500	93.53*
April 2002	16,500	95.77*
May 2002	9,500	97.06*

(*note that the penetration rate is based on 150% of poverty: 737,636 estimated eligible households. 175% of poverty estimated eligible is not available until the Reporting Requirements Manual filing has been completed).

4. Projections of CARE Rate Subsidy Costs by Month, Over the Next 12 Months, Including New Enrollees, a 20% Rate Discount, and Eligibility at 175% of Federal Poverty Guidelines

June 2001	$7,566,799
July 2001	$12,522,107
August 2001	$12,770,417
September 2001	$12,153,597
October 2001	$11,562,498
November 2001	$14,500,982
December 2001	$18,458,918
January 2001	$19,520,114
February 2001	$18,631,220
March 2001	$16,139,341
April 2001	$15,256,293
May 2001	$16,437,254
June 2001	$18,786,835
Total	$194,306,375

5. Projections of CARE Administrative Costs Over the Next 12 Months, Including Rapid Deployment Efforts

$3,576,465

6. Forecast of Revenues Needed to Pay the Costs Associated with the One-time Natural Gas Credit

Average Gas CARE Discount Given to CARE Customers (From October 2000 through March 2001)	$11.09 * 6 = $66.54
Forecasted New Gas Enrollees with a Prior History of Service (Between May 22, 2001, and October 1, 2001)	70,000-163,861
Revenues Needed	$4,657,800-$10,903,311

7. Proposed Allocation of $85 Million

At this point in time, PG&E cannot make a specific recommendation as to the proper allocation of the $85 million. D. 01-05-033 states that the dollars will be allocated on an “as needed” basis. PG&E has been very aggressively enrolling new participants, in response to the rapid deployment efforts necessitated by the current energy crisis. As the information above indicates, PG&E alone could use $142 million just to keep the CARE balancing account whole without increasing the subsidy paid by other ratepayers. However, the other utilities’ advice letters will undoubtedly also show a need for a portion of the $85 million. Last week, PG&E sent a data request to the other utilities asking for information pertaining to their need, but responses have not yet been received. The responses of the four utilities should provide the information necessary for the Commission to make an informed decision on the relative needs of each utility.

PG&E would be pleased to supplement this advice letter after it receives the advice letters of the other utilities with its formal recommendation on the appropriate allocation of the $85 million.

<u>Protests</u>

Anyone wishing to protest this filing may do so by sending a letter within 20 days of the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

IMC Branch Chief
Energy Division
California Public Utilities Commission

505 Van Ness Avenue, Room 4002
San Francisco, CA 94102
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Les Guliasi
Director, Regulatory Relations
77 Beale Street, Mailcode B10C
P.O. Box 770000
San Francisco, CA 94177
Facsimile: (415) 973-7226

Effective Date

PG&E requests that this advice filing become effective on regular notice, **August 12, 2001**, which is 40 days after the date of filing.

Notice

In accordance with Section III, Paragraph G, of General Order 96-A, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list, and to the service list for A. 00-11-009, et al., and R. 98-07-037. Address changes should be directed to Nelia Avendano at (415) 973-3529. Advice letter filings can also be accessed electronically at:

http://www.pge.com/customer_services/business/tariffs/

Vice President - Regulatory Relations

Attachments

cc: Service List – A. 00-11-009 et al, and R. 98-07-037