STATE OF CALIFORNIA ARNOLD SCHWARZENEGGER, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

January 7, 2009

Advice Letter 2938-G/3298-E

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Subject: Request Authorization to Shift Prior Years' Unspent, Uncommitted Gas and Electric Energy Efficiency Funds to Ensure Adequate Funding of Current 2006-2008 Programs

Dear Mr. Cherry:

Advice Letter 2938-G/3298-E is effective November 6, 2008 by Resolution G-3421.

Sincerely,

Julie A. Fitch, Director
Energy Division

Pacific Gas and Electric Company™

Brian K. Cherry
Vice President
Regulatory Relations

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San Francisco, CA 94105

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October 3, 2008

Advice 2938-G-A/3298-E-A
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: **Supplement for Pacific Gas and Electric Company's Advice 2938-G/3298-E**

Pacific Gas and Electric Company (PG&E) hereby submits this supplemental filing to Advice Letter 2938-G/3298-E, dated July 16, 2008.

Purpose

Based on discussions with Energy Division staff and its request for additional information,[1] PG&E is submitting this supplement to Advice Letter 2938-G/3298-E, filed July 16, 2008, to update its forecast of pre-2006 unspent funds required to fully fund the 2006 – 2008 Energy Efficiency Mass Market and Targeted Market programs through the remainder of 2008. PG&E's most recent forecast is that the current level of activity would result in overspending 2006-2008 authorized funding but by less than previously forecast. Based on that forecast, PG&E is changing its request from permission to access $63.2 million in pre-2006 funds to permission to access $46.3 million in pre-2006 funds. If given prompt access to those funds, PG&E should be able to keep all delivery channels providing savings at high current rates and ensuring ratepayers maximum savings through the end of 2008. As explained below, without access to these additional funds, PG&E needs to take actions to curtail program activity in November and December to avoid the expenditure of unauthorized funds at year end. Also as explained below, for contractual and other reasons, PG&E must begin this ramp-down in October.

Accordingly, PG&E has started to notify manufacturers, vendors, and contractors that certain program components need to be closed and the contracts with these market actors terminated. Closed or reduced programs will be difficult to restart

[1] PG&E and Energy Division have had on-going discussions. Energy Division reviewed an earlier version of this document on September 30, 2008.

during 2008 or possibly even during the bridge funding period. Longer program gaps will mean greater loss of savings and more resources wasted in restarting. PG&E encourages the Commission to approve additional pre-2006 unspent, uncommitted funds for these programs so that the opportunities to achieve additional energy savings will not be lost

Based on updated forecasts of program activity, PG&E is changing its request to access to $46.3 million, a reduction from a much earlier estimate.

Monthly, PG&E incorporates the latest information into its planning and forecasts of program activity through the end of the authorized funding period, including variance analysis and information about current and future market trends. PG&E's latest forecast incorporates the most recent monthly information on spending and savings and captures PG&E's assessment of most likely expenditures and savings through the end of the year including historical trends and known or likely customer commitments. This new information is described below, as well as its impact on PG&E's resource fund-shifting categories: Mass Market, Targeted Market (less Residential New Construction), and Residential New Construction.

PG&E's original Advice Letter submission was based on analysis conducted during May and June. It forecast 2008 year-end spending in excess of authorized funding by $63.2 million. That was the best estimate at the time.

Subsequently, as reported in its August 12, 2008 Response to DRA's protests, the gap between forecast program spending and authorized funding changed to $43.2 million because of lower than expected performance during the early summer months. Since then PG&E has observed the following:

<u>Residential New Construction:</u>

This area has continued to perform at or below the earlier forecast, reflecting the deepening difficulties in the housing sector. This leaves this fund-shifting category significantly under spent.

<u>Core Targeted Market</u>:

A number of medium and large projects in this area, especially industrial retrofits and new construction projects, have been deferred or cancelled.

<u>Third Party Contracts</u>:

Some third-party contracts will reach their projected savings, while others are performing at a rate indicating that by year's end, performance will be less than the maximum contract amounts. Overall, the area performed at less than forecast levels during the summer. This overall underperformance mostly shows up in the

Targeted Market fund shifting category and is similar to PG&E's experience with the core Targeted Market programs.

Government Partnerships

Several of the Government Partnership programs are on track to achieve their forecast energy savings by year end. However, many of the Government Partnerships, especially those in the Targeted Market fund shifting category are underperforming with little likelihood of achieving forecasted goals. These programs are experiencing similar deferred or cancelled projects as well as the longer decision processes of governmental organizations.

It's difficult to determine if deferred projects will resume in 2008. Together with those projects that have been cancelled and will not be resumed in this program cycle, the overall effect is to reduce the forecast overspend compared to the earlier estimate.

After the incorporation of the most recent information, PG&E's forecast now indicates a year-end over-expenditure of $46.3 million. Even with allowed fund-shifting, PG&E's latest forecast of program activity indicates authorized 2006-2008 funds are insufficient to sustain current program delivery rates.

Table 1: Funding Analysis

Program Fund-Shifting Categories	2006-2008 Authorized Budget	Expenditures: 2006 through August 2008	2006-2008 actual and forecast expenditures	Potential amount available to be shifted*
Mass Market	$405.9 million	$390.8 million	$484.7 million	(None)
Target Market – Non-Residential	$351.3 million	$224.7 million	$320.3 million	<$24.0 million>**
Target Market – Residential	$26.2 million	$10.3 million	$17.7 million	<$8.5 million>
Total	$783.4 million	$625.8 million	$822.6 million	

*Computed as lesser of available funds on 12/31/2008 or 50% of authorized budget

** Without approval through an Advice Letter, $7.0 million can't be shifted in order to maintain funds available for competitively bid third party programs at least 20% of the resource portfolio. This leaves not $31 million but $24 million available for shifting.

In forecasting the end-of-year situation, PG&E has used as guidance the rule that fund-shifting should not exceed 50% of the cumulative 2006-2008 authorized budget.

PG&E requests permission to access $46.3 million from unspent, uncommitted pre-2006 funds. This amount was calculated as the expected shortfall in Mass Market ($78.8 million), reduced by the amount that could be shifted from Target Market – Nonresidential ($24.0 million) and shifted from Targeted Market – Residential ($8.5 million). Most of these funds will ensure that the Mass Market programs remain open and provide energy efficient measures to residential and small business customers. These programs also provide the vital infrastructure of contractors, vendors, retailers and manufacturers whose continued participation creates the success of the Mass Market programs.

No fund shifting has occurred to date for PG&E's programs.

The fund shifting rules define three fund shifting categories for PG&E: (1) Mass Market (residential/small commercial cross-cutting), (2) Residential targeted market sectors within Targeted Markets and (3) Non-Residential targeted market sectors within Targeted Markets.[2] As a practical matter, the amounts available to shift from Targeted Market – Non-Residential and Targeted Market – Residential will be less than the 50% amount allowed because of the significant level of spending in those categories. Accordingly, no fund-shifting category's expenditure had exceeded its 2006-2008 authorized budget and no fund-shifting had occurred.

Faced with the prospect of an end-of-year funding shortfall, PG&E is taking prudent action to ramp spending down to meet 2006-2008 authorized amounts.

PG&E plans to address this funding shortfall by ramping down its delivery of savings through its core programs; third-party and government partnerships will not be impacted. PG&E delivers energy efficiency savings through multiple channels; reducing the flow of savings requires channel specific actions. Activities delivered through contracts must be handled differently than customer rebate programs. Contracts typically contain specific termination clauses to provide the counter party sufficient notice. For example, upstream lighting has contracts with manufacturers and vendors with 30-day termination clauses. To end the delivery of product by a particular date, contracts must be terminated at least 30 days prior to that date. Should funds become available, PG&E can attempt to resume

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[2] EE Policy Manual Version 4.0, Appendices, Table 8: Adopted Fund Shifting Rules, as modified by D. 06-12-013 and D. 07-10-032.

activity. On the other hand, customers are generally offered rebates on a "funds available" basis. When funds in the fund-shifting categories are no longer available, PG&E would no longer be able to honor rebate applications.

PG&E has reviewed its programs and channels and developed a plan that would decrease activity effective in November and December in such a manner as to minimize effects on customers and disruption of channels but also produce significant cost savings. Activities relying on contracts will be impacted first. For example, on September 30, 2008 PG&E sent letters of termination to its counter parties in the upstream lighting programs. This will mean products will become unavailable as October's deliveries are exhausted during November. Costs will no longer be incurred after October invoices are processed. This process will be repeated with other core activities delivered through contracts over the next several weeks.

PG&E requests authority to access pre-2006 fund to assure programs can remain open through the end of 2008.

PG&E strongly urges the Commission to quickly allow it to access $46.3 million in pre-2006 funds and keep currently authorized programs open though the end of 2008. This would prevent any program hiatus. PG&E would like to avoid the adverse consequences of program hiatus. DRA and TURN[3] recently expressed similar views in their September 11, 2008 letter to Commissioner Grueneich and ALJ Gamson concerning SCE's request to add prior years' funds to its 2006-2008 funding.

While PG&E has provided the Commission the most accurate forecast it can of the funds needed to keep programs from being shut down to avoid overspending, PG&E acknowledges its forecast is not certain. There is some chance that program activity will be even higher than PG&E has forecast; granting only the $46.3 million PG&E has requested still poses some risk to PG&E of over spending. Accordingly, PG&E urges the Commission to grant not only the specific request for additional funds but also to grant access to additional pre-2006 funds

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[3] In their letter regarding SCE's September 8, 2008 request, TURN/DRA state "TURN and DRA urge the Commission to authorize the shift of the $27 million in unspent, uncommitted EE funds from previous program cycles to the 2006-2008 cycle (or, in the alternative, confirm that SCE is already authorized to shift funds under existing procedures). We believe that the continuity of such programs is essential to both the cost–effectiveness in how programs are managed and for sending consistent signals to the marketplace about the reliability of funding. If a formal ruling is required to achieve such an outcome, we further support issuance of that ruling as expeditiously as practicable."

on an as-needed basis above $46.3 million up to the full amount of those funds available (approximately $63 million) to keep currently authorized programs fully and continuously functioning until the start of 2009. PG&E proposes to develop a process with Energy Division whereby Energy Division could regularly monitor PG&E's use of any pre-2006 funds beyond the $46.3 million currently requested. Such additional funds would be accessed in the most transparent manner.

PG&E proposes that any remaining unspent, uncommitted funds that remain at the end of 2008 be carried forward into the 2009-2011 program cycle and that disposition of these funds be addressed in the final decision that authorizes funding for the 2009-2011 program cycle.

In assessing the reasonableness of PG&E's request, the most recent data is the most relevant.

Decision 05-09-043 approving PG&E's 2006-2008 portfolio provided for a significant ramp-up of programs' funding both from 2005 and during the 2006-2008 program cycle. The approved funding tracked the ramp-up of the Commission's savings targets for PG&E. For example, PG&E's authorized funding for programs excluding EM&V (which was approved separately) for this period was as follows:

2005	2006	2007	2008
$188.9 mil.	$244.7 mil.	$279.4 mil.	$343.4 mil

Source: D. 05-09-043, page 4.

PG&E's actual expenditures over the 2006-2008 program cycle has similarly ramped up. The average monthly spending on Mass Market and on Targeted Markets programs shows a steady rise from 2006-2008:

Average Monthly Expenditures
Annual Basis

Area	2006	2007	2008	
	12-mo. Average	12-mo. Average	Jan-July Average	12-mo. Average (Oct-Dec Forecast
Mass Market	$7.0 mil.	$14.2 mil.	$17.0 mil.	$19.2 mil.
Targeted Market	$3.2 mil.	$8.8 mil.	$11.0 mil.	$16.2 mil.

This ramp-up is also clear in a comparison of only the last four months of each year. Many customers regularly complete projects or submit the applications for rebated installations in the last months of the year. Some must complete the projects for their internal accounting purposes. Others wish installations to be finished before the holiday season. Average end of the year expenditures have been consistently higher than average expenditures for earlier periods of each year or for the average monthly expenditures over the whole year:

Average Monthly Expenditures
Oct.-Dec. time period

Area	2006 (actual)	2007 (actual)	2008 (forecast)
Mass Market	$13.7 mil	$18.1 mil.	$25.9 mil.
Targeted Market	$7.4 mil.	12.8mil.	$28.1 mil.

PG&E's overall ramp-up is clear. Expenditures in the final year of a program exceed expenditures in the first year due to ramp up. Similarly, expenditures in the final months of a program year exceed the expenditures in earlier months of that year. Factors affecting specific activities are incorporated into their descriptions in Appendix A.

The attached tables present the funding and savings PG&E would expect to achieve should the Commission grant the requested funding.

The attached tables provided in Appendix B show the additional accomplishments PG&E could achieve if the Commission allows use of $46.3 million of pre-2006 funds to keep existing programs open. All these activities have been authorized by the Commission in D. 05-09-043 (See Attachment 2 of that Decision), the Program Implementation Plans filed with A. 05-06-004 and supplemented by Advice 2704-G/2786-E (February 2006) and Advice 2704-G-A/2786-E-A (April 2006). The projections are based on the assumption that current program activities continued and that at some point in late November or early December funds authorized for 2006-2008 were exhausted. At that point, pre-2006 funds would be used to finance obligations through year end. The table presents PG&E's best forecast of those activities paid for by pre-2006 funds it would expect to see at year end.

The funding requested from pre-2006 programs will continue existing program activities. The programs will not change. The existing rebate and incentive levels will not change. Successful programs will only continue their successes at providing energy savings per the Commission's existing program authorization and fund shifting rules.

The size of PG&E's current program operations compared to the average performance over the entire 2006-2008 period has been of interest. To inform that issue, the attached table includes the monthly average spending over the past 32 months. Because of both the authorized and actual ramp-up of programs, these averages are misleading at best.

The 2006-2008 portfolio represents a major shift for PG&E to market integrated programs. This required a ramp up of not only the new integrated programs, but also the marketing materials and the relationships with the many contractors, vendors, distributors and manufacturers who work with the programs. As expected, the accomplishments for 2006 were less than one third of the total three year savings. On the other hand, the 2008 accomplishments are significantly higher than one third of the total three year portfolio savings. In addition, Third Party and Government Partnership programs are only fully implemented in 2008 and now achieving increased savings. Since the requested funding would supplement fully operational, high-achieving programs, a more realistic comparison would be the average spending over the past 12 months.

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Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **October 23, 2008**, which is 20 days after the date of this filing. Protests should be mailed to:

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000

San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Effective Date

For reasons explained above PG&E requests that this advice letter become effective no later than November 6, 2008.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and to parties on the service list for R.06-04-010. Address changes to the General Order 96-B service list should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at: **http://www.pge.com/tariffs**

Brian K Cherry / DLC

Vice President, Regulatory Relations

Attachments

cc: Service List for R.06-04-010

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:	Contact Person: Daren Chan
☑ ELC ☑ GAS	Phone #: (415) 973-5361
☐ PLC ☐ HEAT ☐ WATER	E-mail: D1CT@pge.com

EXPLANATION OF UTILITY TYPE	(Date Filed/ Received Stamp by CPUC)
ELC = Electric GAS = Gas ☐ PLC = Pipeline HEAT = Heat WATER = Water	

Advice Letter (AL) #: **2938-G-A/3298-E-A** **Tier:** 3

Subject of AL: Supplemental for Pacific Gas and Electric Company's Advice 2938-G/3298-E

Keywords (choose from CPUC listing): Energy Efficiency

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other ________________________________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information:

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Resolution Required? ☑ Yes ☐No

Requested effective date: **November 6, 2008** No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Ave., San Francisco, CA 94102
jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Brian K. Cherry, Vice President, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

Appendix A

Total Savings Derivation for Mass Market and Total Market Activity

Total Savings Estimate Derivation for Mass Market Activity Funded Through Additional Funds

To reflect 2008 measure mix, year-to-date data used from program tracking data base (MDSS)

MDSS currently uses 2005 DEER unit savings estimates. CPUC 2008 DEER draft savings estimates are not currently incorporated in MDSS.

Mass Market Program	Total Incentive-Related Dollars	Sector / End Use Percentage (from MDSS)	Incentive-Related Dollars per Sector / End Use	Year-to-date paid incentives (from MDSS)	Year-to-date paid Net KW savings (from MDSS)	Year-to-date paid Net KWH savings (from MDSS)	Year-to-date paid Net Therm savings (from MDSS)	MW	GWH	MM Therms
Upstream Lighting	$ 6,000,000							22.72	178.55	0.00
RES		90%	$ 5,400,000	$ 32,452,484.73	58506.03	638856602.18	0.00	9.74	106.30	0.00
NRES		10%	$ 600,000	$ 3,566,216.14	77185.05	429418620.31	0.00	12.99	72.25	0.00
Upstream HVAC/Motors	$ 2,000,000							4.45	9.77	0.00
HVAC		88%	$ 1,753,752	$ 3,466,527.45	7129.83	9652140.20	0.00	3.61	4.88	0.00
Motors		12%	$ 246,248	$ 486,743.00	1658.32	9667782.38	0.00	0.84	4.89	0.00
Midstream Refrigerant Charge Airflow	$ 3,100,000							7.34	5.13	0.00
RES		66%	$ 2,030,993	$ 2,036,300.00	4333.81	3228822.12	0.00	4.32	3.22	0.00
NRES		34%	$ 1,069,007	$ 1,071,800.00	3021.43	1915572.48	0.00	3.01	1.91	0.00
Midstream Duct Test & Seal	$ 8,000,000							3.61	2.39	0.15
RES		85%	$ 6,818,262	$ 12,912,298.50	2786.54	2036515.22	289129.16	1.47	1.08	0.15
NRES		15%	$ 1,181,738	$ 2,237,954.00	4056.81	2498562.24	0.00	2.14	1.32	0.00
Midstream Appliance Recycling	$ 1,600,000							1.46	8.92	0.00
RES		97%	$ 1,550,904	$ 4,087,337.00	3717.07	22796692.28	0.00	1.41	8.65	0.00
NRES		3%	$ 49,096	$ 129,389.00	119.28	716355.00	0.00	0.05	0.27	0.00
Downstream Single Family	$ 7,820,000	n/a	n/a	$ 10,235,063.46	11263.40	17464662.85	1299617.99	8.61	13.34	0.99
Small Business	$ 6,965,000	n/a	n/a	$ 9,172,625.23	20334.53	93093253.61	1945663.87	15.44	70.69	1.48
Multifamily	$ 1,293,000	n/a	n/a	$ 4,813,004.29	2808.79	16750472.59	95467.62	0.75	4.50	0.03
Direct Install (Small Business)	$ 2,000,000	n/a	n/a	$ 5,564,376.11	5382.78	29642208.59	0.00	1.93	10.65	0.00
Direct Install (Residential)	$ 400,000	n/a	n/a	$ 1,417,025.63	559.76	4574677.01	0.00	0.16	1.29	0.00
Grand Total	**$ 39,178,000**							**66.47**	**305.25**	**2.65**

Total Savings Derivation for Targeted Market Activity Funded Through Additional Funds

Additional Funds Requested (all rebates)	Additional Electric Rebates (75%)	Additional Energy Savings (GWH)	Additional Peak Reduction (MW)	Additional Gas Rebates (25%)	Additional Gas Savings (MM Therms)
$7,012,000	$5,259,000	42.07	6.31	$1,753,000	1.40

Notes:

Program managers estimate about 75% of rebates will be electric projects; 25% for gas projects
Typical electric rebate amount is $0.08/kWh; load factor used - 15%
Typical gas rebate amount is $0.80/therm
Net-to-Gross ratio of .64 used

Appendix B

Potential Additional Energy Efficiency Activities and Savings

POTENTIAL ADDITIONAL ACTIVITIES AND SAVINGS

						Additional Core Activities with Additional Funding			
	(1) Authorized 3-year Program Budget Includes All Channels	(2) PG&E Operating Budget Includes All Channels	(3) Program Expenditures (Jan 2006 – Aug 2008) Includes All Channels	(4) Monthly Average Spending Includes All Channels	(5) Forecast Spending Sep-Dec '08 Includes All Channels W/O additional funding	Additional Dollars	(7) MW (Net)	(7) GWh (Net)	(7) Therms (Net)
Mass Market Commercial Non Residential (PGE 2080)	$229,012,461	$229,012,461	$170,662,097	$5,333,191	$36,441,003				
Mass Market Residential (PGE2000)	$176,845,252	$176,845,252	$220,146,001	$6,879,563	$57,411,052				
Mass Market Total (A)	**$405,857,713**	**$405,857,713**	**$390,808,098**	**$12,212,753**	**$93,852,055**				
Prospoased Additional Resources: Core Mass Market									
Upstream Lighting	Commission authorization did not include detail at this level		$102,321,863	$3,197,558	$21,500,000	$6,000,000	22.72	178.55	-
HVAC - Refrigerant Charge and Airflow			$19,378,800	$605,588	$3,600,000	$3,100,000	7.34	5.13	-
HVAC - Duct Test and Seal			$38,037,117	$1,188,660	$9,200,000	$8,000,000	3.61	2.39	0.15
HVAC - Upstream - Motors			$2,589,690	$80,928	$2,500,000	$2,000,000	4.45	9.77	-
Appliance Recycling			$15,759,678	$492,490	$2,000,000	$1,600,000	1.46	8.92	-
Downstream Small Business Rebates			$52,061,674	$1,626,927	$6,995,000	$6,965,000	15.44	70.69	1.48
Downstream Single Family Rebates - Cool Roof/Insulation			$31,244,449	$976,389	$7,930,000	$7,820,000	8.61	13.34	0.99
Multi Family Rebates (including showerheads)			$33,103,473	$1,034,484	$1,645,000	$1,293,000	0.75	4.50	0.03
Direct Install (Small Business)			$33,460,633	$1,045,645	$6,579,411	$2,000,000	1.93	10.65	-
Direct Install (Residential)			$4,135,584	$129,237	$813,187	$400,000	0.16	1.29	-
Mass Market Measures Listed Above (6)			**$332,092,960**	**$10,377,905**	**$62,762,598**	**$39,178,000**	**66.47**	**305.25**	**2.65**
Target Market (B) - Add'l resources for core channels: Fab & Industry (PGE2004), High Tech (PGE2005), Large Commercial (PGE2007), Medica (PGE2006), Schools (PGE2002)	**$377,611,424**	**$377,611,424**	**$235,029,283**	**$7,344,665**	**$102,994,857**	**$7,012,000**	**6.31**	**42.07**	**1.40**
Education and Training (C) Add'l classes at PEC, FSTC and Stockton Classes	**$37,298,652**	**$37,298,652**	**$28,072,533**	**$877,267**	**$2,281,000**	**$110,000**	**0**	**0**	**0.00**
Total (1-5): (A)+(B)+(C)	**$820,767,789**	**$820,767,789**	**$653,909,914**	**$20,434,685**	**$199,127,912**	**$46,300,000**	**72.78**	**347.32**	**4.05**

Notes: (1) In D. 05-09-043, CPUC approved the 3-year budget in PG&E's compliance filing.
(2) The Program Operating Budget equals to the original authorized budget.
(3) Program Expenditures for Mass Market, Target Market, and Education and Training represent their actual expenditures from January 1, 2006 - August 31, 2008. Government Partnerships and Third Parties' expenditures are included in Mass Market and Target Market.
(4) Monthly Average Spending is the average spend over the 32-months of the portfolio.
(5) Forecast Spending is based on the PG&E's best forecast based on the most recent information received, historical trends, and customer's commitments. Includes all channels.
(6) CPUC did not approve these Mass Market Measures at this level of detail. PG&E estimated the amounts shown under (3) for the Mass Market Measures based on 1) historical trends and 2) allocated according to the incentive amounts for each measure. Again, these numbers are reasonable estimates only and should not be used for analysis purposes.
(7) Energy savings is estimated based on dollar projections and forecasts.

ADDITIONAL DETAILS - PROGRAM DESCRIPTIONS

	DESCRIPTIONS	ACTIVITIES WITH ADDITIONAL FUNDS
Mass Market Commercial Non Residential (PGE 2080)		
Mass Market Residential (PGE2000)		
Mass Market Total (A)	The Mass Market program primarily targets residential and small commercial customers who tend to need similar energy efficient measures and use similar vendors, contractors and retailers.	
Upstream Lighting	Provides incentives to manufacturers to sell their products at a reduced price to retailers who then pass along the savings to customers through poir of sale discounts. Manufacturers have been sent letters of termination for this program component. Hiatus could mean disruption of their businesses and redirecting product now committed elsewhere. Achieving the present level of participation and energy savings will require slow ram up.	Additional funding is expected to provide an additional 22.7 MW and 178.5 GWh. It will also maintain the momentum of this program component.
HVAC - Refrigerant Charge and Airflow	Provides rebates to contractors to test and adjust AC or heat pump refrigerant charge in the residential and commercial markets. If this program component is ramped down or closed, contractors will need to shift their business model rapidly and significantly. Even a short hiatus could cause serious disruptions in their businesses and less willingness to participate in the future.	PG&E expects increased activity over the same period last year and an additional 7.3 MW and 5.1 GWh.
HVAC - Duct Test and Seal	Provides rebates to contractors and customers to test and seal leaking HVAC ducts in the residential and small commercial markets (up to 7 tons). If this program component is ramped down or closed, contractors will need to shift their business model rapidly and significantly. Even a short hiatus could cause serious disruptions in their businesses and less willingness to participate in the future.	Funding for this program component will maintain the channel and provide some additional savings.
HVAC - Upstream - Motors	Provides rebates to distributors to stock energy efficient motors for HVAC equipment. Distributors are not required to pass along savings to customers. Motors have long been a difficult measure to promote. The upstream motors program component has finally achieved successes that simple rebates to customers did not. Hiatus will leave distributors with unsold stock which may be returned to manufacturers. Restarting this program component will be slow, may not achieve the present success and will result in sale and installation of long-lived standard motors.	Additional funding will sustain the growing momentum of this measure which is traditionally difficult to implement.
Appliance Recycling	Provides rebates to customers for recycling old refrigerators. This program component requires and extensive infrastructure for marketing, pick-up and recycling of old refrigerators and freezers. Hiatus could require the vendor for this component to reduce the number of trained staff in a number of areas and ask customers to wait for the service thereby also reducing their future participation in programs.	Funds will maintian the necessary infrastructure of this program component and provide additional savings.
Downstream Small Business Rebates	Provides rebates to small business owners for certain energy efficient appliance, HVAC, lighting, boiler and water heater, food service, agriculture, and appliance products. Small businesses have always been a market with multiple barriers. Significant reduction in the number of available measures could dampen existing and future response to this program component.	Momentum and interest have continued to build for this program. PG&E anticipates and added 8.0 MW and 42.5 GWh can be achieved.
Downstream Single Family Rebates - Cool Roof/Insulation Furnaces	Provides rebate on a $/square foot basis to customers for installing cool roof products on their homes. Cool roof products are a promising newer technology with little penetration of the market. Program component hiatus could increase roofer skepticism, loose savings opportunities, and hinder penetration of this important new technology.	Added funding would maintain the interest of this new and promising technology.
Multi Family Rebates	Provides rebates to property owners, managers and tenants of multi-family complexes with 5 or more units for certain energy efficient lighting, HVAC, appliance, boiler and water heater, and pool equipment. Equipment can be installed in existing apartment units as well as the common areas of apartments, condominium complexes and mobile home parks. This program component relies heavily on contractors who would need to reduce their efforts and trained staff during program hiatus.	The added funds will maintain the many contractors currently delivering services and the infrastructures of their companies as well as provide added energy savings.
Direct Install (Small Business)	Provides incentives to third parties who install energy efficient lighting, controls, and HVAC equipment (e.g., duct test and seal) in small businesses. Too often, small businesses will only be introduced to the benefits of energy efficiency if the measures are installed at no cost to them. This component can be the first of future efforts to increase the efficiency of their businesses.	Direct install contractors have extensive investments in trained staff. Added funding will allow them to maintain these personnel
Direct Install (Residential)	Provides incentives to third parties who install energy efficient lighting, controls, and HVAC equipment (e.g., duct test and seal) in residential single family and multi-family homes. This program component serves families who do not have the resources for energy efficient investments, but do not qualify for the low income energy efficiency programs. Hiatus would deprive them of these benefits.	Direct install contractors have extensive investments in trained staff. Added funding will allow them to maintain these staff.
Target Market - Add'l resources for core channels: Fab & Industry(PGE2004), High Tech(PGE2005), Large Commercial(PGE2007), Medical(PGE2006), Schools(PGE2002)	The Target Market programs provide incentives for large or complex energy efficiency projects and other energy services such as demand response and distributed generation. The programs address green field new construction as well as facility expansion or renovation. Fabrication and Industry is seeing improvements in compressed air and other systems. Retrocommissioning is a focus of the Large Commercial program, High Tech is reaping the benefits of new energy efficiency innovations. Renovation in medical facilities is progressing and schools are finding the energy efficient improvements provide additional funding for classes.	Added funding will ensure that PGE will be able to accept the applications that are submitted by the end of the year and pay on the committed projects that are already in progress.
Education and Training (C) Add'l classes at PEC, FSTC and Stockton Classes	This program provides training to the wide variety of architects, designers, contractors, and builders who can then implement the information, trainin and use the tools provided to increase the efficiency of the building they create or retrofit.	Additional funding will allow classes to be presented at sites away from the centers. This will ensure that contractors, designers, and architects will be able to benefit from the classes without having to travel far from their offices.

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