

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 7, 2008

Advice Letters 2832-G/3050-E
2832-G-A/3050-E-A

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: PG&E's ClimateSmart Program Marketing and Budget
Plan Submitted in Compliance in Decision 06-12-032

Dear Mr. Cherry:

Advice Letters 2832-G/3050-E and 2832-G-A/3050-E-A are
effective June 3, 2007.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director
Energy Division

May 4, 2007

Advice 2832-G/3050-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: PG&E's ClimateSmart Program Marketing and Budget Plan Submitted in Compliance in Decision 06-12-032**Purpose**

Pacific Gas and Electric Company (PG&E) hereby submits for filing the marketing and budget plan for the ClimateSmart Program (Program), pursuant to Ordering Paragraph 4 in California Public Utilities Commission (Commission) Decision (D.) 06-12-032.

Background

In January 2006, PG&E filed Application (A.) 06-01-012 proposing a Climate Protection Tariff Program that would allow customers to neutralize greenhouse gas (GHG) emissions associated with their energy use by paying an additional amount on their PG&E bill. The CPUC approved, with modifications, PG&E's proposed program and associated budget on December 14, 2006 through D.06-12-032 (Decision).

Ordering Paragraph 4 of the Decision ordered PG&E to submit by advice letter filing, a detailed budget for the Administrative and Marketing (A&M) costs concurrently with its detailed marketing plan¹. The Decision also ordered PG&E to produce reports with regards to detailing the metrics of the program². This advice letter is filed in compliance with that Decision and contains PG&E's proposed marketing and A&M budget plan.

The plan outlined in the following pages is based upon current understanding of PG&E's potential customer profile. As more data is gathered, the plan and methods employed will be further refined with any changes being shared with the CPUC and general public as part of the annual reporting process and with the Program's External Advisory Group³ during regularly-scheduled meetings.

¹ Ordering Paragraph 4 states, "By advice letter filing, PG&E shall submit a detailed budget for the A&M costs concurrently with its detailed marketing plan"

² D.06-12-032, OP 14. PG&E shall make annual reports.... These reports shall be publicly filed, without redaction, with the Commission's Executive Director, with a copy to the Director of the Energy Division and all parties listed as "Appearances" in A.06-01-012.

³ D.06-12-032, OP 23, PG&E will share its detailed marketing plan with the Commission staff and members of the EAG before the program gets underway, and take input from staff and the EAG on positive changes to the plan.

ClimateSmart Marketing Plan Proposal

Program Goals

The goals of the Program are three-fold: Educational Outreach, Third-Party Partnership, and Participation.

Educational Outreach Goals: Based on research, previously cited in testimony filed in January 2006, indicating that additional education and outreach is necessary to inform customers about the risks associated with climate change, PG&E will coordinate with local governments as well as affinity groups to provide messages and options that will encourage customers to better understand the impact their actions have on climate change and how they can personally take action to help reduce the emissions through decreased energy use and other activities. The channels that will be used are further outlined in the Marketing and Outreach sections of this advice filing.

Third-Party Partnership Goals: PG&E will engage local governments, affinity groups, and local business to help provide residential customers different avenues to gain a better understanding of climate change while also working with those groups to support or expand their climate protection strategy to include, if and where appropriate, the ClimateSmart program as well as other energy-saving efforts.

Targeted Outreach Goals: As stated in Testimony, PG&E's goal is to have enrolled 4-5 percent of its 5 million-plus customers by the end of the third year of the program's operation in 2009. Over the life of the program (2007 through 2009), PG&E anticipates that the ClimateSmart program will cumulatively result in contracted emission reductions of about 2 million tons of CO₂ – the equivalent of taking about 350,000 cars off the road for one year. All reductions purchased will be from projects certified by the California Climate Action Registry.

Initial Target Market

PG&E will initially target local governments, business partners and residential customers in the following counties (list is provided by alphabetical order of county names):

- Alameda County
- Contra Costa County
- Marin County
- San Francisco County
- San Mateo County
- Santa Clara County
- Santa Cruz County
- Sonoma County

The counties were chosen based upon: 1) Examination of the current list of cities that have signed the U.S. Mayors Climate Protection Agreement and are in the PG&E

service territory. Findings showed that approximately 56% of the identified cities were located in the Bay Area counties listed above (see Attachment); 2) Based on the Hiner study⁴ demographic data as cross referenced with U.S. census data, the aforementioned counties represent a higher proportion of the type of customers that would be more likely to enroll in ClimateSmart.

As the Program continues, this targeted marketing will expand to more territories as participants enter the program and provide richer information to develop a clearer picture of the characteristics of those who are most likely to adopt ClimateSmart. Currently, a refresh of the Hiner Study is being conducted. The 2007 results of the survey will be shared with the public⁵ and will be incorporated into the marketing strategy in consultation with the External Advisory Group.

Initial Marketing Strategy

The marketing of the Program is designed to engage customers to create a community that identifies with the Program as an extension of their beliefs that they can act locally to affect our environment globally. The key message will be that ClimateSmart empowers our customers to help address climate change.

In conjunction with more traditional mass market communications (bill inserts, print ads), targeted marketing communications will be employed to those who are early adopters so as to build the necessary critical mass and provide a level of credibility that the Program will need to be successful, since not all potential ClimateSmart participants will be at the same level of:

- 1) Awareness with regard to climate change; and
- 2) Receptivity to the benefits of ClimateSmart.

In turn, another key component of the strategy will be earned media. The earned media campaign will be primarily aimed at environmental and consumer reporters for television, radio and newspapers within the PG&E service territory. Another benefit of earned media, besides low cost, is that it can foster credibility of the Program in ways that advertising, including bill inserts, cannot.

Follow-up Marketing Strategy

After the initial Marketing Strategy, marketing will focus beyond the targeted areas. The results from the 2007 campaign will be used to refine the messaging of ClimateSmart. Based upon the feedback from our customers (through market survey and direct feedback), the program will be upgraded to better meet the needs of customers and better message the ability of ClimateSmart to be a key component in the actions

⁴ A.06-01-012, "Pacific Gas and Electric Company Climate Protection Demonstration Program and Tariff Option Rebuttal Testimony", Appendix A, Item A-1. See also Appendix B.

⁵ Advice 2813-G/2999-E, "Report on Tax Deductibility of ClimateSmart Premiums from Residential Customers in Compliance with Decision 06-12-032"

customers can take to reduce the greenhouse gases in the atmosphere that cause climate change.

In turn, the Program will also focus on retention strategies to ensure the needs of those already in the program are met and impacts of their efforts are duly recognized and rewarded. The form and nature of that recognition will be derived from the market surveys and focus groups that will be conducted through the course of the Program and shared with the External Advisory Group.

2007 Preliminary Marketing Communications Schedule

Following provides a high-level breakdown of the activities that will be occurring to rollout the Program to PG&E customers.

Activity	April	May	June	July	August	September	October	November	December
Partnership Meetings									
Launch e-mail									
Advertising									
Launch Events									
Community Events									
Bill Messaging									
Media									
Direct Mail									
Cross Promotional									
Electronic Newsletter									

As information is received from the field on the progress of the Program's marketing effort, the plan will be adjusted as necessary to accommodate the best possible delivery of the communications education and outreach around both climate change and ClimateSmart.

- **ClimateSmart Education and Outreach**

Outreach and communication efforts will be extended to all counties in PG&E's service territory after launch focused on the targeted counties, as described above.

- **ClimateSmart Partnership Meetings**

As cited in testimony, PG&E will seek to partner with affinity groups such as environmental and community-based organizations to market the program. The key benefit of such a partnership will be the allowance of the Program to target, recruit and enroll key individuals, environmental/community-based groups, and marquee businesses that fit the mold of early adopters who can act as credible and vocal

proponents of the Program for the larger masses and as a key generator of earned media opportunities.

A series of meetings with such affinity groups and/or analysis of publicly-available membership lists will be leveraged to identify and develop these key partnerships for the 2007 rollout of the Program. The following section will provide details around the communication activities that will be taking place as part of the rollout of ClimateSmart.

- **ClimateSmart Advertising**

Print ads will be deployed to generate general awareness for a call to action to fight against climate change. In addition, online advertising will be utilized to more specifically address segments of the population that are environmentally aware and help provide further opportunity to present ClimateSmart to those most likely to take action with ClimateSmart.

- **ClimateSmart Web Site**

PG&E has created a dedicated ClimateSmart Web site www.pge.com/climatesmart as a communication channel to all customers in PG&E's service territory. On the Web site, customers are able to access FAQ's regarding climate change and global warming, background information on the program, as well as sign-up to be part of the ClimateSmart community to receive by e-mail the latest updates and information regarding the program.

Also a Greenhouse Gas (GHG) emissions calculator will be developed to help customers estimate their carbon footprint and understand the cost of participating within the Program based on their energy usage.

The Web site will also provide links to participating government and affinity group Web sites to allow residential and business customers an opportunity to learn how other organizations are addressing climate change. The PG&E Web site will also provide links to energy efficiency programs to further educate customers on other ways they can take effective action against the impacts of climate change.

Efforts will also seek ways to use mapping solutions such as Google Earth to allow customers to see where projects are being implemented.

As the program progresses, the Web site will be a key source of information regarding levels of participation, tons of GHG emission reductions under contract, and types of projects that have been invested in with the contributions collected from Program participants. The ability to visually and quantitatively show PG&E customers the progress of the Program and the projects invested will further enhance the integrity and mission of the Program to be transparent and open. This effort will be in addition to the mandatory yearly reports provided to the public as outlined in CPUC Reporting and Program Metrics section of the report.

- **ClimateSmart Partner Web Sites**

As part of the marketing strategy to utilize affinity group partnerships, those affinity group partners (environmental, interfaith groups, and community based organizations) would be asked to promote ClimateSmart, where appropriate, as part of each respective group's climate protection educational outreach.

The partner Web sites would provide links back to the ClimateSmart Web site to allow residential and business customers an opportunity to learn more about how ClimateSmart reduces greenhouse gas emissions and enroll as part of the overall call to action to address climate change.

- **ClimateSmart Bill Messaging**

As part of general awareness build-up, PG&E will distribute a bill insert promoting the ClimateSmart program to all PG&E customers. For those customers who subscribe to E-bills, an online version of the insert will be available to promote ClimateSmart. In the past, bill inserts have been used effectively to alert and educate PG&E customers about existing programs. In addition, PG&E will have messaging in place on the back of the bill reply envelope to provide further opportunity to generate awareness for the ClimateSmart program. Finally, the bill of ClimateSmart participants will show the amount of greenhouse gas emissions their payment will help reduce.

- **ClimateSmart Direct Mail**

Direct Mail will include rich information to persuade those individuals, who have been identified as most likely to participate, to enroll in ClimateSmart. The Direct mail piece may include a personalized cover letter and brochure that provides information regarding the ClimateSmart program with either perforated mail-in or directions for online enrollment.

- **Earned Media**

As stated previously and true for the life of the ClimateSmart Marketing, earned media will be a key component of the strategy. The earned media campaign will be primarily aimed at environmental and consumer reporters for television, radio and newspapers within the PG&E service territory. And will report key milestones that the project achieves such as signing the 250,000th residential customer; funding of a project based on new CCAR protocols, or the achievement of neutralizing 2 million tons of CO₂.

- **ClimateSmart Targeted Post Cards and Emails**

PG&E could send out ClimateSmart-specific postcard and e-mail reminders to targeted customers who have received the initial direct mail pieces, to gently remind them to learn more about the Program and consider enrolling.

- **Call Center Service Representatives (CSRs) / Smarter Energy Line**

For customers who prefer to speak to a PG&E customer representative, the PG&E Contact Center and Smarter Energy Line will be educated on climate change and

the benefits of enrolling in the ClimateSmart program. The end objective will be to either enroll the customer in ClimateSmart or re-direct the caller to the ClimateSmart Web site for further information. By aligning with the Smarter Energy Line, customers will also benefit from learning other ways they can reduce their emissions, such as through energy efficiency.

- **Innovative Marketing**

Efforts will be made to use innovative marketing avenues to reach younger audiences. This may include blogs, Myspace pages, podcasts and text messaging options for enrollment. These avenues are still being researched at this time.

In addition, PG&E will leverage face-to-face contact points through the Account Services team and affinity partners marketing programs that will be used to encourage participation in ClimateSmart. To target larger institutional participants such as universities and local governments, PG&E will also utilize the partnerships that exist through our community relations and government relations teams to help begin discussions and education around ClimateSmart.

Enrollment Options

To ensure easy and customer-convenient enrollment, PG&E will provide three major options for customer Program enrollment. These options are: 1) PG&E "My Account" Web site; 2) PG&E's Contact Centers; and 3) Return reply cards. Additional opportunities exist for face-to-face enrollment. These may occur during special events scheduled through the course of 2007 as well as through account management contact with business customers and community relations contact with a variety of community partners. In its communications, PG&E will make clear that the enrollment is voluntary and participation within the Program can be discontinued at any time. Information will be clearly provided in materials, website, and through CSR contact with regard to how to enroll in / de-enroll from the Program.

Providing Additional Customer Benefit

The 2005 NREL study⁶ cited research showing that response to programs such as ClimateSmart can be influenced by additional values offered to both residential and nonresidential customers⁷ that provide recognition for participating within the program. The following are potential elements that may be included in the program and are subject to changes/updates as better information is gained during the course of the Program as to what customers prefer.

- **ClimateSmart Electronic Newsletter**

To encourage Program retention, PG&E will develop a series of electronic newsletters aimed at Program enrollees to provide a vehicle for updating customers on the progress and success of the Program and to distribute key information,

⁶ "Trends in Utility Green Pricing Programs (2005)" Table 33, "Methods of Providing Additional Program Benefits," p. 27

⁷ *ibid.*

including any special events and other ways to save energy, specifically geared toward those participating in the Program.⁸

- **ClimateSmart Emissions Reduction Information**
Each PG&E customer will have information on its bill that will indicate the pounds of carbon dioxide emissions that customer has helped neutralize based upon their participation in the Program.
- **ClimateSmart Charitable Contributions Partnership**
In appreciation for their enrollment in the ClimateSmart program, PG&E's Charitable Contributions⁹ will donate money to one of three to five charities on behalf of ClimateSmart participants. Participants will be able to select the charity they want a donation to go to at the time of enrollment. Based upon their selection, PG&E's Charitable Contributions will donate a percentage of the money that PG&E Charitable Contributions will provide (yet to be determined) to the identified charities based upon participants' votes; therefore, if 36% of votes were for Charity A, 36% of Charitable Contribution's monies identified for this purpose will be sent to Charity A on behalf of those voting participants.
- **ClimateSmart Community-Based Organization Partnerships**
The Program will also look to partner with Community-Based Organizations (CBOs) to increase awareness around climate change and the benefits of participating in ClimateSmart. In turn, as part of the coordinated marketing strategy under PG&E's Integrated Demand Side Management marketing approach, the partnership will allow for marketing of other programs that will help encourage energy efficiency and, in the case of low-income participants, make the customer aware of other programs that can be of assistance to those in financial need.
- **ClimateSmart Local Government Partner Recognition**
ClimateSmart certificates could be distributed to all local government participants of the ClimateSmart program to designate those who are "carbon neutral" for either their electric and/or gas usage. If the local government entity enrolls both gas and electric, a special certificate indicating their combined gas and electric participation in the Program will be presented. In turn, PG&E will work closely to with local governments to help them meet their own GHG reduction targets through four major avenues: 1) Annual accounting of all the GHG reductions for customers in a local government's respective jurisdiction; 2) Comparative information so participating governments can understand how well they are reducing their GHG emissions relative to other governments; 3) Partnership in supporting or expanding their climate protection strategy that leverages the other energy-saving efforts customers

⁸ A.06-01-012, "[The] marketing for the [Program] will be fully coordinated with PG&E's innovative Integrated Demand-Side Management efforts. PG&E will help all [Program] customers become as energy efficient as possible through the portfolio of programs approved by the Commission in Decision 05-09-043." p. 1-13.

⁹ The PG&E's charitable contributions program is funded entirely by shareholders [*not ratepayers*] and has no impact on electricity or gas prices. Go to <http://www.pge.com/giving> for more information.

could take; 4) Opportunity to co-market as a part of the ClimateSmart rollout as a means to showcase to both their residential and business constituents the local government's commitment to climate protection. In turn, there are opportunities to leverage partnerships to co-market ClimateSmart with educational initiatives around climate change as well as opportunities to promote public transportation as part of the welcome package in participating in the Program.

- **ClimateSmart Business Partner Recognition**

ClimateSmart decals could be distributed to all business participants of the ClimateSmart program to designate those who are "carbon neutral" for either their electric and/or gas usage. If the business enrolls both gas and electric, a special decal indicating their combined commodity participation in the Program will be presented. Businesses may also receive a certificate indicating their participation in the program, and the degree to which they are carbon -neutral. Businesses may also be offered an opportunity to co-market as a part of the ClimateSmart rollout. In turn, many of those businesses could similarly partner with PG&E in supporting or expanding their environmental strategy that leverages the expertise and experience that PG&E has garnered in developing and deploying climate protection solutions that range from ClimateSmart to energy efficiency programs.

- **ClimateSmart Networking and Cross Promotions**

PG&E will distribute ClimateSmart brochures at PG&E events where other assistance programs are being communicated. ClimateSmart brochures will provide education around climate change as well as background information on ClimateSmart. PG&E will distribute the ClimateSmart information through local government departments, CBOs, and events that are held in targeted regions. The intent is to couple the Program with other initiatives such as Flex Your Power and Spare the Air. Such cross-promotion partnerships would allow ClimateSmart to further interact with consumers that are already engaging in energy efficiency/pollution reduction efforts as well as emphasize the importance of climate change activities to those segments of the population that remain largely unengaged.

2007 ClimateSmart Administrative and Marketing Budget

This section focuses on the initial strategy for 2007. The budget will be refined after further market research but PG&E will not shift funds from marketing to administration or vice versa, or from program year-to-year unless authorized by the CPUC. The following table provides descriptions for the intended expenditures of the program.

#	ITEM	2007¹⁰	Description
1	Program Administration <ul style="list-style-type: none"> • Program Labor Costs • Portfolio Mgmt • Tracking/Reporting and General Admin 	\$600,000 \$670,000 \$250,000	Includes: <ul style="list-style-type: none"> • Program labor costs • Program development costs: <ul style="list-style-type: none"> ○ Updates to technical systems for online enrollment, billing, and carbon portfolio management tracking system ○ Create carbon portfolio management process and procedures • General Administration costs: <ul style="list-style-type: none"> ○ Building partnerships with external parties through convention/tradeshows/event sponsorships ○ Recording operating expense accounts ○ Travel and speaking engagement costs ○ Back-office operations costs (copies, printing, binding, office supplies) ○ Compile data and reports for CPUC and EAG costs
2	California Climate Action Registry (CCAR) Administration and Operational ¹¹	\$550,000	Includes administrative and operational activities related to registering reduction projects for ClimateSmart and developing additional protocols as cited in testimony.
3	Marketing Comm.: Collateral Development/Print	\$800,000	Includes but is not limited to the development of creative materials for: Bill Inserts, Brochure, ClimateSmart Logo, Focus Groups, and Direct Mail pieces.
4	Communications Deployment: <ul style="list-style-type: none"> • Bill Messaging • Targeted Post Cards • Direct Mail • Online Search • Media (Radio) • Advertising • Events 	\$70,000 \$160,000 \$250,000 \$200,000 \$350,000 \$650,000 \$200,000	Includes but is not limited to the distribution of materials cited in line 3: through print (newspapers, magazines), online search, radio, bill inserts, and direct mail to targeted consumers. Funds have also been set aside for ClimateSmart specific events.
5	Marketing Research <ul style="list-style-type: none"> • Customer Surveys • Customer Targeting • Market Reports 	\$110,000 \$200,000 \$10,000	Includes: Development and deployment of surveys; conduct data analysis; and acquisition of external market research reports.
6	Total:	\$5,070,000	

¹⁰ *ibid.*

¹¹ A.06-01-012, Table 2-2, "[CPT] Program Budget by Cost Category and Program Year" p. 2-24

In turn, as market research¹² provides greater insight into customer preferences, PG&E will revisit the current allocation of budget dollars and inform the CPUC of changes to the marketing plan as part of the annual report.

With regard to 2008 and 2009 as stated in the Application¹³, the following is the potential budget that is estimated for those respective Program years.

<u>#</u>	<u>ITEM</u>	<u>2008</u>	<u>2009</u>	<u>Description</u>
1	Program Administration <ul style="list-style-type: none"> • Program Labor Costs • Portfolio Mgmt/Tracking/Reporting and General Admin 	\$600,000 \$220,000	\$600,000 \$420,000	Includes: <ul style="list-style-type: none"> • Program labor costs • General Administration costs: <ul style="list-style-type: none"> ○ Building partnerships with external parties through convention/tradeshaw/event sponsorships ○ Recording operating expense accounts ○ Travel and speaking engagement costs ○ Back-office operations costs (copies, printing, binding, office supplies) ○ Compile data and reports for CPUC and EAG costs
2	CCAR Administration and Operational ¹⁴	\$300,000	\$50,000	Includes administrative and operational activities
3	Marketing Communications Updates/Print	\$1,070,000	\$1,333,333	Includes but is not limited to the update of creative materials for: Bill Inserts, Brochure, Focus Groups, T.V., radio, or direct mail pieces.
4	Communications Deployment: <ul style="list-style-type: none"> • Bill Messaging • Targeted Post Cards • Direct Mail • Online Search • Media (Radio) • Advertising • Events 	\$70,000 \$213,333 \$320,000 \$266,667 \$466,667 \$1,206,667 \$266,667	\$70,000 \$266,667 \$416,667 \$333,333 \$583,333 \$1,543,334 \$333,333	Includes but is not limited to the distribution of materials cited in line 3: through print (newspapers, magazines), online search, radio, bill inserts, and direct mail to targeted consumers. Events include but are not excluded to: Community Educational Outreach; Local City Government Partnerships that promote education around climate change and actions customers can take
5	Marketing Research <ul style="list-style-type: none"> • Customer Surveys • Market Reports 	\$110,000 \$10,000	\$110,000 \$10,000	Includes: Development and deployment of surveys; conduct data analysis; and acquisition of external market research reports.
6	Total:	\$5,120,000	\$6,070,000	

¹² Advice 2813-G/2999-E.

¹³ A.06-01-012, Table 2-2, "[CPT] Program Budget by Cost Category and Program Year" p. 2-24

¹⁴ A.06-01-012, Table 2-2, "[CPT] Program Budget by Cost Category and Program Year" p. 2-24

Marketing expenditures for 2008 and 2009 will be further delineated once results have been gathered from the 2007 campaign to understand levels of effectiveness for the communication channels employed in marketing the Program to consumers. In turn, allocations will also be subject to change based upon input from the Program External Advisory Group.

Program Administration

Administration of the program will involve the following activities:

- Establish partnerships with local governments
- Recruit affinity groups and establish partnerships
- Community outreach efforts; including the distribution of brochures at events and to local government and affinity group organizations/facilities
- Monitor ClimateSmart administration and communication accounts
- Monitor quality and performance of the ClimateSmart Program
- Manage customer survey information
- Compile data for Commission reporting
- Cost to support these activities are outlined in the 2007 ClimateSmart Marketing Budget section

Quality Assurance and Complaints

In addition to the customer survey that is currently being conducted, PG&E will make available online and mail-in surveys for customers who participate in the Program. The surveys will include an optional customer profile section in order to gauge the effectiveness of PG&E's marketing and outreach efforts. Information gathered from the surveys will provide valuable results, such as:

- Satisfaction level of customers
- Level of awareness around climate change and global warming
- Level of awareness around ClimateSmart
- Effectiveness of communication channels

CPUC Reporting and Program Metrics

PG&E will provide the Commission and the public with an annual report providing information on program results, budget, what it has learned, problems, and customer satisfaction for the previous year ending December 31 as follows:

- Marketing dollars spent (total and detail)
- Number of customers participating in the program (by month) including the numbers of new enrollments and customers ceasing participation
- ClimateSmart program revenues
- Dollar and GHG reduction amounts under contract, with the timeframe during which the reductions are expected to be achieved
- Description of GHG reduction contracts signed (with copies of each contract);
- Actual cost per ton of GHG reductions contracted for
- A summary of the results of solicitations including number of bidders, range of bid prices, description of projects bid

- Results of any customer surveys
- Explanation of difficulties, challenges, and lessons learned
- Copies of all marketing materials produced and used in the program; and Climate protection balancing account revenues, expenditures and interest accruals during the previous year, and end-of-year account balance.

The annual reports will be submitted for each year of the program's existence by the following dates as per Order Paragraphs 14 and 15 in the Decision.

Review Period	Report by Date
Twelve months ending December 31, 2007	March 31, 2008
Twelve months ending December 31, 2008	March 31, 2009
Twelve months ending December 31, 2009	March 31, 2010

Once the 2007 program year has been recorded, the data collected will provide a baseline from which targets and potential trends can be established for the subsequent 2008 and 2009 program years.

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 **May 24, 2007**, 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: jjj@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

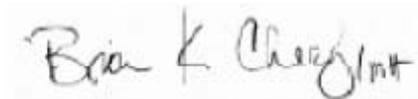
Effective Date

PG&E requests that this advice filing become effective on regular notice, **June 3, 2007**, which is 30 calendar days after the date of filing.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties for A.06-01-012. Address changes to the General Order 96-A 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>

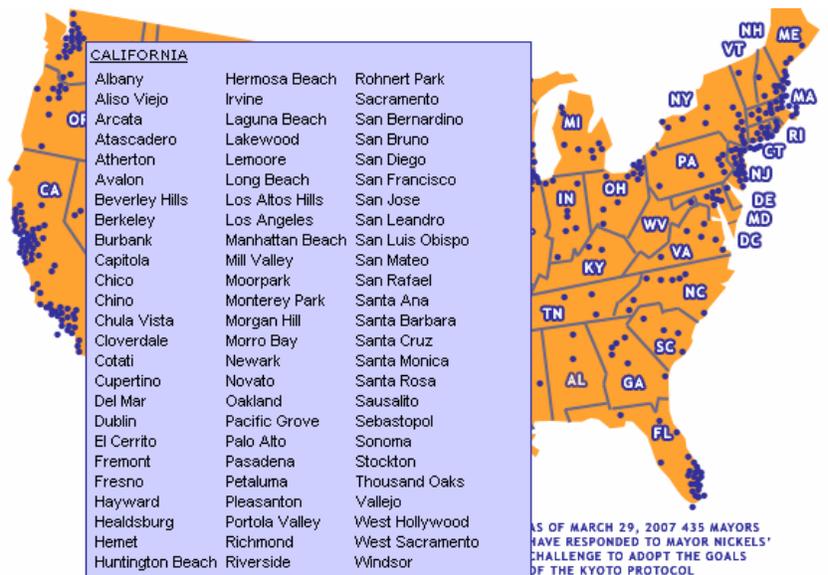


Vice President, Regulatory Relations

cc: Service List A.06-01-012

Attachments: California City Members of U.S. Mayors Climate Protection Agreement
and Demographic of Residential Customers.

APPENDIX A: California City Members of U.S. Mayors Climate Protection Agreement



Source: The United States Conference of Mayors, <http://www.usmayors.org/climateprotection/>

Approximately 50 of the participating California cities are within PG&E’s service territories with 56% of those participating cities located within the Bay Area.

APPENDIX B: Demographic of Residential Customers

Based on the Hiner market research data that was provided in testimony, the residential customer that would be more likely to sign-up for the Program would have the following characteristics:

Residential
<ul style="list-style-type: none"> • College educated • Household incomes above \$75,000 per year • 2 or more persons in the household • Internet users • Typically home owners • Typically reside in the suburbs

This profile of the target audience will be enhanced through additional market surveys. Such customer research will help PG&E further refine development of the Program messaging and to understand how to better position the value propositions of the program for both business and residential customers.

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 U39M

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Megan Hughes

Phone #: (415) 973-1877

E-mail: MEHr@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2832-G/3050-E

Subject of AL: PG&E's Climatesmart Program Marketing and Budget Plan Submitted in Compliance with Decision 06-12-032

Keywords (choose from CPUC listing): Compliance

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

Summarize differences between the AL and the prior withdrawn or rejected AL¹:

Resolution Required? Yes No

Requested effective date: June 3, 2007

No. of tariff sheets: None

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

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: None

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets: N/A

Protests 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

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

inj@cpuc.ca.gov and mas@cpuc.ca.gov

Utility Info (including e-mail)

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

¹ Discuss in AL if more space is needed.

**PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool	Douglass & Liddell	PG&E National Energy Group
Accent Energy	Downey, Brand, Seymour & Rohwer	Pinnacle CNG Company
Aglet Consumer Alliance	Duke Energy	PITCO
Agnews Developmental Center	Duke Energy North America	Plurimi, Inc.
Ahmed, Ali	Duncan, Virgil E.	PPL EnergyPlus, LLC
Alcantar & Kahl	Dutcher, John	Praxair, Inc.
Ancillary Services Coalition	Dynergy Inc.	Price, Roy
Anderson Donovan & Poole P.C.	Ellison Schneider	Product Development Dept
Applied Power Technologies	Energy Law Group LLP	R. M. Hairston & Company
APS Energy Services Co Inc	Energy Management Services, LLC	R. W. Beck & Associates
Arter & Hadden LLP	Exelon Energy Ohio, Inc	Recon Research
Avista Corp	Exeter Associates	Regional Cogeneration Service
Barkovich & Yap, Inc.	Foster Farms	RMC Lonestar
BART	Foster, Wheeler, Martinez	Sacramento Municipal Utility District
Bartle Wells Associates	Franciscan Mobilehome	SCD Energy Solutions
Blue Ridge Gas	Future Resources Associates, Inc	Seattle City Light
Bohannon Development Co	G. A. Krause & Assoc	Sempra
BP Energy Company	Gas Transmission Northwest Corporation	Sempra Energy
Braun & Associates	GLJ Energy Publications	Sequoia Union HS Dist
C & H Sugar Co.	Goodin, MacBride, Squeri, Schlotz &	SESCO
CA Bldg Industry Association	Hanna & Morton	Sierra Pacific Power Company
CA Cotton Ginners & Growers Assoc.	Heeg, Peggy A.	Silicon Valley Power
CA League of Food Processors	Hitachi Global Storage Technologies	Smurfit Stone Container Corp
CA Water Service Group	Hogan Manufacturing, Inc	Southern California Edison
California Energy Commission	House, Lon	SPURR
California Farm Bureau Federation	Imperial Irrigation District	St. Paul Assoc
California Gas Acquisition Svcs	Integrated Utility Consulting Group	Sutherland, Asbill & Brennan
California ISO	International Power Technology	Tabors Caramanis & Associates
Calpine	Interstate Gas Services, Inc.	Tecogen, Inc
Calpine Corp	IUCG/Sunshine Design LLC	TFS Energy
Calpine Gilroy Cogen	J. R. Wood, Inc	Transcanada
Cambridge Energy Research Assoc	JTM, Inc	Turlock Irrigation District
Cameron McKenna	Luce, Forward, Hamilton & Scripps	U S Borax, Inc
Cardinal Cogen	Manatt, Phelps & Phillips	United Cogen Inc.
Cellnet Data Systems	Marcus, David	URM Groups
Chevron Texaco	Matthew V. Brady & Associates	Utility Resource Network
Chevron USA Production Co.	Maynor, Donald H.	Wellhead Electric Company
City of Glendale	MBMC, Inc.	White & Case
City of Healdsburg	McKenzie & Assoc	WMA
City of Palo Alto	McKenzie & Associates	
City of Redding	Meek, Daniel W.	
CLECA Law Office	Mirant California, LLC	
Commerce Energy	Modesto Irrigation Dist	
Constellation New Energy	Morrison & Foerster	
CPUC	Morse Richard Weisenmiller & Assoc.	
Cross Border Inc	Navigant Consulting	
Crossborder Inc	New United Motor Mfg, Inc	
CSC Energy Services	Norris & Wong Associates	
Davis, Wright, Tremaine LLP	North Coast Solar Resources	
Defense Fuel Support Center	Northern California Power Agency	
Department of the Army	Office of Energy Assessments	
Department of Water & Power City	OnGrid Solar	
DGS Natural Gas Services	Palo Alto Muni Utilities	