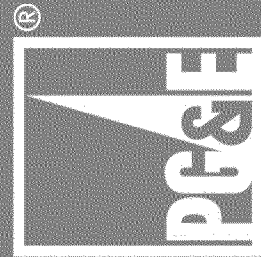


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2012-2014 CARE-ESA Program Proposed Decision





ESA: Budget and Goals

Goal: PD Should be modified to clarify that the homes-treated goal is 3-year rather than annual.

The PD's ESA Program budget for PG&E should be corrected to \$471,032,000 (rather than \$459,467,324) to correctly apply the 5% reduction to PG&E's filed budget.

- Consistent with:
 - The number of homesteaded goal
 - The increased number of refrigerator installations expected
- Revised budget filed in PG&E Reply Testimony, Dec. 9, 2011.



ESA Budget

PG&E ESA Program Budgets 2012-2014					
Filed	2012	2013	2014	Cycle Total	
PG&E App 5/15/2011	\$137,904,000	\$167,525,000	\$173,422,000	\$478,851,000	
PG&E Reply Testimony 12/9/2011 *	\$157,023,000	\$162,622,000	\$168,347,000	\$487,992,000	
PD 5% Adjustment 5/4/2012	\$132,321,707	\$150,743,662	\$166,401,955	\$459,467,324	
PG&E Corrects PD in Comments 5/24/2012	\$150,158,500	\$156,994,000	\$162,453,000	\$471,032,000	
Proposed Number of Homes to be Treated					
PG&E App 5/15/2011	110,000	132,500	132,500	375,000	
PG&E Reply Testimony 12/9/2011	125,000	125,000	125,000	375,000	
PD 5% Adjustment 5/4/2012	119,940	119,940	119,940	359,820	
PG&E PD Comments 5/24/2012	119,940	119,940	119,940	359,820	
* PG&E's revised ESA Program Budget (Reply Testimony filed Dec. 9, 2011)					
1) PG&E revised homes treated to equalize annual goals (increasing homes treated in 2012 from 125,000, and decreasing each of 2013-2014 homes treated from 132,500 to 125,000; the 3-year total is the same).					
2) PG&E increased 2012-2014 budgets to accommodate higher number of pre-1999 refrigerators for new market potential data received from KEMA in Dec 2011.					



ESA: Landlord-Owned Property

Water Heaters and Furnaces

The ESA Program should not provide Water Heaters and Furnaces in tenant-occupied buildings

- PG&E believes this prohibition is fair to all customers as providing these measures would significantly reduce the number of homes treated.
- The Energy Efficiency proceeding provides rebates for Water Heaters and Furnaces.
- Replacing broken or hazardous equipment is providing ratepayer funding to landlords who would have to repair or replace this equipment anyway.
- The CPUO has consistently not provided furnaces and water heaters under ESA except when the equipment fails NGAT.



Impacts of Increased Income Verification

- PG&E supports increased income verification using statistical modeling to target those least likely to be eligible
- The 90% penetration goal needs to be relaxed as increased income verification will result in more customers falling off the program
- Doubling PG&E's PEV rate to 20% would reduce the penetration rate to 84% by the end of 2014 (based on 2012 eligibility estimates)

Enrollment & Verification Estimates - Comparison by Approach			
Approach	Application Filing	Proposed Decision	20% PEV Rate
Annual Verification Requests	120,000	800,000	310,000
Percent of Total Enrolled	8%	52%	20%
Admin Costs - Verification	\$625K	\$4M	\$1.6M
2012-2014 Net Enrollment Change	47,000	-459,000	-134,000
2014 Year-End Enrollment	1,581,000	1,075,000	1,400,000
2014 Year-End Penetration Rate	95%	65%	84%



High Usage Customers

- PG&E supports opportunity for all >400% of Baseline customers to participate in ESA.
- ESA eligibility requirements must be modified to allow these customers to be treated by ESA.

Streamlining Categorical Program Eligibility

- PG&E agrees that workshops with all parties would be a good forum to review categorical program alignment with CARE eligibility requirements:
 - Household versus individual (e.g., Lifeline) eligibility needs to be reconciled
- PG&E supports income verifying any customer that falls into the top 20% most likely ineligible group, even if they initially qualified categorically.