

**STATEMENT ON DECISION ADOPTING PROGRAMS CHANGES
TO ASSIST LOW INCOME RATEPAYERS MANAGE HIGH
NATURAL GAS PRICES
October 27, 2005**

Colleagues, I am very proud to present for your consideration today, a decision approving program changes to assist low income ratepayers cope with high natural gas prices this winter. This decision comes on the heels of our October 7 en banc on the same issue, and our staff, the utilities, and community groups have made extraordinary efforts over the past 20 days to develop the proposals that are included in this decision. I am proud not only of the fact that we will be helping needy Californians in a timely manner, but also of the fact that all of the parties were willing and able to immediately dive in and engage in constructive and thoughtful dialogue on the issues in a very short time frame.

As you know, President Peevey spearheaded this effort by initiating the en banc, in which we heard community members discuss their needs and a range of proposals from the utilities. At that meeting, we heard that natural gas bills will double this winter. For example, Southern California Gas Company residential customers will likely see monthly bills that are approximately 45 dollars higher than last winter.

While this dollar amount may seem manageable to many of us; the hard reality is that many working Californians cannot meet their monthly expenses even without these expected increases. At the en banc, Bill Huang of the Los Angeles County Community Development Department explained that a family of four in Los Angeles County needs an annual income of

approximately \$69,000 just to meet basic expenses for housing, utilities, food and transportation. The median income of a family of four in LA County is approximately \$65,000. In other words, over one half of the four person households in that county – the largest county in the state with a population of over 10 million – earn less than the level of income to meet basic needs. In the Bay Area, the required income to meet basic expenses for a family of four is almost \$80,000.

Recognizing the urgency of the situation, ALJ Weissman set an expedited schedule for submittal of proposals and comments on the proposals and held an all day workshop last week to review the proposals. Everyone who participated in the workshop felt it was a terrific job by Steve that got an amazing degree of discussion about the various proposals. If there is to be any hope of providing relief to ratepayers this winter the Commission must take immediate action. Therefore, we have shortened the usual comment period for the proposed decision as we are entitled to do under our Rules of Practice and Procedure. The parties did file comments yesterday and the decision before you incorporates these comments.

This decision adopts modifications to the California Alternative Rates for Energy (CARE) and Low Income Energy Efficiency (LIEE) programs with the goal of providing rate relief for low income ratepayers at a reasonable cost to all ratepayers, increasing enrollment, and helping Californians manage their high winter bills.

The modification with the largest immediate impact for low income ratepayers is the expansion of eligibility for the CARE program from 175

percent of the federal poverty guidelines to 200 percent. This means that the cut-off for income eligibility for a family of four will increase from \$34,000 to \$39,000 annually. With this change, more than half a million additional households in California will be eligible for our CARE program, with an estimated bill increase of less than ½ of one percent for non-CARE customers. This is also the only modification that will have a measurable impact on non-CARE rates.

The income data I summarized earlier demonstrates that the PUC can only scratch the surface of the group of customers who need assistance. Although we act expeditiously today to provide relief, we also proceed with due caution to control the impact of the decision on non-Care ratepayers. The decision rejects proposed measures such as a rate freeze or cap or expansion of CARE eligibility to 250 percent due to concerns regarding rate impacts. As much as I personally would like to help all Californians who need help paying their bills, there is a limit on what rates will bear. I believe that this decision stays well within that limit while still assisting a large number of customers.

This decision makes it easier for customers to enroll in CARE by allowing sign up over the telephone and suspending recertification requirements for this winter. In addition, I spoke with Secretary Belshay of the California Health and Human Services Agency earlier this week and we have committed to have our agencies work together to implement automatic enrollment programs to further increase access to CARE.

The LIEE program is also modified to expand eligibility to 200% of the federal poverty guidelines and to make enrollment easier. The utilities are authorized to accelerate LIEE measures such as the replacement of malfunctioning or inefficient furnaces, water heaters, refrigerators and light bulbs. The LIEE program will be expanded using carry over funds from previous years and we do not anticipate any rate increases as a result of the LIEE measures.

Finally, this decision directs the utilities to take a number of steps to help customers manage their bills, including expanding levelized bill payment plans, institution of a moratorium on service shut-offs if the customers have paid at least 50% of the bill, and waivers of reconnection fees and deposits for CARE customers. The utilities are directed to take a number of steps to increase public awareness and education about the high gas prices and the array of options available to ratepayers.

The utilities are to be commended for their good work on this effort. Not only have they presented carefully crafted proposals for Commission action, they have voluntarily adopted measures that do not need Commission approval, such as increased shareholder contributions to bill assistance programs and pledging to suspend local office closures for this winter. And the community groups have greatly aided our consideration of these proposals. This decision is the result of a true collaboration between all of the stakeholders and shows that when we work together in a spirit of cooperation, we truly can make a difference in the every day lives of Californians.

I also want to thank our Energy Division staff, including Sarita Sarvate and Karen DeGannes for their excellent work and dedication to these issues. Steve Weissman has been a true hero, working day and night and weekends to pull this all together. In less than a month, Steve reviewed five rounds of written filings, workshop discussions, several advice letters and at least two sets of responses to data requests. The result is not just a decision, but a carefully reasoned, factually grounded decision that the Commission will be proud of. I know that it was not just professionalism on the part of Commission staff that made this decision possible, but also their personal dedication to helping low-income Californians.

Winter is upon us and the utilities must roll out these programs without delay. I ask for your support for this decision.