

Programs to Mitigate Winter Price Impacts on Low Income Customers

California Public Utilities Commission
Full Panel Hearing

“Winter 2005-06: Keeping Natural Gas Bills Reasonable”

Los Angeles
October 6, 2005



PG&E's 2005-2006 Winter Care and Relief Program

What we are doing to help low income customers reduce or manage high winter bills:

- Buying gas at lowest possible prices
- Offering conservation and energy efficiency opportunities
- Offering financial assistance programs
- Increasing customer communications and outreach
- Expanding payment options

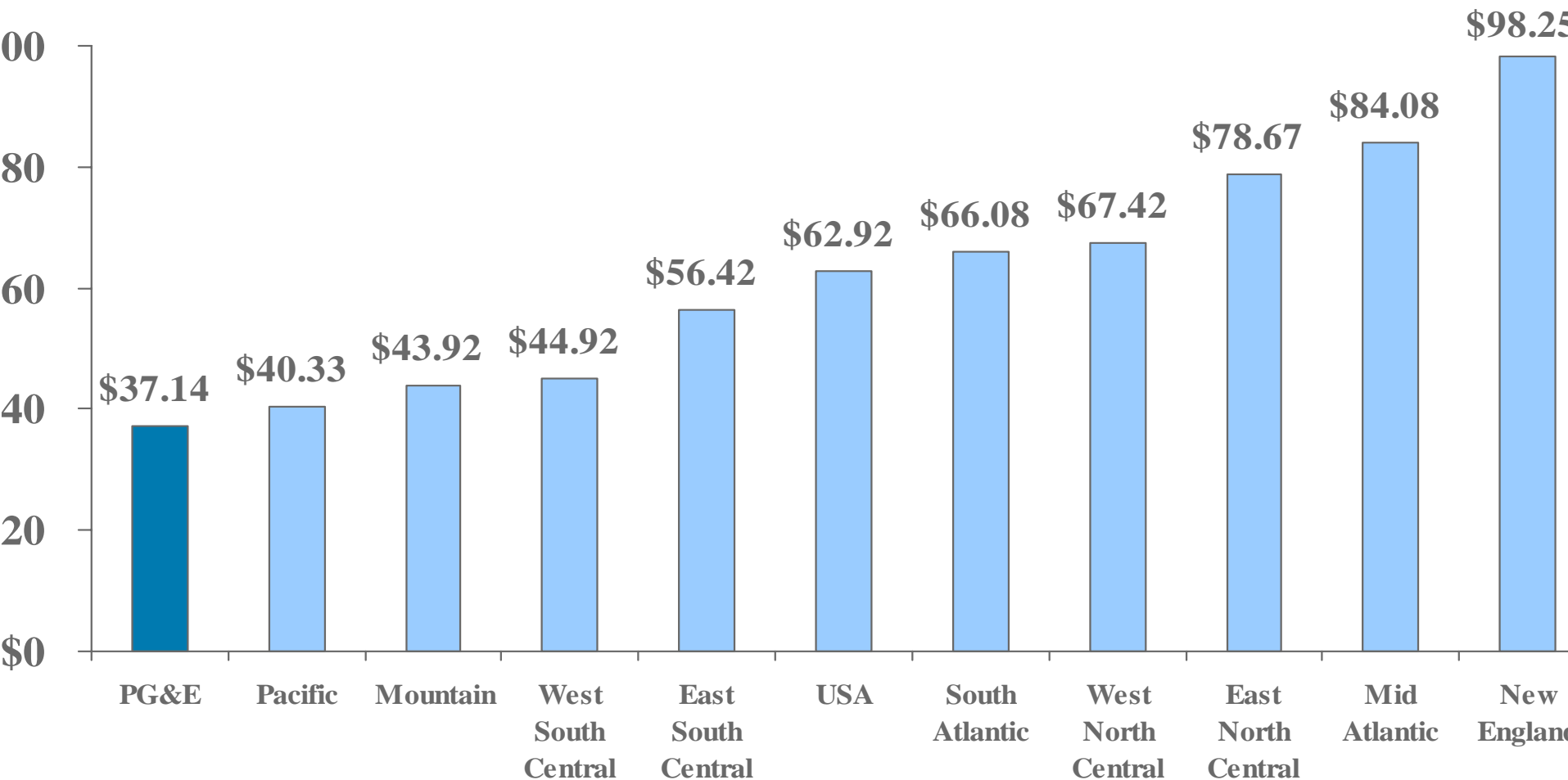


PG&E's Natural Gas Purchasing Strategy

1. Fill storage in spring and summer when natural gas prices are lower
2. Use gas from storage in winter when natural gas prices are higher
3. Purchase gas from multiple delivery points
4. Hedge against price spikes



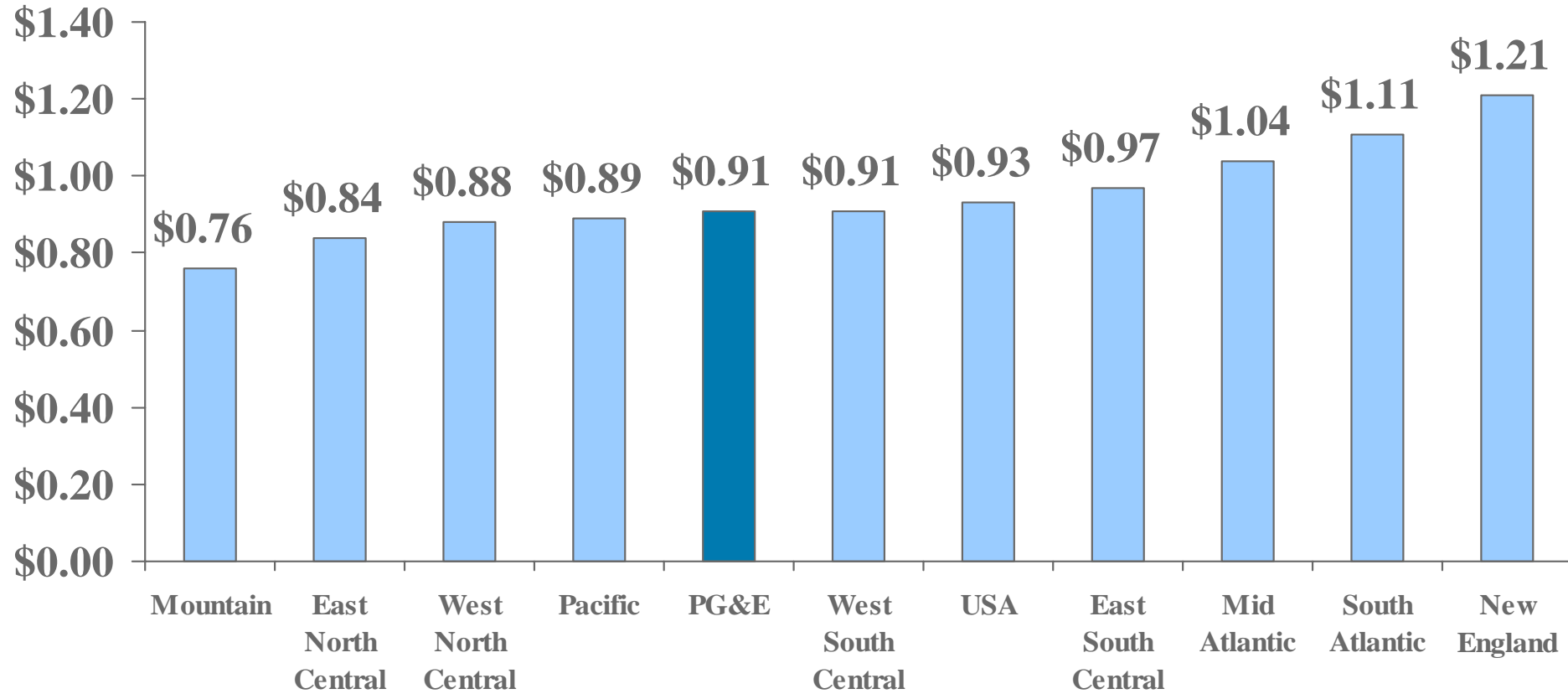
2003 Residential Average Annual Gas Monthly Bill By Region



Source: American Gas Association, *Gas Facts*; 2003 is latest data available.



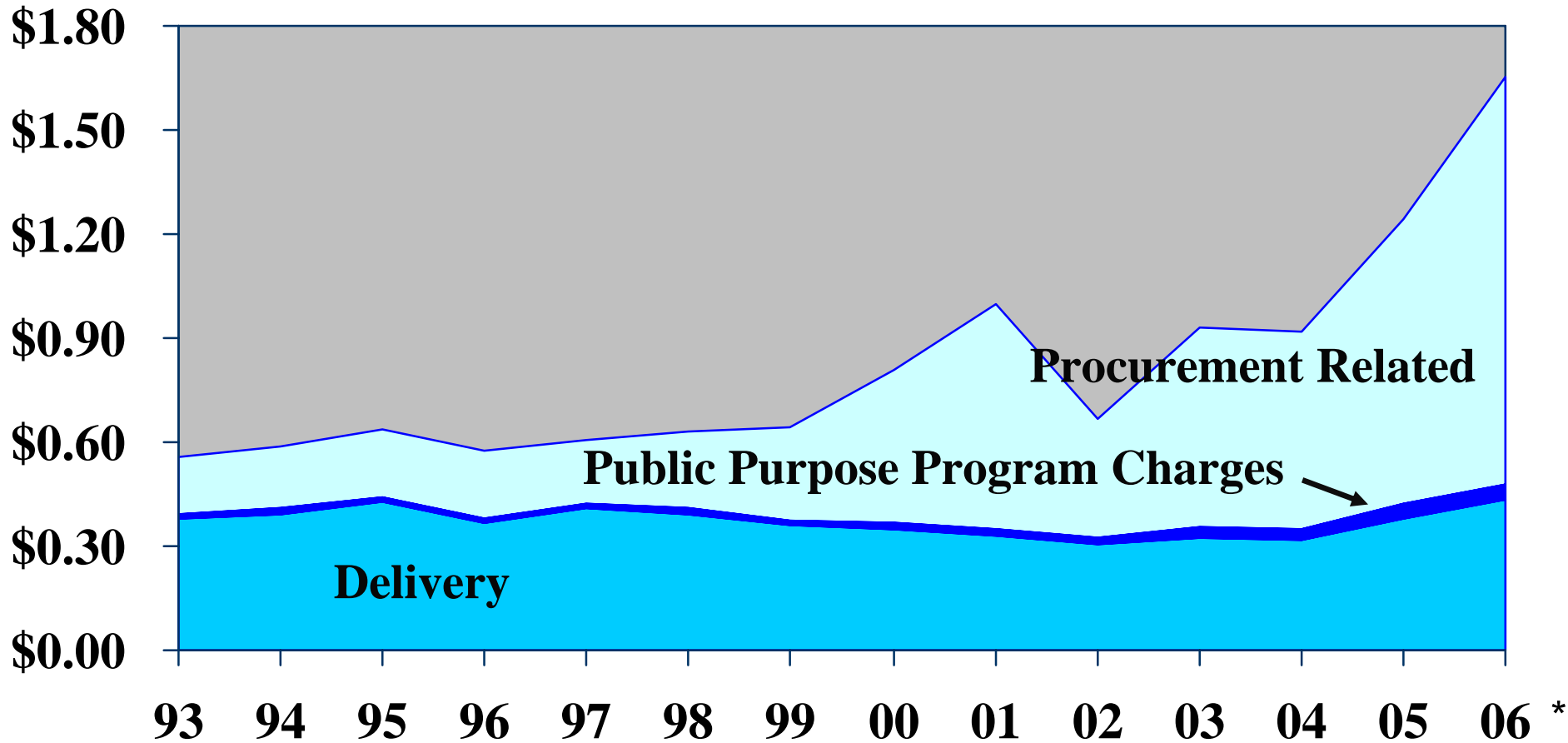
2003 Residential Average Annual Gas Rate By Region



Source: American Gas Association, *Gas Facts*; 2003 is latest data available.



PG&E's Average Residential Gas Rates Over Time

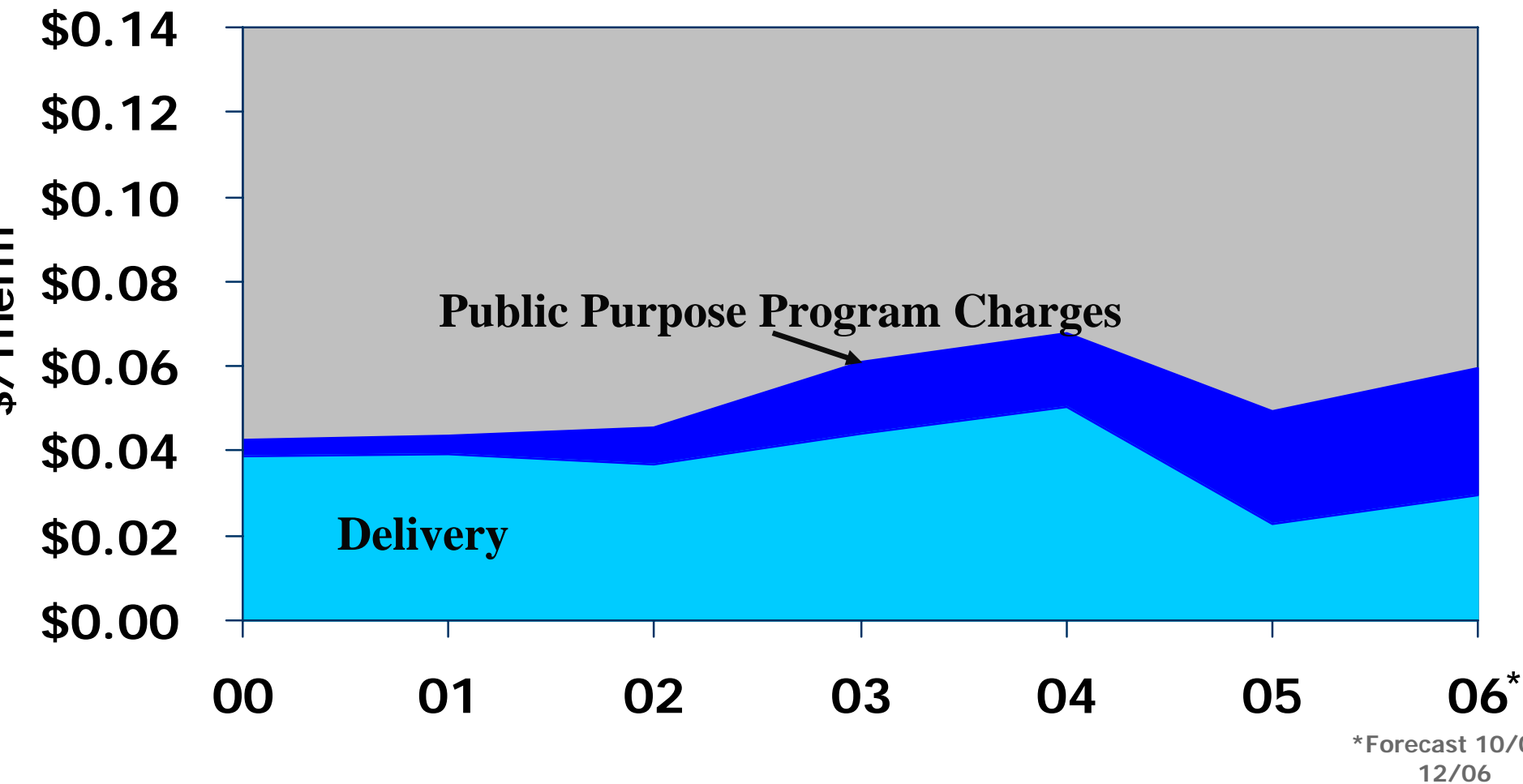


*Forecast

*Forecast January 2006 rates are based on management's best estimates as of September 22, 2005, and are subject to change.



PG&E's Average Industrial Gas Delivery Rates Over Time



*Forecast 10/05-12/06

* Forecast January 2006 rates are based on management's best estimates as of September 22, 2005, and are subject to change.



PG&E's Conservation and Energy Efficiency Programs

- **Low Income Energy Partners Program**
Free weatherization and energy efficient appliances for qualifying low income households
 - weather stripping
 - attic insulation
 - caulking
 - duct testing (new)
 - furnace repair, replacement
 - home repair
 - new refrigerators
 - shower heads
 - fluorescent lighting
- **Energy Efficiency Programs**
Rebates for qualifying products:
 - clothes washers (\$35-\$75)
 - insulation (attic & wall) (\$0.15/sq. ft.)
 - furnaces (central natural gas) (\$200)
 - water heaters (\$30)
 - dishwashers (\$30-\$50)



PG&E's Payment Assistance Programs

CARE

- Provides 20% bill discount to qualifying low-income households

FERA

- Provides electric bill discounts to qualifying large households of three or more persons (Tier 2 electric rates charged for usage in Tier 3)

REACH

- Provides once-annual bill credits of up to \$200 to qualifying low-income households
- Funded by contributions from PG&E's customers and employees ('05-'06 goal = \$3 million, double last year)
- PG&E will match new customer contributions
- Administered by Salvation Army with administrative costs paid by PG&E



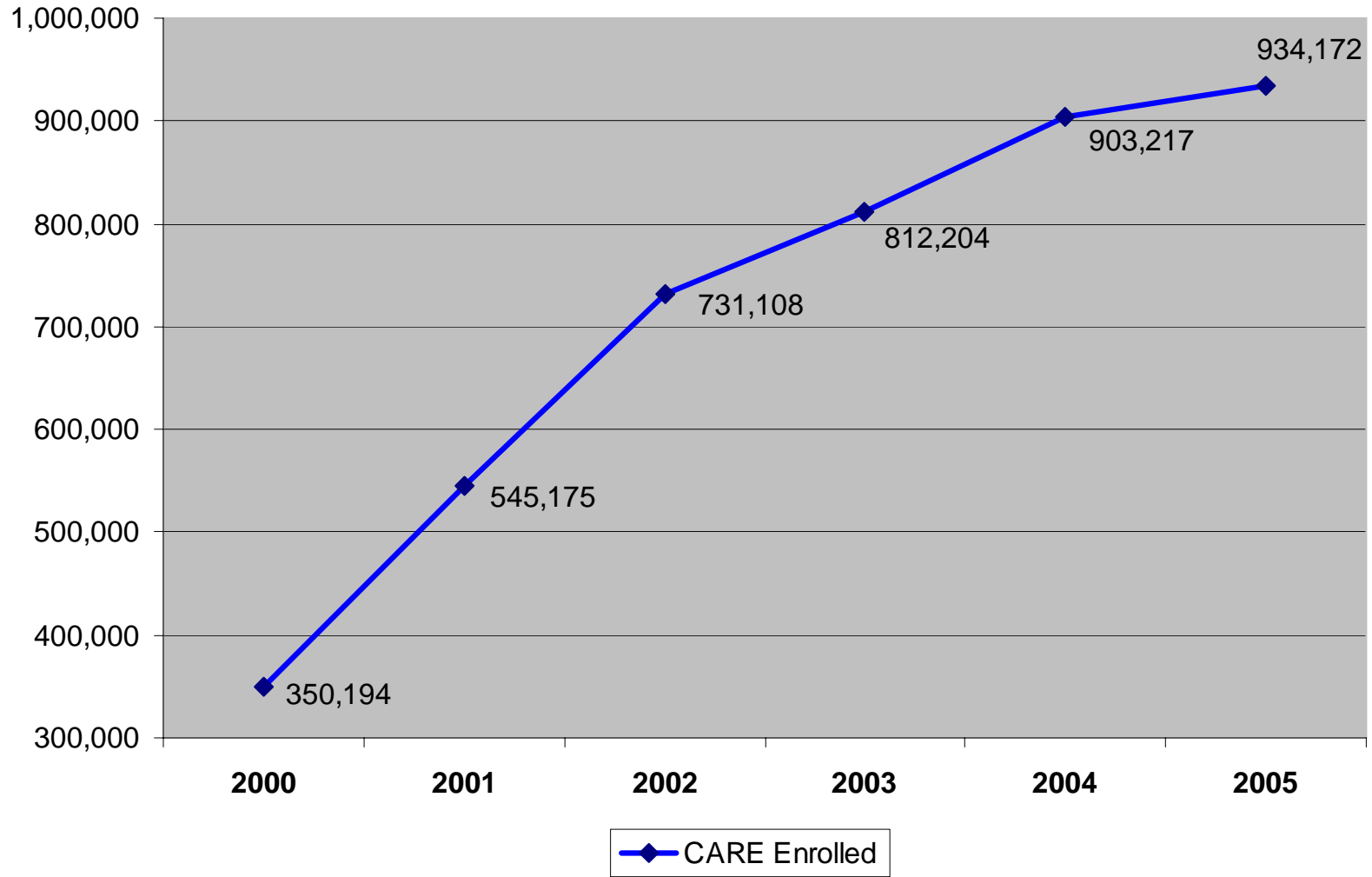
Possible CARE Program Changes

- Expanded Eligibility
 - Considering including elderly or disabled with income of 200% of federal poverty guidelines (up from 175%)
 - Would add about 115,000 customers
 - Would create revenue requirement gap of about \$40 million
- Winter moratorium on recertification
- Post-verification callbacks to non-responsive customers
- Follow-up phone calls to customer's request for application
- Extension to non-profit and agricultural housing facilities providing temporary housing to evacuees



PG&E's CARE Enrollment

2000 - 2005 CARE Enrollment



PG&E's Stepped Up Communications & Outreach

Medium	Timing	Message
Television	November through March	Replace inefficient appliances, rebates available
Newspaper	Ads in up to 21 major daily papers	High gas prices, take action, information about PG&E programs
Radio Ads	Began in late Sept, will run through winter	High gas prices, sign up for Balanced Payment Plan
Direct Mail	Targeted for November 1st	High gas prices, take action, information about PG&E programs
Bill Insert	November and December	Energy efficiency and conservation, BPP and other PG&E programs, REACH program
Bill Message	October and November	High gas prices, take action, information about PG&E programs
Outbound Phone Calls	November through March	High gas prices, take action, information about PG&E programs
Brochures	November through March	Energy efficiency and conservation
Targeted Outreach	October through March	High gas prices, take action, information about PG&E programs



Examples of PG&E's Targeted Outreach

- Outbound calls to customers who have had difficulty paying bills
- Participation in community events to reach minority and special needs customers
- Hand delivery of energy savings tips by service representatives visiting customers' homes
- Briefings with community-based organizations and low-income service providers



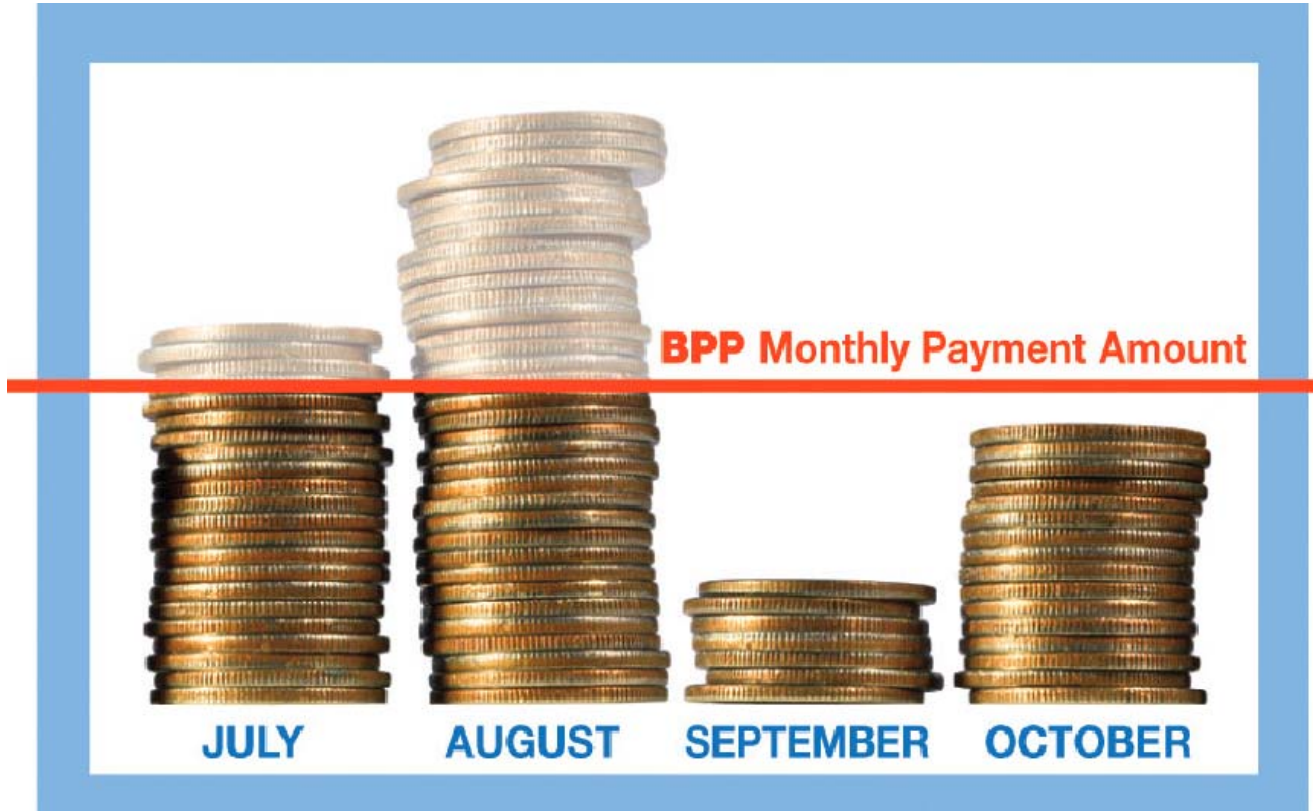
PG&E's Expanded Payment Options

- **Balanced Payment Plans**
 - Levels bills over 12 months
 - No interest
 - No late fees
 - More customers now eligible

- **“Winter Stretch” Program**
 - Allows winter bills to be paid over several months
 - No interest
 - No late fees



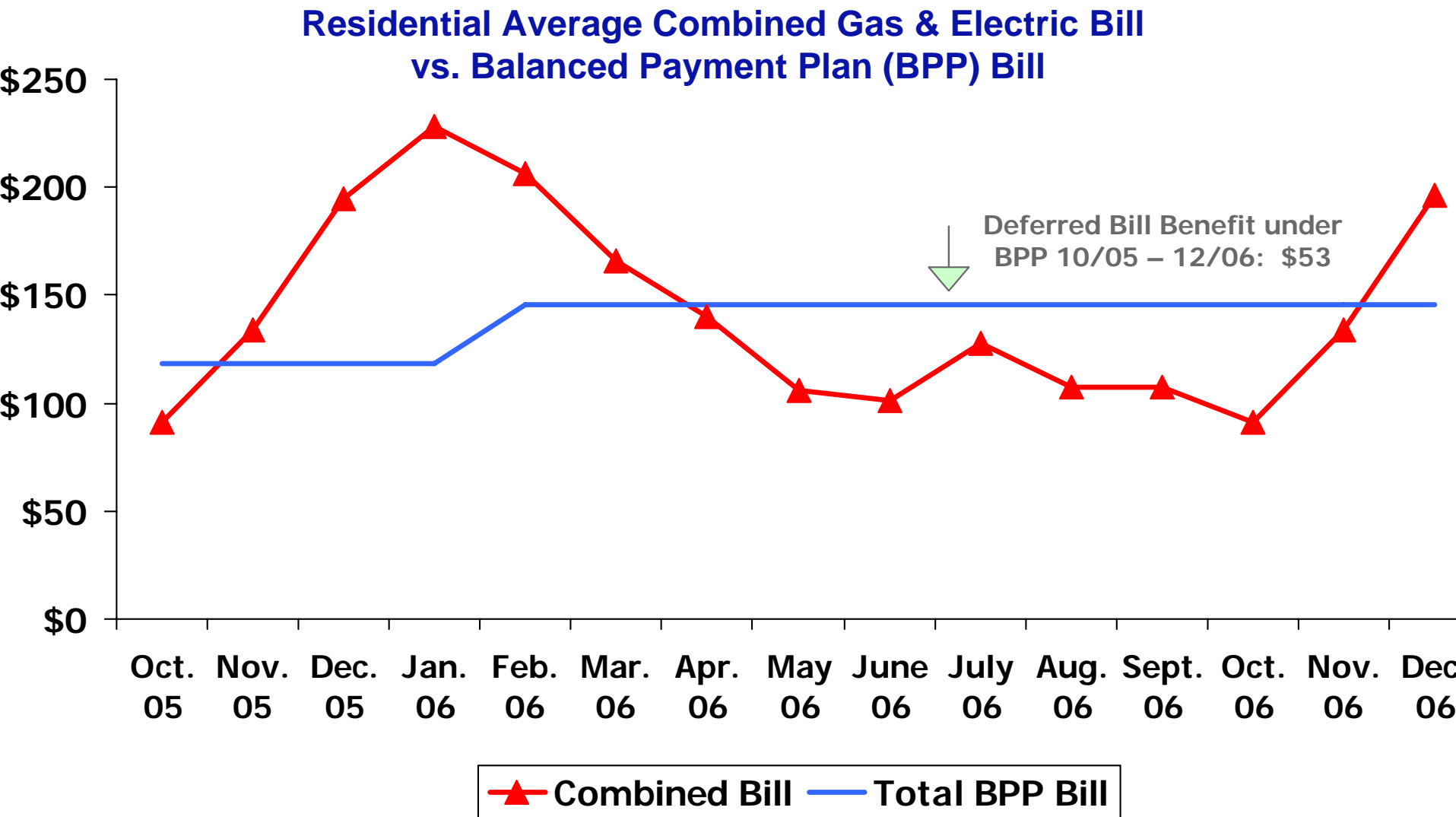
PG&E's Balanced Payment Plan Promotion



BPP CALCULATES YOUR TWELVE MONTH AVERAGE AND BILLS YOU THE SAME AVERAGE AMOUNT FOR AT LEAST FOUR MONTHS – WITH A MAXIMUM OF THREE ADJUSTMENTS PER YEAR



How PG&E's Balanced Payment Plan Benefits Customers



Bill comparison is based on historical average residential usage at tariff rates from October 2004, through September 2005, and forecasted average residential usage and rates from October 2005, through December 2006. Forecasted rates are subject to change.



Conclusion

PG&E is committed to taking an active approach to mitigating the impact of high natural gas costs on winter bills for low and fixed income customers and special needs customers.

We appreciate the opportunity to present and discuss our proposals before the California Public Utilities Commission.

