

Decision 02-08-051 August 22, 2002

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the
Commission's Proposed Policies and Programs
Governing Low-Income Assistance Programs.

Rulemaking 01-08-027
(Filed August 23, 2001)

**INTERIM OPINION: LOW-INCOME ASSISTANCE PROGRAMS
FOR ALPINE, MOUNTAIN UTILITIES, AND WEST COAST GAS**

1. Summary

By today's decision we direct Alpine Natural Gas Company (Alpine Natural Gas) and West Coast Gas Company (West Coast Gas) to augment their California Alternate Rates For Energy (CARE) outreach activities. We allocate funding from Senate Bill (SB) X1 5 for this purpose. We also direct these utilities to file post-2002 low-income assistance program plans and budgets by November 1, 2002 and to develop Low Income Energy Efficiency (LIEE) programs that are appropriate to the needs of their low-income customers. As discussed in this decision, such programs may consist of referral services to community-based organizations or local agencies who provide programs similar to LIEE in or near these service areas. They are to be designed in a manner that is compatible with the size and resources of these very small utilities.

Given the unique resort nature of Mountain Utilities service territory, housing stock and customer base, we find that this small utility most likely does not have any customers that would qualify for a CARE or LIEE program either now or in the near future. Therefore, we do not require Mountain Utilities to

initiate low-income assistance programs at this time. However, we will continue to monitor the economic demographics of Mountain Utilities, using updated census information as it becomes available, to consider whether this utility should be required to initiate a low-income program in the future.

2. Background

By Decision (D.) 01-05-033, we adopted a rapid deployment strategy for utility low-income energy efficiency and rate discount programs, referred to as LIEE and CARE programs, respectively. In that decision, we augmented the utility budgets for LIEE and CARE utilizing the funding appropriated by the Legislature via SBX1 5.¹ Among other things, SBX1 5 provides a one-time appropriation of \$100 million to supplement the funding collected in rates for CARE discounts and outreach efforts. In addition, SBX1 5 provides a one-time increase to the LIEE program budget of \$20 million and another \$50 million for appliance replacement and other energy efficiency measures. By D.01-05-033, we allocated \$25 million of the SBX1 5 appliance replacement funds to further supplement LIEE budgets during the energy crisis.

By D.01-05-033 and D.01-08-065, we allocated SBX1 5 CARE and LIEE appropriations to augment the existing low-income assistance programs of Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Southern California Gas Company, and the small and multi-jurisdictional utilities, referred to as “the SMJUs.” These are: Alpine Natural Gas, Avista Utilities, Bear Valley Electric Company, Mountain Utilities,

¹ SBX1 5 was passed by the Legislature on April 5, 2001 during the First Extraordinary Session (Stats. 2001, Ch. 7), and signed by the Governor on April 11, 2001.

Sierra Pacific Power Company, PacifiCorp, Southwest Gas Company, and West Coast Gas. However, in doing so, we noted the following:

“...Mountain Utilities does not offer either LIEE or CARE to its 150 year-round customers. Alpine has a CARE program, but none of its approximately 460 residential customers have applied for and qualified for the program. Alpine does not offer LIEE. West Coast Gas serves approximately 560 residential customers, 14 of which are on the CARE rate. The company’s service territory is the former Mather Air Force Base, and all of the housing is new construction. Therefore, with the exception of funding to cover additional CARE subsidy costs in West Coast Gas’ service territory, we do not allocate any of the SBX1 5 funding to these utilities at this time.”²

We directed Energy Division to continue to work with Alpine Natural Gas, Mountain Utilities, and West Coast Gas to develop rapid deployment low-income assistance programs for their service territories, “as appropriate,” and set aside SBX1 5 funds for this purpose.³

Energy Division worked with these utilities during the fall of 2001, and issued a report entitled, “Energy Division Recommendations on Developing Low-Income Assistance Programs For Alpine Natural Gas, Mountain Utilities, and West Coast Gas” on October 19, 2001. The Office of Ratepayer Advocates (ORA) and Mountain Utilities submitted comments on Energy Division’s report on November 26 and November 30, 2001, respectively. Energy Division continued to work with Alpine Natural Gas, Mountain Utilities, and West Coast Gas in response to comments and direction from the assigned Administrative Law Judge (ALJ), and issued an update to its report on May 20, 2002, including

² D.01-08-065, p. 4.

³ *Id.*

revised recommendations. A copy of Energy Division's updated report, which supersedes the October 19, 2001 version, is attached. (See Attachment 1.)

3. Energy Division Recommendations

In its May 20, 2002 report, Energy Division recommends the following:

- West Coast Gas should be allocated \$2,240 of the SBX1 5 CARE monies for the outreach costs associated with initiating a CARE program. These costs include developing and printing customer CARE application forms, mailing program information and installing a telephone voice-message system to give CARE information when customers are on hold.
- Alpine Natural Gas should be allocated \$2,895 of the SBX1 5 CARE monies for the outreach costs associated with mailing program information, printing CARE notices on bills and printing a CARE outreach flyer, developing and printing customer CARE application forms and installing a voice-message system.
- Alpine Natural Gas should be allocated \$3,000 of the SBX1 5 CARE monies to provide for the subsidy of any of its customers that qualify for and receive the CARE discount.
- Mountain Utilities should not be required to develop a CARE program at this time.
- The economic demographics of Mountain Utilities' service area, based on reported census information, should be researched in Phase II of the Commission's Needs Assessment Study. The Commission should evaluate the results to determine if Mountain Utilities should be required to offer a CARE program in the future or if such demographic information should be researched periodically in the future.
- West Coast Gas and Alpine Natural Gas should file advice letters seeking approval for their CARE program tariffs and customer CARE application forms.

- West Coast Gas and Alpine Natural Gas should submit monthly CARE reports to Energy Division.
- Ethnic demographics based on recorded census information in each of the SMJU's service areas should be researched in Phase II of the upcoming Needs Assessment Study. Based on the results, the Commission should determine if CARE outreach materials distributed by the SMJU's should be required in multi-lingual formats.
- West Coast Gas and Alpine Natural Gas should provide quarterly notices about the CARE program on a forward facing page of their customers' bills.
- West Coast Gas and Alpine Natural Gas should develop CARE participation goals as required by AB (X1) 3.
- West Coast Gas and Alpine Natural Gas should offer a LIEE program appropriate to the needs of their low-income customers and work with Energy Division to develop such a program.
- Alpine Natural Gas and West Coast Gas should file applications for approval of their post-2002 low-income program plans, including a proposal to establish a balancing account for CARE program administrative and subsidy costs, if they do not already have one.

4. Discussion

As discussed above, West Coast Gas has a CARE program with about 14 households enrolled. Mountain Utilities does not offer a CARE program. Since our issuance of D.01-08-065, Alpine Natural Gas has enrolled 7 customers into its CARE program after conducting program outreach. None of the three utilities offers LIEE. The purpose of this decision is to assess the extent to which SBX1 5 funds should be used to either augment existing or initiate new low-income assistance programs in these three SMJU service territories.

We have carefully reviewed Energy Division's recommendations and the comments of ORA and Mountain Utilities, as described in Attachment 1, and the

comments of Alpine Natural Gas on the draft decision. We believe that Energy Division's recommendations to augment Alpine Natural Gas' and West Coast Gas' current CARE outreach activities, as modified below, will increase enrollment in this program to the benefit of the impacted vulnerable, low-income households. Energy Division's recommendations, as updated in its May 20, 2002 report and modified herein, ensure that Alpine Natural Gas and West Coast Gas comply with the outreach requirements established under Assembly Bill (AB) X1 3 and the penetration rate goal requirements of SBX2 2.⁴

For similar reasons, we will require that the utilities work with Energy Division to develop a LIEE program appropriate to the needs of their low-income customers. However, we clarify that a referral service can serve as a reasonable alternative to initiating a new energy efficiency program by Alpine Natural Gas and West Coast Gas, and should be explored, given the very limited customer size and resources of these utilities.

Further, Energy Division's recommendations take into account the unique resort nature of Mountain Utilities' service territory, housing stock, and customer base. We concur with Energy Division's observation that Mountain Utilities most likely does not have any customers that would qualify for a CARE or LIEE program either now or in the near future. Therefore, we will not require Mountain Utilities to establish low-income assistance programs at this time.

Finally, Energy Division recognizes that monitoring SMJUs' economic and ethnic demographics will provide useful information to these utilities and the Commission for future improvements to the CARE and LIEE low-income

⁴ ABX1 3 and SBX2 2 were chaptered in 2002. Among other things, ABX1 3 mandates quarterly bill notices.

assistance programs. We direct that the Phase 2 Needs Assessment Study examine these issues, as Energy Division recommends. The cost of this additional monitoring should be born by the current study participants, and not allocated to the SMJUs.

In its comments, Alpine Natural Gas suggests several modifications to the proposals contained in Energy Division's report. First, Alpine Natural Gas responds to the recommendation that it install a voice message system to comply with Public Utilities Code § 739.4(b)(1).⁵ As explained in its comments, Alpine Natural Gas does not have a system of "customer service lines" for customer calls, as described in the statute, and with a total of 650 customers it does not receive a lot of calls for new residential service and rarely puts calls on hold. Instead, it has a single line used in conjunction with a 24 hour live answering service that serves all of Alpine's voice telephone needs, such as billing inquiries, service calls, etc. Alpine contends that the \$650 amount budgeted by Energy Division for the voice message equipment would not cover the cost of making such fundamental changes to its existing phone service.

As an alternative to revamping its current phone service with a voice message system, Alpine Natural Gas suggests that it verbally inform all new customers of the CARE program and send out a CARE application with an explanatory brochure to all new customers. For existing customers, Alpine Natural Gas proposes to send out a brochure on an annual basis, reminding

⁵ Pub. Util. Code § 739.4 (b)(1), added by ABX1 3, provides in part: "The commission shall require all electrical and gas utilities through which CARE program rates are available to do all of the following, . . . Provide an outgoing message on all calls, where the customer is seeking to establish service or is put on hold, to customer services lines that briefly describes the CARE program in standard language approved by the commission, . . .".

customers of the CARE program and advising them of the rate benefits available to eligible customers. Alpine Natural Gas will also review the CARE program with customers who may be having difficulties paying their gas bills. We believe that Alpine Natural Gas' proposals are consistent with the intent of the statute and reasonable in light of the specific circumstances described above. The \$650 in SBX1 5 funds budgeted for the voice message system should be used instead to fund the activities proposed by Alpine Natural Gas.⁶

Second, Alpine Natural Gas recommends that the monthly reporting requirements contained in Energy Division's report be modified to an annual reporting requirement, giving Energy Division discretion to increase the frequency. As described in Attachment 1, Energy Division recommends that each report account for administrative, outreach and discount subsidy costs on a monthly and year-to-date basis. The data would be broken out by base and SBX1 5 funding, showing the annual budgets projected for each category. Energy Division recommends that the reports also show the number of new customers enrolled per month and the current year-to-date total number of customers enrolled in the program.

With the size of programs involved (7 for Alpine Natural Gas and 14 for West Coast Gas) and overall size of the service territories for these two utilities,

⁶ As described in Energy Division's report, the \$650 budget for Alpine Natural Gas' voice message system came from West Coast Gas' estimate of what it would cost to install voice-message equipment on West Coast Gas' phone system to give CARE information when customers are on hold. It therefore appears that installing voice message equipment on West Coast Gas' existing phone service would not require a fundamental overhaul to its existing phone service, as is the case with Alpine Natural Gas. Therefore, we will adopt Energy Division's recommendation that such equipment be installed by West Coast Gas, at the budgeted amount.

we agree with Alpine Natural Gas that establishing a monthly reporting frequency at the outset appears excessive. At the same time, however, Alpine Natural Gas and West Coast Gas will be required to substantiate their billings for SBX1 5 fund reimbursements, which we assume will be made more than once a year. Accordingly, we believe that a quarterly reporting schedule (due by the 15th of the month following the quarter) reaches an appropriate balance for the initial requirements. The first report will be due on November 15, 2002 for the August-October, 2002 quarter. This quarterly schedule dovetails with Energy Division's reporting requirements to the Legislature. We will give Energy Division discretion to increase or decrease the frequency as appropriate. We expect Energy Division to work with these two utilities to establish a report format that is accessible to a small operation.

Third, Alpine Natural Gas recommends that, instead of being required to develop an LIEE program of its own, it be permitted to provide brochures to all new and existing customers informing them of the benefits of energy efficiency, and direct them to a third-party source for such benefits. We do not believe that Energy Division's recommendations rule out the possibility that a referral service, coupled with an Energy Education brochure, may be the most appropriate approach to complying with statutory requirements, given the size and resources of Alpine Natural Gas and West Coast Gas. As Energy Division states:

“Initially, these utilities should work with Energy Division to consider providing a LIEE program in their service area. They should be directed to contract any community-based organizations who provide programs similar to LIEE in or near their service areas and provide Energy Division with a contact in those organizations. Energy Division could then evaluate the extent of the need for LIEE services in these areas and what if any LIEE measures would best

serve those needs. At a minimum, Energy Education could be provided.”⁷

Since there are clearly qualifying low-income customers within their service territory, the law requires that Alpine Natural Gas and West Coast Gas establish an appropriate program to “ensure” that these customers are “afforded no-cost and low-cost energy efficiency measures that reduce energy consumption.”⁸ We need to review and approve the program designed to meet this requirement, be it a referral service or a program where the utility provides energy efficiency measures itself, energy education brochures or programs, or some combination of these approaches. We also need to approve a budget for the program. If rate increases are required to fund the authorized activities, then the ratepayers also need to be properly notified.

Alpine Natural Gas recommends that it be permitted to submit an Advice Letter, rather than an application, for its post-2002 low-income programs. Advice Letters are not utilized for the purposes described above, i.e., to consider new programs, new expenditures and associated rate changes, etc. Therefore, we concur with Energy Division’s recommendation that post-2002 program plans be submitted by application. However, we will modify the due date from July 1 to November 1, 2002 for the post-2002 program plans to be filed by Alpine Natural Gas and West Coast Gas so that these utilities have sufficient time to work with Energy Division on program plans and prepare their applications.

⁷ Attachment 1, p. 10.

⁸ Pub. Util. Code § 386.

Alpine Natural Gas also suggests that it may not be appropriate, given the size of its CARE program and limited resources, to develop CARE penetration goals or a proposal for a CARE balancing account. However, SBX2 2 specifically requires that each utility establish CARE penetration goals. Moreover, it directs us to authorize recovery of actual CARE administrative costs via a “balancing account mechanism.”⁹ Therefore, both Alpine Natural Gas and West Coast Gas should address these issues in its post-2002 applications, as Energy Division proposes.

In addition, Alpine Natural Gas explains that its billing is provided on a postcard, and therefore requests permission to place its quarterly notices about the CARE program on the front of the postcard, rather than “on a forward facing page” of the bill, as Energy Division recommends. We find this request to be reasonable.

We adopt Energy Division’s recommendations, as set forth in Attachment 1, with the modifications described above. We also need to clarify how the CARE budgets authorized today for Alpine Natural Gas and West Coast Gas will be funded from SBX1 5 appropriations. As indicated above, the authorized budgets total \$8,135. In D.01-08-065, we specifically set aside \$5,000 in SBX1 5 CARE appropriations for this purpose.¹⁰ In addition, pursuant to Section 5(c)(2) of SBX1 5, the Commission set aside 2.5% of SBX1 5 program funding to cover the Commission’s administrative costs. We will use this second set aside to fund the remaining \$3,135.

⁹ See Pub. Util. Code § 739.1(b).

¹⁰ D.01-08-065, Ordering Paragraph 4.

Comments on Draft Decision

The draft decision of ALJ Meg Gottstein in this matter was mailed to the parties in accordance with Pub. Util. Code § 311(g)(1) and Rule 77.7 of the Rules of Practice and Procedure. Comments were filed by Alpine Natural Gas. In response to these comments, we make certain modifications and clarifications to Energy Division's recommendations. In our judgment these changes more efficiently formulate program efforts in terms of using less of the limited resources of these very small utilities, while not sacrificing customer results.

Findings of Fact

1. Energy Division's recommendations to augment Alpine Natural Gas' and West Coast Gas' current CARE outreach activities, as modified by this decision, will increase enrollment in this program to the benefit of the impacted vulnerable, low-income households.

2. Energy Division's recommendation to develop LIEE programs within Alpine Natural Gas' and West Coast Gas' service territories that are appropriate to the needs of their low-income customers is consistent with the intent of the Legislature and the Commission's goals for low-income assistance programs. Nothing in these recommendations rule out the possibility that a referral service may be the most appropriate approach to complying with statutory requirements, given the size and resources of Alpine Natural Gas and West Coast Gas.

3. Energy Division's recommendations to provide SBX1 5 funds to furnish CARE discounts to any customers who qualify for CARE will also benefit the vulnerable, low-income households in Alpine Natural Gas' service area.

4. Using SBX1 5 funds for these purposes will supplement, and not replace, surcharge-generated revenues utilized to fund the CARE program.

5. Energy Division's recommendations, as modified herein, ensure that Alpine Natural Gas and West Coast Gas comply with the outreach requirements established under ABX1 3 and the penetration rate goal requirements of SBX2 2.

6. The record in this proceeding indicates that Mountain Utilities most likely does not have any customers that would qualify for a CARE or LIEE program either now or in the near future.

7. Monitoring SMJUs' economic and ethnic demographics will provide useful information to these utilities and the Commission for future improvements to the CARE and LIEE low-income assistance programs.

Conclusions of Law

1. Energy Division's recommendations, as presented in Attachment 1 are reasonable and should be adopted with the modifications discussed in this decision.

2. In order to initiate the program and funding changes we adopt today as expeditiously as possible, this order should be effective today.

INTERIM ORDER

IT IS ORDERED that:

1. Energy Division's recommendations, as presented in Attachment 1 to this decision, are adopted with the modifications discussed in this decision and reflected in the following ordering paragraphs.

2. West Coast Gas Company (West Coast Gas) is allocated \$2,240 of the Senate Bill (SB) X1 5 California Alternate Rates For Energy (CARE) monies for the outreach activities and costs associated with initiating a CARE program. These activities and costs are described in Attachment 1. They include developing and printing customer CARE application forms, mailing program

information and installing a telephone voice-message system to give CARE information when customers are on hold. West Coast Gas shall implement these outreach activities without delay.

3. Alpine Natural Gas Company (Alpine Natural Gas) is allocated \$2,895 of the SBX1 5 CARE monies for the outreach costs associated with mailing program information, printing CARE notices on bills and printing a CARE outreach flyer, developing and printing customer CARE application forms, and notifying customers as they call in for service of the CARE program as described in this decision. In addition, Alpine Natural Gas is allocated \$3,000 of the SBX1 5 CARE monies to provide for the subsidy of any of its customers that qualify for and receive the CARE discount. Alpine Natural Gas shall implement these outreach activities without delay.

4. The CARE budget authorizations discussed in Ordering Paragraphs 2 and 3 above shall be funded from the \$5,000 in SBX1 5 CARE program funding set aside for this purpose in Decision 01-08-065. The remaining \$3,135 shall be funded from the SBX1 5 appropriations set aside for Commission administrative expenses.

5. As discussed in this decision, Mountain Utilities is not required to develop a CARE or Low Income Energy Efficiency (LIEE) program, at this time.

6. Energy Division shall ensure that Phase 2 of the Commission's Needs Assessment Study includes the following:

- a. An examination of the economic demographics of Mountain Utilities' service area, based on reported census information.
- b. An examination of the ethnic demographics in each of the small and multi-jurisdictional utilities' (SMJU's) service territories, based on recorded census information. These are: Alpine Natural Gas, Avista Utilities, Bear Valley Electric Company,

Mountain Utilities, Sierra Pacific Power Company, PacifiCorp, Southwest Gas Company and West Coast Gas.

The cost of this additional monitoring should be born by the current study participants, and not allocated to the SMJUs.

7. Upon completion of Phase 2 of the Needs Assessment Study, Energy Division shall evaluate the results to determine if Mountain Utilities should be required to offer a CARE program in the future or if such demographic information should be researched periodically in the future. Energy Division shall also evaluate the results to determine if the SMJUs should develop multi-lingual formats for their CARE outreach materials. Energy Division shall submit its findings and recommendations to the Commission by filing a report in this proceeding, or successor proceeding.

8. Within 30 days from the effective date of this decision, West Coast Gas and Alpine Natural Gas shall file advice letters seeking approval for their CARE program tariffs and customer CARE application forms, or supplement pending advice letters consistent with this decision, as appropriate.

9. As discussed in this decision, West Coast Gas and Alpine Natural Gas shall submit quarterly CARE reports to Energy Division due on the 15th of the month following each quarter. The first report shall be due on November 15, 2002 for the August-October quarter. The format and content of these reports shall be determined by Energy Division. Energy Division may modify the frequency and due dates of this reporting requirement, as appropriate.

10. As discussed in Attachment 1, West Coast Gas and Alpine Natural Gas shall provide quarterly notices about the CARE program on a forward facing page of their customers' bills or the front side of postcard bills, as appropriate. Energy Division shall work with West Coast Gas and Alpine Natural Gas to develop the text of these notices.

11. On or before November 1, 2002, West Coast Gas and Alpine Natural Gas shall file applications for approval of their post-2002 low-income program plans and budgets. These applications shall include:

- a. CARE participation goals.
- b. A LIEE program proposal and budget appropriate to the needs of their low-income customers.
- c. A balancing account ratemaking proposal for CARE and LIEE expenditures.

West Coast Gas and Alpine Natural Gas shall work with Energy Division in preparing the November 1, 2002 applications, particularly in developing an appropriate LIEE program.

12. The Assigned Commissioner or assigned Administrative Law Judge may, for good cause, modify the due dates set forth in this decision.

13. All filings and reports directed by this decision shall be filed at the Commission's Docket Office and served electronically on all appearances and the state service list in this proceeding. Service by U.S. mail is optional, except that one hard copy shall be mailed to Judge Meg Gottstein at P.O. Box 210, Volcano, CA 95689. In addition, if there is no electronic mail address available, the electronic mail is returned to the sender, or the recipient informs the sender of an inability to open the document, the sender shall immediately arrange for alternate service (regular U.S. mail shall be the default, unless another means—such as overnight delivery—is mutually agreed upon). Parties that prefer a hard copy or electronic file in original format in order to prepare analysis and filings in this proceeding may request service in that form as well. The current service list for this proceeding is available on the Commission's web page, www.cpuc.ca.gov.

This order is effective today.

Dated August 22, 2002, at San Francisco, California.

LORETTA M. LYNCH

President

HENRY M. DUQUE

CARL W. WOOD

GEOFFREY F. BROWN

MICHAEL R. PEEVEY

Commissioners

(ATTACHMENT 1)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's
Proposed Policies and Programs Governing Low-
Income Assistance Programs.

Rulemaking 01-08-027
(Filed August 23, 2001)

**UPDATE TO ENERGY DIVISION'S OCTOBER 19, 2001 REPORT ENTITLED
"ENERGY DIVISION RECOMMENDATIONS ON DEVELOPING LOW-INCOME
ASSISTANCE PROGRAMS FOR ALPINE, MOUNTAIN UTILITIES AND WEST
COAST GAS"**

May 21, 2002

/s/ IVY WALKER

Ivy Walker
Energy Division

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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May 20, 2002

**UPDATE TO ENERGY DIVISION'S OCTOBER 19, 2001 REPORT ENTITLED
"ENERGY DIVISION RECOMMENDATIONS ON DEVELOPING LOW-INCOME
ASSISTANCE PROGRAMS FOR ALPINE, MOUNTAIN UTILITIES AND WEST
COAST GAS"**

To: Service List in Rulemaking 01-08-027

Energy Division is submitting this update to its October 19, 2001, report entitled "Energy Division Recommendations on Developing Low-Income Assistance Programs for Alpine, Mountain Utilities and West Coast Gas." Subsequent to the release of the report, parties filed comments on the report and Energy Division continued to work with the three small and multi-jurisdictional utilities (SMJU). Based on information obtained by the Energy Division after its October 19th report, Energy Division is providing supplemental information on the three utilities and is providing new recommendations regarding these SMJU's low-income assistance programs. These new recommendations supersede, rather than supplement, those in Energy Division's October 19, 2001 report.

Summary of Energy Division's New Recommendations

Energy Division recommends each of the following:

- West Coast Gas Company should be allocated \$2,240 of the Senate Bill 5 from the first extraordinary session of 2001 (SBx1 5) California Alternate Rate for Energy (CARE) monies for the one-time costs submitted in its proposal, which is attached to this update.
- Alpine Natural Gas Operating Utility should be allocated \$2,895 of the SBx1 5 CARE monies for the one-time costs submitted in its proposal, which is attached to this update, and for developing and printing customer CARE application forms and installing a voice-message system.
- Alpine Natural Gas Operating Utility should be allocated \$3,000 of the SBx1 5 CARE monies to provide for the subsidy of any of Alpine Natural Gas Operating Company's customers that qualify for and receive the CARE discount.
- Mountain Utilities should not be required to develop a CARE program, at this time.
- The Commission should order that the economic demographics of Mountain Utilities' service area, based on reported census

information, should be researched in Phase II of the Commission's Needs Assessment Study. The Commission should evaluate the results to determine if Mountain Utilities should be required to offer a CARE program in the future or if such demographic information should be researched periodically in the future.

- West Coast Gas Company and Alpine Natural Gas Operating Company should be required to file advice letters seeking approval for their CARE program tariffs and customer CARE application forms.
- West Coast Gas Company and Alpine Natural Gas Operating Company should be required to submit monthly CARE reports to Energy Division.
- The Commission should order that ethnic demographics based on recorded census information in each of the SMJU's service areas should be researched in Phase II of the upcoming Needs Assessment Study. The Commission should evaluate the results to determine if the SMJU's CARE outreach materials should be required in multi-lingual formats or if such demographic information should be researched periodically in the future.
- West Coast Gas Company and Alpine Natural Gas Operating Company should be required to provide quarterly notices about the CARE program on a forward facing page of their customers' bills.
- West Coast Gas Company and Alpine Natural Gas Operating Company should be required to develop CARE participation goals as required by AB (X1) 3.
- West Coast Gas Company and Alpine Natural Gas Operating Company should be required to have a LIEE program appropriate to the needs of their low-income customers.
- West Coast Gas Company and Alpine Natural Gas Operating Company should be required to work with Energy Division to develop an appropriate LIEE program.
- Similar to the other SMJU, Energy Division recommends that on July 1, 2002, Alpine Natural Gas Operating Company and West Coast Gas Company be directed to provide an application with their post-2002 low-income program plans. The Commission should direct that these utilities be required to propose LIEE programs in their July 1st applications. As part of their July 1st applications, West Coast Gas Company and Alpine Natural Gas Operating Company should also be required to develop a balancing account for recovery of CARE program administrative costs and also for the CARE subsidy, if they don't already have one.

Background

Energy Division's October 19th report was provided pursuant to Decision (D.) 01-05-033. The report described the low-income assistance programs

provided by these utilities and conveyed Energy Division's recommendations for these utilities to receive an allocation of the funds provided pursuant to Senate Bill 5 from the 1st extraordinary session of 2001 (SBx1 5). Energy Division was to develop allocations as appropriate to be used for either implementing low-income assistance programs or improving the existing low-income assistance programs of these SMJU.

Subsequent to Energy Division submitting its report, Administrative Law Judge Meg Gottstein issued a ruling, on November 5, 2001, providing an opportunity for interested parties to submit comments on Energy Division's October 19th report. The Office of Ratepayer Advocates (ORA) and Mountain Utilities submitted comments on Energy Division's report on November 26th and November 30th, respectively.

Comments of ORA

ORA recommended that Energy Division provide estimates of the amount of money each utility is likely to need for outreach to the low-income communities in each of their service areas and to propose a source of funds to provide the outreach. ORA also suggested that when the SMJU develop their California Alternate Rate for Energy (CARE) programs, they be required to comply with the outreach requirements contained in Assembly Bill (AB) x1 3.¹ which mandates quarterly bill notices. ORA requests that the SMJU, in complying with ABx1 3, provide the information comparable to that required of other utilities, which describes the CARE program and offers customers a toll-free telephone number to call for further information on CARE or to obtain a CARE application.

Comments of Mountain Utilities

Mountain Utilities pointed out the resort nature of its service area, the high market values for any available property in its service area, and that it only has 75-125 full time residential customers. Mountain Utilities indicated that the seasonal employees of the ski resort, its primary customer, live in employee housing and do not pay for the electricity consumed in the employee housing. Consequently, Mountain Utilities does not believe there are any low-income customers in its service area that could qualify for a CARE discount.

Mountain Utilities pointed out that, in discussions with Energy Division, it had agreed to implement a CARE program. However, upon further reflection, Mountain Utilities indicated that it realized that it would incur an extensive and costly administrative burden in maintaining a CARE program, for which there is likely not to be any qualified participants. Mountain Utilities asserts that if a customer were to qualify for CARE, the customer would receive approximately \$300 per year in subsidy. Mountain Utilities pointed out that even if several

¹ ABx1 3 was chaptered in 2001. Among other things, ABx1 3 mandates quarterly bill notices.

customers were to qualify and go onto the CARE rate, the administrative costs associated with the program could exceed their annual subsidy by 100 or more times. Consequently, Mountain Utilities recommends that the Commission not order Mountain Utilities to set up and maintain a CARE program.

Mountain Utilities indicated that their limited budget would be strained if the utility is required to establish a CARE program. Mountain Utilities points out that the costs would be significant and Mountain Utilities would need to obtain full cost recovery for associated expenses on a "real time" basis.

Lastly, Mountain Utilities respectfully pointed out that Kirkwood Mountain Resort, and not the utility as indicated in Energy Division's October 19th report, owns the employee housing for the seasonal ski resort employees.

Applicable Public Utilities Code

There are several Public Utilities (PU) Code sections that govern utility programs that provide assistance to their low-income utility customers. Of particular importance are PU Code Sections 382, 382.1, 386, 739.1, 739.4 and 2790.

Among other things, Section 382 mandates that the Commission ensure that low-income customers are not jeopardized or overburdened by monthly energy expenditures. Section 386, among other things, requires the utilities ensure that low-income families within their service areas have access to affordable electricity. Section 739.1, among other things, requires the Commission establish a program of assistance to low-income electric and gas customers and that the utilities' administrative costs related to the implementation of CARE be recovered by a balancing account.

Section 739.4, among other things, mandates that the Commission require all electrical and gas offering CARE programs to do certain types of outreach in multilingual formats, to the extent printed and recorded information is provided and that CARE application forms are modeled after the ULTS application form.

Current Standing

Subsequent to the Energy Division October 19th report, Energy Division continued to work with the three SMJU. The following sections summarize what these SMJU have achieved so far, and summarizes their proposals for utilizing SBx1 5 funds to improve their programs.

Status of West Coast Gas Company

West Coast Gas Company (West Coast Gas) has an existing CARE program with participating customers. In D.01-08-065, the Commission allocated West Coast Gas \$2,077 in SB (X1) 5 funding for CARE subsidy costs.

West Coast Gas subsequently submitted to Energy Division a CARE Outreach Proposal for SBx1 5 funds, in the amount of \$2,230.96. West Coast Gas' proposal is included in this update as Attachment A.

West Coast Gas' proposal includes amounts for preparing, printing and mailing CARE outreach materials. Included in West Coast Gas' proposal are amounts for installing voice-messaging equipment on its phone system to give

CARE information when customers are “on hold,” and preparing and printing a CARE application form to be included in each new application for service.

West Coast Gas did not include any regulatory or administrative costs associated with participating in Commission proceedings, and submitting advice letters or applications, necessary components for maintaining low-income assistance programs for its customers. West Coast Gas also did not include any cost projections for providing written and voice materials in multi-lingual formats, if it is ascertained a multi-lingual format is necessary.

Status of Alpine Natural Gas Operating Company

Alpine is willing to provide the CARE subsidy to any customer who requests it and is eligible. However, Alpine has never developed a CARE customer application form and thus, has never sent CARE applications to their residential customer base. Alpine does not currently have any CARE customers.

Alpine has been working with Energy Division to get its CARE program up and running. Alpine submitted a draft of a CARE application form for Energy Division to review. Alpine requested to be exempted from the requirement that they file an Advice Letter to request approval for their CARE customer application form. Alpine asserts that the associated costs with doing so are prohibitive. Energy Division informed Alpine that the CARE application form needs to be a part of their tariffs and that they will need to file an advice letter, as well as the yearly advice letters to update their tariffs for increases in the income guidelines. Energy Division's letter to Alpine is included with this update as Attachment C.

Alpine Utilities submitted a proposed budget of \$2,150 for the one-time costs of printing, assembling, and mailing CARE notices, and assembling and mailing energy conservation brochures. Alpine is requesting that these proposed costs be funded by SBx1 5 CARE funds. Alpine's proposal is attached to this update as Attachment B.

Alpine's proposal does not include the cost of developing, printing and mailing a customer CARE application form, nor does it include the developing, printing, mailing or regulatory costs associated with filing advice letters or applications with the Commission. Alpine also does not propose to provide CARE applications or outreach materials in multi-lingual formats.

Alpine recently informed Energy Division that 17 customers are requesting to be put on Alpine's CARE program. Alpine requested permission to use the draft CARE application form to enroll these eligible customers. Energy Division believes their draft application form is appropriate as it mirrors that of San Diego Gas and Electric's. Energy Division informed Alpine that Alpine may temporarily use the draft application form to enroll customers into their CARE program until Alpine is able file an advice letter and receive formal approval for their draft customer CARE application form. Energy Division's letter to Alpine is included with this update as Attachment C.

Status of Mountain Utilities

Pursuant to the recommendation of Energy Division, Mountain Utilities indicated that they mailed the “Flex Your Power” brochure to all of its residential

customers of record. Mountain Utilities asserts that they did not receive any customer communications about low-income assistance programs after mailing the "Flex Your Power" brochure to their residential customers.

Mountain Utilities did not propose a budget to implement a CARE or a LIEE program. However, similar to their comments on Energy Division's report, Mountain Utilities asserts that the costs of implementing a CARE program could exceed the annual subsidy that would be provided, if one or two of its customers did happen to qualify for CARE, by 100 or more times. Mountain Utilities indicated that it would cost even more to implement a LIEE program.

Indeed, if a utility has qualified low-income customers in its service area, there are many legislated requirements associated with ongoing CARE and LIEE program operations that would need to be complied with. Some of these requirements for CARE alone include, but are not limited to, in multi-lingual format: placing an outgoing message on the utility's phone system; providing a toll-free number service for customers to call to subscribe or to request further information; and mailing quarterly notifications of the CARE program to its customers. In addition, there would be other requirements, including, but not limited to, developing CARE penetration goals, complying with various reporting requirements and setting up and maintaining a balancing account for CARE administrative costs.

Energy Division does not believe that the costs of implementing a CARE program for Mountain Utilities would approach the estimate cited by Mountain Utilities. However, Energy Division estimates the costs would be significant.

For example, Alpine estimates that it will cost \$2,150 as a one-time cost for printing, assembling, and mailing CARE notices, and assembling and mailing energy conservation brochures. This does not include the cost to develop, print, or provide CARE application forms to its customers. It does not include costs for developing and implementing the CARE phone outreach message. Nor does it include regulatory or administrative costs associated with participating in Commission proceedings or submitting advice letters or applications, necessary components for maintaining low-income assistance programs. Alpine also did not include any cost projections for providing written and voice materials in multi-lingual formats, if it is ascertained that a multi-lingual format is necessary.

West Coast Gas estimates it will cost \$2,231 to conduct CARE outreach similar to that proposed by Alpine. Included in West Coast Gas' proposal are amounts for installing voice-message equipment on its phone system to give CARE information when customers are "on hold," and preparing and printing a CARE application form to be included in each new application for service. West Coast Gas did not include regulatory or administrative costs associated with participating in Commission proceedings, and submitting advice letters or applications, necessary components for maintaining low-income assistance programs for its customers. West Coast Gas did not include any cost projections for providing written and voice materials in multi-lingual formats, if it is ascertained a multi-lingual format is necessary.

Energy Division believes the costs mentioned above that the utilities did not provide estimates for will far exceed the costs of the expenses they did provide estimates for.

Energy Division Recommendations

After submitting its October 19th report, Energy Division continued to work with these utilities to find ways to improve outreach for their CARE programs that could help increase enrollment into their CARE programs. Based on Energy Division's review, subsequent information obtained after its October 19th report, and proposals Energy Division received from the SMJU for SBx1 5 CARE funds, Energy Division developed recommendations specific to each utility. In addition, Energy Division outlined what remains to be addressed and recommendations for those issues as appropriate. Energy Division's recommendations are presented in the sections below.

Energy Division Updated Recommendations Specific to West Coast Gas Company

West Coast Gas' proposal to prepare and distribute CARE outreach materials will help improve CARE program participation. In addition, installing the voice message equipment on their phone system to give CARE information to customers placed on hold will also help improve CARE participation. West Coast Gas is not proposing to conduct any mass marketing, the use of which is limited by SBx1 5. West Coast Gas' proposed use of SBx1 5 CARE funds would not replace any surcharge-generated revenues utilized to fund the CARE program because West Coast Gas does not presently collect any monies for conducting CARE outreach.

Energy Division recommends that the Commission approve West Coast Gas' proposal to use SBx1 5 monies to fund \$2,240 for the one-time costs of preparing, printing, assembling, and mailing CARE outreach materials, as outlined in West Coast Gas' proposal attached to this update.

Energy Division Updated Recommendation Specific to Alpine Natural Gas Operating Company

Alpine's proposed tasks would help to begin and increase participation in their CARE program. The tasks that Alpine proposes do not include any type of mass marketing that is limited by SBx1 5. Alpine's use of SBx1 5 CARE funds, as proposed, would not replace any surcharge-generated revenues utilized to fund the CARE program because Alpine does not presently collect any monies for conducting CARE outreach.

Energy Division recommends the Commission approve Alpine's proposal to use \$2,150 of SBx1 5 funds for the one time costs of printing, assembling, and mailing CARE outreach materials, as outlined in their attached proposal. In addition, Energy Division recommends that the Commission allocate an additional \$95 of SBx1 5 funds for Alpine to use in developing and printing a CARE application form, the amount that West Coast Gas indicated that it would

need to prepare and print CARE application forms. Energy Division also recommends that the Commission authorize \$650 for Alpine to install voice message equipment on their phone system to give CARE information to customers when they are placed on hold. This is the amount West Coast Gas proposed to do the same. In total, Energy Division recommends that Alpine be awarded \$2,895 of SBx1 5 money to conduct CARE outreach.

In addition, now that it appears that Alpine is about to enroll customers in its CARE program, Energy Division recommends that the Commission set aside \$3,000 of SBx1 5 CARE funds to provide for the subsidy for any of Alpine's customers that qualify for CARE. This use of SBx1 5 CARE funds also would not replace any surcharge-generated revenues utilized to fund the CARE program, since Alpine currently does not have a surcharge for the CARE program.

Energy Division Updated Recommendation Specific to Mountain Utilities

If Mountain Utilities is ordered to implement a CARE program, CARE program set-up costs for Mountain Utilities could be funded out of SBx1 5 CARE funds. Mountain Utilities' ratepayers would be responsible for ongoing CARE and LIEE program maintenance costs. CARE program set-up and maintenance costs would include, but not be limited to, preparing, printing and mailing CARE application forms and outreach materials each year, compliance costs associated with the yearly adjustment to the income guidelines, regulatory and administrative costs associated with participating in Commission low-income proceedings, and submitting advice letters or applications each year. In addition, since SBx1 5 LIEE funds are no longer available, Mountain Utilities' ratepayers would be fully responsible for set-up and maintenance costs for a LIEE program.

In its October 19, 2001 report, Energy Division recommended that Mountain Utilities should implement a CARE program. Subsequent to that report, Mountain Utilities mailed the "Flex Your Power" brochure to its residential customers and did not receive any responses. In addition, Energy Division received cost proposals from the other utilities for conducting CARE outreach. These costs, combined with associated regulatory costs would be significant for a utility the size of Mountain Utilities. These costs would be justified and reasonable if Mountain Utilities did have qualified customers who could benefit from CARE and LIEE assistance.

However, SBx1 5 and ratepayer funds required to set up and maintain a CARE and LIEE program for Mountain Utilities would be spent frivolously if Mountain Utilities does not and is likely not to have any customers in the near future who qualify for the CARE or LIEE program. Based on the information received by Energy Division after submitting its October 19th report, Energy Division is now recommending that Mountain Utilities not be required to implement a CARE or LIEE program at this time.

Instead, Energy Division is recommending that the economic demographics in Mountain Utilities' service area be researched in Phase 2 of the Commission's Needs Assessment Study. This will allow the Commission to

consider establishing a CARE program for Mountain Utilities' customers, if demographics are such that residents in the area could qualify for a CARE program. Energy Division recommends that only reported census income should be evaluated for determining if any of Mountain Utilities' customers qualify for CARE. Energy Division understands it would be extremely difficult to get a large enough sample in Mountain Utilities' service area to make any reasonable statistical inferences.

Outstanding Issues

While there are substantial costs associated with modifying utility tariffs, in this case adding a section to their tariffs on the CARE program and customer application form, Energy Division recommends that Alpine and West Coast Gas be required to do so. A formal advice letter process permits public input on their proposed CARE application form and would ensure that the income guidelines and application forms are updated each year to reflect the new income guidelines that are released each May 1st by the Energy Division, pursuant to Resolution E-3524, effective February 19, 1998.

West Coast Gas and Alpine are not currently providing reports on their CARE programs. Energy Division recommends that the Commission require West Coast Gas and Alpine to submit monthly reports, with year to date expenditures and yearly budget amounts.

The CARE reports should account for administrative and outreach costs as well as discount subsidy costs on a monthly and year-to-date basis. The data should be broken out by base and SBx1.5 funding, showing the annual budgets projected for each category. The CARE reports should also show the number of new customers enrolled per month and the current year-to-date total number of customers enrolled in the program.

If West Coast Gas and/or Alpine choose to use capitation fees to increase enrollment, Energy Division recommends that this budget item be reported separately under CARE administration. These were the Energy Division reporting recommendations contained in the Energy Division Workshop Report on Distribution Proposals for Unallocated SBx1.5 Low Income Funds, provided on July 2, 2001 (p. 41).

West Coast Gas and Alpine did not propose to prepare and provide any of their CARE application forms or outreach materials in multi-lingual formats. Some of the other SMJU also do not provide forms or materials in multi-lingual formats, while a few provide some materials in Spanish as well as English.

Energy Division recommends that the Commission order that the ethnic demographics in each of the SMJU's service areas be researched in Phase II of the upcoming Needs Assessment Study. This will enable the utilities and the Commission to determine if multi-lingual formats for CARE outreach materials are necessary. Energy Division recommends that only reported Census information should be used to evaluate if multi-lingual formats for outreach materials should be developed by the SMJU, and if so, in what languages. Again, Energy Division understands it would be extremely difficult to get a large

enough sample in these utilities' service areas to make any reasonable statistical inferences.

Energy Division is willing to work with West Coast Gas and Alpine to help them develop CARE participation goals as required by AB (X1) 3, as well as the requirements of the March 29, 2002 ACR that directs the utilities to develop a balancing account for recovery of CARE program administrative costs.

Energy Division agrees with ORA that the SMJU should be required to comply with the mandate of ABx1 3 and provide quarterly bill notices. West Coast Gas and Alpine indicated to Energy Division that all telephone calls in their service area are local calls. Energy Division believes this meets the spirit of the ABx1 3 mandate that the utilities offer customers a toll-free telephone number to call for further information on CARE or to obtain a CARE application.

The low-income customers of all of the SMJU would benefit from participating in a LIEE program. Currently, Alpine and West Coast Gas do not have LIEE programs. Although SBx1 5 LIEE funds are no longer available, those SMJU who have CARE programs but who do not have a LIEE program should begin to take steps to implement a LIEE program.

Initially, these utilities should work with Energy Division to consider providing a LIEE program in their service area. They should be directed to contact any community-based organizations who provide programs similar to LIEE in or near their service areas and provide Energy Division with a contact in those organizations. Energy Division could then evaluate the extent of the need for LIEE services in these areas and what if any LIEE measures would best serve those needs. At a minimum, Energy Education could be provided.

A Joint Assigned Commissioner's Ruling Regarding the Review of Post-2002 Low-Income Assistance Programs for Southwest Gas and Other Small and Multi-Jurisdictional Utilities was issued on April 19, 2002. This ruling initiates the evaluation of post-2002 low-income assistance programs offered by the SMJU. The ruling specifically directs Southwest Gas, Avista Utilities, Bear Valley Electric Company, PacifiCorp, and Sierra Pacific Power Company to submit proposals regarding 2003 program year plans and budgets in separate applications by July 1, 2002. Energy Division recommends that Alpine and West Coast Gas be directed to do the same and that these utilities be required to propose LIEE programs in their July 1st applications.

Conclusion

An allocation of SBx1 5 CARE outreach funds to West Coast Gas and Alpine would have the potential to increase enrollment in their CARE programs. Increasing enrollment in each utility's CARE program would provide a valuable benefit to California's vulnerable low-income population in their respective service areas.

An allocation of SBx1 5 CARE funds to Alpine would provide subsidy relief to any new CARE customers until Alpine is able to develop a mechanism for recovering CARE costs from its ratepayers.

Both of the above uses appear to be commensurate with the requirements of SBx1 5 for the use of SBx1 5 CARE funds.

It appears that Mountain Utilities does not have any customers that would qualify for a CARE program either now or in the near future. Since the SBx1 5 CARE funds are to be used to increase and supplement CARE discounts and to increase enrollment in the CARE program, it does not appear appropriate to use any of the SBx1 5 funds to implement a program that wouldn't have any participants.

Monitoring SMJU's demographics would provide useful information to these utilities and the Commission for future improvements to the CARE and LIEE low-income assistance programs.

Sincerely,

/s/ DONNA WAGONER

Donna Wagoner
Energy Division

Attachments

**West Coast Gas Company
Budget June 1, 2001 to May 31, 2002
Care Outreach Program**

Recorded Direct Costs:		WCG Direct Labor	Postage & Outside Materials or Services	Total
July 5, 2001	Prepare and Print a CARE program description and application form to be included in each new application for service.	\$90.00	\$5.00	\$95.00
October 16, 2001	1. Prepare and attach a WCG Sticker on each Flex Your Power" brochures. The sticker identifies WCG and give the business phone number to call for CARE information.	\$45.00	\$27.50	\$72.50
	2. Separately mail brochure to each of 478 existing existing residential customers.	\$52.50	\$186.42	\$238.92
November 27, 2001	1. Print WCG CARE Brochure. 1000 copies.		\$325.00	\$325.00
December 25, 2001	2. Separately mail brochure to each of 493 existing residential customers.	\$52.50	\$192.27	\$244.77
Total Recorded Direct Care Outreach Costs as of 12/31/2001				\$976.19
Budgeted Item Through May 31, 2002				
March 15, 2002	1. Separately mail brochure to each of 525 existing existing residential customers.	\$52.50	\$192.27	\$244.77
May 1, 2002	1. Print additional WCG Care Brochure for 2nd, 3rd and 4th quarter mailings. 1,800 copies.		\$360.00	\$360.00
May 15, 2002	1. Have installed voice message equipment on phone system to give CARE Information when customer "on-hold".		\$650.00	\$650.00
Total Estimated Direct CARE Outreach Costs 1/1/02 to 5/31/02				<u>\$1,254.77</u>
Total CARE Outreach Budget 6/1/01 to 5/31/02				<u>\$2,230.96</u>

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January 16, 2002

Via Regular Mail and Electronic Mail

Ivy Walker
Energy Division
California Public Utilities Commission
State Building
505 Van Ness Avenue
San Francisco, CA 94102

Re: Alpine Natural Gas Operating Company's Estimate Budget for CARE
Outreach Pursuant to SBX1-5

Dear Ms. Walker:

On behalf of Alpine Natural Gas Operating Company ("Alpine"), below please find the estimated budget to conduct outreach for the CARE program pursuant to SBX1-5 and in response to your request.¹ It is our understanding that the Commission has funds available pursuant to SBX1-5 that the Commission will allocate to small and multi-jurisdictional utilities, such as Alpine, to reimburse the utilities for the costs of outreach programs. Accordingly, Alpine submits the following estimated costs:

¹ SBX1-5 was passed by the Legislature on April 5, 2001 during the First Extraordinary Session (Stats.2001, ch. 7), and signed by the Governor on April 11, 2001.

Postage Costs:

- | | | |
|-----|--|-------|
| (1) | Mailing the "Flex Your Power" brochures: | \$225 |
| (2) | Mailing flyers providing notice of CARE program: | \$225 |

Printing Costs:

Printing of CARE notices on Bills and CARE outreach flyer:	\$1,300
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Labor Costs:

- | | | |
|-----|---------------------------------------|-------|
| (1) | Assembling "Flex Your Power" mailing: | \$200 |
| (2) | Assembling CARE outreach mailing: | \$200 |

Total Costs:	\$2,150
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* * * * *

Please let us know if you need any additional information. Thank you for your assistance with this matter.

Very truly yours,

/s/ REGINA M. DeANGELIS
Regina M. DeAngelis

cc: Mike Lamomd

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 8, 2002

Mike Lamond
Alpine Natural Gas Operating Company
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P.O. Box 550
Valley Springs, CA 95252

Regina DeAngelis
Energy Law Group LLP
1999 Harrison Street, Suite 2700
Oakland, CA 94612-3572

Andrew Skaff
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Oakland, CA 94612-3572

In my letter of April 30, 2002, I indicated that the Energy Division had received your company's proposed CARE application form. I had also received email from Mike Lamond that same date requesting a determination on when Alpine could begin using the application form. In response to the email, I indicated that while the application form is under review, Alpine may send it to all qualified existing customers to allow them to enroll in the program. I suggested that Alpine refrain from making excessive copies until the application form is formally approved, in case any changes are necessary.

In order to have the CARE application form approved by the Commission, it will be necessary for Alpine to submit the application form in an Advice Letter filing. The revised income limits that become effective June 1, 2002 also require Alpine to file an Advice Letter. We recommend that you combine the CARE application form filing with the revised CARE income guidelines in an effort to help control costs. The income guidelines that will be effective June 1, 2002 are attached to my April 30, 2002 letter to you.

If you have any questions, please call me at 415/703-2181, or via email at imw@cpuc.ca.gov.

Sincerely,

/s/ IVY WALKER
Ivy Walker

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached "UPDATE TO ENERGY DIVISION'S OCTOBER 19, 2001 REPORT ENTITLED "ENERGY DIVISION RECOMMENDATIONS ON DEVELOPING LOW-INCOME ASSISTANCE PROGRAMS FOR ALPINE, MOUNTAIN UTILITIES AND WEST COAST GAS" on all parties of record in this proceeding or their attorneys of record, either by electronic mail or, for any party for which an electronic mail address has not been provided, by first class mail.

Dated May 21, 2002, at San Francisco, California.

/s/ IVY WALKER

Ivy Walker

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074 or TTY 1-866/836-7825 or (415) 703-2032 five working days in advance of the event.

(END OF ATTACHMENT 1)