

May 13, 2011

VIA ELECTRONIC MAIL

**Mr. Honesto Gatchalian
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102**

Re: R.04-01-006, Annual Low-Income Progress Report – 2010

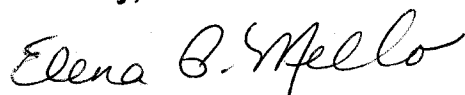
Dear Mr. Gatchalian:

In compliance with the Scoping Memo of Assigned Commissioner and Administrative Law Judge in R.04-01-006, dated June 24, 2004, Sierra Pacific Power Company (Sierra) (U903-E) submits the attached 2010 Annual Low-Income Progress Report, which now includes all required information. The report was originally submitted on May 2, 2011, but did not include the information regarding the LIEE program. As stated in the May 2nd letter, Sierra and the Energy Division agreed that Sierra's LIEE information would be submitted no later than May 16, 2011.

In accordance with D.10-10-017, Sierra ceased operations as a California utility as of January 1, 2011, when it transferred ownership of its California distribution and generation assets to California Pacific Electric Company, LLC - Liberty Energy (Liberty Energy) (U933-E). Consequently, this will be Sierra's final annual Low-Income Progress Report. Henceforth, Liberty Energy will be filing this report with the Commission.

If you have any questions, please call me at (775) 834-4121.

Sincerely,



**Elena P. Mello
Team Leader
Revenue Requirements and FERC**

Attachment

cc: R.04-01-006

**Sierra Pacific Power Company
Annual Low-Income Progress Report – 2010**

CARE Residential Program

I. PARTICIPANT INFORMATION

A. Number of participating low-income households, including sub-metered households, by month. The data should be provided in a numerical table and in graph form.

1. Provide an explanation of any variance in the number of participants of 5% or more from the previous month.

Response: Please see CARE - Schedule No. 1, Response IA and Graph 1.

2. Provide an explanation of a variance in the number of participants, calculated as the difference between participation at the beginning of the year compared to the end of the year, of 5% or more.

Response: Sierra's CARE participants have decreased since the beginning of the year by 4.1%, or 129 customers, but Sierra's total residential customer counts are also down from the beginning of the year by 4,089 customers, or 10.2%. Sierra has continued with 3 programs to increase the number of participants: 1) Self-certification application bill inserts with postage paid return mailing were sent to non-CARE permanent residential customers in March and August 2010; 2) Customers receiving Home Energy Assistance Program (HEAP) payments were placed on the CARE rate; and 3) Two data-shares with Southwest Gas were conducted with May and November data.

B. Provide an updated estimate of potentially eligible households and state source of figures. Questions 2 through 5 should be completed using Table I.B.

1. What is the total number of residential customers?

Response: Sierra had 35,844 residential customers as of December 31, 2010. This includes 16,105 permanent customers.

2. How many potential CARE eligible households are in your service territory?

Response: Sierra has estimated that its service territory includes 3,300 potential CARE eligible customers or approximately 9% of total

residential customers and about 20% of permanent residential customers.

3. What percentage of the customer base for this utility, as defined by the income and household size criteria, is estimated eligible for the CARE discount?

Response: Please see response above to Table I.B.2.

4. How many CARE participants, including sub-metered tenants, are signed up for CARE, and what percentage is that to the total number of customers eligible for CARE?

Response: As of December 31, 2010, Sierra had 3,023 residential and commercial CARE participants. This represents a 91.6% participation rate.

5. Provide the methodology used to estimate the number of eligible households in this utility's service area.

(a) State the source of statistics and, explain any modifications made. For example: modifications to the U.S. census data for undercounts of ethnic groups, such as Hispanics.

Response: Please see the response above to I.B.2.

Sub-metered Participants (Master Metered Customers)

- C. How many master metered customers with sub-metered tenants are in this utility's service territory as of the end of the reporting period?

Response: Sierra has 38 master metered customers with sub-meters (DS-1 Rate Schedule) and 80 master metered customers without sub-meters (DM-1 Rate Schedule), as of December 31, 2010.

- D. How many sub-metered tenants are estimated to be CARE-eligible?

Response: Sierra does not have an estimate of sub-metered tenants that are eligible for CARE. It is difficult to estimate eligibility since many of the accounts operate in resort areas and the tenants are non-permanent.

- E. How many sub-metered tenants are participating in CARE as of the end of the reporting period and what is the participation rate as compared to the estimated number eligible?

Response: There are 165 sub-metered tenants receiving the CARE discount. As indicated in the response to I. D., Sierra does not have an estimate of sub-metered tenants eligible for CARE nor a participation rate.

- F. Discuss any problems encountered during the reporting period in administering CARE for sub-metered tenants and/or master metered customers.

Response: No complaints or problems were brought to our attention during the reporting period.

II. USAGE INFORMATION

- A. Provide tables showing monthly average Tier 1 and Tier 2 consumption for all residential customers (excluding CARE participants) by baseline territory (climate zone) and on a total basis. This information should be provided for summer and winter billing seasons. Do not include master metered consumption.

Response: Please refer to CARE Schedule No. 1, Response IIA.

- B. Provide tables showing monthly average Tier 1 and Tier 2 consumption for CARE participants by baseline territory and on a total basis. Provide this information for summer and winter billing seasons. Do not include master metered consumption.

Response: Please refer to CARE Schedule No. 1, Response IIB.

- C. Provide a graph illustrating average consumption by residential customers (excluding CARE participants) vs. CARE participants for the utility's entire service territory. Do not include master metered consumption.

Response: Please refer to CARE Schedule No. 1, Response IIC and Graph 2.

III. PROGRAM COSTS

- A. Provide a table showing the average monthly bill per residential customer for each baseline territory and for the total service territory.

Response: Please refer to CARE Schedule No. 1, Response IIIA.

- B. Provide a table showing the average monthly bill for CARE participants for each baseline territory and for the total service territory.

Response: Please refer to CARE Schedule No. 1, Response IIIB.

- C. Provide a table showing the average monthly discount by baseline territory and 12 months ending (end of reporting period) in dollars per CARE participant.

Response: Please refer to CARE Schedule No. 1, Response IIIC.

- D. For total CARE administrative costs, compute a table showing administrative costs per participating customer.

Response: Please see the following for CARE administrative costs based on Table III.D.2:

	<u>General Rate Case Costs</u>	
	<u>Included</u>	<u>Excluded</u>
Administrative Costs	\$ 26,953	\$ 5,729
Year-end CARE Customers	<u>3,023</u>	<u>3,023</u>
Cost Per Customer	\$ <u>8.92</u>	\$ <u>1.90</u>

- E. Complete Table III.D.2 which gives a breakdown of administrative costs in the following categories: Outreach; General Administration; Processing, Certification and Verification; Billing System Programming; Regulatory Compliance.

1. Provide the amount and a brief explanation of what is included in each of these categories.

Response: Please see Table III.D.2.

Outreach: \$5,729. This includes the cost of postcards in English and Spanish mailed biannually, capitation fees and data share consultant costs.

General Administration: \$21,225. Includes the costs recovered in a general rate case related to administering CARE activities.

Processing, Certification and Verification: \$0

Billing System Programming: \$0.

Regulatory Compliance: \$0. These costs are included in general administration category.

2. What are the Billing and General administrative costs incurred for non-CARE residential customers?

Response: The billing and general administrative expense (Accounts 901 through 905) as allocated to the California jurisdiction, for all customers in 2010 was \$1,935,000. Sierra does not have any method of allocating billing and general administrative expenses between CARE and non-CARE customers, nor between residential, commercial or industrial customers.

- F. Provide balancing account balance for Care – LIEE or both as of end of reporting period. Also provide an explanation for over/undercollection balances. (Give a snapshot in time.)

Response: Effective June 1, 1996, the CPUC approved a negotiated settlement with Sierra which included the suspension of the CARE surcharge as part of an overall \$2.3 million reduction in revenues. Per the settlement, Sierra suspended entries to the balancing account. In compliance with D.03-03-007, Sierra filed to re-establish the CARE balancing account on April 10, 2003. On August 10, 2007 Sierra received approval to re-establish the CARE balancing account, but has not yet implemented it due to limited staff.

- G. Describe in detail what costs are recorded in the balancing account(s) and what costs are included directly to base rates.

Response: Please see the response above to III.F.

- H. Provide a table showing the surcharge amount and the percent responsibility for surcharge by customer class.

Response: The following is the 2010 CARE surcharge amount and percent responsibility by customer class:

Customer Class	Surcharge Amount	Percent
Residential	\$ 268,093.56	47.59
Small Commercial	102,212.04	18.15
Medium Commercial	65,399.95	11.61
Large Commercial	125,825.81	22.34
Irrigation	622.36	0.11
Street and Outdoor Lighting	1,141.96	0.20
Total	\$ 563,295.68	100.00

- I. Provide the annual subsidy (discount) for all CARE participants.

Response: Please see Table III.D.2.

- J. Provide a table showing the percent of total CARE surcharge for each customer class.

Response: Please see the response above to III.H.

IV. OUTREACH

- A. Complete Table IV.A showing the outreach activities undertaken, the number of customers reached (if known) and the number of applications returned as a result of the particular activity undertaken (if known).

Response: Please see Table IV.A.

- B. Provide a narrative discussion of the following:

1. Sharing information in overlapping service territories.

Response: Sierra completed two data shares with Southwest Gas during 2010. The first data share used May data and resulted in 177 customers being added to our CARE program. The second data share used November data and resulted in an additional 91 CARE customers.

2. Sharing information with LIEE and other utility programs (i.e. signing up LIEE customers not enrolled in CARE).

Response: Sierra's weatherization contractor, Richard Heath and Associates (RHA), gives LIEE applicants a CARE application. In 2010, RHA issued 77 applications for a total cost of \$924.00. Also, customers receiving Home Energy Assistance Program (HEAP) payments were placed on the CARE rate resulting in 36 additional customers. See Table IV.A.

3. Leveraging CARE funds with other utility assistance programs.

Response: When the CARE program is explained, the LIEE program is also explained.

4. Participation barriers encountered and steps taken to mitigate them.

Response: No participation barriers were encountered.

- C. Describe recommendations for improving outreach, including the cost effectiveness and methods for reaching underserved households.

Response: Sierra does not have any recommendations.

V. PROGRAM MANAGEMENT

- A. Provide a table showing the total number of applications received by month, the total approved, the total denied as ineligible, the total returned to applicants as incomplete, and the total of duplicate applications for the reporting period.

Response: Please see Table V.A.

- B. Describe any problems encountered during the reporting period with program management efforts.

Response: No problems were experienced during this reporting period.

VI. CERTIFICATION AND VERIFICATION PROCESSES

- A. Provide a table showing the total number of participants asked to re-certify their eligibility during the reporting period. The table should show the total recertifications requested, the total recertification applications received, the total recertified, the total denied as ineligible, and the total returned to the participant as incomplete for the reporting period. Include the total number of participants who were removed from the program because they did not return the recertification application.

Response:

Total re-certifications requested: 528
Total number of re-cert app received: 282
Total number re-certified: 242
Total denied as ineligible: 3
Total returned as incomplete: 37
Total number removed from program: 262

- B. Provide a table showing the total number of participants asked for income verification during the reporting period. The table should show the total verifications requested, the total verifications received, the total verified, the total denied as ineligible, and the total returned to the participant as incomplete for the reporting period. Include the total number of participants who were removed from the program because they did not respond to a request for income verification.

Response:

Total number of applicants asked for income verification: 77
Total verifications received: 28
Total verified: 21
Total denied as ineligible: 8
Total returned to participant as incomplete: 6
Total number removed from program because they did not respond to income verification: 23

- C. Describe the process for recertifying sub-metered tenants of master metered complexes. Discuss any problems between master metered ratepayers and sub-metered customers that were encountered during the reporting period.

Response: The process for re-certifying sub-metered tenants is the same one used for other CARE applicants. There were no problems encountered during the reporting period.

- D. Describe any third-party process used for CARE certification, recertification and verification processes. Describe how these processes compare with the utility's efforts as far as cost effectiveness and effectiveness in reaching underserved households.

Response: Sierra no longer uses a third-party for CARE certification, recertification and verification processes. The third-party process used to be performed by the Department of Community Services (CSD), but since June 2009, Sierra is performing the functions that CSD used to handle, which include determining eligibility and re-certification requirements of CARE applicants including low-income verifications.

VII. OTHER TOPICS

- A. What significant changes are there from the previous reporting period?

Response: Sierra continued its self-certification program and sent two postcards to all non-CARE permanent customers in March and August 2010. The results are summarized below:

Total applications returned:	329
Total placed on CARE:	321
Total letters to Non-Permanent Customers:	3
Total applications missing information:	18
Total re-submitted for incomplete applications:	10
Total applications above income guidelines:	3
Total blank applications:	1

- B. Are there any other comments, recommendations or issues that need to be addressed?

Response: As stated in this report's cover letter, Sierra has ceased operations as a California utility effective January 1, 2011 (D.10-10-017). Sierra has transferred ownership of its California distribution and generation assets to California Pacific Electric Company, LLC - Liberty Energy (U933-E).

CARE Expanded Program

The CARE Expanded Program is an extension of the residential CARE program that covers non-profit homeless shelters and group living facilities, migrant farmworker housing centers,

qualified privately owned employee housing and qualified non-profit housing for agricultural employees.

I. PARTICIPANT INFORMATION

A. Number of participating non-profit facilities, by type, by month. The data should be provided in numerical tables and also in graph form as follows:

1. Give the total number of residential facilities and the total number of commercial facilities receiving the Expanded CARE discount.

Response: As of December 31, 2010, there were 5 group-living facilities receiving the CARE discount.

2. Total number of residents (excluding caregivers) of residential and commercial non-profit Expanded CARE facilities.

Response: The following is the number of Expanded CARE facilities and residents at each facility:

1. Tahoe Turning Point (No. 1) – 6 beds
2. Tahoe Turning Point (No. 2) – 6 beds
3. Tahoe Turning Point (No. 3) – 6 beds
4. Tahoe Turning Point (No. 4) – 6 beds
5. Womenspace Unlimited – 10 beds

II. PROGRAM COSTS

A. Total Expanded CARE administrative costs. Compute administrative costs per participating facility. Give a breakdown in the following categories: Outreach; General Administration; Processing, Certification and Verification; Billing System Programming; Regulatory Compliance;

1. Provide the amount and a brief explanation of what is included in each of these categories.

Outreach

General Administration

Processing, Certification and Verification

Billing System Programming

Regulatory Compliance

Response: Due to their insignificance, all charges for the group Expanded CARE program have been included in the amounts shown for residential CARE. (See Table III.D.2.)

B. Provide discount information for the Expanded CARE program.

1. Give the average annual discount per residential facility.

Response: All 5 current group living facilities are classified as commercial facilities.

2. Give the average annual discount per commercial facility.

Response: The average annual discount for each facility during 2010 is \$626.38.

III. OUTREACH

A. Provide a table showing the outreach activities undertaken, the number of customers reached (if known) and the number of applications returned as a result of the particular activity undertaken (if known).

Response: During 2010, Sierra did not perform any specific outreach activities for Expanded CARE customers.

B. Provide a narrative discussion of the following:

1. Provide an analysis of the utility's most cost-effective outreach for the group living facilities;

Response: Sierra has found the most cost-effective outreach for the group living facilities is the relationship we have maintained with the state and county welfare and social service agencies and the information we provide to them.

2. Sharing information in overlapping service territories;

Response: Sierra includes the telephone number of Southwest Gas Corporation on its bill inserts advising that this company also offers eligible customers a discount on their gas charges. Southwest also includes Sierra's telephone number on their bill inserts.

3. Participation barriers encountered and steps taken to mitigate them;

Response: There have not been any participation barriers.

4. Public agencies used to solicit potential Expanded CARE facilities;

Response: The state and county welfare agencies have been contacted and provided information by our local California district office staff. We have not received any referrals.

5. Barriers encountered in identifying or enrolling customers in the Expanded CARE program.

Response: Sierra has not encountered any barriers.

IV. PROGRAM MANAGEMENT

- A. Provide a table showing the total number of applications received, the total approved, the total denied as ineligible, the total returned to applicants as incomplete for the reporting period.

Response: There were no applications received during the reporting period.

- B. State the reasons CARE applications are not approved.

Response: Please see the response above to IV.A.

- C. Describe any problems encountered during the reporting period with recertification and verification processes for Expanded CARE.

Response: No problems were encountered during the reporting period.

V. OTHER TOPICS

- A. What significant changes are there from the previous reporting period?

Response: No changes from previous period.

- B. Are there any other comments, recommendations or issues? Analyze the CARE Expansion program, progress over the past 12 months, identify issues that need work, identify areas that need improvements and make suggestions for improvement.

Response: No comments, recommendations or issues.

CARE Tables

Please see the attached CARE tables for Sierra Pacific Power Company.