

Application No: A.13-08-
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Date: August 30, 2013
Witness: Rick Janke

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Application of San Diego Gas & Electric Company)
(U 902 E) for Approval of Public Utilities Code)
Section 748.5 Customer Outreach Plan for 2014 and)
2015.)
_____)

Application 13-08-____
(Filed August 30, 2013)

PREPARED DIRECT TESTIMONY OF
RICK JANKE
SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

August 30, 2013

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1 with the objective of “expand[ing] awareness about the purpose and value of GHG allowance
2 revenue.”²

3 To further guide the customer outreach activities of the utilities, the Commission stated
4 that “while customer understanding of the costs and benefits of the Cap-and-Trade program is
5 important, we also seek to maximize the amount of GHG allowance revenues returned to
6 customers. Therefore, any and all customer outreach and education in 2013 and beyond must be
7 weighed against the cost of such outreach in order to maximize both customer awareness and
8 GHG allowance revenue returns to ratepayers.”³

9 To facilitate the expansion of customer outreach efforts in future years, the Commission
10 directed SDG&E, Pacific Gas and Electric Company (PG&E) and Southern California Edison
11 Company (SCE), in consultation with community choice aggregation (CCA) and direct access
12 (DA) providers, “to engage a firm with marketing and public relations expertise that will be
13 responsible for proposing expanded customer education activities through 2015. The marketing
14 and public relations firm must also evaluate the feasibility and potential advantages and
15 disadvantages of the use of a third-party administrator for customer outreach and education
16 activities.”⁴

17 As directed, the investor-owned utilities retained Targetbase, a marketing services firm, to
18 independently assess the outreach and education needs pertaining to this project. Targetbase
19 gathered available market data, surveys, and qualitative research by evaluating the audience
20 (utilities customers within California), various messaging options, and creative approaches. On
21 July 1, 2013, Targetbase released a report of its findings, a number of recommendations and a
22 suggested approach to communicating with customers about GHG and the return of Cap-and-

² *Id.* at 139.

³ *Id.* at 136.

⁴ *Id.* at 211 (Ordering Paragraph No. 12).

1 Trade auction revenues to customers. One of their key recommendations is “to equate the CA
2 Climate Dividend with a positive sign of cleaner air.”⁵ The focus of the recommended strategic
3 roadmap mainly involves communicating the overall benefit of cleaner air and climate change
4 mitigation without educating customers about the details of Cap-and-Trade or revenue allocation.
5 The projected cost of the effort outlined by Targetbase is \$62 million for two years.

6 In this Customer Outreach Plan for 2014 and 2015, SDG&E proposes to coordinate and
7 pool funds with PG&E and SCE, and hire a third party communications firm to build on the work
8 by Targetbase. Targetbase is excluded from being this company per their original contract. This
9 firm will be engaged to help define “maximum feasible public awareness of the crediting of
10 greenhouse gas allowance revenues” and develop a plan for how to achieve this across the three
11 utilities. This central firm will develop messaging to be used by all three utilities that is
12 competitively neutral and consistent for statewide use, and may even establish a new website
13 devoted to educating the public about this program. They will expand on the initial tactics we
14 have outlined here and provide statewide coordination of the effort.

15 SDG&E’s proposed approach to implementation would systematically and effectively
16 educate customers about the crediting of Cap-and-Trade auction revenues on their bills through a
17 gradual “test and learn” process. Beginning with low-cost and no-cost measures, SDG&E would
18 progress through various channels and levels of exposure to achieve awareness, while preserving
19 funds so that residential customers receive the largest Climate Dividend possible. The
20 effectiveness of the communications will be measured through pre- and post-communication
21 surveys, with customer activity, such as website visits, e-mails and customer telephone calls to
22 SDG&E, being evaluated as indicators of interest, awareness or confusion.

⁵ July 1, 2013, California Climate Dividend Public Outreach Program, Report & Strategic Road Map, Targetbase, page 6.

1 **III. SDG&E’S EDUCATION AND OUTREACH PROPOSAL**

2 An effective plan for educating customers about the crediting of Cap-and-Trade auction
3 revenues on their bills will require a systematic approach to efficiently reach customers and create
4 awareness and understanding. The third communication firm engaged will help define what
5 “maximum feasible public awareness” is and how to achieve this across the three utilities. This
6 central firm will develop messaging to be used by all three utilities that is competitively neutral
7 and consistent for statewide use. This single-firm approach should help expedite the development
8 and implementation of the outreach and education efforts. It will also provide clear lines of
9 responsibility and accountability.

10 The central firm will also develop a specific timeline of various communication methods
11 and the approach to evaluating the effectiveness of these communication methods. This
12 evaluation process will occur in phases and guide future development of the effort. This test-and-
13 learn approach will be designed to adapt to changes in the market and customer awareness.

14 SDG&E recommends that the investor-owned utilities, SCE, PG&E and SDG&E, in
15 collaboration with Energy Division and other interested parties, serve as the communications
16 administrators in their respective service areas. The utilities are in a unique position to
17 communicate with a wide range of customers efficiently and effectively about bill-related items.
18 Since GHG revenues will be credited as a line item on the bill, communications from the investor-
19 owned utilities would be able to provide efficient coordination of the delivery of the messages at
20 the same time as the credits appear on the bill. The solicitation and incorporation of input from
21 interested parties, such as energy service providers, can validate the competitive neutrality of these
22 messages without greatly increasing administrative costs.

23 SDG&E’s proposal, which would be refined and adjusted in consultation with the third
24 party communications firm as described above, anticipates the initial use of low-cost and no-cost

1 | communications channels, such as news releases, videos, bill inserts, utility website, e-mails,
2 | social media, and flyers, to educate and inform residential customers about the climate dividend.
3 | The messaging will be sent twice a year to coincide with the timing of the return of GHG auction
4 | revenues. These communications will address SDG&E's general customer audience, as well as
5 | hard-to-reach master-metered, ethnic, senior, and low income customers.⁶ Based on the measured
6 | effectiveness of the use of these channels to carry the message, the approach can be adjusted in the
7 | latter half of 2014 and 2015. SDG&E believes this approach balances the cost with the awareness
8 | created while maximizing the benefit of the dividend provided to customers. Additionally,
9 | SDG&E will use a "grassroots" outreach approach to help increase public awareness of the return
10 | of Cap-and-Trade auction revenues. SDG&E will partner with internal and external stakeholders
11 | to leverage existing relationships, including, but not limited to:

- 12 | • Community-Based Organizations (CBOs)
- 13 | • Economic Development Organizations
- 14 | • Environmental Education
- 15 | • K-12 Leadership Development
- 16 | • Faith-Based Organizations
- 17 | • Senior Organizations
- 18 | • Safety Organizations
- 19 | • Health Organizations
- 20 | • Professional Trade Associations

⁶ To reach diverse communities in the San Diego region, some targeted ethnic newspaper advertising, in languages other than English, can be used at low cost.

1 SDG&E will also coordinate with communications activities undertaken in other programs
2 to help carry the message directly to various audiences and coordinate this message with other
3 supportive messaging, such as energy efficiency and environmental activities.

4 The target audiences for these communications are defined as customers of the three large
5 investor-owned utilities receiving credits from Cap-and-Trade revenues on their bills. This
6 includes residential, business and EITE customers. The specific tactics used to reach each of these
7 audiences is listed later in this testimony. These tactics may be adjusted as the effort progresses
8 and we gain insight into effectiveness of the various tactics.

9 To fund the activity of the central communications firm, we propose to utilize a portion of
10 the funds set aside for SDG&E's customer education and outreach efforts for 2013 (\$750,000).

11 To speed the process of finding this firm, SDG&E recommends the utilities initially include their
12 existing firms in the process, similar to the process used to select Targetbase.

13 A starting point for messaging about the California Climate Dividend is shown below.
14 This messaging would be refined and simplified by the third party firm to ensure it is appropriate
15 for the various target audiences:

16 **SAMPLE MESSAGING**

17 **What You Should Know About California Climate Dividend.**

18 Starting in 2014, as part of an important new State of California program to address
19 climate change, you will begin receiving your "California Climate Dividend" (CA Climate
20 Dividend).
21
22

23 **What you can expect.** Twice a year, you will receive your CA Climate Dividend on your
24 bill. These funds are intended to offset changes in the cost of energy caused by a statewide
25 effort to reduce the amount of Greenhouse Gases (GHGs) in the atmosphere by 20%.
26
27

28 **Understanding GHGs.** Carbon dioxide and certain other gases produced by cars, some
29 types of energy generating facilities, and many industries act like the walls of a greenhouse
30 – trapping heat and affecting the environment through climate change. The State's goal is
31 to reduce GHGs to 1990 levels while stimulating the green economy.
32

1 **Combating climate change.** In order to ensure steady progress, the State has initiated
2 what is called a “cap-and-trade” program. Now, industries that create GHGs must acquire
3 permits, called “allowances,” that will cover their emissions. Since the amount of those
4 allowances is limited, and will be steadily reduced, that sets a “**cap**” on the total level. At
5 the same time, the State has created a market for industries to “**trade**” those allowances
6 among one another so they can continue to operate while making the changes necessary to
7 protect the environment.

8
9 **You can help.** The funds for your CA Climate Dividend will come from revenues
10 SDG&E® and other utilities will obtain from this market – you don’t need to do anything
11 to qualify. However, you should know that working together we can all play a critical role
12 in tackling climate change by becoming more energy efficient. For information on
13 programs that feature rebates on energy efficient appliances, online energy audits, and new
14 tools to manage your daily energy use visit (**TBD**) website.

15
16 The methods used to communicate the message to the various audiences will include a
17 variety of low-cost and no-cost channels, specifically:

18 **Website Communications – All Audiences**

19 A primary website for the messaging can be created with a unique and specific web
20 address, such as CAClimateDividend.org or similar. This site can be created by the central
21 communications firm and reside independent of any utility or other organization website, assisting
22 in the competitive neutrality of the messaging. The site would ideally be simple with limited
23 features and not contain customer sensitive data. The messaging would be consistent with the
24 other messaging created by the central communications firm. The Energy Upgrade California web
25 site can be a secondary site for information, as can the utilities’ site as well.

26 The same competitively neutral messaging will be placed on the SDG&E website for
27 additional exposure of the message.

28 The website will include links to other sites, as appropriate, including information about
29 greenhouse gas, the State’s greenhouse gas reduction goals and various resources available to
30 people and businesses to reduce their greenhouse gas emissions.

1 **Collateral – All Audiences With Variations Specifically for EITE**

2 A fact sheet will initially be developed in English and then translated to needed languages.

3 **Bill Messaging – All Audiences**

4 There will be messaging on the bill during the periods when the bill credits appear.

5 Educational bill inserts about Climate Dividend will be used when the dividend appears on the
6 bill.

7 An Onsert can also be used to provide additional information.

8 The credits and dividends will be line-items on the bill.

9 **E-Mail – Residential and Small Business E-Billing Customers**

10 To reach those customers who receive electronic bills and other customers who have
11 signed up to receive e-mails, the message will be sent via e-mail.

12 **Social Media – All Audiences**

13 SDG&E will post information on Twitter, Facebook and Google+.

14 **Earned Media – All Audiences With Variation of the Messages Based on the Channel**

15 A variety of earned media channels will be pursued to maximize the distribution of the
16 message to various channels.

17 **Hard-to-Reach Communities – Specific Segments of Residential, Small Business
18 and EITE**

19 Community outreach will be used in coordination with other efforts underway and include
20 CA Climate Dividend information in the presentations and information provided at various
21 community events.

22 The materials will be developed in the most common languages of the region (English,
23 Spanish, Vietnamese) and other languages, as needed, for community outreach. The effort will
24 also use in-language publications to reach these audiences.

1 **Additional Media**

2 As the effort continues the use of various mess media may become necessary to reach
3 desired awareness levels. These media may include TV, radio, print and online.

4 **DA/CCA Collaboration**

5 To ensure competitive neutrality, the utilities and the third party agency will invite DA and
6 CCA organizations into the message development process. The organizations that choose to
7 participate will have the ability to provide input and review the messaging. They will also be able
8 to use the messaging as they see fit and communicate directly to their customers through their
9 direct channels.

10 **IV. OUTREACH AND EDUCATION BUDGET**

11 In D.12-12-033, the Commission directs the investor-owned utilities to set aside GHG
12 revenues to cover customer outreach and education efforts in advance of distributing remaining
13 GHG revenues to EITE, small business, and residential customers.⁷ Any remaining customer
14 outreach and education funds at the end of the calendar year are to be rolled over for use in
15 subsequent years or returned to customers.

16 SDG&E proposes the following budget for 2014 and 2015 educations and outreach efforts.
17 If SDG&E’s proposed Outreach and Education plan is modified by the Commission in reaching its
18 decision on this application, the budget may require adjustment.

19 Education and outreach activities were originally anticipated to begin in 2013; however,
20 due to delays in receiving implementation and cost recovery decisions, communications have been
21 delayed. Thus, no Outreach and Education costs are expected to be incurred in 2013. The initial
22 estimate of \$750,000 submitted by SDG&E for 2013 in the GHG OIR was based on a larger-scale

⁷ D.12-12-033 at Findings of Fact 155 p.187.

1 implementation effort.⁸ SDG&E notes that based on further evaluation, most activities proposed
 2 under the implementation plan can be achieved at a much more modest cost, allowing SDG&E to
 3 return maximum revenue to customers. This is due both to SDG&E's ability to leverage existing
 4 marketing and outreach activities, as well as the focused approach pursued (*e.g.*, not
 5 overwhelming customers with duplicative messaging through multiple inserts or e-mails).
 6 Accordingly, under this proposed plan, SDG&E's budget would be reduced by approximately
 7 \$575,000 per year, as compared to the original forecast, to \$ 175,000.

8 In 2013 SDG&E will pay for its share of the Targetbase effort. SDG&E proposes to use
 9 retail sales for bundled and direct access customers, as reported by the California Energy
 10 Commission (CEC), as the allocator, currently estimated at 10.5% or \$52,500 for SDG&E.⁹

GWh (Bundled and Direct Access)	Allocation	Targetbase share
SDG&E: 20,025	10.5%	\$52,500
PG&E: 83,927	44.1%	\$220,500
SCE: 86,555	45.4%	\$227,000

11 SDG&E requests that its share of Targetbase costs be added to the final requested amount,
 12 to be funded from the Cap-and-Trade allowance revenues.

13 Additionally SDG&E proposes to reallocate unspent 2013 funds to support the common
 14 advertising or communications firm to be used by all utilities in the statewide effort. Using the
 15 same budget and allocation methodology as used to support Targetbase we would reallocate about
 16 \$52,500 to this effort in 2013.

17 As the effort progresses, if there is a need for additional funding to implement more
 18 aggressive communications through mass media, based on evaluation of the results achieved with
 19

⁸ Ordering Paragraph 14 of D.12-12-033 authorizes SDG&E to spend \$750,000 on customer outreach and education activities in 2013 and does not include the costs to hire the marketing and public relations firm (\$500,000) in Ordering Paragraph 13.

⁹ California Energy Demand 2014-2024 Preliminary Forecast, Form 1.1c – Statewide: Electricity Deliveries to End Users by Agency (GWH), 6/17/2013.

1 the low-cost and no-cost channels, that may be requested through an advice letter process. It is not
2 possible to precisely estimate a potential mass media budget at this time, other than looking at the
3 recommendation from Targetbase and other similar statewide efforts. Based on these evaluations,
4 a maximum of \$6 million for both 2014 and 2015 is projected, using the Targetbase proposal as
5 the maximum.

6 This concludes my Prepared Direct Testimony.

1 **QUALIFICATIONS OF RICK JANKE**

2 My name is Rick Janke. I am employed by San Diego Gas & Electric Company (SDG&E)
3 as the web and communications manager. My business address is 8306 Century Park Court,
4 CP-41F, San Diego, California, 92111.

5 I graduated from Colorado State University in 1980 with a Bachelor of Arts degree in
6 Journalism. I have over 35 years of experience working in communications, marketing and
7 advertising in various industries. I have worked in energy related companies for over 27 years,
8 always in the communications area.

9 I have been employed by SDG&E as the web and communications manager since March,
10 2010. In this position, my responsibilities include overseeing customer communications, the
11 teams working on the company's information website (www.sdge.com), and the display aspects of
12 the transactional website (myaccount.sdge.com).

13 Prior to my current role at SDG&E, I served as a Communications Manager at Sempra
14 Energy. Throughout my career, my roles have included copywriter, communications advisor,
15 advertising manager and marketing communications manager. I have worked at Murlin/Dila (an
16 advertising agency), Sharp HealthCare, SDG&E, Sempra Energy and Sempra Energy Solutions.
17