

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the  
Commission's Own Motion to Conduct a  
Comprehensive Examination of Investor  
Owned Electric Utilities' Residential Rate  
Structures, the Transition to Time Varying and  
Dynamic Rates, and Other Statutory  
Obligations

U 39 E

R.12-06-013 (Phase 3)  
(Filed June 21, 2012)

**JOINT QUARTERLY PROGRESS ON RESIDENTIAL RATE REFORM REPORT OF  
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E), SOUTHERN CALIFORNIA  
EDISON COMPANY (U-338-E), AND SAN DIEGO GAS & ELECTRIC  
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Pursuant to Ordering Paragraph 16 of Decision No. 15-07-001, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company (Joint Utilities) provide their first Joint Quarterly Progress on Residential Rate Reform report (PRRR Quarterly Report).<sup>1/</sup> The PRRR Quarterly Report is attached to this pleading as Appendix A.

Respectfully Submitted,

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Dated: November 2, 2015

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<sup>1/</sup> Counsel for SCE and SDG&E have authorized counsel for PG&E to file this PRRR Quarterly Report on behalf of SCE and SDG&E.

# **APPENDIX A**

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**RESIDENTIAL RATE OIR (R.12-06-013)  
JOINT IOU QUARTERLY REPORT  
ON PROGRESS OF RESIDENTIAL RATE REFORM (PRRR)**

**NOVEMBER 2, 2015**

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RESIDENTIAL RATE OIR (R.12-06-013)  
JOINT IOU QUARTERLY REPORT ON PROGRESS OF RESIDENTIAL  
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# **RESIDENTIAL RATE OIR (R.12-06-013)**

## **JOINT IOU QUARTERLY REPORT ON PROGRESS OF RESIDENTIAL RATE REFORM (PRRR)**

### **I. Introduction**

On July 3, 2015, the California Public Utilities Commission (CPUC or Commission) approved Decision (D.) 15-07-001, *Decision on Phase 1 of Residential Rate Reform for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company and Transition to Time-of-Use Rates* (the Decision), that reforms residential electric rates during the years 2015 to 2020 and transitions customers to time-of-use (TOU) rates.

The Decision requires the Investor-Owned Utilities (IOU) to provide the Commission and interested parties with regular updates on the progress of understanding TOU rates and other rate reform impacts. These updates, or Progress on Residential Rate Reform (PRRR), include a written report to be submitted quarterly, with the first report due on November 2, 2015. Per the Decision, primary topics covered in the PRRR include: “outreach strategies, metrics, pilot design and results, opt-in TOU results, budgets, and updates on other proceedings that will impact residential TOU rate design.”<sup>1</sup>

Pacific Gas and Electric Company (PG&E) is submitting the first PRRR Quarterly Report as a Joint Report on behalf of itself, Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E).

### **II. Outreach and Impact for Changes**

#### **A. PG&E’s Approach**

##### **1. Objectives**

The overarching objective of PG&E’s Marketing, Education and Outreach (ME&O) efforts to its residential audience is to minimize the impact of rate reform on our customers by promoting energy efficiency measures, enrollment in PG&E programs, and utilization of PG&E services and tools that will help them save energy and money. PG&E also seeks to increase awareness and use of the range of services and tools offered.

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<sup>1</sup> D.15-07-001, pp. 299-300.



## **2. Strategy**

PG&E's strategy is to connect to customers through a variety of tactics and messages, understanding that it takes multiple touch points before a customer responds. Following this model, the ME&O strategy is to:

- Determine outreach needs of each rate change individually by conducting bill impact analysis on each change to determine effects of change, variations, types of customers impacted and targeted solutions.
- Provide highly-targeted messages that promote efficiency measures and educate customers about programs, tips, and tools to help them save energy and money.
- Tailor outreach to impacted customers to provide energy management solutions and rate options based on usage data and customer profile information.
- Emphasize simplicity and ease in communications to encourage customer action.

## **3. Target Audience**

High-level rate reform communications will target all residential customers who are impacted in some manner to ensure customers understand the Super User Electric (SUE) Surcharge, available rate options, rate comparisons reports, and to provide various programs, services and tools to help mitigate bill impacts.

Targeted communications and messaging will be delivered for these sub-segments:

- a. Highly impacted California Alternate Rates for Energy (CARE) customers (750,000)\* identified as those who may see monthly bill impacts of \$10 and 10% and non-CARE customers (250,000)\* who may see monthly bill impacts of \$20 and 10%.
- b. Customers impacted by a minimum bill implementation (533,000)\*.
- c. Customers on E7 (62,000)\* and E8 (44,000)\* rates who will transition to a default rate or other actively chosen rate.
- d. Electric customers who use or are in danger of using in excess of 400% of baseline and subject to the SUE Surcharge (330,000)\*.
- e. Current and future SmartRate™ customers (136,500)\* who will experience a change to the programs hours and credits.
- f. Low usage Tier 1 and Tier 2 customers (1,000,000)\*.
- g. Net Energy Metering (NEM) customers (180,000)\*.
- h. Other audiences that may be impacted by one or more rate changes: Family Electric Rate Assistance (FERA) (19,000)\*.

\*NOTE: The number of customers is estimated and may overlap.

#### 4. Tactics

PG&E will utilize a multi-channel approach with tactics ranging from direct mail to digital to ensure residential customers are aware of residential rate changes. Additionally, these tactics will cover both targeted and mass communication in coordination with community outreach channels:

- Direct Mail/Email: Direct communications have been sent to customers impacted by the changes to date, including the tier differential change and minimum bill implementation. Direct outreach will also be used for future efforts to educate impacted customers on PG&E programs, services, tools, and energy savings tips that can help them manage their energy use and save money.
- Bill Package: Bill inserts and envelope messaging will be utilized for customers receiving paper bills or e-bills to ensure customer will receive information on rate changes, rate options and energy-saving solutions.
- Website: pge.com has dedicated residential rate reform web pages where customers can get more detailed information about rate reform, its anticipated impacts, and find solutions to help them manage their energy usage.
- Outbound Calls: The most highly impacted customers will receive calls to provide one-on-one guidance and education on PG&E's tools and services.
- Digital Media: Banner ads have been used and will continue to be used to increase awareness of PG&E programs, tools, and solutions via digital channels, and drive interested customers to pge.com for more information.
- Social Media: The use of social media provides an opportunity to connect with a broad range of customers and increases overall awareness as the message is picked up and redistributed by following organizations and individuals.
- Radio: PG&E utilized radio ads during the 2014 summer rate changes and will continue to utilize radio spots for educational messages with energy savings tips and solutions.
- Community Outreach: PG&E conducts a robust Community Outreach and Engagement program working closely with a network of over 70 Community-Based Organizations (CBOs) and non-profits within the service territory to support PG&E's customers to PG&E's programs, resources, services, and tools. These

organizations represent the diversity of PG&E's service area and are recruited based on the communities and audiences they serve.

- **Bill Threshold Alerts:** PG&E is launching a bill threshold alert system in 2Q 2016 that allows customers to set a dollar amount at which they'd like to be alerted. If their energy usage is projected to exceed the set threshold, customers will receive a phone call, text, or email to alert them. PG&E will encourage customers to opt in to the alerts.

## **5. Solutions**

PG&E has a broad range of solutions available to help customers manage their energy use, and the promoted solutions will vary depending on customer, impact and upcoming Rate Reform change. However there are some specific solutions that have been identified for key audiences, and additionally PG&E places special focus on low-cost and no-cost solutions. Solutions presented to each of the key audiences include:

- Low Income Customers including CARE, FERA, and Medical Baseline

Customers will be provided with information on the Energy Savings Assistance (ESA) and SmartRate Programs, PG&E's Home Energy Checkup, tier alerts, SUE surcharge alerts, and bill threshold alerts.

- Non-CARE Customers

Customers will be provided with information on PG&E's SmartRate program, Home Energy Checkup, tier alerts, SUE surcharge alerts, bill threshold alerts, and balanced payment plan.

- High Usage Customers

Customers will be provided with information on tier alerts, SUE surcharge alerts, bill threshold alerts, and Medical Baseline.

- NEM Customers

The impact of rate changes will be evaluated for NEM customers to determine if specific NEM related communications are necessary.

Communications will provide customers with low cost and no cost solutions to help them manage their energy use, including:

- Signing Up for a My Energy Account

Customers who sign up for a My Energy account can review usage analysis, balanced payment plan, review rate options based on usage, and set up energy alerts. The Home Energy Check-up tool allows customers to do an online home assessment and receive energy savings tips.

- Tips

PG&E offers low-cost or no cost tips to help customers make small changes that will save them money and energy.

## **6. Bill Impacts**

The bill impacts for the limited rate changes that took effect on September 1, 2015, included a small average rate reduction stemming from the Transmission Operator 16 Settlement. The first year rates are designed for a gradual and smooth transition to the new rate structure.

- a. For non-CARE customers, only very small users—those subject to the minimum charge—see significant bill increases as the minimum bill jumps from \$4.50 to \$10.00 per month.
- b. Below-average use customers see bill increases of about 2 percent, but still less than \$1 per month.
- c. Average use customers see bill increases or decreases that are close to zero.
- d. Above-average use customers see bill decreases ranging from 1 percent to 4 percent.
- e. For CARE customers, only very small users—those subject to the minimum charge—see any bill increase—an average of about 20 cents per month as the CARE minimum bill increases from \$3.60 to \$5.00 per month.
- f. The remaining CARE customers see bill decreases averaging about 1 percent.

## **B. SCE's Approach**

1. SCE plans to use both broad-based marketing channels as well as targeted channels to endeavor to raise awareness of customers—particularly those most impacted—about SCE's rate changes. Central to SCE's ME&O strategy will be website material that will provide specific, transparent, easy-to-understand information on available rate options. All ME&O channels will direct customers to this website. SCE may also proactively leverage news/earned media as well as paid media to better educate customers about rate changes and their options, also directing customers to SCE's central website. Paid media may include targeted, digital ads as well as ethnic media.
  - a. SCE developed a 2015 customer outreach plan that focuses on themes of awareness, transparency and choice that will provide broad awareness to all customers with specific targeted outreach to those customers who are most likely to experience the largest bill impacts from the proposed rate changes. For 2015, this includes a reduction in the tier price differentials, a new minimum bill amount of \$5 for CARE, FERA and medical baseline customers, a \$10 minimum bill amount for all other customers, and a new flat 12% discount for FERA customers. These changes went into effect on October 1, 2015 per Advice Letter 3276-E, approved by the Commission on October 2, 2015.

b. Detailed bill impacts were calculated for residential customers to determine the level of impact arising from the changes described above. Customers deemed to be most impacted by the rate changes will receive direct postal mail or email informing them specifically of the rate changes, specific programs and tools available to help mitigate high bill impacts, and directing customers to SCE's rate change website for additional information. Several targeted outreach campaigns will be executed as part of the 2015 customer outreach effort. These include:

- Targeted communications to those experiencing a 10% average monthly bill impact, non-CARE accounts: approximately 43,000 customers with bill increases of 10% or more, with a monetary impact of \$5 or more per billing period.
- Targeted communications to those experiencing a 10% average monthly bill impact, CARE accounts: approximately 72,000 customers with bill increases of 10% or more, with a monthly impact of \$3.50 or more per billing period.
- All FERA customers: approximately 20,743 customers—to raise awareness of the revised calculation for the monthly discount—the vast majority of FERA customers will be neutrally impacted or benefit from this change.
- All NEM customers: approximately 120,852 customers—to raise awareness about the new monthly minimum bill amount.
- All Owner Tenant Agreement (OTA) customers, approximately 21,825—An OTA provides the customer (landlord) of a rental property with the ability to have service automatically transferred back to their name if the tenant or occupant requests service turn-off. This provides the landlord with uninterrupted electric service provided to the dwelling. Although the owners of the OTA may not immediately experience the impacts from the new minimum bill amount, they are likely to experience this minimum charge at some point in the future. This outreach campaign attempts to raise awareness about this new charge.

Because the California Climate Credits are applied to October bills, impacts from the changes implemented in 2015 will be muted. To better align bill impact information with the timing at which customers are more likely to experience those changes, the campaigns will be launched starting near the end of October. SCE's Call Center will be prepared to address customer concerns about rate impacts and connect customers to helpful solutions as needed. SCE will also leverage existing channels to reach customers, including bill messaging (online and in paper), on [www.sce.com](http://www.sce.com), and on key web pages such as MyAccount.

## 2. General Awareness Campaigns

- a. A general awareness campaign will target Tier 1 and 2 Customer—to raise awareness about rate reform and promote conservation information.

SCE also plans to specifically reach out to elderly, CARE, FERA and ethnic customer groups. SCE will leverage its established network of CBOs, faith-based organizations, government agencies, disability and senior collaborative, senior centers, and regional centers to expand awareness and communications on available rate options and related solutions. All CARE/FERA customers typically receive annual communications highlighting rate options, benefits, and potential bill impacts. Additionally, 2015 ME&O efforts will be delivered in multiple languages consistent with SCE’s customer-facing communications practices.

- b. SCE.com

- 1) SCE developed a Rate Reform landing page with a vanity URL, or an easy to recognize website name, (on.sce.com/rate change) to provide customers with a comprehensive information resource about California’s residential rate restructuring, how these changes may impact their bills, specific bill impact information based on their current bills, and links to other tools & resources that can help them to better manage their energy costs. Links to information about rate plans is also featured to provide customers with more information about optional TOU rates. Outreach campaign materials will include information about this website.
- 2) A new bill change look-up tool was developed and will be launched the first week of November to provide customers with average bill impacts based on their zip code (tied to baseline region zone), their rate plan, and their current average monthly bill amount. The resulting “average bill impact” will reflect the resulting impact of the residential rate plan changes that were implemented on October 1. This tool was designed to be extensible and will be leveraged to communicate average bill impacts for all changes identified in SCE’s rate reform glide path each year, through 2019.
- 3) SCE will continue to maintain and update the content provided on this website to ensure customers are provided with specific, transparent and easy-to-understand information so they are better prepared to address the coming changes.

### **C. SDG&E’s Approach**

#### **1. Objectives**

The overarching objective of SDG&E’s ME&O efforts to its residential audience is to motivate and encourage customers to reduce energy use and increase interaction with SDG&E via the adoption of energy efficiency, energy conservation and renewable energy measures and enrollment in SDG&E programs. SDG&E also seeks to increase

awareness and use of the range of services and tools offered. Specifically, SDG&E's objectives are to:

- Inform customers that gradual changes are coming to the way energy rates are structured via rate reform
- Help customers understand how rate reform will impact them directly.

## **2. Strategy**

SDG&E's strategy is to connect to customers through a diverse mix of tactics and messages, understanding that it takes multiple touch points before a customer responds. Following this model, the ME&O strategy is to:

- Align messages and solutions to target audiences in all marketing, communications and outreach efforts.
- Integrate Summer Preparedness messaging around overall changes
- Offer tailored solutions to target audiences to help them manage their energy costs.
- Educate customers about upcoming pricing options available to them, as they become available.

## **3. Target Audience**

Broadly, the audience for high-level rate reform communications is "all" residential customers (all are impacted in some manner) in the five behavioral segments, to ensure customers understand SUE and to provide various options to help mitigate bill impacts.

- Pre-decision efforts focused on customer-facing employees, media, opinion leaders and other stakeholders, plus high-level foundational messages for the broader audience
- Post-decision, more targeted communications and messaging is being developed for these sub-segments:
  - Tiers 1 & 2 (Low Use) customers (765,900)\* (Non-CARE)
  - Tiers 3 & 4 (High Use) customers (475,000)\* (Non-CARE)
  - CARE (289,700)\*, FERA (5,500)\* and Medical Baseline (36,000)\* customers
  - NEM customers (51,700)\*

\* NOTE: The number of customers are estimated.

## **4. Tactics**

In order to ensure that residential customers are aware of these changes, SDG&E will utilize a multi-channel approach with tactics ranging from direct mail to digital.

Additionally, these tactics will cover both targeted and mass communication in coordination with community outreach channels:

- **Direct Mail/Email:** Direct communications were sent to residential customers informing them of the upcoming changes, anticipated impact to them and solutions for managing their energy bill. Customers signed up for MyAccount received emails, and non-MyAccount customers received direct mail letters.
- **Bill Package:** This tactic will include bill inserts, onserts, and newsletter articles. Whether the customer receives a paper bill or pays online, the customer will be exposed to messaging about Rate Reform, pricing options and energy-saving solutions.
- **Microsite:** Dedicated Rate Reform microsite where customers will be able to learn more about Rate Reform, its anticipated impacts and solutions for saving energy.
- **Digital Advertising:** Banner ads will be used to increase awareness via digital channels, and drive interested customers to the microsite to learn more about Rate Reform.
- **Social Media:** The use of social media provides an opportunity to connect with a broad range of customers and increases overall awareness as the message is picked up and redistributed by partner and following organizations and individuals.
- **Radio Traffic Sponsorships:** We will also utilize Radio Traffic Sponsorships, which are 15- and 30-second educational or promotional messages which are typically read or played during traffic radio reports. They provide additional program/product visibility and will run in various languages based on the station's listenership.
- **Outreach:** SDG&E conducts a robust Community Outreach and Engagement program working closely with a network of over 250 CBOs within its service territory to connect customers to SDG&E's programs, tools and resources. These organizations represent the diversity of SDG&E's service area and are recruited based on the communities and audiences they serve. The majority are small grassroots organizations and serve customers including multicultural/multilingual, seniors, veterans, special needs and limited English proficient customers.
- **Educational Video:** An educational video has been developed to explain Rate Reform, its origins, California's energy goals and anticipated impacts.



- **Personalized Video Bill:** In order to provide a tool that can really help customers understand their bill and the changes resulting from Rate Reform, SDG&E has developed personalized video bills for residential customers with a MyAccount. These videos will be sent out via email in the months of September and October, and explain key changes in the bill.
- **Enhanced Bill Ready Notification:** Additionally, SDG&E is in the process of enhancing our Bill Ready Notification email that goes out to all paperless (MyAccount customers) on a monthly basis. The existing notification contains the amount due and due date. The enhanced notification will also include a high-level cost breakdown, a 13-month usage chart and customized solutions messaging.

## **5. Solutions**

A broad range of solutions are available for customers to manage their energy use, and the promoted solutions will vary depending on customer, impact and upcoming Rate Reform change. However there are some specific solutions that have been identified for key audiences, and additionally SDG&E places special focus on low-cost and no-cost on solutions.

- **Solutions by Key Audience**
  - **Low Income (CARE/FERA/Medical Baseline):** Energy Savings Assistance Program, Level Pay, Goals & Alerts, Payment Arrangements
  - **Non-CARE:** My Energy Survey, Goals & Alerts, Energy Marketplace, Time of Use
  - **NEM:** Goals & Alerts, Programmable Communicating Thermostats, Electric Vehicle Time of Use
- **No-Cost Solutions**
  - **Sign up for MyAccount** – You'll be able to do much more than just pay your bill online. Get an "at-a-glance" view of your energy use and a personalized action plan to help manage your energy costs.
  - **Adjust your thermostat** – Set your thermostat to 78°F for summer air conditioner and 68°F for winter heat if your health permits. For every 2 degrees you turn down your thermostat in winter or up in summer, you can reduce costs by up to \$200 a year.
  - **Lower your water temperature** – A 20°F reduction can save you over \$80 a year. For most uses, a water heater temperature of 120°F works fine.
  - **Try cold water wash** – Save up to \$42 per year on electric water heating costs by washing with cold water.

- Low-Cost Solutions
  - Replace regular bulbs with Light-Emitting Diodes (LED) – Lighting can be up to 20% of your home’s energy use. LEDs provide the same amount of light as incandescent bulbs using a lot less energy.
  - Use a power strip – Save up to \$300 a year by using smart strips on digital video recorders, sound systems, game consoles and flat screen televisions. Unplug items that you are not using.
  - Save up to 50% on outdoor lighting – Reduce outdoor lighting costs by up to 50% with a motion sensor. Use a timer to turn these lights off after bedtime to save while you’re asleep.
  - Seal and insulate your home – Lower your heating and cooling bill more than \$250 per year by having proper insulation which can help save energy year-round. A rebate of \$0.15 per square foot is available from [sdge.com/rebates](http://sdge.com/rebates).

### **III. Super User Electric Surcharge**

Ordering Paragraph 8 of D.15-07-001 required each IOU to file “a Tier-2 Advice Letter no later than October 16, 2015 setting forth the outreach and education, including bill presentment, plan for implementing the Super User Electric Surcharge.” PG&E Advice Letter 4722-E, SDG&E Advice Letter 2802-E and SCE Advice Letter 3294-E were filed on October 16, 2015 and are all still pending disposition.

### **IV. Rate Mailer Notification and Bill and Rate Comparison Tools**

#### **A. PG&E’s Approach**

##### **1. Existing Functionality**

PG&E’s My Energy portal for customers currently has the following functions to help customers manage rates and bills:

- On-line Rate Comparison – compares rate options including SmartRate
- On-line Rate Enrollment – change rates, sign-up for SmartRate
- Bill Comparison – identify cause of a bill increase/decrease

##### **2. Enhancements to Residential Bill Comparison Tool**

Enhancements planned for Q1 2016:

- Improved, more intuitive user experience
- Allow users to select bill periods for comparison
- Ability to compare total bill amounts
- In-depth insights into reasons for bill changes

### **3. Rate Comparison Mailer**

In compliance with section 6.3.5 Outreach and Education for TOU Rates of the Decision, which states that to ‘properly educate customers about their rate options a paper bill comparison should be provided to customers twice per year beginning in 2016’, PG&E is embarking on the feasibility assessment and design of such a mechanism.

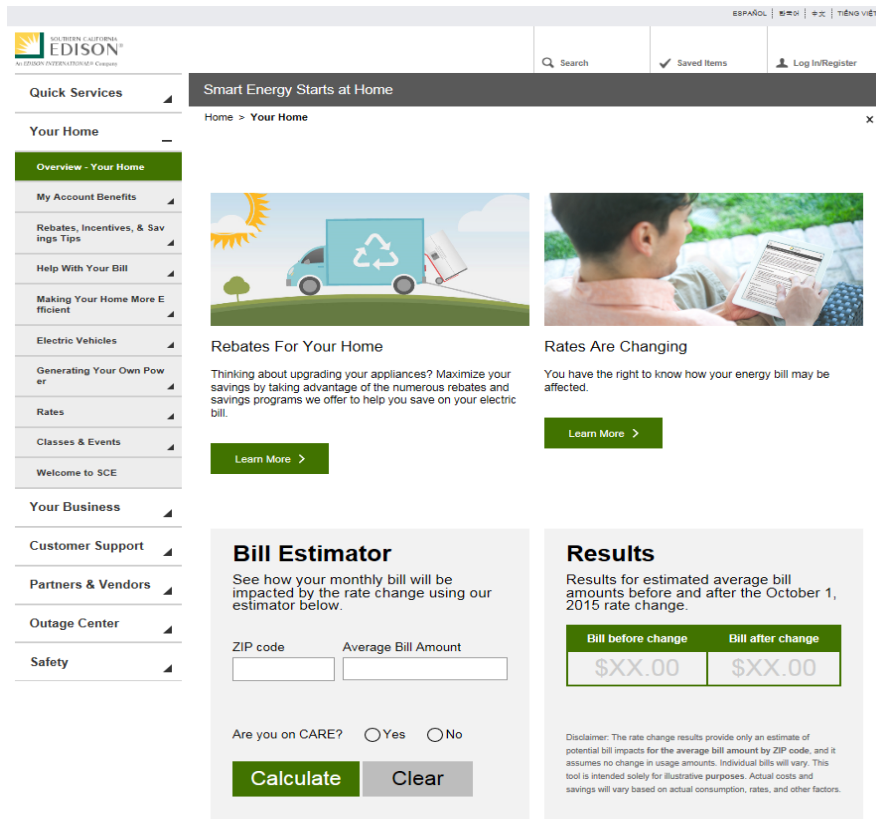
#### **B. SCE’s Approach**

SCE does not currently have an on-line bill comparison tool for residential customers, but is planning to develop a tool with the goal to launch in mid to late 2016. SCE anticipates using customers’ actual interval data to produce month-by month and annual bill projections under different tariff options. For customers currently on a tiered rate plan, the results of the analysis would include cost comparisons for optional TOU rate plans. And for those customers already enrolled on a TOU rate plan, the analysis would focus on providing comparisons to the tiered rate plan and other TOU rate plan options. This comparative analysis would be dynamic, and routinely updated.

1. Rate Comparison Mailer – In conjunction with the Marketing, Education and Outreach Working Group, SCE will discuss the requirements of the Decision to send a rate comparison mailing to all residential customers twice a year.

Additionally, SCE has initiated the development of two interim tools to help customers further understand their rates.

1. A bill impact look-up tool is currently under development and will allow a user to select their current average bill and zip-code, and will then provide the estimated bill based on the most recent or next upcoming rate change due to rate reform. Although not a dynamic and personalized bill calculator as explained above, SCE aims for the look-up tool to be a simple-to-use resource for customers to gain a sense of what their bills could look like, depending on the existing bill amount and zip code. The tool is scheduled to launch the first week of November.



2. Three online video's to explain: (1) Availability of rate options, (2) Differences between TOU and the basic tiered rates and (3) Tips and tools for all customers, including low-use customers to manage energy costs. SCE anticipates these will be launched before the end of 2015. SCE anticipates providing the links to Energy Division Staff when complete and will track video views as a metric to be reviewed by the ME&O Working Group.

## C. SDG&E's Approach

### 1. Existing Functionality

SDG&E offers an online Rate Comparison tool to residential and small commercial/industrial customers that enables them to compare their current rate against their other eligible rate options. There are messages at the very top of the page informing customers if they are eligible to change rates at this time, and if they are not they are provided with the date when they will be eligible to switch. Customers are presented with the annual estimated cost and savings (via toggle) between plans based on their last 12 months of electricity usage. Customers can also view their estimated cost on a monthly basis, which provides insight into the cost during hot summer months. Additionally, if customers plan to make any changes to the way they use electricity such as installing energy-efficient equipment or shifting load away from peak hours, the tool enables customers to answer three simple questions and update their estimated costs

based on those answers. If customers are interested in changing rates, they can do so in two simple clicks.

## **2. Rate Comparison Mailer**

Today, SDG&E sends a rate comparison mailer/email out to small commercial customers who would be better off on a different rate. The rate mailer contains similar content to the online tool and compares the annual and monthly costs of a customer's current rate to their other eligible rate options. Beginning in 2016, SDG&E plans to send a similar communication to all residential customers twice a year.

## **V. Metrics**

As explained in D.15-07-001, the ME&O Working Group is tasked with helping the IOUs develop and track metrics related to rate reform. Through various working group sessions, the working group has developed a list of metrics and will be convening on November 16, with a goal of finalizing metrics, target customer groups and research questions.

The working group has agreed the IOUs will launch a baseline study survey in Q1 2016, to give the Working Group a sense of how the various customer groups respond to agreed upon research questions. In addition to the baseline survey, which will be conducted once, the IOUs will plan to conduct surveys after rate reform messaging related to a rate change is released and then one other instance throughout the year to be agreed upon by the Working Group.

A preliminary metrics plan outline discussed with the Working Group is as follows:

1. Confirm IOU metrics and studies already in place
2. Confirm instances customers are surveyed
  - a. 2x per year (post rate change communication and one additional time TBD)
3. Determine customer segments
4. Finalize rate reform metrics list
  - a. Begin to gather default TOU metrics
5. Develop research questions
6. Determine use of metrics
7. Conduct baseline metrics study ~ Q1 2016
8. Conduct first metrics study 1-2 months post March 1, 2016 rate change
9. Review results and discuss improvement possibilities

IOUs anticipate filing finalized metrics, customer groups and research questions in their first quarterly reports of 2016.

## VI. Time-of-Use Pilots

Per D.15-07-001, the TOU Working Group is required to select one of the Utilities to hire one or more qualified independent consultants through a competitive solicitation process to assist with the design and implementation of the TOU Pilots and Studies. On September 18, 2015, Nexant was awarded the TOU Pilots and Studies contract after an extensive consensus scoring process among the TOU Working Group.

### A. Pilot Experimental Designs

1. A September 2015 Commission Ruling directs the three IOUs to prepare a menu of a minimum of three opt-in time-of-use rate designs for piloting in 2016. At least one of the opt-in TOU pilot rates for each utility must be a TOU option with a more complex combination of seasons and time periods than traditional TOU rates that better matches system needs, and must begin no later than October 1, 2016.
  - a. In conjunction with the Working Group and Energy Division staff, the IOUs have settled on the three rate structures they each will test through the pilot. The IOUs are in the process of building and designing the rates to complete preliminary bill impacts to help inform sample size criteria.

### B. Experimental Conditions

The Working Group is supportive of using a randomized controlled experimental design for the TOU pilot. At a minimum, the pilot will test the three rates. Further treatment conditions (e.g., A/B test on educational material) are under consideration.

### C. Sampling and Evaluation Criteria

Treatment groups for these pilots are still to be determined but from the language in the Decision and ongoing discussions with Energy Division, the following will be considered in determining potential hardship to certain types of customers: income levels, senior citizens, and targeted hot climate zones.

The IOUs are working with the consultant and the other IOUs to determine appropriate sample sizes to enable statistically significant findings.

### D. Schedule

Description	Timeline
Hired TOU Pilots & Studies Consultant (Nexant)	September 18, 2015
File Tier 3 Advice Letter with pilot designs	January 4, 2016
Launch TOU Opt-in Pilots (rates in effect)	June 1, 2016
Launch Complex TOU Rate	October 1, 2016

## **VII. Opt-in TOU Efforts**

D.15-07-001 lists “opt-in TOU results” as one of the topics that should be covered in the PRRR quarterly report.<sup>2</sup> At this time the IOU’s have been focusing resources on the activities of the two working groups, and will work with stakeholders on how best to communicate TOU bill comparisons as directed by the Decision,<sup>3</sup> which will lead to an increase in adoption. Updates on opt-in TOU rates are as follows:

### **A. PG&E**

- Has a total of 139,993 residential customers on Opt-In TOU rates as of August 2015.
- Plans to launch two new residential Opt-in TOU rates in Q1 2016.
  - i. ETOU-A (with baseline credit)
  - ii. ETOU-B (non-tiered)
- Plans to close the existing E6 residential TOU rate to new customers once the new Opt-in residential TOU rates are launched.
- Plans to Eliminate the E7 residential TOU rate in March 2016. The E7 TOU rate has been closed since 2008.
- Will migrate a large number of the approx. 62,000 E7 customers to the new ETOU-A rate (with baseline credit).
- Plans to market the new Opt-in residential TOU rates to targeted customers via Direct Mail and Email.
- Plans to acquire 50,000 residential customers on the two new Opt-In TOU rates in 2016 and is still evaluating the potential number of residential customers for 2017 and 2018.

### **B. SCE**

- SCE has approximately 28,000 residential customers on opt-in whole-house TOU rates as of September 2015.
- Migrated over 5,000 electric vehicle customers formally on the TOU-D-TEV rate to a new Option TOU-D-A or TOU-D-B option in Q1 2015.

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<sup>2</sup> D.15-07-001, p. 300.

<sup>3</sup> D.15-07-001, p. 142 requires the IOUs to provide paper bill comparisons to customers twice per year beginning in 2016.

- SCE will begin to market the newer TOU-D options to existing TOU-D-T customers at the end of 2015 and beginning of 2016 per an agreement with ORA stemming from SCE’s settlement agreement approved through D.14-12-048, which adopted the new TOU-D options.
- In Q1 2015 SCE initiated a marketing campaign for its new TOU-D options, and has appended a case study from this effort in Appendix A.

**C. SDG&E**

- There are a total of 11,208 residential accounts on opt-in TOU rates as of November 2, 2015. A detailed summary of SDG&E’s primary optional TOU rates by rate schedule is provided in the table below:

Rate	Count of Accounts
Schedule TOU-DR	274
Schedule EECC-TOU-DR-P	1,041

- Schedules TOU-DR and EECC-TOU-DR-P are SDG&E’s main opt-in TOU rate schedules available to residential customers. These are tiered TOU rates that were authorized by the Commission pursuant to D.12-12-004 and developed as part of the Smart Pricing Program. These were opened in February 2015 by Advice Letter 2577-E-A.<sup>4</sup> Schedule EECC-TOU-DR-P is a commodity rate that provides residential customers with the opportunity to manage their electric costs by either reducing load during high cost pricing periods or shifting load from high cost pricing periods to lower pricing periods.
- SDG&E also has Schedule DR-TOU, a tiered TOU rate that has been closed to new customers since February 2015. Schedule DR-TOU has 1,180 accounts as of November 2, 2015. SDG&E now offers an alternative TOU rate schedule (i.e., TOU-DR) that provides a simpler presentation for customers compared to this rate.
- In addition, SDG&E offers optional TOU rates for residential customers who have Electric Vehicles (EV) and solar energy systems. As of November 2, 2015, SDG&E has:

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<sup>4</sup> SDG&E Advice Letter 2577-E was filed on February 18, 2014 and partially supplemented on February 28, 2014. It was approved via disposition letter on May 5, 2014; effective on May 1, 2014.



- 6,677 accounts on its EV TOU rate schedules, Schedule EV-TOU and EV-TOU-2.
- 2,036 accounts on its solar rate schedule, Schedule DR-SES.

## **VIII. Budget**

### **A. TOU Opt-in Pilot Budget**

The budget (implementation and launch) for the 2016-2017 TOU opt-in pilots has yet to be determined at this time. This will be highly dependent on the number of different treatment groups that will be tested, the total size of the required sample, and whether participants will be paid incentives to opt into the pilot.

The contracted amount for the 2016 TOU Pilots and Studies consultant (Nexant) is \$215,820 with co-funding allocations of 40% for SCE, 20% for SDG&E and 40% for PG&E.

### **B. Marketing, Education and Outreach 2015 Forecasted Budget**

To implement the ME&O plans described in Section II, the following budget estimates are provided for 2015 activities.

#### **C. PG&E's Budget**

Direct mail and Email – \$999,900

General Awareness Tactics – \$225,000

#### **D. SCE's Budget**

Direct mail and Email – \$570,800

General Awareness Tactics – \$120,000

#### **E. SDG&E's Budget**

Direct mail and Email – \$191,000

General Awareness Tactics – \$425,000

## **IX. Updates on Other Proceedings That Will Impact Residential Time-of-Use Rate Design**

### **A. PG&E Update**

1. 2015 Rate Design Window (Application (A).14-11-014) – PG&E is seeking approval to update TOU periods, seasons, and rates for PG&E's optional non-tiered residential rate plan (E-TOU), which was approved in the Residential Rate Order Instituting Rulemaking (OIR). PG&E is currently awaiting a decision on an uncontested Settlement that was entered into with Office of Ratepayer Advocates and Solar Energy Industries Association in July 2015. A proposed decision approving the Settlement was issued on October 26, 2015 and is expected to be voted out at the November 5 Commission Business Meeting.

2. NEM Successor Tariff OIR (R.14-07-002) – PG&E has proposed that residential and small commercial NEM customers take service on a new TOU rate schedule. The Commission is expected to issue a ruling before the end of 2015.
3. Fixed Cost Methodology Workshop – On August 10, 2015, the Commission issued a Ruling in A.14-06-014 and A.15-04-012 seeking comments from parties regarding the appropriate General Rate Case Phase 2 proceeding in which the Commission should consider and adopt a methodology for the calculation of a fixed charge for residential customers of PG&E, SCE and SDG&E. Comments were filed on August 31, 2015 and parties are awaiting procedural scheduling and guidance on next steps from the Commission for beginning the workshops required in 2015/2016 by the Rate Design Reform Decision (D.15-07-001).
4. Phase 3 of R.12-06-013 – On October 15, 2015, the Commission issued a Scoping Memo and Ruling for Phase 3 of the Residential Rate OIR (R.12-06-013). Commission has determined not to open a successor rulemaking at this time and instead move forward with a third phase of the current OIR. Scope of Phase 3 includes: (1) interpretation of Public Utilities Code Section 745 conditions that must be met for implementation of default TOU rates; (2) potential changes to the CARE program under Assembly Bill 327; and, (3) requirements for supporting information for the 2018 residential rate design window applications and general TOU pilot implementation issues. A workshop on CARE restructuring will be scheduled in the first quarter of 2016.

## **B. SCE Update**

1. General Rate Case (A.13-11-003) – This proceeding will likely decrease rates based on the Proposed Decision SCE received on September 18, 2015.<sup>5</sup>
2. 2015 Energy Resource Recovery Account Forecast (A.14-06-011) – SCE believes this proceeding will likely result in a decrease in rates based on lower natural gas prices currently forecasted for any particular year.
3. Greenhouse Gas (A.14-06-010) – The IOUs were authorized to incorporate forecast cap-and-trade costs and forecast Greenhouse Gas allowance auction revenues into customer rates.
4. Federal Energy Regulatory Commission Formula Rate – The retail Base Transmission Revenue Requirements can propose an increase depending on the potential transmission investments.
5. 2016 Rate Design Window – SCE will propose new system wide TOU periods in its 2016 rate design window application, expected to file in September 2016 depending on whether SCE's pending GRC Phase 2 Revenue Allocation and Marginal Cost settlement is approved.

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<sup>5</sup> Proposed Decision in A. 13-11-003. September 18, 2015.

### **C. SDG&E Update**

1. General Rate Case (GRC) Phase 2 Application (A.15-04-012) – SDG&E filed a motion to withdraw and re-file its Application. Through responses to the motion, SDG&E and parties have agreed that SDG&E’s re-filing date should be no later than December 1, 2016. The basis for SDG&E’s request is to incorporate the final decisions of the residential Rate Reform OIR and SDG&E’s Rate Design Window. Consistent with the direction in D.15-08-040, SDG&E intends to request changes to its TOU periods in the re-filed GRC Phase 2 proceeding. ALJ Roscow’s ruling on SDG&E’s motion is forthcoming.
2. Fixed Cost Methodology Workshop – Please refer to the description in PG&E’s section above, IX.A.
3. Rate Reform OIR Phase 3 (R.12-06-013) – Please refer to the description in PG&E’s section above, IX.A.
4. Residential Rate Design Window – To be filed no later than January 1, 2018 pursuant to D.15-07-001.
5. In addition, all proceedings categorized as ratesetting have the potential to impact SDG&E’s revenue requirement, which in turn will impact the pricing of TOU rates. Examples of such proceedings are GRC Phase 1, Energy Resource Recovery Account, and Energy Efficiency.

**APPENDIX A**  
**CASE STUDY OF SCE 2015 TOU-D CAMPAIGN**

**Residential Rate OIR (R.12-06-013)**  
**Case Study of SCE 2015 TOU-D Campaign**  
**October, 2015**

The commission approved SCE's new TOU-D residential rate plans in December of 2014. SCE implemented this new rate plan in January, and developed an Opt-In Solicitation Campaign which was launched in early March of 2015.

This new rate plan features two options: Option A (TOU-D-A) provides a baseline credit of \$0.10 per kWh, and has slightly higher volumetric charges compared to Option B. Option B (TOU-D-B) does not offer a baseline credit, but does include a higher \$16 monthly charge, and offers lower volumetric pricing as compared to Option A. Typically customers with average monthly usage of less than 700 kWh would derive more benefit from Option A, due to the baseline credit, while customers typically using more than 700 kWh per month would derive more benefit from Option B. This is first of SCE's TOU rate plans with an on-peak period that starts later and ends later (weekdays 2 pm to 8 pm). SCE other TOU rate plans have an on-peak period that concludes by 6 pm.

SCE launched several educational and outreach campaigns to raise awareness and solicit enrollment on the new TOU-D rate plan. These campaigns included:

- Structural beneficiaries (those that would either benefit or not be harmed under the rate plan based on their historical usage patterns): SCE performed detailed bill impact analysis to target a random sample of nearly 27,000 residential customers who, based on analysis of their interval usage data covering the past 12 months, would either be neutrally impacted or would experience a cost savings by switching from their current tiered rate plan to one of the new TOU-D rate options.
- Probable electric vehicle (EV) owners: A sub-segment of nearly 5,200 residential customers who were identified as possibly owning an electric vehicle were also targeted using the same communications materials to determine their propensity to enroll. These customers had previously self-identified as EV intenders based on previous contacts with SCE to learn more about TOU rates, pose questions about electric vehicles or otherwise identified themselves as existing or potential owners. SCE performed detailed bill impact analysis to target those that would benefit or not be harmed under the TOU-D rate plan, based on an analysis of historical usage data.
- Employee Campaign: Information about the new TOU rate plan was included on SCE's employee portal website and offered employees a rate comparison between their current rate plan and the TOU-D rate plan. Interested employees

were instructed to simply fill out a quick form and submit it electronically. Requests were processed and the results of the comparison were returned to employees within two weeks.

Qualitative research informed the key message within the various communications which focused on the notion of “control” and enabling the customer “more power over your energy costs.”

The channels used to solicit enrollment included direct mail as well as an email to those customers who had opted in for electronic communications. Whether direct mail or email, each personalized communication included a customized bill analysis comparing the customer’s annual costs under their current tiered rate plan to the projected costs under one of the new TOU-D rate plan options. The customers were only provided with information about the lowest cost option, either TOU-D-A or TOU-D-B, depending on the results of the analysis. Also included with the letter (and within the body of the email) was an insert clearly indicating the various time periods associated with the TOU-D rate plan, and the costs associated with each.

Those customers interested in enrolling could do so through any one of three channels:

- Online – each customer was assigned a unique promo code that was included in the marketing materials — when entered into a designated field — would prepopulate their enrollment form with their basic information and the rate plan they were selecting, thereby creating a simple, fast and convenient customer experience.
- Business Reply Card (BRC) – again, prepopulated with customer name and address
- SCE’s Call Center – customers provided with an 800# included with the campaign materials

There were two waves of communications with an approximate four-week gap between each wave. In an effort to manage potential telephone call volume, the letters and emails were sent to customers in increments of approximately 5,000 daily. The first wave was sent in early March and the second wave in mid to late April.

An aftercare package was sent to those customers who enrolled to thank them and to remind them of the TOU off- and on-peak hours. This reminder included a peel and “cling” chart that included the TOU-D time periods to serve as a reminder that could be easily affixed to almost any appliance surface. The aftercare communications also included energy conservation tips.

The structural benefiter campaign targeting the 27,000 customers achieved a response rate of 4% resulting in about 1,100 enrollments. Not surprisingly, there was a strong

correlation between potential annual savings and likelihood to enroll — the greater the savings, the more likely to enroll. Of the three enrollment channels, online was preferred at 47%, closely followed by BRC at 44%, with only 9% enrolling through the call center.

The campaign targeting the suspected EV owners had a much greater response rate of 11%. Of the 5,200 customers targeted, 585 enrolled in one of the TOU-D rate plan options. This segment preferred to enroll through the BRC at 53%, followed by online (40%), and the call center (6%).

The campaign targeting employees resulted in 435 requests for comparative rate analysis. Of those, 371 either benefited or were not harmed under the TOU-D rate plan, and 58 actually enrolled resulting in a 16% response rate.

Finally, a survey was conducted with customers who received campaign communications—those who enrolled and those who did not. Responses were compared against a control group. The research objective was to determine campaign effectiveness at increasing awareness and understanding of TOU and motivating rate plan change.

Key Takeaways included:

- The campaign was highly memorable/recall was high
- The campaign successfully educated customers about the TOU rate plan and made them aware that rate plan options exist, alternate rate plans are available
- A reasonably high percentage of those who would benefit from TOU considered switching but did not follow through. Two of the most stated reasons: “savings not high enough” and concerns about “on peak” pricing and ability to shift usage
- Campaign recipients have much higher awareness of TOU rates than the General Population (control group)
- Knowledge of specific TOU features (based on correct answers to true-false questions) was 10%-20% higher for recipients than among the control group

A key objective of the campaign was to determine if the detailed bill impact analysis and related value proposition messaging would improve adoption levels. SCE also wanted to leverage learnings from this campaign to be applied to future broad scale opt-in campaigns. The total marketing spend was approximately \$345,000 and ranged from research and production to postage, and equated to a cost per touch of \$5.23 (two touches per customer and aftercare to those who enrolled)