

Application of SAN DIEGO GAS & ELECTRIC  
COMPANY (U 902 E) For Authority To  
Update Marginal Costs, Cost Allocation,  
And Electric Rate Design.

Application 15-04-012  
Exhibit No.: SDG&E-08

**PREPARED DIRECT TESTIMONY OF  
JENNIFER REYNOLDS ON BEHALF OF SAN DIEGO GAS & ELECTRIC  
COMPANY IN SUPPORT OF SECOND AMENDED APPLICATION  
CHAPTER 8**

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

**February 9, 2016**



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1 California Farm Bureau Federation (“Farm Bureau”), Utility Consumers’ Action Network  
2 (“UCAN”), Office of Ratepayer Advocates (“ORA”) and California City-County Street Light  
3 Association (“CALSLA”). In addition, meetings took place with various customers including six  
4 municipalities (City of San Diego, City of San Marcos, City of Vista, City of Carlsbad and City of  
5 Solana Beach) and five San Diego regional water districts (San Diego County Water Authority,  
6 Sweetwater Authority, Valley Center Municipal Water District, Helix Water District and Padre  
7 Dam Municipal Water District). SDG&E will continue to meet with stakeholders and customers as  
8 this Amended Application moves through the regulatory process.

9 As outlined in the testimony of SDG&E witnesses Cynthia Fang (Chapter 1) and  
10 Christopher Swartz (Chapter 2), in this Application, SDG&E is proposing changes to existing rates  
11 and rate structures, new rate options for customers and eliminating closed rates. The stakeholder  
12 and customer meetings reviewed SDG&E’s rate design objectives, drivers for the need for rate  
13 structure changes, new rate options, proposed changes to existing rate structures and next steps. In  
14 order to address the concerns and input SDG&E has received from key stakeholders and customers,  
15 among other things, the rate design changes that SDG&E set forth in its April 13, 2015 GRC Phase  
16 2 Application have been modified in the following respects:

- 17 • To include proposed Time of Use (“TOU”) periods that reflect the following  
18 feedback SDG&E received in its 2015 Rate Design Window Application 14-01-027:
  - 19 ○ On-peak time periods are shorter.
  - 20 ○ Super off-peak period is extended on weekends.
  - 21 ○ Critical Peak Pricing (“CPP”) period is shortened.
- 22 • Removed the proposed changes to the rate design structure of distribution rates for  
23 street lighting.

- Framework for collaborating with participating cities and CALSLA to further develop a dimmable street lighting rate option that supports adaptive controlled lights.

As discussed in the testimony of Ms. Fang, the TOU period proposal included in this Amended Application reflects changes that incorporate input from the intervenors requesting shorter and more workable TOU periods. In addition, SDG&E’s current proposals reflect the input from the cities and CALSLA requesting less fixed costs and more consideration for variable costs for street lighting.

As is discussed in greater detail below, when SDG&E implements the rates proposed herein, it will strive to deliver the right message to the right customer through the right channel at the right time. SDG&E remains committed to communicating proactively to customers, with messages that are easy to understand and offering solutions that are relevant and meaningful to the customer.

### **III. OUTREACH AND EDUCATION PLAN TO EXPLAIN CHANGES TO CUSTOMERS**

SDG&E will use an integrated outreach and education approach to provide customers a “big picture” understanding of what these changes mean to SDG&E’s customers, such as TOU and CPP period changes, while also providing a more personalized message as to what these changes mean to them. Dialogs will continue with customers as this proceeding moves forward; however, until a final order in this proceeding is issued, the plan provided herein is to be considered preliminary. In other words, SDG&E’s final, robust education and outreach plan will be developed once a Commission decision is issued to verify that SDG&E is communicating the correct message to customers and ones that will be implemented as a result of this proceeding.

SDG&E will build on approaches that began with the SDG&E Smart Pricing Program Outreach and Education Plan (“SPP Plan”) and other recent targeted education and outreach efforts.

1 Not only will SDG&E engage in a broader discussion with customers to provide more than just  
2 information on what is changing, but also offer solutions that are meaningful to the customer.  
3 Solutions will include personalized rate options and recommendations, relevant energy efficiency  
4 (“EE”) opportunities, tools to manage their energy use and expert help should customers want it.

5         Beyond the initial outreach and education, SDG&E will continue to engage with the  
6 customers, particularly at those important times such as before customers receive their first bill on a  
7 changed rate, immediately after a rate change has gone into effect, or the first bill following a  
8 critical peak pricing event to help the customer to feel informed with choices and control.

9         For the plan resulting from this Amended Application, various tools and channels will be  
10 leveraged to provide awareness and personalized information to the customers. Traditional  
11 channels remain a cornerstone in reaching customers and these include direct mail, account  
12 executives, contact centers, bills and media. Non-traditional channels continue to expand their  
13 reach which may include web, email, social media, texts and mobile applications. Third party  
14 partnerships, such as community based organizations or trade associations, will also be used to get  
15 messages out to their constituents who are also SDG&E customers. SDG&E is also committed to  
16 communicating with all of its customers, including those who may be hard to reach, have  
17 disabilities, or have difficulty communicating through SDG&E’s channels mentioned above.

18         In this Amended Application, there are many rate-related proposals included in Ms. Fang  
19 and Mr. Swartz testimony (Chapter 1 and 2, respectively), including changes to existing rates or rate  
20 structures, new rate options, and the elimination of rate options. All these proposed changes require  
21 a targeted segmentation approach and a customer journey map to drive a personalized outreach and  
22 education plan that is customer experience focused. Key steps will include:

- 23         • Identifying the customers affected;
- 24         • Assessing the impact to the customer bill;

- Identifying options and recommend potential solutions for the customer, which may include rate changes, energy efficiency and demand response opportunities; and,
- Developing a targeted outreach and education plan for the change.

Providing proactive information and personalized assessments to customers will empower them with choices and control and will assist the customer through the change journey.

Highlighting self-service tools to help the customers get more detailed information on their account and usage will further provide convenience to meet customer expectations to be able to access their account any time and any place. Lastly, included in the outreach plan will be communication to the customer's following the implementation of the change. This is an opportunity to answer any questions and to continue the on-going conversation with the customer on their energy use and opportunities to save.

#### **IV. SMALL COMMERCIAL RATE APPLICABILITY**

A commitment was made by parties in the settlement agreement adopted as part of SD&GE's last GRC Phase 2 Application ("A.") 11-10-002 to address the applicability of SDG&E's standard small commercial tariff, Schedule A, to more accurately reflect its intent as a true small commercial rate.<sup>3</sup> Since this commitment was made, pursuant to D.15-08-040 and D.12-12-004, the Commission ordered SDG&E to transition its small commercial customers to mandatory TOU rates and default critical peak pricing rates.<sup>4</sup> Flat rates will no longer be available to non-residential customers.<sup>5</sup> Schedule A rate is a flat per kWh rate with no demand charge (only a demand-differentiated service fee). Accordingly, SDG&E created two new rate schedules for small commercial customers, Schedule TOU-A for Utility Distribution Company service and Schedule EECC-TOU-A-P for Commodity service. As of November 1, 2015, Schedules TOU-A and EECC-

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<sup>3</sup> D.14-01-002 OP 1.

<sup>4</sup> D.12-12-004, OP 4 and D.15-08-040 OP 7.

<sup>5</sup> D.12-12-004, OP 4.

1 TOU-A-P (the Smart Pricing Plan dynamic rate) became the new standard small commercial rates  
2 and Schedule A is closed to new customers. All small commercial customers will be transitioned to  
3 Schedules TOU-A and EECC-TOU-A-P over a six month period from November 2015 through  
4 April 2016.

5 All three small commercial rate schedules (i.e. A, TOU-A and EECC-TOU-A-P) currently  
6 have the same applicability. Any commercial customer whose demand drops below 20 kW for one  
7 month out of the past 12 months is eligible to take service on these three small commercial  
8 schedules. To more accurately place customers in the appropriate class (medium/large as opposed  
9 to small commercial) and in accordance with the settlement agreement mentioned above, SDG&E  
10 proposes to change the applicability of these three small commercial tariffs as follows (changes  
11 highlighted):

12 This schedule is not applicable to any customer (1) whose Maximum Monthly Demand  
13 equals, exceeds, or is expected to equal or exceed 20 kW for 12 consecutive months and (2)  
14 **any customer whose demand exceeds 200 kW in 2 out of the 12 consecutive months.**

15 When demand metering is not available, the monthly consumption cannot equal or exceed  
16 12,000 kWh per month for 12 consecutive months. This schedule is the utility's standard  
17 tariff for commercial customers with a demand less than 20 kW.

18 SDG&E believes that this proposed modification is an equitable approach to limiting its  
19 applicability.

## 20 V. CONCLUSION

21 The education and outreach efforts outlined herein are designed to not just inform the  
22 customer of the changes as a result of this proceeding, but to also engage in a broader dialogue  
23 regarding energy solutions that will enhance their understanding and acceptance of the new and  
24 changed rate plans. As set forth herein, SDG&E requests that the Commission approve the  
25 applicability changes to its small commercial applicability.



1           This concluded my prepared testimony.

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3   **VI.   WITNESS QUALIFICATIONS**

4           My name is Jennifer Reynolds. My business address is 8306 Century Park Court, San Diego,  
5 CA 92123. I am currently employed by SDG&E as the Commercial and Industrial Services  
6 Manager. Previous to this position, I was the Corporate Responsibility and PAC Manager for  
7 Sempra Energy. Before joining Sempra Energy and SDG&E, I worked for Orion International as  
8 Senior Account Manager and was an Army Officer for the United States Military.

9           I earned my MBA from San Diego State University in 2015, and graduated from the  
10 University of California, San Diego in 1999 with a Bachelor of Science degree in Psychology.

11          I have not previously testified before the Commission.

1 APPENDIX – GLOSSARY OF ACRONYMS

CAISO	California Independent System Operator
CALSLA	California City-County Street Light Association
CPP	Critical Peak Pricing
Commission	California Public Utilities Commission
EE	Energy Efficiency
Farm Bureau	California Farm Bureau Federation
GRC	General Rate Case
IT	Information Technology
ORA	Office of Ratepayer Advocates
SDG&E	San Diego Gas & Electric Company
SPP Plan	Smart Pricing Program Plan
TOU	Time of Use
UCAN	Utility Consumers' Action Network

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