

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

Application of Pacific Gas and Electric Company for Approval of its Residential Rate Design Window Proposals, including to Implement a Residential Default Time-Of-Use Rate along with a Menu of Residential Rate Options, followed by addition of a Fixed Charge Component to Residential Rates (U39E)

Application 17-12-011

And Related Matters.

Application 17-12-012
Application 17-12-013

Exhibit No. SDG&E-____

**PREPARED REBUTTAL TESTIMONY OF
HORACE TANTUM IV
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

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

June 7, 2018



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**PREPARED REBUTTAL TESTIMONY OF
HORACE TANTUM IV**

10 **I. INTRODUCTION AND PURPOSE**

11 My Direct Testimony for SDG&E’s 2018 Residential Rate Design Window (“RDW”) Application, submitted on December 20, 2017, focuses on the Marketing, Education and Outreach (“ME&O”) methods and strategies recommended for SDG&E’s Mass Time-Of-Use (“TOU”) Default. The purpose of this Rebuttal Testimony is to respond to and clarify comments related to SDG&E’s ME&O plan made by: The Office of Ratepayer Advocates (“ORA”), The Center for Accessible Technology (“CforAT”), and Environmental Defense Fund (“EDF”).

12 **II. RATE CONVERSATION SCRIPTS**

13 ORA and CforAT point out that SDG&E has not provided final rate conversation scripts for customers who call the Customer Contact Center to establish service or who have questions about their pricing plan options.¹ During the transition to default TOU pricing plans, SDG&E would agree it is important for customers to know both how to be successful on TOU and that they have options when it comes to choosing a rate that is best for them. Below, as part of my Rebuttal Testimony, I am providing the Rate Conversation Talking Points that were used in training sessions with our Energy Service Specialists for the Default TOU Pilot. Feedback from the Opt-In TOU Pilot was reviewed and considered in developing this messaging. SDG&E has also established weekly listening posts with customer-facing teams to review comments and questions received from customers about their pricing plans.

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¹ ORA *Testimony on 2018 Residential Rate Design Window Phase 2A* (“ORA Direct Testimony”) (May 7, 2018), at 2-3; CforAT *Testimony of Melissa W. Kasnitz In Support of the Center For Accessible Technology Regarding Consolidated RDW Applications – Track IIA (SDG&E)* (“CforAT Direct Testimony”) (May 7, 2018), at 10.

TOU Default Pilot - Rate Conversation Talking Points

Introduction to TOU

- Did you know there are other pricing plan options that could offer you new savings on your bill? Time of Use plans introduce a new savings opportunity, shifting your electricity use away from the statewide on-peak hours of 4p-9p
- TOU encourages continued conservation and rewards customers who can shift electricity use away from the statewide on-peak hours of 4 pm – 9 pm.
- These plans allow you to have more choice and control over your energy usage and bills

New Residential TOU Plans

TOU-DR1

- TOU-DR1 breaks your day into three time periods: on-peak, off-peak and super off-peak. Energy costs are higher during on-peak hours.
- The on-peak hours are 4 p.m. to 9 p.m.
- Shifting some of your energy use to off-peak times can help you save on your monthly bill.

TOU-DR2

- TOU-DR2 breaks your day into two time periods: on-peak and off-peak. Energy costs are higher during on-peak hours.
- The on-peak hours are 4 p.m. to 9 p.m.
- Shifting some of your energy use to off-peak and super off-peak times can help you save on your monthly bill.

What are my options?

- You can try one of the new pricing plans risk-free for up to one year. If you end up spending more than you did on your previous plan, you'll receive a bill credit for the difference. You'll also be able to track your progress during the year with a price comparison that will appear on your monthly bill.
- To help you understand which option might be best for you, we can chat about whether you would be able to shift some energy use away from the hours of 4 p.m. to 9 p.m. Can I ask about appliances in your home? *[Dishwasher, washing machine, electric dryer, air conditioning, pool pump?]*
- Customers who can shift some electricity use can usually save money on Time of Use plans. For example, easy changes include using the dishwasher and doing laundry before 4 pm and after 9 pm. Larger savings opportunities exist if you can shift pool pump and air conditioning use. TOU plans are best for households that can control costs by shifting major electricity use to off-peak times when pricing is lowest.
- You can switch back to your Standard Plan anytime or try one of our other Time of Use Plans.

**Avoid HUC
with TOU**

- It looks like you have incurred the High Usage Charge in the past. Did you know Time of Use plans do NOT have a High Usage Charge? You can try Time of Use risk-free for up to a year and switch back to your Standard Plan anytime. Would you like me to help you make a different choice today?

1 Ongoing feedback from actual conversations with customers in the Default TOU Pilot, as
2 well as key learnings from survey results, may help refine these rate conversation talking
3 points/scripts for Mass TOU Default, however information already received would indicate that
4 the messaging is generally on target. SDG&E will continue to discuss relevant feedback with the
5 Rate Reform Working Group and report our key findings in the quarterly Progress on Residential
6 Rate Reform (“PRRR”) reports.

7 **III. EXCLUSIONS FROM DEFAULT TOU**

8 As stated in Christopher Bender’s Direct Testimony,² in compliance with the rules set
9 forth by California Public Utilities (“P.U.”) Code Section 745 and continuing operational
10 experience from the Default TOU Pilot, some customer groups will be excluded from the Mass
11 TOU Default, including California Alternate Rates for Energy (“CARE”) and Family Electric
12 Rate Assistance (“FERA”) eligible customers in Mountain and Desert climate zones (a.k.a Hot
13 Zones).

14 CforAT asserts that it is not clear how SDG&E will exclude CARE and FERA eligible
15 households if they do not actually successfully enroll.³ CforAT additionally characterizes

² SDG&E *Prepared Direct Testimony of Christopher Bender On Behalf of San Diego Gas & Electric Company, Chapter 6* (December 20, 2017), at CB-5-CB-6.

³ CforAT Direct Testimony, at 3-6.

1 SDG&E’s responses to data requests asking for FERA-eligible identification methods as lacking
2 sufficient detail.⁴

3 SDG&E’s identification methods for FERA-eligible exclusion will use a probability
4 model similar to its CARE-eligible targeting methods, which was shared and submitted as part of
5 its Residential Low-Income Marketing & Outreach (“M&O”) plan.⁵ However, it should be
6 noted that this targeting method uses Athens Research data estimates, which are based on the
7 probable number of total eligible customers in a zip code, and does not identify the specific
8 CARE and FERA-eligible customers within the zip code. Following this method, SDG&E will
9 exclude customers living within certain ZIP+2⁶ areas within the Hot Zones where the percentage
10 of FERA-eligible customers is at or above the average (the average percentage of FERA-eligible
11 customers in the Hot Zone zips is 2.6%). As an example, according to Athens Research, there
12 are an estimated 56 FERA-eligible customers in zip code 91901, out of an overall population of
13 2,300 (or 2.4%). Thus, in this case , SDG&E would not include zip code 91901 from among the
14 Hot Zone zip codes excluded from the Mass TOU Default transition. Using this approach,
15 SDG&E estimates that it will exclude approximately 8,800 customers across 57 Hot Zone ZIP+2
16 areas.

17 To help decrease the divide between “eligible” and “enrolled” customer status, SDG&E
18 will endeavor to enroll as many CARE and FERA-eligible customers in its specified hot climate
19 zones as possible through the following tactics:

- 20 1. First, SDG&E will conduct program enrollment campaigns in designated Hot
21 Zones to recruit for CARE and FERA participation. As stated in its Residential


⁴ *Id.* at 5.

⁵ SDG&E, *Monthly Report of San Diego Gas & Electric Company (U 902 M) on Low-Income Assistance Programs For June 2017* (July 21, 2017), at 17-18, per Decision 16-11-022.

⁶ ZIP+2 uses the basic five-digit code plus two additional digits to identify a geographic segment within the five-digit delivery area.

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Low-Income M&O Plan, SDG&E will drive enrollments for the CARE program by using a coordinated mix of community engagement, general awareness and direct marketing tactics. As CforAT points out, FERA is not specifically mentioned in the Residential Low-Income M&O Plan;⁷ however, eligible customers are enrolled into FERA if they do not meet CARE requirements. Also, the two programs are marketed together as a monthly bill discount, and customers are encouraged to contact SDG&E to help find the applicable program for them. An example of this type of combined effort is seen below in the following poster:


A Sempra Energy utility*

Do you qualify for energy bill assistance?

SDG&E® has two residential assistance programs that you may qualify for, even if you pay your energy bill to the complex or another billing service.

CARE (California Alternate Rates for Energy Program) – Gas & Electric provides a discount on monthly gas & electric bills for qualifying households.

FERA (Family Electric Rate Assistance Program) – Electric Only provides a discount on electric bills to qualifying households with three (3) or more persons.

Qualification for both programs is based on total household income for all household members and you may be enrolled in only one of the two programs.

INCOME QUALIFICATION FOR CARE & FERA PROGRAMS		
Number in Household	CARE	FERA Total Annual Household Income*
1 or 2	\$32,040	Not Eligible
3	\$40,320	\$40,321 - \$50,400
4	\$48,600	\$48,601 - \$60,750
5	\$56,880	\$56,881 - \$71,100
6	\$65,160	\$65,161 - \$81,450
7	\$73,460	\$73,461 - \$91,825
8	\$81,780	\$81,781 - \$102,225
Each Additional Person, add	\$8,320	\$8,320 - \$10,400
*Effective June 1, 2016 - May 31, 2017		

Ask your complex manager for an application or call SDG&E at 1-800-560-5551.
For more information visit sdge.com/care.

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⁷ CforAT Direct Testimony at 5.

- 1 2. Second, SDG&E will conduct outreach to former CARE customers to help
2 determine if they now qualify for FERA and other applicable programs. Outreach
3 will consist of (a) an email campaign letting customers know that they may still
4 qualify for a bill discount; and (b) a follow-up outbound call as an additional
5 touchpoint.

6 **IV. ME&O FOR VULNERABLE CUSTOMERS**

7 In his testimony on behalf of EDF, Steven Moss states that he supports SDG&E’s ME&O
8 plan and further recommends “a commitment to measurable outcomes that include advancing
9 understanding of TOU rates by vulnerable customers, as well as promulgation of enabling
10 solutions that aid vulnerable customers in smoothly transitioning to these rates.”⁸

11 SDG&E will be conducting a smart thermostat pilot to 500 low-income customers
12 beginning in October this year pursuant to Ordering Paragraph 147 of D.17-12-009.⁹ The pilot
13 will help determine whether smart thermostats are a helpful energy management tool for low-
14 income customers to support transition to TOU rate plans, as well as evaluate if connected
15 technology can assist in lowering high air conditioner-driven electric energy usage. SDG&E will
16 be providing updates and findings on this effort in its monthly Low-Income Assistance Programs
17 reports.¹⁰

18 In regards to communications to our vulnerable customers, SDG&E’s Default TOU Pilot
19 plan is conducting customer research in a variety of ways to ensure that vulnerable, typically
20 hard-to-reach customers have the opportunity to respond to surveys and provide their opinions
21 which will inform and be used to refine the ME&O plan for the Mass TOU Default process. For

⁸ EDF *Opening Phase IIA Testimony of Steven Moss on Behalf of Environmental Defense Fund* (“EDF Direct Testimony”) (December 20, 2017), at 6.

⁹ D.17-12-009 at 506. OP 147 of D.17-12-009 directs the electric IOUs to test solutions for low-income, high energy users including installation of a Programmable Communicating Thermostat.

¹⁰ SDG&E’s monthly reports are submitted each month to the Energy Division with communications activity summaries and year-to-date results and expenditures for SDG&E’s low-income assistance programs.

1 example, now that some customers have been transitioned to TOU during the Default TOU Pilot
2 phase, SDG&E has conducted its first wave of surveys, offered in English and Spanish, with
3 respondents having the option to complete the survey either over the phone or online.
4 Additionally, SDG&E makes efforts to ensure that responses are gathered from various
5 categories of customers across its service territory, including income (CARE/FERA), geographic
6 region/climate zone, language preference, age, education, and our own behavioral Smart Pricing
7 (“SPP”) segments.¹¹

8 As the Default TOU Pilot is designed as a learning opportunity to gain customer feedback
9 and inform and enhance messaging and strategies for 2019, SDG&E will endeavor to address
10 survey results from our vulnerable customers to refine ongoing ME&O strategies and tactics
11 moving forward. Also, as mentioned by EDF,¹² SDG&E will continue to leverage its
12 partnerships with local Community Based Organizations (“CBOs”), who have established
13 relationships with vulnerable, hard-to-reach customer segments, in providing rate education,
14 assistance and solutions for these customers, as well as refining and enhancing tactics and
15 materials as needed.

16 This concludes my Rebuttal Testimony.

¹¹ SDG&E’s SPP segments identify distinct segments among its residential customers based on various factors such as: demographics, home characteristics, household electricity consumption, contact history and program participation.

¹² EDF Direct Testimony at 6 n.8.