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**PREPARED OPENING TESTIMONY OF NORMA KANE
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY
CHAPTER 2 - IMPLEMENTATION**

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

APRIL 7, 2023



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1 **PREPARED OPENING TESTIMONY OF NORMA KANE**
2 **ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**
3 **CHAPTER 2 – IMPLEMENTATION**

4 **I. INTRODUCTION**

5 This testimony addresses San Diego Gas & Electric Company’s (SDG&E)
6 implementation design and associated implementation costs for the proposed Income Graduated
7 Fixed Charge (IGFC or Fixed Charge), pursuant to Assembly Bill 205, signed into law in July
8 2022, requiring the California Public Utilities Commission (Commission or CPUC) to authorize
9 an IGFC by July 1, 2024.

10 SDG&E’s new pricing plan proposal contains two parts. The first part is a fixed monthly
11 service charge, also known as the IGFC, as described in the Joint IOU Testimony of Southern
12 California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric
13 Company (the Joint IOUs) Describing Income Graduated Fixed Charge Proposals, Chapter 2—
14 Rate Design (Joint IOU Rate Design Testimony). The IGFC is an income graduated fee based on
15 household income, with lower-income households paying less, and higher income households
16 paying more. The second part of the pricing plan consists of volumetric rates based on the
17 amount of electricity used. The volumetric pricing portion is similar to today’s rate structure.
18 Specific details of both parts of SDG&E’s proposed rate design are discussed in SDG&E’s
19 Prepared Opening Testimony of Gwendolyn R. Morien on Rate Design and Cost Recovery
20 (SDG&E Rate Design Testimony).

21 This testimony outlines SDG&E specific implementation plans and is organized as
22 follows:

- 23 • Section II provides the guiding principles and implementation plan overview,
24 which involves coordination with the Marketing, Education & Outreach (ME&O),
25 Policy, and Rates proposals for the IGFC.

- Section III addresses the necessary billing information technology system changes required to accommodate the proposed IGFC.
- Section IV addresses updating customer-facing tools and adding new ones as needed.
- Section V covers SDG&E’s plans to coordinate with community choice aggregators (CCAs).
- Section VI addresses the estimated costs associated with implementing the proposed IGFC.

II. GUIDING PRINCIPLES AND IMPLEMENTATION PLAN OVERVIEW

SDG&E will use the following guiding principles to implement a transition for all residential customers to rates with a Fixed Charge in a way that:

- Provides timely notifications of proposed changes and when they will occur;
- Allows customers to dispute their assigned income bracket before they are billed on the new Fixed Charge rate structure; and
- Educates customers on how they will be impacted, and what rate choices may be best for them.

Educational tools will be created to help customers understand how the Fixed Charges reduce bill volatility and how they may benefit from electrification.

SDG&E’s plan to integrate Fixed Charges into residential customer rate plans is described in both the Joint IOU Rate Design Testimony and the SDG&E Rate Design Testimony. The Joint IOU Testimony Describing Income Graduated Fixed Charge Proposals, Chapter 5—Marketing, Education & Outreach (Joint IOU ME&O Testimony) and SDG&E’s Prepared Opening Testimony of April Bernhardt on ME&O (SDG&E ME&O Testimony) explain how the utilities plan to communicate the purpose and benefits of the IGFC to customers. Prior to the transition to the new pricing plan, and once the income verification process has been established, SDG&E will provide customers with the estimated monthly bill impact of the IGFC based on their most recent annual historical usage and household income designation. After the

1 transition, customers will continue to have access to online tools to determine their best available
2 rate given historical usage patterns.

3 As highlighted in the Joint IOU Testimony Describing Income Graduated Fixed Charge
4 Proposals, Chapter 3—Income Verification (Joint IOU Income Verification Testimony), the
5 Joint IOUs have worked hard to develop an IGFC implementation timeline that includes third-
6 party income verification. SDG&E is committed to implementing its proposal as soon as
7 possible to support a more modernized and equitable rate structure. To the extent a third-party
8 income verification process could be accelerated, SDG&E believes it could implement the IGFC
9 in its billing system in approximately 10 months.¹

10 As is described in the SDG&E Rate Design Testimony, implementing a Fixed Charge for
11 SDG&E’s residential customers will require modifications to the following residential rates:

	Rates that will be modified to include the Fixed Charge
	<u>TOU-DR-1, TOU-DR-2, DR, DR-SES, EV-TOU-2, EV-TOU-5, TOU-DR, TOU-</u> <u>ELEC</u>

12
13 The following rate modifiers that may be combined with each rate option will need to be built for
14 the new rates and tested: Legacy Net Energy Metering (NEM) 1 and 2; Net Billing; California
15 Alternate Rates for Energy (CARE) / Family Electric Rate Assistance Program (FERA); Medical
16 Baseline; Time of Use (TOU) Plus.² Further, in addition to these structural changes to residential
17 rate option components in the billing system, SDG&E’s billing system will need to interface

¹ For example, if the third party income verification process is complete by the end of January 2025, SDG&E could implement the fixed charge as soon December 1, 2025.

² Modifiers can be added to any residential rate, and each rate may have multiple modifiers associated with it. For example: A TOU-DR-1 customer may have both CARE and Medical Baseline modifiers.

1 with the proposed third-party income verification database that will assign customers to the
2 appropriate fixed charge level based on their household income.

3 1. Approach to Transitioning Customers and Timing

4 Once the required billing system changes are in place and appropriate pre-transition
5 ME&O has been accomplished, SDG&E will begin to bill residential customers on the IGFC rate
6 structure. For example, a customer would go from TOU-DR-1 without an IGFC to TOU-DR-1
7 with an IGFC. SDG&E proposes that it should have some discretion on the timing of the
8 transition to allow for potential unforeseen circumstances, such as high gas prices, severe
9 weather events, or potential outages, during which customers may not give due consideration to
10 the transition.

11 As discussed in the SDG&E Rate Design Testimony, the IGFC will be itemized on
12 customer monthly bills as a daily charge to be prorated. If a customer has a dispute regarding
13 their income level or other complaint related to their fixed charge, SDG&E's Customer Care
14 Center will be given updated scripts to handle those customer contacts. For instance, SDG&E
15 will develop workflows for customer account personnel to transfer relevant customer inquiries to
16 the third-party income-verification service provider. Upon notification from the income-
17 verification service provider that a customer's income changes, SDG&E will move the customer
18 to the appropriate IGFC tier upon the next billing cycle.

19 At the time of transition to a Fixed Charge, NEM and Net Billing customers will retain
20 the banked bill credits they have accrued on their non-Fixed Charge rate, which will carry
21 forward through the end of their relevant period.³

³ The term "relevant period," as used here, has the definition and meaning ascribed to it in SDG&E's NEM Successor Tariff (Schedule NEM-ST). It is also commonly referred to as a true-up period. *See* [ELEC ELEC-SCHEDS NEM-ST.pdf \(sdge.com\)](https://www.sdge.com/elec_elec-scheds_nem-st.pdf).

1 **III. CUSTOMER FACING TOOLS**

2 SDG&E currently provides residential customers access to online rate analysis tools that
3 help determine the best rate option per user. The tool leverages a given customer’s latest year of
4 historical electricity usage to determine what their bill would have been on alternative rates, and
5 shows customers the lowest-cost rate based on that past usage.⁴ Current customer-facing tools
6 will be updated with IGFC rates to help customers determine their best rate option once they
7 have transitioned. SDG&E will explore developing additional tools during the roll-out of the
8 IGFC, such as electric rate modeling and calculators that estimate the potential of adding
9 electrification technologies given historical usage.

10 **IV. COORDINATION WITH COMMUNITY CHOICE AGGREGATORS**

11 As part of SDG&E’s stakeholder engagement plan, SDG&E will coordinate with CCAs
12 regarding the rate changes, communicate transition plans, and seek to coordinate on any
13 simultaneous CCA rate changes so that customer communication about the multiple changes to
14 their billing is considered.

15 **V. IMPLEMENTATION COSTS**

16 SDG&E’s specific ME&O proposal, customer support, and the associated estimated
17 budget are addressed in the SDG&E ME&O Testimony. This testimony outlines cost estimates
18 for other costs associated with implementation, such as IT costs associated with efficient
19 execution of the IGFC, including, but not limited to, incorporation of income tier data into the
20 billing system, and the design, build, testing and validation of the IGFC within the billing
21 system. Additional costs include integration and data transfer with a third-party income-
22 verification service provider, as well as project management and change management support

⁴ Because new customers will not have historical usage data, they will be defaulted onto either TOU-DR-1 (non-NEM customers) or EV-TOU-5 (NEM customers).

1 activities. Key implementation costs also include system changes and revisions to customer-
2 facing tools previously noted. In addition, cybersecurity must be addressed as data privacy
3 protections and principles remain an important consideration for utility customers.

4 The following are estimated costs for these areas:

	Costs
Cost Category	
Incorporation of income data into billing system and development and testing of new rates	\$6,500,000
Updates of customer-facing online rate tools and Distributed Energy Resource calculators	\$1,200,000
Contact Center Training and Operations (in the year prior to deployment and 2 years after deployment)	\$5,138,000
Program/Project Management of Implementation	\$1,560,000
Total	\$14,398,000

5
6 The SDG&E Customer Care Center fielded about 1.6 million customer calls per year on
7 average between 2019 and 2022. The majority of Customer Care Center calls are related to
8 billing, credit, and rates, which, as a joint category, have the highest average handle time among
9 residential calls. SDG&E anticipates a considerable increase in customer inquiries before,
10 during, and after deployment of the IGFC. SDG&E believes the accuracy of the income
11 verification data will have a direct correlation to the volume of calls to the Customer Care
12 Center. In addition to its robust ME&O plan, SDG&E will look for ways to minimize customer
13 confusion, including self-service Interactive Voice Response (IVR) software and online
14 resources. SDG&E will leverage its Interactive Voice Response (IVR) software to enable
15 customers who call into the Customer Care Center to self-serve on IGFC questions as much as
16 possible. However, with a bill change of this nature, SDG&E anticipates that many customers

1 will want to speak with an Energy Service Specialist (ESS). Therefore, SDG&E will need to
2 prepare to train and increase staffing for its Customer Care Center, to be able to provide the best
3 customer experience possible.

4 **VI. CONCLUSION AND SUMMARY**

5 SDG&E believes its Fixed Charge implementation plan presents the framework and
6 design that is needed to guide a successful adoption of the proposed IGFC. This success will
7 stem from the execution of the ME&O strategy along with the support of key implementation
8 details. SDG&E's ME&O outreach will inform residential customers that the purpose of this
9 IGFC is to make the price people pay for electricity and grid modernization more equitable while
10 incentivizing customers to adopt new electric technologies and experience reduced bill volatility.

11 This concludes my prepared opening testimony.

1 **VII. WITNESS QUALIFICATIONS**

2 My name is Norma Kane. I am employed by SDG&E in the Customer Operations
3 department. My business address is 8326 Century Park Ct, San Diego, CA 92123.

4 I began work at SDG&E in 1986 and have held positions of increasing responsibilities
5 over the course of my career. I have more than 35 years of experience working in customer
6 services and customer operations. As of 2014, I have served as a Project Manager III in the
7 Customer Operations Department. My primary responsibilities include managing large scale
8 major projects, coordinating the development of SDG&Es Customer Operations initiatives, and
9 managing a group of Principal Business Systems Analysts and Project Managers.

10 I graduated from National University with a Bachelor of Business Administration in
11 1994.

12 I have not previously testified before the California Public Utilities Commission.