

Supplemental Filing of SAN DIEGO GAS &
ELECTRIC COMPANY (U 902E) In Support of
Responses to Questions and Related Testimony
Pursuant to Phase 1 Assigned Commissioner's
Ruling.

Rulemaking 12-06-013 Phase 1

PREPARED DIRECT TESTIMONY OF
ALEX KIM
CHAPTER 1
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

MARCH 21, 2014



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1 **PREPARED DIRECT TESTIMONY OF**

2 **ALEX KIM**

3 **CHAPTER 1**

4 **I. INTRODUCTION**

5 The purpose of this testimony is to provide a high level overview of San Diego Gas &
6 Electric Company's ("SDG&E") Customer Communication, Outreach and Education, and
7 Technology plans as it pertains to the Phase 1 rate change proposals set forth in the testimony of
8 Chris Yunker and Cynthia Fang, submitted on February 28, 2014 in this proceeding.

9 Specifically, SDG&E will demonstrate that our plans are in sync with Commission direction and
10 the Energy Division's Staff Proposal for Residential Rate Reform, as well as with SDG&E's
11 Smart Pricing Program Outreach and Education Plan ("SPP Plan"). SDG&E's SPP Plan¹ will
12 serve as the foundational outreach and education plan for SDG&E's residential, small business
13 and small agricultural customers regarding time-of-use based pricing plans, whereas this plan
14 will complement the SPP Plan and provide the additional focus needed for customers in the
15 California Alternate Rates for Energy ("CARE"), Medical Baseline, Fixed-Income and other
16 hard to reach customer groups. SDG&E will utilize the communications and outreach channels
17 that have successfully reached these customer groups in a familiar and effective manner.

18 SDG&E will provide them with important rate information to help them make informed choices
19 about their pricing plan options. Key elements of SDG&E's Customer Communication,
20 Outreach and Education, and Technology plans are provided in accordance with the Assigned
21 Commissioner's Ruling Requiring Utilities to Submit Phase 1 Rate Change Proposals, issued on

¹ AL 2466-E/EB.

1 February 13, 2014 (“ACR”). SDG&E also provides responses to the Commission’s questions
2 regarding Customer Communication, Outreach and Education, and Technology outlined in the
3 ACR, which are presented as Attachment A to SDG&E’s Supplemental Filing.

4 **II. SDG&E RESIDENTIAL CUSTOMERS**

5 SDG&E’s service area consists of about 1.2 million residential electric meters, of which
6 approximately 2,500 are currently on a time of use based pricing plan.² The table below
7 provides additional information regarding the residential market.

| Residential | Total |
|-------------------------------|--------------|
| Total Electric Meters | 1,237,084 |
| Total CARE (DRLI) Accounts | 292,254 |
| Smart Meters Installed | 1,232,237 |
| 12 months of Smart Meter data | 1,230,387 |

8 The service area is divided into four climate zones: coastal, inland, desert and mountain.
9 These four climate zones typically have very different temperatures, which often result in
10 different energy usage patterns for the customers in each zone.

| Residential | Total | % |
|--------------------|--------------|----------|
| Coastal Region | 700,622 | 57% |
| Inland Region | 518,176 | 42% |
| Desert Region | 2,833 | <1% |
| Mountain Region | 13,913 | 1% |

11

² Data as of January 2013 and includes customers on the following time of use pricing plans:
time of use (DR-TOU), solar (DR-SES) and electric vehicle (EV-TOU, EV-TOU2) rates.

1 SDG&E is committed to provide customers with clear and timely information. In 2013,
2 SDG&E executed a major outreach and marketing campaign to educate customers on the
3 impacts of rate increases and upcoming rate reform as well as offer energy solutions to help them
4 better manage their energy usage. These solutions included in-home energy surveys, a new
5 customer engagement and rewards program, along with existing demand response and energy
6 efficiency incentives and rebates. As a part of this effort, SDG&E communicated to all Tier 3
7 and 4 customers (approximately 300,000) on multiple occasions through various channels
8 including Twitter, Facebook, SDGE.com, direct mail, email, and our Customer Contact Center.
9 Additionally, SDG&E identified customers that would see an increase of over 20%, proactively
10 notified them and offered payment plans to help minimize the impact. These efforts resulted in
11 more engaged and informed customers in rate related issues and energy solutions. SDG&E has
12 committed to expand these efforts in 2014 and beyond to all customers impacted by electric rate
13 reform. Additionally, as part of the approved SPP Plan, residential, small business and
14 agricultural customers will receive targeted information about pricing plans that would most
15 benefit them.

16 SDG&E is especially committed to communicating to our unique, hard to reach
17 customers that could benefit from additional support to make these complex energy choices
18 appear easy and understandable. The largest population of customers with unique needs is our
19 CARE population. With nearly 300,000 customers currently receiving a CARE discount,
20 SDG&E will leverage its ongoing relationships with strategic outreach partners to ensure pricing
21 plan information can be delivered in the methods that are most effective for these customers.
22 SDG&E has conducted significant research to better understand our customers, including their
23 needs, behaviors and propensity to adopt specific offers. As a result of these research efforts,

1 SDG&E has sorted residential customers into five unique segments³ that are based on attitudes
2 and behaviors, which enable us to maximize the effectiveness of marketing, education and
3 outreach efforts. Specifically, SDG&E has a better understanding by segment of customers’:

- 4 1. Desired level of engagement with SDG&E
- 5 2. Attitudes and preferences regarding new pricing options
- 6 3. Attitudes towards energy efficiency and environmental issues
- 7 4. Motivations for adopting new behaviors
- 8 5. Interest in online energy management tools and technology
- 9 6. Communication channel preferences

10 Based upon our understanding of customer preferences, SDG&E will provide personalized
11 tailored solutions and communications as described below.

12 **III. ELDERLY, VULNERABLE, MEDICAL BASELINE AND THIRD PARTY**
13 **NOTIFICATION CUSTOMERS**

14 The behavioral segments that contain the largest percentage of elderly, vulnerable,
15 medical baseline and third party notification customers (customers who authorize another party
16 to receive notification of their bill) prefer to be communicated with directly through traditional
17 channels such as direct mail, the customer contact center or through an organization/agency that
18 they currently interact with. Simple, straight forward communications and messages are most
19 effective.

20
³ SDG&E Residential Customer Segmentation Study 3-1-12.

1 **IV. CARE, OTHER LOW INCOME CUSTOMERS, HARD TO REACH AND**
2 **DIVERSE POPULATIONS**

3 The behavioral segments that contain the highest percentage of CARE, low-income, hard
4 to reach⁴ and diverse populations customers have the highest interest in engaging with SDG&E
5 as well as a higher than average motivation to save money and energy. This segment of
6 customers also has a lower than average interest in time-of-use (“TOU”) pricing plans.

7 Additional research has also shown that these customers rely heavily on their cell phones as their
8 main communication link. Behavioral studies also suggest that their higher than average interest
9 in playing the lottery and participating in contests to win prizes, would make them more likely to
10 engage in behavioral programs or gamification platforms.⁵

11 These insights would suggest that leading the conversations with pricing plans may not
12 garner the interest. Alternatively, leading with energy efficiency and other offers that help them
13 save money and energy and bundling them with information about pricing plans is likely to be a
14 more successful approach. Behavioral and gamification offers may also be well suited for this
15 segment.

16 As the administrator of CARE and Energy Savings Assistance Program, SDG&E will
17 leverage its position and trusted relationship with these customers. SDG&E will continue to
18 work with LIHEAP agencies and through other well-established relationships with community
19 based organizations as further described section 7 of my testimony.

20 SDG&E plans to continue our on-going, proven effective communications with all
21 customer segments and will continue to use insights and feedback from customers to refine our
22 offers and communications tactics.

⁴ Hard to reach customers includes customers with limited English proficiency.

⁵ “Ways to Motivate, Enable and Continuously Engage Consumers”, K.A. Donnelly, 1/25/11.

1 **V. NET ENERGY METERING CUSTOMERS**

2 SDG&E plans to address the expected impacts to one of the fastest growing customer
3 segments in the SDG&E service territory, Net Energy Metering (“NEM”) customers, as rate
4 structure changes go into place during 2014. As of January 2014, over 33,000 customers have
5 installed solar energy systems in the area. Further, with 1,200 to 1,500 new rooftop solar
6 customers being added each month, this has become one of the most dynamic and high profile
7 segments in SDG&E’s customer base.

8 Customers who have installed solar on their homes have benefitted from NEM
9 mechanism because these customers were typically in the upper tiers and with the addition of
10 solar, many of these customers are now offsetting the upper two tiers with solar generation.
11 Although the CPUC is just beginning to consider changes to NEM, Assembly Bill (“AB”) 327
12 requires the CPUC to establish a transition period for existing NEM customers by March 31,
13 2014. This transition period is intended to ensure that customers have a reasonable payback
14 opportunity on their investment. Even with those protections, the issues surrounding rate reform
15 as it relates to NEM customers can be confusing and SDG&E will be communicating directly
16 with this customer segment to make certain they understand how the changes will and will not
17 affect them.

18 **VI. EXPANDING EXISTING ENERGY MANAGEMENT PLATFORMS**

19 SDG&E has been a leader in rate reform efforts and ensuring our customers have the
20 tools needed to help them adapt. Our vision is to ensure that energy prices are both equitable and
21 affordable for all customers. To achieve our vision we will communicate, educate and engage
22 with our customers about how they use their energy. In addition to offering our traditional
23 energy rebates and incentives, SDG&E has developed many new tools to help customers engage

1 in and manage their energy use such as an online Energy Management Tool, a gaming platform
2 “Manage Act Save”, Spending Alerts, “Green Button Connect” data, solar and energy survey
3 calculators, and Energy Usage Reports. Because of these solutions, SDG&E has a strong
4 foundation for continuing this dialogue and incorporating new topics. With the addition of new
5 energy use alerts, customers can sign up for weekly energy usage emails, as well as set spending
6 alerts so they are notified when their energy bill has reached certain thresholds. Soon, rate
7 comparison tools will be available for customers to see pricing plan options side by side enabling
8 them to make informed choices.
9 SDG&E will use these tools to work with customers that could benefit from additional support to
10 ensure that they are aware of and comfortable making energy choices.

11 **VII. OUTREACH**

12 As demonstrated in the responses to the questions posed in the ACR, SDG&E will
13 leverage its knowledge and experience with these customer segments while utilizing the
14 specialized connections of our community partners that work closely with these various sub-
15 segments. SDG&E has earned their trust as energy advisors through continuous engagement by
16 way of direct communication and outreach, which plays a pivotal role. This course of action will
17 continue in order to ensure customers that SDG&E is by their side throughout this process and
18 are providing customers with sound, educated guidance. SDG&E strongly believes that outreach
19 is critical to reaching these populations. SDG&E has worked diligently to develop partnerships
20 with over 200 community based organizations and partners throughout our service territory that
21 continuously assist SDG&E in communicating with hard to reach customers. In 2013, we
22 conducted over 1,000 engagements with our partners and over 1,700 engagements/events in
23 total. These partners are particularly effective at assisting us with the translation of messaging

1 into multiple languages, cultural nuances and communicating and explaining those messages to
2 their constituencies. SDG&E is taking a strategic approach to first reach out to our most
3 impacted communities through our partners. Outreach tactics for this effort will include:

- 4 • Business & Community Collaboratives;
- 5 • Educational Events & Workshops; and
- 6 • Door-to-Door Engagement.

7 **VIII. MARKETING**

8 As demonstrated in the responses to the questions posed in the ACR, SDG&E plans to
9 communicate with our customers about their future pricing plan options, as well as the tools and
10 services that complement those options. Customers are not always occupied in energy related
11 issues and require more frequent reminders. SDG&E believes it is important that customers see
12 complementary and repetitive messaging across multiple campaigns. For this reason, SDG&E
13 plans to incorporate appropriate pricing plan information into campaigns and efforts led by the
14 energy efficiency programs, demand response programs, Energy Savings Assistance programs as
15 well as coordinate with the Statewide Energy Upgrade California campaign. As referenced
16 earlier, leading the conversation with pricing plans is not likely to be successful with certain
17 customer segments. However, leveraging the interest and awareness that the various energy
18 savings programs create provides opportunities to incorporate pricing plans and solutions into the
19 communications. SDG&E believes that Integrated Demand Side Management (“IDSM”)
20 communications will be the most effective way to ensure that customers are thinking about their
21 energy use in a holistic manner. Helping the customer identify offerings that are personalized
22 will help to ensure the customers’ energy decisions will be successful. This plan will rely on the

1 approach that has been approved in the SPP Outreach and Education Plan, which bundles pricing
2 plans, tools, programs and services to assist the customer in making educated, holistic energy
3 choices.

4 SDG&E's bill package continues to be a relevant communication channel to our
5 customers. SDG&E believes that these new pricing plan options will need to be displayed in a
6 different manner. SDG&E will continue to pursue options to simplify customer bills in order to
7 make them easier to read. SDG&E will explore opportunities to highlight helpful information
8 and help improve the customers' understanding of energy costs. SDG&E will also use other
9 traditional communications channels to inform customers including SDG&E's website,
10 Customer Contact Center, and direct mail.

11 In addition to traditional channels, SDG&E will use social media (Twitter, Facebook,
12 YouTube, Instagram, Pinterest, etc.) and progressive campaigns, such as gamification, to reach
13 customers. SDG&E actively engages our over 21,000 Twitter and 1,800 Facebook followers and
14 has also developed several informational videos that are posted on SDGE.com and YouTube.
15 SDG&E will continue to use these communications platforms to inform customers about rate
16 changes and energy solutions to support rate reform efforts.

17 In SDG&E's ACR responses, which are attached to the Supplement Filing as Attachment
18 A that include a year-by-year roadmap attached to the ACR responses as Appendix B, SDG&E
19 has demonstrated that we have had a long, successful history communicating information to
20 customers. SDG&E's plans are not simply created specifically for the residential rate reform
21 changes being proposed in this proceeding; rather it is already part of our long-term plan and
22 vision. By leveraging the existing campaigns in the channels we know are successful, continuing
23 to partner with our community organizations, deploying tools to help customers make smart

1 energy choices and leading customers to take action by enrolling in programs, pricing plans or
2 services, SDG&E is confident that we are prepared to help our customers make this transition
3 towards TOU pricing plans.

4 **IX. TECHNOLOGY**

5 As demonstrated in the responses to the questions posed in the ACR, SDG&E is offering
6 free programmable communicating thermostats (“PCTs”) and plans to offer free PCTs when it
7 rolls out its TOU and TOU plus rates to residential customers who have air conditioning and
8 meet the eligibility requirements. The utilization of these technologies can lead to significant
9 load reductions for customers and help them better control their energy usage during peak
10 periods. The Statewide Pricing Study found that enabling technology essentially doubled
11 demand reduction during the Critical Peak Pricing (“CPP”) events. Customers without enabling
12 technology reduced 13%, and customers with PCTs on a similar CPP rate reduced 27%.⁶

13 Additionally, as also demonstrated in the responses to the questions posed in the ACR,
14 SDG&E publishes a list of tested and verified PCTs’ and In-Home-Display (“IHDs”) on its
15 Home Area Network (“HAN”) website. Customers can select from several IHD’s and two types
16 of PCTs that will communicate with their smart meter. Some of the devices on the website have
17 manufacturer rebates. SDG&E provides customers with the information needed to obtain the
18 rebates if one is offered for that product. HAN devices and IHDs can help customers better
19 manage their energy usage leading toward easier adoption of TOU pricing plans. SDG&E will
20 continue to inform customers about the benefits and availability of this technology.

⁶ Impact Evaluation of the Statewide Pricing Pilot, Final Report, Prepared by Charles River Associates, March 16, 2005. (Primary authors where Steve George and Ahmad Faruqui.)

1 Another important enabling technology SDG&E is rolling out as part of its SPP Plan is
2 rate comparison tools. These tools will help our customers make informed decisions on which
3 rate plans will work best for them based upon their historical usage patterns and personal
4 preferences. SDG&E intends to leverage these tools to help educate customers and move further
5 toward TOU pricing,

6 **X. BUDGET**

7 Customer communication, education and outreach, and technology are extremely
8 important to SDG&E and how we manage our business. SDG&E will require funding to
9 develop and effectively execute a robust customer communication, education and outreach plan.
10 However, because SDG&E does not know at this time if its February 28, 2014 rate change
11 proposals will be adopted, it is unclear how to proceed with a targeted and detailed
12 communications, education and outreach plan. This uncertainty results in SDG&E not being
13 able to specifically estimate the funding levels needed for this undertaking. Accordingly,
14 SDG&E is requesting to create a memorandum account to track all costs associated with
15 customer communication, education and outreach, and technology for these residential rate
16 reform efforts. To formally request implementation of this memorandum account, SDG&E
17 proposes to file a Tier 2 advice letter with a preliminary statement indicating disposition of
18 account to be addressed in SDG&E's Annual Regulatory Account Balance Update filing, or
19 other applicable proceeding as directed by the Commission.

20 **XI. SUMMARY AND CONCLUSION**

21 SDG&E is committed to developing robust Customer Communications, Education and
22 Outreach, and Technology plans to efficiently transition our customers to new rate designs and
23 pricing plans offered by electric rate reform. SDG&E will build upon its experience and

1 foundational plans developed to provide customers with important tools and rate information to
2 help them make informed choices about their pricing plan options.

3 This concludes my testimony.

4

1 **XII. QUALIFICATIONS**

2 My name is Alex Kim. My business address is 8335 Century Park Court, San Diego,
3 California, 92123. I am employed by San Diego Gas & Electric as Director of the Residential
4 Services Department. Currently, my responsibilities include the Customer Contact Center,
5 Residential Customer Experience and Engagement, and Customer Assistance Programs for San
6 Diego Gas & Electric. I have been employed by San Diego Gas & Electric since 2003. Prior to
7 joining SDG&E, I was employed by Sempra Energy and Southern California Gas Company.
8 Over the past 25 years, I have held positions of increasing responsibility within the company that
9 have included various customer service programs, marketing and outreach.

10 I graduated from California State Polytechnic University - Pomona with a Bachelors of
11 Science degree in Mechanical Engineering.

12 I have previously testified before the Commission.