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

Application of Pacific Gas and Electric  
Company for Approval of 2013-2014  
Statewide Marketing, Education and  
Outreach Program and Budget.  
(U 39 M)

Application 12-08-007  
(Filed August 2, 2012)

And Related Matters

Application 12-08-008  
Application 12-08-009  
Application 12-08-010

**COMMENTS OF PACIFIC GAS AND ELECTRIC (U 39 M) ON THE  
PROPOSED DECISION APPROVING IMPLEMENTER FOR THE 2017-2019  
STATEWIDE MARKETING, EDUCATION AND OUTREACH PROGRAM AND  
PROVIDING GUIDANCE FOR 2017 ACTIVITIES**

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Dated: September 1, 2016

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Application of Pacific Gas and Electric Company for Approval of 2013-2014 Statewide Marketing, Education and Outreach Program and Budget. (U 39 M)	Application 12-08-007 (Filed August 2, 2012)
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**I. INTRODUCTION AND SUMMARY**

Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, Pacific Gas and Electric Company (“PG&E”) submits its comments on the Proposed Decision (“PD”) of ALJ Roscow *Approving Implementer for the 2017-2019 Statewide Marketing, Education and Outreach (“Statewide ME&O”) Program and Providing Guidance for 2017 Activities* that was issued on August 12, 2016.

PG&E appreciates the PD’s refinement of the Commission’s vision and goals for the Statewide ME&O program and its attention to the strategies, budget, metrics and governance needed to achieve the Program’s updated Short- and Long-Term Goals. PG&E also acknowledges the parties’ participation in, and support of, the Statewide ME&O implementer selection process and their contributions to the program improvements that the Commission has made.

PG&E looks forward to participating in the development of the new Five-Year Marketing, Education, and Outreach Strategic Roadmap (“ME&O Roadmap”) and Annual Joint Consumer Action Plan (“Action Plan”), as well as other efforts in which collaboration will be essential for the success of the statewide program.

PG&E generally supports the Statewide ME&O program as envisioned in the PD. These comments and proposed modifications to the PD are intended to strengthen Statewide ME&O in 2017-2019 by addressing details that could delay or divert the program from making timely progress and achieving ultimate success. Below is a summary of PG&E's suggestions, with a citation to the relevant portion of the PD.

- The implementer's submission of the ME&O Roadmap should be postponed from January 31, 2017 to February 28, 2017, to allow the implementer to incorporate, within the 2017-2019 ME&O Roadmap, relevant factors from the IOUs' 2018 energy efficiency (EE) Business Plans, and postpone the Action Plan to March 30, 2017.<sup>1/</sup> (p. 59 and OP 13).
- The final decision should clarify that the ME&O Roadmap is subject to public comment before the Commission acts on it (OP 13).
- The Commission should require that measurement and evaluation practices determine whether the Statewide ME&O program has effectively reached California's energy customer markets in proportion to their funding contribution (p. 37).
- The final decision should not prejudge the knowledge and support of marketing to end users that the implementer may obtain from the IOUs (p. 54).
- The assessment of Statewide ME&O effectiveness should be done by a competitively selected independent expert (p. 24.) and the Commission should accept stakeholder input on the issue of whether to extend the implementer's contract after the initial 3-year term.
- The Statewide ME&O Budget should be clarified as follows: "Marketing" and "Education" categories should be merged into one category (OP 5), the percentage allocation between IOUs should be corrected (OP 6), and the relationship between Statewide ME&O spending and program cycle should be clear.

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<sup>1/</sup> D.16-08-019, Ordering Paragraph 4 requires the 2018 EE Business Plans (BPs) to be filed on January 15, 2017, which is a Saturday, so the .BPs will actually be filed on January 17, 2017.

## **II. COMMENTS ON THE PROPOSED DECISION**

### **A. Overview**

PG&E commends the Commission and the parties on the collaborative spirit that is increasingly evident not only in the Statewide ME&O proceeding, but also in the day-to-day execution of the Statewide ME&O program. PG&E supports the program's evolution towards greater collaboration and has suggested further means of cooperation, such as governance design based on the Mass Save model<sup>2/</sup>. We believe that the principal elements of the re-invigorated Statewide ME&O program, which include the competitively selected implementer, the ME&O Roadmap, Action Plan, and ME&O guidance, will "lead consumers to products, services, and rates that empower all Californians to take actions that will lead to lower bills, higher energy efficiency, and more customer-owned renewable energy technologies."<sup>3/</sup>

PG&E embraces its responsibility as fiscal manager of the contract with the new Statewide ME&O implementer ("implementer"), in addition to PG&E's ongoing role – through December 31, 2016 – as fiscal manager of the current contract with the Center for Sustainable Energy.

### **B. Proposed Schedule Modification to Ensure Implementer Success**

The implementer will assume responsibility for Statewide ME&O on October 1, 2016. By January 31, 2017, the implementer must create and file the five-year ME&O Roadmap and create and submit the first Action Plan.<sup>4/</sup> This will require revision of the strategies to implement the Statewide ME&O Short- and Long-term Goals, and revision of the measures to determine if the strategies, and the program as a whole, will be successful in achieving the milestones leading to the goals. To accomplish these tasks, the implementer will need to understand the current program and its development, especially the multiple campaigns that have been, and are, underway for Energy Upgrade California. The implementer will also want to reflect, both in the

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<sup>2/</sup> Comments of Pacific Gas And Electric (U 39 M) On Assigned Commissioner Carla J. Peterman's Amended Scoping Memo and Ruling, November 20, 2015, p. 11, et seq.

<sup>3/</sup> "Proposed Decision," August 12, 2016, p. 9.

<sup>4/</sup> PD Ordering Paragraph (OP) 13.

Roadmap and in the Action Plan, the IOUs' Energy Efficiency Business plans. This is essential for the implementer to "provide a bridge between our Statewide ME&O program and...energy efficiency" as desired by the Commission.<sup>5/</sup>

On January 15, 2017, the seven energy efficiency EE program administrators will file their 2018 Rolling Portfolio Business Plans ("Business Plans"), containing EE portfolio goals and intervention strategies for 2018 and beyond. The PD provides that on January 31, 2017, the implementer will file a Roadmap that lays out the Statewide ME&O strategy for the years 2017-2019. The PD's schedule provides only two weeks for the implementer to absorb the Business Plans and develop a five year plan of the breadth, depth, and quality necessary to meet the needs of Statewide ME&O and the goals set by the Commission.

PG&E therefore proposes that the due date for the ME&O Roadmap be extended from January 31 to February 28, 2017. This change would provide the new implementer, the IOUs, and other stakeholders sufficient time to work collaboratively on the Roadmap which is the seminal document guiding the Statewide ME&O program going forward. The change also would benefit the implementer's development of the annual Action Plan, which should be due by March 30, 2017, because the Roadmap establishes the guideposts for this and the other Plans that will be carried out in each of the Roadmap's five years.

### **C. Statewide Customer Benefit**

As noted in the PD, PG&E suggested that the Long Term Goal should clearly provide that the primary focus of Statewide ME&O should be utility customers, with a broader secondary goal of empowering all Californians. The PD elected to retain "all Californians" as the target of the Long-term Goal.<sup>6/</sup> PG&E agrees with the PD that all Californians potentially benefit from the statewide program; our comments did not suggest that it is desirable, or even possible, to attempt to limit message exposure to IOU customers. As an IOU, PG&E's suggestion was intended to strengthen the strategic and tactical focus on its key target – its rate-paying customers.

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<sup>5/</sup> PD, p. 49.

<sup>6/</sup> PD, p. 37.

Because Statewide ME&O uses energy customer dollars, PG&E believes that fairness toward its customers requires that the measurement and evaluation processes assess the extent to which the Statewide ME&O program has effectively reached California’s energy customer markets, in proportion to their funding contribution. The final decision should specify this requirement for the evaluation process.

**D. Refinement of Statewide ME&O Roles and Responsibilities to Reflect the Revised Governance Structure**

The PD’s discussion of roles and responsibilities states that each stakeholder brings different core competencies to the marketing, education, and outreach functions of the Statewide ME&O program. According to the PD, local administrators, such as IOUs, “surely know their own customers better than the statewide implementer, but their expertise is in providing utility services based on that knowledge, not product marketing.”<sup>7/</sup> Although PG&E agrees that the implementer be accorded full responsibility for Statewide ME&O, utility customers should nonetheless benefit from the expertise and resources that the utilities have gained through the continuous development of customer-side energy programs.<sup>8/</sup> PG&E has years of experience applying its marketing competency to the promotion of residential and small business (as well as to industrial and commercial) energy management and energy efficiency.

The PD resolves to “work toward better integration of statewide and local ME&O by improving coordination between the marketing activities of local program administrators and the statewide program...”<sup>9/</sup> The suggestion that IOUs should be restricted to providing “utility services,” and have a limited role in marketing, strikes a discordant note. The above-quoted language should be removed from the final decision.

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<sup>7/</sup> PD, p. 54.

<sup>8/</sup> PG&E previously advised the Commission staff that each of the IOUs has a marketing organization staffed with experts having marketing and advertising agency experience. The skills represented are not only in such longstanding disciplines as communications, advertising, broadcast and print media, direct mail, and market analytics, but in email, social media, events, retail merchandising, and partnerships. See, *Reply Comments of Pacific Gas And Electric Company (U 39 M) on Assigned Commissioner Carla J. Peterman’s Amended Scoping Memo and Ruling*, December 11, 2015, pp. 15-17.

<sup>9/</sup> PD, p. 49.

## **E. Metrics**

### **1. Program Evaluation Process**

The implementer will operate under a three-year contract. Under the terms proposed in the Request for Proposal, the implementer potentially could be engaged for a subsequent two years, based on its achievement of the Statewide ME&O program's objectives and goals. PG&E believes that evaluation of the implementer's performance should be a key aspect of the Commission's determination of whether or not to grant such a two-year extension of the implementer's contract.

Because the implementer has a pivotal role in the Statewide ME&O program, and interruption in the ME&O program could have negative consequences for the achievement of California's demand-side energy goals, the parameters of the implementer evaluation process should be clearly stated in the final decision. PG&E recommends the inclusion of at least these principles:

- The program evaluation should be designed and undertaken by an entity that is unaffiliated with the implementer;
- The evaluation should be undertaken by an experienced, independent entity selected through competitive solicitation;
- Input should be solicited from multiple categories of ME&O stakeholders and used in the evaluation process.

### **2. PG&E's Post-Decision Workshop Comments**

As the PD noted, PG&E inadvertently critiqued a draft version of the "2013-2015 Statewide ME&O Program Verification and Integrated Effectiveness Study" in its Post Decision Workshop comments. PG&E appreciates the PD's acknowledgement of its broad recommendations.<sup>10/</sup>

PG&E looks forward to working with the Joint Utilities and the other stakeholders in supporting the development of metrics for inclusion in the ME&O Roadmap, as required by the

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<sup>10/</sup> PD, p. 20.

PD. PG&E notes that it may well be the case that one set of metrics, or even one approach to measurement, would not be appropriate for evaluating multiple campaigns across the state that variously blend the elements of marketing, education, and outreach. PG&E hopes that the Statewide ME&O's collaborative approach will foster the development of targeted and relevant measures that can be assessed based on sufficient reliable data, and be properly interpreted to provide an accurate estimation of the program's effectiveness.

### **III. ADMINISTRATION AND BUDGET**

#### **1. Request to File Roadmap for Public Comment**

The PD directs the implementer to complete the Statewide ME&O Roadmap by the end of January, 2017, and to file and serve it in this proceeding. It also requires the implementer to complete the first Annual Joint Consumer Action Plan by the end of February 2017, and submit that document as a Tier 1 Advice Letter.<sup>11/</sup> Service of the Statewide ME&O Roadmap on the parties to this proceeding provides stakeholders with an opportunity to see the document. However, it is unclear whether parties will have an opportunity to offer comments on the Statewide ME&O Roadmap. PG&E requests the Commission to explicitly provide for public comment in the final decision and suggests the following options, assuming that by requesting the Statewide ME&O Roadmap to be filed, the Commission intended to dispose of the filing by a Commission decision:

The Commission could amend OP 13 to state,

“The program implementer shall complete the Five-Year Marketing, Education and Outreach Strategic Roadmap by ~~the end of~~ January 31, 2017, and file and serve the Roadmap in this proceeding for public comment and Commission approval.”

Alternatively, OP 13 could be amended to state:

“The program implementer shall complete the Five-Year Marketing, Education and Outreach Strategic Roadmap by ~~the end of~~ January 31, 2017, and ~~file and serve the Roadmap in this proceeding~~ submit the Roadmap for Commission approval through a Tier 3 advice letter with service on parties to this proceeding.”

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<sup>11/</sup> PD OP 13.

## 2. Functional Budget Allocation

The Annual Statewide ME&O Budget for 2017-2019 is to be functionally allocated according to the percentages adopted in D.13-12-038.<sup>12/</sup> Table 1 presents a detailed breakdown of the proposed allocation based on the last budget cycle for 2014-2015. (PG&E has deleted the Small Business Advisor Pilot from the Education category because this Activity will have been completed by January 1, 2017.<sup>13/</sup>) This issue was not previously discussed but now merits the Commission’s consideration to avoid unnecessarily impairing the implementer’s exercise of discretion.

**Table 1. Functional Allocation of Statewide ME&O Budgets Per D.13-12-038**

<b>Primary Function</b>	<b>Activity</b>
Marketing 44.0%	
	Advertising
	Earned and Social Media
	Promotional Calendar and Co-op Marketing
Education 17.0%	
	Website & Digital Marketing
	Mobile Outreach and Education
Outreach 21.0%*	
	Retail Intercept Outreach and Education
	Strategic Partnerships and Sponsorships
	Youth Education & Outreach
	Community-based Social Marketing
	*One quarter of this budget will be set aside to provide grants to community-based organizations
Research 4.0%	
	Research (small business, messaging, other)
EM&V 4.0%	
Administrative Expenses 10.0%	
	Implementer Administrative Expenses 7.0%
	IO Administrative Expenses 3.0%
<b>Total 100.0%</b>	

<sup>12/</sup> PD, OP 5.

<sup>13/</sup> SCE had recommended that Objective 6, “Identify and pilot methods to provide information to small business owners,” be deleted because this activity will be completed by the end of 2016, and small business ME&O is already addressed in Objectives 1 through 4.

PG&E understands, and shares, the Commission’s desire to ensure that dollars are allocated across the six spending categories (“functions” above) and activities, in such a way as to achieve important goals. At the same time, PG&E believes that the foregoing level of specificity could place limitations on the implementer’s program design by creating a risk of over- or under-funding activities. The implementer’s work may call for a different approach to realizing the Short- and Long-term Goals; for example, the implementer may determine that more education and less marketing would more efficiently achieve our customer-side goals. PG&E is particularly concerned that unproductive debate over the definitions of “marketing,” “education,” and “outreach” could lead to strained attempts to fit programs within budget subcategories to comply with unnecessary distinctions. All three primary functions are essential to promoting energy-wise customer behavior.

Given the above, PG&E proposes that the Marketing and Education categories be merged into one “Marketing & Education” category, totaling 61% of the budget, with the remaining categories unchanged. Table 2 depicts the resulting allocation:

**Table 2. Proposed Functional Allocation of Statewide ME&O Budgets 2017-2019**

<b>Primary Function</b>	<b>Activity</b>
Marketing & Education 61.0%	
	Advertising
	Earned and Social Media
	Promotional Calendar and Co-op Marketing
	Website & Digital Marketing
	Mobile Outreach and Education
Outreach 21.0%*	
	Retail Intercept Outreach and Education
	Strategic Partnerships and Sponsorships
	Youth Education & Outreach
	Community-based Social Marketing
	*One quarter of this budget will be set aside to provide grants to community-based organizations
Research 4.0%	
	Research (small business, messaging, other)
EM&V 4.0%	

Administrative Expenses	10.0%		
		Implementer Administrative Expenses	7.0%
		IO Administrative Expenses	3.0%
<b>Total</b>	<b>100.0%</b>		

Finally, in Ordering Paragraph 6, the Commission states that the percentage shares of Statewide ME&O funding contributed by each utility are: 46.5% for PG&E, 32.4% for SCE, 12.6% for SDG&E, and 8.5% for SoCal Gas.

According to our records, PG&E’s current cost share contribution percentage is 46.74%, SCE’s is 32.68%, SDG&E’s is 12.43%, and SCG’s is 8.14%<sup>14/</sup>. We propose that these percentage shares be reflected in the Proposed Decision.

**F. Budget and Program Cycle**

PG&E would like to clarify two matters in association with the proposed Statewide ME&O budget for the 2017-2019 program cycle. The first is to clarify that the decision intended an overlap of budget spending from 10/1/2016 to 12/31/2016, and the second is to clarify when to apply the Burden Benefits (BB), as approved in PG&E’s 2014 General Rate Case (GRC) (D.14-08-032), and which will be approved in the 2017 GRC. PG&E lays out its interpretation of the PD in Table 2, below. For illustrative purposes, the Revenue Requirement (RRQ) amount is assumed to be the same as the 2016 bridge funding, as directed by D.15-08-033, through 2019.

Table 3 illustrates the timing of the collection of funds throughout the 2017 to 2019 program cycle and PG&E’s understanding of the RRQ collection in the Annual Electric True-up (AET). The latter primarily presents: (1) shifting the funding cycle in 2016 and 2017, (2) that the RRQ should also include the BB and Franchise Fees and Uncollectibles (FF&U) as authorized by PG&E’s GRC, and (3) when the RRQ will be collected through the effective rates filed in the AET. PG&E respectfully requests the Commission to address any errors or omissions in the final decision.

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<sup>14/</sup> Per Decision 13-12-038 Ordering paragraph 16 and page 78 of the decision, the IOU’s were required to determine the Statewide ME&O funding remaining from each IOU to be utilized in the 2014-2015 cycle. Based on the funding remaining from each IOU the percentages listed are the contributions from the 2014-2015 decision.

**Table 3. Collection of Funds, Statewide ME&O Program Cycle 2017-2019**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Budget spending period</b>	1/1/2016 - 12/31/2016	10/1/2016 - 9/30/2017	10/1/2017 - 9/30/2018	10/1/2018 - 9/30/2019 <sup>15/</sup>
<b>Budget Spending (no BB and FF&amp;U)</b>	\$11 million	\$11 million	\$11 million	\$11 million
<b>To add GRC directing BB and FF&amp;U)</b>	2014 GRC	2014 GRC until a final decision in the 2017 GRC is issued, upon which PG&E will adjust the BB and FF&U factor in the next rate change.	2017 GRC	2017 GRC
<b>The RRQ (includes BB and FF&amp;U) will be collected in the respective AET filings</b>	2016 AET	2017 AET	2018 AET	2019 AET

**IV. CONCLUSION**

PG&E appreciates the opportunity to submit these comments in support of the Commission’ revitalization of the Statewide Marketing, Education and Outreach program for 2017 and beyond.

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<sup>15/</sup> Note that the SW ME&O contract will end on 9/30/2019. . PG&E will need to collect additional budget in the next program cycles beyond 9/30/2019 for inclusion in rates. In the absence of any other CPUC directives, unspent funds in September 2019 will be returned to customers in rates after all spending is finalized in the accounts.

Respectfully submitted,

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