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

Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.

Rulemaking 12-06-013  
(Filed June 21, 2012)

**QUARTERLY REPORT ON PROGRESS OF RESIDENTIAL RATE REFORM OF  
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)**

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Dated: October 31, 2017

Attorneys for  
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Pursuant to Ordering Paragraph 16 of Decision No. 15-07-001, Pacific Gas and Electric Company provides its ninth Quarterly Report on Progress of Residential Rate Reform (PRRR Quarterly Report) in the Residential Rates OIR (R.12-06-013). The PRRR Quarterly Report is attached to this pleading as Appendix A.

Respectfully submitted,

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# **APPENDIX A**

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**PACIFIC GAS AND ELECTRIC COMPANY**

**QUARTERLY REPORT**  
**ON PROGRESS OF RESIDENTIAL RATE REFORM (PRRR)**  
**RESIDENTIAL RATES OIR (R.12-06-013)**

**NOVEMBER 1, 2017**

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PACIFIC GAS AND ELECTRIC COMPANY  
QUARTERLY REPORT ON PROGRESS OF RESIDENTIAL RATE REFORM (PRRR)  
RESIDENTIAL RATES OIR (R.12-06-013)

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PACIFIC GAS AND ELECTRIC COMPANY  
QUARTERLY REPORT ON PROGRESS OF RESIDENTIAL RATE REFORM (PRRR)  
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**PACIFIC GAS AND ELECTRIC COMPANY  
QUARTERLY REPORT  
ON PROGRESS OF RESIDENTIAL RATE REFORM (PRRR)  
RESIDENTIAL RATES OIR (R.12-06-013)**

**I. Introduction**

Pursuant to Decision (D.) 15-07-001, resolving Phase 1 of the Residential Rate Reform Order Instituting Rulemaking (RROIR Decision), Pacific Gas and Electric Company (PG&E) submits its ninth quarterly Progress on Residential Rate Reform (PRRR) report (Report), providing the California Public Utilities Commission (CPUC or Commission) and interested parties with information about PG&E's PRRR, including Time-of-Use (TOU) and other rate reform efforts. The RROIR Decision required that the primary topics of each PRRR report include:

...outreach strategies, metrics, pilot design and results, opt-in TOU results, budgets, and updates on other proceedings that will impact residential TOU rate design.

The Administrative Law Judge's (ALJ) Ruling of March 14, 2016, in this proceeding (March 14 Ruling) specified that, on a going forward basis, the investor-owned utilities (IOU) should include the following additional information in all future quarterly PRRR reports:

- Statistics on the number of customers already enrolled in opt-in rates,<sup>1</sup> including quarter-over-quarter, and year-over-year tracking statistics;
- Status of online bill tools (including bill comparison) and rate comparison outreach and information on any groups of customers that are excluded from the rate analysis tools and the reason why;
- Sample bill presentment for a typical customer, for default and opt-in rates schedules; and
- Residential Rate Reform Memorandum Account (RRRMA) summary, including a separate list of any amounts that the utility has agreed not to include in the memo account.

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<sup>1</sup> See Southern California Edison Company's (SCE) February 1, 2016 PRRR report for an example.

Furthermore, the March 14 Ruling directed the IOUs to provide additional information regarding marketing and other expenditures to implement Residential Rate Reform changes:

The utilities must provide the information necessary for the Commission and parties to understand the marketing and other expenditures made to date to implement the rate changes. As stated above, the PRRR report must reference any marketing or other expenditures that the utility has indicated to the Commission will not be included in the RRRMA. For example, PG&E indicated in its February 23, 2016 supplemental information filing that it would not include certain costs related to the Schedule E-7 tariff transition in its RRRMA. In order to make review of cost recovery applications more transparent, this list of excluded amounts should also be footnoted in any future cost recovery application. Furthermore, any such expenditures excluded from the RRRMA must be itemized and labeled consistently in the PRRR report and may not be included, embedded, or recovered in any other memorandum or balancing account in any future cost recovery proceeding.

The ALJ Ruling of July 22, 2016, provided additional guidance on the bill comparisons (also known as rate comparison mailers) required by the RROIR Decision. D.16-09-016, *Decision on the Requirements of California Public Utilities Code §745 For Default Time-of-Use Rates for Residential Customers*, confirms the guidance provided in the July 22 ALJ Ruling, including:

Each IOU should include the details of its bill comparisons in its quarterly Progress on Residential Rate Reform (PRRR) report. The PRRR report should include information such as sample bill comparisons used to communicate with customers via mail and e-mail; number of mailings sent by mail and e-mail; and impacts on customer call centers.<sup>2</sup>

- Resolution E-4846, issued August 11, 2017, established two additional requirements for PG&E's Quarterly PRRR reports, regarding marketing and Residential Rate Change expenditures:
- PG&E must include copies of all marketing collateral in its quarterly PRRR reports.<sup>3</sup>
- PG&E must track its actual expenditures to date against its estimated costs in its PRRR reports, using each of the line item categories highlighted in the attached budget.<sup>4</sup>

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<sup>2</sup> D.16-09-016, mimeo, p. 30.

<sup>3</sup> Res. E-4846, mimeo p. 31. While this requirement calls for marketing collateral, it is restricted to finalized materials related to the Default Pilot. Since PG&E did not finalize any new materials during Q3, no materials are provided in this report. Default Pilot materials will be presented in next quarter's report.

<sup>4</sup> *Ibid.*

The sections of the Report below provide PG&E's update, covering the period July 1 to September 30, 2017, on the topics requested in the RROIR Decision and the directives included in the ALJ's March 14 and July 22 Rulings and Resolution E-4846.

## II. Marketing, Education and Outreach Efforts

### A. Integration Efforts

PG&E continued to deploy integrated residential communications to customers. Integration can include adding rate reform and related energy management messaging to an otherwise planned outreach, such as Energy Efficiency and CARE communication, as well as seasonal messaging, to maximize customer awareness. For Q3, these communications<sup>5</sup> included:

- **Summer Campaign:** PG&E has continued to conduct its summer campaign throughout Q3 to help over two million customers in hotter areas of its service territory better control and manage their higher energy bills during the summer season. Messaging for this bi-lingual, multi-channel campaign featured key solutions for customers to combat higher seasonal bills (specific channels, messages and outreach plans were provided in detail in the Q2 report). The campaign featured Bill Forecast Alert, Budget Billing, Home Energy Check-up, as well as energy savings tips, all driving customers to [pge.com/summer](http://pge.com/summer) to learn more. Reports on the campaign and test results will be available in Q1 2018.
- **TOU Summer Rate Support:** In June 2017, PG&E launched a summer rate support campaign for E-TOU-A and E-TOU-B customers. This campaign focused on reminders about peak and off-peak hours, tips on overall use reduction, ways to shift use to lower cost times of day, and other programs including PG&E's Balanced Payment Plan (now known as Budget Billing). This summer seasonal reminder is designed to help TOU customers be more successful on their TOU rate plan. PG&E is in the process of undertaking data analysis to understand how summer rate support communications to TOU customers impacts how long they stay on a TOU rate plan. Results will be available in late Q4 or early Q1.
- **Residential Digital Newsletter (July/August/September):** During Q3, PG&E continued to inform the 1.7 million digital newsletter recipients about optional rate

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<sup>5</sup> Integration communication efforts are not recorded in the RRRMA.

plan options and tools, including Fill Forecast Alert, and ways to reduce energy usage in the summer.

- **Energy Savings Assistance Program Web Promotion (July/August/September):** The Energy Savings Assistance (ESA) program webpage on pge.com continued to promote the Summer campaign landing page to low-income customers in Q3, with additional savings opportunities.
- **CARE Acquisition Outreach (August-September):** For the Q3 acquisition campaign, in August and September approximately 132,000 prospective CARE customers received a communication about the CARE program as well as additional ways to save energy and money in the summer as part of the Summer campaign. Customers were driven to pge.com for additional ways to save, as well as more information on rate plan choices.

#### **B. Residential Rate Reform Webpages**

PGE.com is one of the principal resources for residential customers to locate information regarding rate plans, learn about tools and programs, and access and pay bills. PG&E made no changes to the rate reform webpages in Q3.

#### **C. Medical Baseline Outreach Activities**

Medical Baseline is promoted in PG&E's outreach materials on the High Usage Surcharge, as well as at PG&E customer events. In Q3, High Usage communications with medical baseline messaging were deployed to approximately 7,300 "at risk" customers and approximately 221,000 customers who had incurred the charge.

At the events, CARE Community engagement contractors provide education to customers on Medical Baseline, in addition to other financial assistance programs. Customers are provided with integrated financial assistance brochures (insert programs) including medical baseline applications to fill out if eligible. Applications for additional Medical Baseline allowances<sup>6</sup> (not only in English, but also Spanish and Chinese) were distributed in early Q3 to 70+ Community-Based Organizations as a follow up to mid-year refresher training in late June.

As of September 30, 2017, approximately 175,000 PG&E customers were participating in the Medical Baseline program.

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<sup>6</sup> Each customer approved for Medical Baseline is allowed an approved dollar amount based on personal circumstance and qualification.

## **D. Marketing, Education and Outreach Metrics**

The latest Marketing, Education and Outreach (ME&O) Tracking Study (Wave 2) measuring awareness, understanding and engagement with rate reform and the transition to TOU, was carried out in Q2 2017. The results of this study were reported in PG&E's August 2017 PRRR report, as well as in PG&E's subsequent webinar presentation to the ME&O Working Group. The study results showed that, compared to the "baseline wave" survey in March 2016, more PG&E customers understand the benefits of lowering their energy use (Metric 4), and more customers are aware of upcoming rate changes, High Usage Surcharge and tier reduction.

## **III. Residential Rate Reform Initiatives**

### **A. E-7 Rate Transition**

As detailed in PG&E's November 2016 and August 2017 PRRR reports, 3,006<sup>7</sup> customers—formerly enrolled in the schedule E-7 rate plan (E-7)—did not have a SmartMeter™ when the E-7 rate closure took place. As a result, they were automatically transitioned to the schedule E-1 rate plan (E-1) starting May 31, 2016. Since May 31, 2016, PG&E has continued to upgrade or reprogram meters to enable service on a TOU rate. PG&E offered these customers an opportunity to choose a rate plan or have their meter reprogrammed to accepted E-TOU-A.

Former E-7 customers with legacy meters who did not choose to stay on E-1 had their meters reprogrammed by a PG&E field technician for the TOU periods used for Schedule E-TOU-A. As of September 30, 2017, there were 1,018 customers who had their meters programmed for E-TOU-A, completing the service list of all legacy meter customers.<sup>8</sup> In Q4, the 1,018 customers whose meters have been reprogrammed will receive notification that this work has been completed, and they will be transitioned to E-TOU-A with their November cycle.

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<sup>7</sup> Since the November 2016 PRRR report, the former population of 3,006 customers formerly on E-7 (now closed) who were transitioned to E-1 was reduced to 2,721 in March 2017 and continues to decrease as a result of account closures and changes to other rates.

<sup>8</sup> The starting legacy meter population was greater than final population of 1,018 whose meters were ultimately reprogrammed is primarily due to: closed accounts and organically changed rates, or customers who were motivated outside of the E7 campaign to change to another rate.

## B. Start/Transfer Service Enhancements

The July 22, 2016, ALJ Ruling directed the IOUs to include in their ME&O plans, a detailed plan for integrating rate discussions into the start and transfer service process. In Q1 2017, as part of the Pilot, PG&E developed a decision tree tool and a script<sup>9</sup> for Customer Service Representatives (CSR) to help customers select a rate plan when starting or transferring service. Using the answers from the script, the tool identifies an optimal rate based on questions regarding premise and potential energy usage.

In Q2 2017, a dedicated team of PG&E CSRs, located in Sacramento, piloted the decision tree and script. PG&E has completed the pilot and is currently analyzing results. A total of 4,754 start/transfer calls were placed, with 4,238 customers selecting the suggested rates. Data on the distribution of rate enrollments resulting from this pilot is presented below in Table 1; final analysis will be provided in a future PRRR report.

**TABLE 1  
START/TRANSFER PILOT CUSTOMER RATE CHOICE DISTRIBUTION**

<b>Rate Option</b>	<b>Number of Customers Selected</b>	<b>Percentage of Customers Selected</b>
E-1	947	19.92%
E-TOU-A	749	15.76%
E-TOU-B	3058	64.32%

Tier Consolidation and High Usage Surcharge (formerly Super User Electric Surcharge)

In September 2017, PG&E sent direct mail and/or email outreach materials to approximately 7,300 “at risk” customers. The “at risk” classification is based on usage data from June 1, 2016, through May 31, 2017. These customers were segmented by CARE, non-CARE, Net Energy Metering (NEM), and “very high users” (those who reached over 400 percent of baseline every month during the 12-month period).

The outreach materials included the following information:

- Explanation of the High Usage Surcharge (HUS);
- Reference to tips, tools and programs for reducing use (e.g., Home Energy Checkup, Medical Baseline, ESA program, rebates, and Energy Upgrade California® Home Upgrade);

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<sup>9</sup> See Attachment 1.

- Actions available, such as signing up for High Usage Alerts (HUA); and
- Where to find more information, such as the PG&E website.

Additionally, NEM customers received NEM specific tips, tools, and instructions to conserve. CARE customers were provided with information on the ESA program and non-CARE customers were provided with information on The Energy Upgrade California® Home Upgrade. As part of supplementary educational efforts, PG&E developed a video to help customers understand the Tiered Rate Plan changes and avoid the High Usage Surcharge ([www.pge.com/tierchanges](http://www.pge.com/tierchanges)).

During Q3, PG&E sent out approximately 221,000 automatically-generated letters informing customers that they had reached HUS level (over 400% of baseline), and explaining the High Usage Surcharge that appeared on their last energy statement. Also in Q3, approximately 17,000 customers visited the HUS website, and around 8,400 customers called the Contact Center for more information about the HUS.

In July, PG&E included a billing statement insert to customers educating them on the features of the Tiered Rate Plan, including the HUS.

## **C. Energy Alerts**

### **1. High Usage Alerts**

High Usage Alerts (HUAs) are designed to help customers by providing a warning in advance of incurring the HUS, giving them the opportunity to take any appropriate action. All residential customers enrolled in PG&E's HUA receive an automated alert when they are forecasted to reach 400 percent of their baseline allowance, during a single billing cycle. A second alert is sent when the customer incurs the Surcharge.

In February 2017, PG&E provided the capability for customers to enroll in High Usage Alerts online. Customers interested in signing up for the HUA were able to do so via "Your Account" on [www.pge.com](http://www.pge.com), on the HUA page. Customers may receive the alert by e-mail, phone, or text, according to their preference.

As of the end of Q3 2017, approximately 65,000 customers were enrolled in PG&E's High Usage Alerts.

### **2. Bill Forecast Alert**

Customers can sign up for the Bill Forecast Alert to receive an alert (via e-mail, text, or phone call) when their energy bill (gas and electricity) is expected to exceed an amount specified by the customer.

As of the end of Q3 2017, approximately 216,000 customers were enrolled in PG&E's Bill Forecast Alert.

#### D. Voluntary TOU Rates

PG&E has seen a continued increase in enrollment in the opt-in TOU rates. The table below shows the number of customers on each of the TOU rate plan options, as of September 30, 2017:

**TABLE 2  
CUSTOMERS ENROLLED IN TOU RATE PLANS**

TOU Rate Options	Number of TOU Customers as of June 30, 2017	Number of TOU Customers as of September 30, 2017	Change Since Last PRRR (June 2017) <sup>(a)</sup>
E-TOU-A	68,006	82,713	14,707
E-TOU-B	28,175	36,865	8,690
E-6 <sup>(a)</sup>	104,185	102,071	-2,114
EV-A	36,717	38,426	1,709
EV-B	578	566	-12
Total	237,661	260,641	22,980
(a) PG&E's TOU rate website can be found at <a href="http://www.pge.com/timeofday">www.pge.com/timeofday</a>			
(b) The E-6 rate is closed to new customers, so enrollment can only decrease.			

**TABLE 3  
CUSTOMERS ENROLLED IN TOU RATE PLANS YEAR OVER YEAR**

TOU Rate Options	Number of TOU Customers as of September 30, 2016	Number of TOU Customers as of September 30, 2017
E-TOU-A	34,851	82,713
E-TOU-B	8,124	36,865
EV-A	29,155	38,426
EV-B	324	566
E-6 <sup>(a)</sup>	110,457	102,071
Total	182,911	260,641
(a) The E-6 rate is closed to new customers, so enrollment can only decrease.		

#### E. Opt-In TOU Pilot

##### 1. Customer Communications

In mid-July 2017, PG&E sent all participants in its Opt-In Pilot treatment group (those who were on a TOU rate, which excludes the control group customers on the standard tiered rate plan) a true-up letter and email. This true-up outreach, which was sent to a total of around 11,000 customers, informed them as to whether they had spent more or less over the past twelve months on the TOU rate compared to what they would

have spent had they been on PG&E’s standard Tiered Rate plan (E-1). This personalized true-up outreach specified whether that customer had achieved annualized savings on their opt-in pilot rate relative to E-1 based on their usage over the prior 12 months, or whether their annual billing amount was higher on their opt-in pilot rate than it would have been on E-1. Participants who spent more on the TOU rate were reminded that they would receive a bill protection credit on their energy statement. The results are summarized in Tables 4 and 5 below:

**TABLE 4  
TOTAL CUSTOMERS WHO RECEIVED BILL PROTECTION OR SAVED ON ENERGY BILL**

<b>Rate and Climate Zones</b>	<b>Received Bill Protection</b>	<b>Saved on Energy Bill</b>	<b>Total Number of Customers</b>
<b>R1</b>	<b>2,802</b>	<b>2,696</b>	<b>5,498</b>
Cool	281	749	1,030
Hot	1,152	557	1,709
Hot Targeted	1,044	682	1,726
Mild	325	708	1,033
<b>R2</b>	<b>1,343</b>	<b>1,756</b>	<b>3,099</b>
Cool	306	720	1,026
Hot	701	373	1,074
Mild	336	663	999
<b>R3</b>	<b>1,240</b>	<b>1,838</b>	<b>3,078</b>
Cool	259	766	1,025
Hot	675	380	1,055
Mild	306	692	998
<b>Grand Total</b>	<b>5,385</b>	<b>6,290</b>	<b>11,675</b>

**TABLE 5  
AVERAGE ANNUAL AMOUNT A CUSTOMER SPENT MORE OR LESS ON A TOU RATE  
COMPARED TO E1**

Rate and Climate Zone	Annual Amount More paid on TOU rate compared to E1, average for non-savers	Annual Amount Less paid on TOU rate compared to E1, average for savers
<b>R1</b>	\$ 51	\$ 41
Cool	\$ 28	\$ 31
Hot	\$ 63	\$ 56
Hot Targeted	\$ 47	\$ 39
Mild	\$ 39	\$ 43
<b>R2</b>	\$ 49	\$ 41
Cool	\$ 27	\$ 30
Hot	\$ 63	\$ 50
Mild	\$ 39	\$ 46
<b>R3</b>	\$ 54	\$ 40
Cool	\$ 23	\$ 36
Hot	\$ 70	\$ 57
Mild	\$ 42	\$ 34
<b>Grand Total</b>	\$ 51	\$ 41

In Q3, PG&E sent letters to approximately 200 Opt-In Pilot customers notifying them that they had been transitioned to receive generation from Redwood Coast Energy Authority (RCEA). These customers had been scheduled to transition to RCEA service in December 2017, but were prematurely enrolled due to a processing error. These participants were encouraged to return the Opt-in TOU survey, reassured that they would still receive their final credit for participating in the Opt-in study, and provided information to learn about their rate plan options by visiting [pge.com/rates](http://pge.com/rates).

## 2. Research Activities

PG&E also continued key research activities throughout Q3 of 2017. Research Into Action, partnered with Washington State University, continued fielding the second survey, which ran from June 19 to the first week of August. The survey fielding consisted of three tracks based on the preferred method the participants had designated in the first survey. Pilot participants in the web track were sent letters and emails with instructions for how to complete the survey online. Participants in the paper track were provided a booklet version of the survey, and researchers called customers to complete the survey on the phone. Each track included a series of follow-ups to encourage participation, with instructions for how to complete the survey in alternate modes (e.g., paper or phone).

PG&E prepared to conduct qualitative research on why customers opted out of the pilot, in anticipation of potentially large opt-outs following the end of bill protection. However, so far, there have not been a large number of customers who have opted-out of the pilot in the first few months after bill protection ended. This may not be surprising, considering that everyone on TOU rates in this pilot were already participating on an opt-in basis. PG&E and Energy Division concluded that because of the low number of customers opting-out of this pilot, studying them was not a worthwhile research area. Moreover, the first Opt-Out Telephone Interviews, conducted in November 2016, provided valuable insights to the motivations for customers opting out of the TOU rates. On October 6, 2017, PG&E filed Advice Letter 5155-E proposing to omit the second set of Opt-Out Telephone Interviews from its research plan, while supplementing the End-of-Pilot Evaluation Focus Groups in November with in-depth telephone interviews. PG&E has not received any protests to this Advice Letter.

### **3. Ongoing Opt-In Pilot Implementation Activities**

In spring 2016, PG&E offered each participant a total Opt-In Pilot participation incentive of \$200, to be paid out in installments as the participant reached certain pilot milestones, such as completing surveys. In Q3, PG&E processed the final installments, consisting of a \$75 bill credit as a survey incentive payment to those customers who had returned the most recent pilot survey.

PG&E also began detailed planning for End-of-Pilot operations, including communications, decommissioning of pilot-specific programs, and the process for transitioning customers off of the pilot rates and onto the rate of their choice or the standard tiered rate (E-1) in December 2017. A major element in this work stream was calculating personalized rate comparisons so treatment group pilot participants could see an estimate of how much they would have paid over the past year if they had been on the standard rate or one of PG&E's two open TOU rates (E-TOU-A and E-TOU-B). These results are further analyzed in table 6:

**TABLE 6**  
**RATE COMPARISON RESULTS-CUSTOMERS WHO SPENT MORE ON A TOU RATE AND**  
**CUSTOMERS WHO SAVED ON A TOU RATE**

Rate and Climate Zone	Number of Customers who spent more on a TOU rate	Number of Customers who saved on a TOU rate	Total number of Customers
<b>R1</b>	<b>3,047</b>	<b>2,098</b>	<b>5,145</b>
Cool	328	632	960
Hot	1,165	416	1,581
Hot Targeted	1,173	477	1,650
Mild	381	573	954
<b>R2</b>	<b>1,460</b>	<b>1,411</b>	<b>2,871</b>
Cool	337	620	957
Hot	727	248	975
Mild	396	543	939
<b>R3</b>	<b>1,445</b>	<b>1,418</b>	<b>2,863</b>
Cool	318	628	946
Hot	726	256	982
Mild	401	534	935
<b>Grand Total</b>	<b>5,952</b>	<b>4,927</b>	<b>10,879</b>

As of September 30, 2017, a total of 860 customers had opted-out of the pilot and 4,377 customers had become ineligible, totaling 5,237 un-enrollments, leaving 15,746 participants in the Opt-In Pilot. The tables below provide more detail:

**TABLE 7**  
**OVERALL SUMMARY OF UNENROLLMENT OF PG&E'S OPT-IN TOU PILOT (ALL PILOTED RATES)**  
**(AS OF SEPTEMBER 30, 2017)**

Climate Region	CARE/FERA	Total					
		Initial	Opt Out	Ineligible	Current	Total Unenrolled	Total Unenrolled (%)
Hot	N	3,773	279	604	2,890	883	23.4%
	Y	3,024	126	687	2,211	813	26.9%
Hot Targeted	N	1,145	51	126	968	177	15.5%
	Y	2,921	67	492	2,362	559	19.1%
Mild	N	2,375	139	578	1,658	717	30.2%
	Y	2,653	52	697	1,904	749	28.2%
Cool	N	2,573	113	634	1,826	747	29.0%
	Y	2,537	33	559	1,945	592	23.3%
<b>Grand Total</b>		<b>21,001</b>	<b>860</b>	<b>4,377</b>	<b>15,764</b>	<b>5,237</b>	<b>24.9%</b>

**TABLE 8  
UNENROLLMENT BY PG&E'S OPT-IN TOU PILOT RATE PLAN  
(AS OF SEPTEMBER 30, 2017)**

	C	R1	R2	R3	Total
Opt-out rate	1.1%	5.5%	5.8%	5.2%	4.1%
Ineligibility rate (including movers/stopped service and other ineligibilities)	23.3%	17.9%	20.8%	21.7%	20.8%
<b>Total Unenrollment</b>	<b>24.4%</b>	<b>23.4%</b>	<b>26.6%</b>	<b>26.9%</b>	<b>24.9%</b>

**TABLE 9  
SUMMARY OF ACTIVE PARTICIPANTS IN PG&E'S OPT-IN PILOT (CONTROL AND RATE 1)  
(AS OF SEPTEMBER 30, 2017)**

Climate Region	CARE/FERA	Control				Rate 1			
		Initial	Opt Out	Ineligible	Current	Initial	Opt Out	Ineligible	Current
Hot	N	1,238	14	216	1,008	1,239	121	178	940
	Y	826	9	202	615	827	43	169	615
Hot Targeted	N	572	8	63	501	573	43	63	467
	Y	1,460	9	250	1,201	1,461	58	242	1,161
Mild	N	593	13	242	338	595	38	109	448
	Y	662	6	234	422	664	21	142	501
Cool	N	643	9	189	445	644	33	146	465
	Y	634	2	151	481	635	7	138	490
Grand Total		6,628	70	1547	5,011	6,638	364	1187	5,087

**TABLE 10  
SUMMARY OF ACTIVE PARTICIPANTS IN PG&E'S OPT-IN PILOT (RATE 2 AND 3)  
(AS OF SEPTEMBER 30, 2017)**

Climate Region	CARE/FERA	Rate 2				Rate 3			
		Initial	Opt Out	Ineligible	Current	Initial	Opt Out	Ineligible	Current
Hot	N	648	72	108	468	648	72	102	474
	Y	686	39	160	487	685	35	156	494
Hot Targeted	N								
	Y								
Mild	N	594	54	108	432	593	34	119	440
	Y	664	13	152	499	663	12	169	482
Cool	N	643	37	152	454	643	34	147	462
	Y	634	11	124	499	634	13	146	475
Grand Total		3,869	226	804	2,839	3,866	200	839	2,827

**TABLE 11  
UNENROLLMENT FROM PG&E'S OPT-IN TOU PILOT BY MONTH  
(AS OF SEPTEMBER 30, 2017)**

		2016	Q1 '17	Q2 '17	July	August	Sep	Total
Opt-Outs		508	75	91	117	68	1	860
Ineligible	<i>Move/Stop</i>	1,209	327	437	145	153	119	2,390
	<i>Other ineligible</i>	820	179	663	146	111	68	1,987
	Total ineligibles	2,029	506	1,100	291	264	187	4,377
<b>Total Unenrollment</b>		<b>2,537</b>	<b>581</b>	<b>1,191</b>	<b>408</b>	<b>332</b>	<b>188</b>	<b>5,237</b>

## **F. Default TOU Pilot**

On August 11, 2017, the CPUC issued Resolution E-4846, approving PG&E's Default TOU Pilot plan, with a few modifications. Throughout Q3 2017, PG&E has continued focused activities to implement its Default TOU Pilot. Major activities included:

- Preparations for creating the starting list of eligible customers to random sample to default;
- Building the enrollment website for customers to use during the notification phase of the transition;
- Finalizing 90, 60 and 30-day notifications;
- Determining the mapping of notifications; and
- Creating training materials to prepare Customer Service Representatives to have conversations with customers about either the default pilot (if they were notified), and/or time of use rates for any customer interested in exploring opting-in.

### **1. Section 745 Update**

On Thursday, September 28, 2017, the Commission unanimously voted out Decision (D.17-09-036), which resolved remaining default TOU issues affected by Public Utilities Code Section 745. Among other things, the Commission ordered all three utilities to exclude from their pool of customers for their Default Pilots those enrolled in or believed to be income-qualified for California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) in specified hot climate zones. The final decision also granted PG&E's request to exclude customers identified in the first three deciles of its CARE Propensity Model as being likely to be eligible for either CARE or FERA, in order to achieve greater exclusions of FERA-eligible customers in

hot climate zones. The impacts of complying with the exclusions ordered in this decision will be included in PG&E's next PRRR report.

## **2. Post-Resolution Modifications to the Default Pilot Plan**

After the CPUC issued Resolution E-4846, and as PG&E began to prepare to identify customers eligible to be in its Default Pilot sample selection pool, it became clear that PG&E's originally proposed pilot size of 250,000 would result in a pilot that would not be representative of the customers who would ultimately be eligible for the full default. This is largely because of significant increases in the number of expected CCA customers in PG&E's cool and mild climate zones who would be excluded from the pilot, but would likely be eligible for full default.<sup>10</sup> As a result, a sample of 250,000 would result in a significantly higher percentage of hot climate zone customers than would be representative of full default. PG&E conferred extensively with Energy Division, and mutually arrived at a plan to reduce the size of the pilot to 150,000. In the first week, PG&E will default those customers who did not opt-out of a random selection of approximately 100,000, and will default the remaining 50,000 in the second week. At Energy Division's behest, PG&E filed a Tier 1 Advice Letter (5149-E) on September 28, 2017, which became effective upon filing, and as to which there have been no protests.

## **3. Customer Research**

In Q3 2017, research activities began for the Default TOU Pilot Communication Development to evaluate customer understanding of the 90-Day and 60-Day Rate Comparisons, and 30-Day Notification marketing materials.

The research utilized a web-based quantitative survey among a representative sample of 2,131 PG&E E-1 rate plan customers. PG&E decided to survey a random sample of customers reflective of those who meet current criteria for eligibility for the Default TOU Pilot, rather than survey Customer Voice Panel participants. Fieldwork for this research was conducted between June 22, 2017 and July 5, 2017. Respondents evaluated one of the following nine notification versions:

- Generic, Benefiter or Non-Benefiter 30-Day Notification;
- Generic, Benefiter or Non-Benefiter 90-Day Notification; and

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<sup>10</sup> CCAs Sonoma Clean Power (SCP) and Marin Clean Energy (MCE) are two CCAs participating in the default pilot, but PG&E anticipates that all CCAs will participate in full default.

- Seasonal, Annual or Monthly 60-Day Rate Comparison Notification (all transition rate Benefiter)

The draft letters successfully informed customers that rates are changing, TOU is coming, and the TOU rate to charges more from 4-9 p.m. Three-quarters (74 percent – 78 percent) of 30 and 90-day notice readers came away feeling well-informed and two-thirds (62 percent – 72 percent) of 60-day rate comparison readers came away feeling well-informed. However, more than half (56 percent) felt worried, helpless, and angry. Negative reactions stemmed from concern for restrictive peak hours and implications for household routines, as well as anger about being automatically transitioned to a rate they didn't choose, and the feeling they were being penalized with higher prices at an inconvenient time of day (dinnertime and family home evening time). While the benefiter notification discussed the potential to save, this did not increase positivity by customers, but rather appeared to prompt skepticism.

Some customers are firmly against the transition to the TOU rate and most customers will need more information to address concerns. Most said they would log in to their PG&E account (79 percent) or go to the PG&E website (68 percent) to find out more, and 34 percent said they would call PG&E. One in three (33 percent) said they are likely to go ahead with the automatic transition, 27 percent said they would be very unlikely to go ahead with the automatic transition, and 40 percent fell in between. Those who would be unlikely to go ahead cited that the TOU rate, with higher prices from 4-9 p.m., would not work for their lifestyle or household routines.

Given this feedback, revised letters were passed through a second round of customer research in the form of three online bulletin board sessions conducted from August 22, 2017 through August 25, 2017. The three groups were split by hot climate, moderate/cool climate and low-income customers. Respondents evaluated each of the revised, draft 90-day, 60-day rate comparison and 30-day notifications over a 3-day period. This research found negative feelings were greatly reduced by including and highlighting 'risk-free' bill protection, along with clearer messaging on customer choice, and mentioning that small behavior shifts were expected. The cadence of the notifications also felt appropriate, and respondents found the repetition of messaging helpful. Hot climate customers were most anxious about the notifications, but had a clear understanding that they could make a choice and get on a different rate plan.

Additional research was conducted to optimize clarity and understanding of the Default Pilot 60-day rate comparison notification from September 16, 2017 through

September 26, 2017. The online quantitative survey sample included 1,672 Tiered Rate Plan customers representative of the Default Pilot population. Three different versions of the notification were tested including a 'Risk-free transition' focus, a 'Choice' focus, and a 'CPUC mandate' focus. Each respondent viewed and evaluated one of the rate comparison versions. Rate Comparisons were presented as the default rate being lower than the cost of the current rate plan but higher than the cost of the optional TOU rate plan. Findings generated the following insights:

- "Risk-free transition" focus messaging was the most clear in communicating awareness of being defaulted onto the transition rate if you do nothing, the #1 criterion for an effective notification.
- "CPUC mandate" messaging left customers feeling more positive in general and less confused. But when asked more specifically, customers were split on whether mention of a CPUC plan was a positive or a negative (or a neutral factor).
- "Choice" focus messaging resulted in poorer understanding of many key elements of the transition and the transition rate.
- All versions performed similarly well on leaving customers feeling well-informed and clearly understanding that they had a choice in rate plans.

Based on these results it was recommended to move forward with a version of the 60-day rate comparison using the 'Risk-free transition' messaging with a slight modification to include mention of a statewide initiative.

In September 2017, planning and development began for the next phase of Default TOU Pilot Communication Development research, focused on clarity and understanding of the Welcome Kit marketing materials. This research will utilize a web-based quantitative survey. Fieldwork began on October 9, 2017 and a report will be available in mid-November 2017. Follow-up qualitative research in the form of online bulletin boards was conducted in Q3 2017 to pass revised versions of the Welcome Kit back through customer evaluation. PG&E will provide these research results in the Q4 PRRR report.

#### **4. Information Technology**

The information technology team's activities for Q3 focused on building the rate plan, creating, the process to manage the selected customers through the transition to the new Time of Use (Peak Pricing 4 – 9 pm Every Day) rate that will be used for the Default Pilot (previously referred to as E-TOU-C). This process includes the finalization

of notifications and monitoring of customer choices and actions that could make them ineligible for the transition to the new TOU rate. The team also is in the process of creating the enrollment website and modifying current web pages to provide information to customers selected for the default as well as other customers seeking more information on the rates. A milestone was completing the rate analysis to provide individual rate comparison information to each customer. This rate analysis will be available online as well as through individual mailings to the customers involved in the transition.

## **5. Customer Service Representative Training**

In Q3, PG&E developed the training materials to prepare Customer Service Representatives (CSR) to assist customers throughout the pilot, starting with the first notification through the end of bill protection. The objective was to develop authentic and engaging training, which helps CSRs offer more consultative information beyond the basic TOU facts, serving as Energy Advisors to customers. Training is likely to include the following:

- One two-hour Instructor Lead Training (ILT) course;
- One virtual learning (VL) course (for Local Offices) with Facilitator Guides; and
- Two Web Based Training courses; one facilitated for Instructor Lead Training and Virtual Learning, and one stand alone for refresher/performance support.

These trainings aim to prepare CSRs for the transition, by providing them with necessary information about the default pilot, understanding about the pilot notifications, and how to use new tools to help customers understand the new default pilot rate and other rate options, bill protection, their rate comparisons, and, if desired, how to opt-out and choose a different rate.

Follow-up trainings will be provided prior to the transition to further prepare CSRs to discuss new Energy Statements and bill protection, and address any knowledge gaps discovered in the notification period.

## **6. Community Choice Aggregations (CCA) Coordination**

In Q3, PG&E continued to coordinate on pilot execution with the two CCAs participating in the Default TOU Pilot: Marin Clean Energy and Sonoma Clean Power. PG&E created notifications specific to CCA customers, and received feedback and final approval from both MCE and SCP. PG&E also worked with the two participating CCAs to define population sample size, and continued work with its online-presentment

vendor to create online tools for CCA customers by using the PG&E bundled rate as a proxy for CCA rate plans.

### **G. CARE Restructuring**

By the end of June 2017, PG&E had provided data sets to Energy Division per the E-mail Ruling Modifying Procedural Schedule for CARE Restructuring Track from ALJ Park on June 23, 2017.

## **IV. Status of Online Bill Tools**

### **A. Rate Comparison Mailer**

Per the Prehearing Conference Statement filed by PG&E on February 3, 2017,<sup>11</sup> PG&E proposed that the Spring rate mailer be replaced by a second “test-and-learn” effort, with the first large-scale rate comparison mailer to be sent in the fall. The proposal was subsequently approved by the CPUC on February 6, 2017.<sup>12</sup>

On August 11, 2017, PG&E filed a motion requesting clarification and direction for adjustments to the schedule and scope for PG&E’s Fall 2017 rate comparison mailing. No responses to the motion were filed. On September 5, 2017, PG&E received an ALJ ruling in Rulemaking 12-06-013, ordering the suspension of any semi-annual bill comparison mailers pending further Commission instruction after consideration of an overall ME&O strategy, in order to promote the objectives in D.15-07-001.

Prior to the August 11, 2017 Suspension Ruling, PG&E had scheduled a production validation test its fall 2017 mailer to run from September 5, 2017 to October 7, 2017. The production test was to validate the criteria and characteristics of the planned fall 2017 rate mailer, to ensure it was properly set-up for production and to allow time to make corrections or adjustments as needed. PG&E went ahead as scheduled and sent a total of 68 rate mailers to volunteers. Through this process, PG&E identified and documented two issues that will be addressed when the rate comparison mailer project resumes.

#### **1. TOU Acquisition Test-and-Learn**

In June 2017, PG&E deployed the next phase of its rate comparison “test and learn” activities by communicating to a select group of customers identified to be likely prospects for enrolling in TOU rate plans. The overall objective was to encourage

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<sup>11</sup> R.12-06-013, February 3, 2017 Prehearing Conference Statement of PG&E (U 39 E).

<sup>12</sup> R.12-06-013, February 6, 2017 Prehearing Conference, Transcript pp. 423-427.

customers to switch to E-TOU-A or E-TOU-B and help them save on these rates.

Specific tactics included:

- Incorporating best practices from the fall 2016 rate mailer Test-and-Learn effort, including the use of personalized savings data and high-performing email subject lines;
- Identifying the most cost-effective acquisition methods by testing direct mail only, email only, and both direct mail and email together; and
- Encouraging enrollment in Budget Billing to help customers who switch to TOU in the summer months manage seasonal bill variation.

PG&E identified and tested acquisition messages on a population of 160,000 customers.<sup>13</sup> The sample included both TOU “benefiters” and “neutrals,” CARE and Non-CARE customers, and those located in the Central Valley. Each communication included an estimated savings amount and a specific rate plan recommendation based on that customer’s electricity usage over the last 12 months. For direct mail, two types of messages were tested: benefiter and neutral. For email, four types of messages were tested: neutral, a mobile friendly template, a previous 2016 test and learn template, and “gamification.”<sup>14</sup>

PG&E’s analysis should provide insight into the following questions:

- 1) **Who is most likely to sign up for TOU rates?** PG&E will evaluate a wide range of customer profile data, including but not limited to income, geography, personas, and energy usage, as well as the projected bill savings presented to the customers, to identify trends regarding adoption.
- 2) **How can PG&E most cost-efficiently acquire customers on its optional TOU rates?** This includes an analysis of the costs and response rates of the different channel combinations: direct mail only, email only, or direct mail plus email. PG&E will also look at the performance of the different creative messaging versions.

PG&E’s preliminary campaign results:

- Customers who have previously engaged with PG&E and have participated in one or more PG&E programs are most likely to convert to a TOU Rate Plan;

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<sup>13</sup> While PG&E reporting 200,000 customers in the Q2 PRRR report, 40,000 NEM customers were pulled due to a data error.

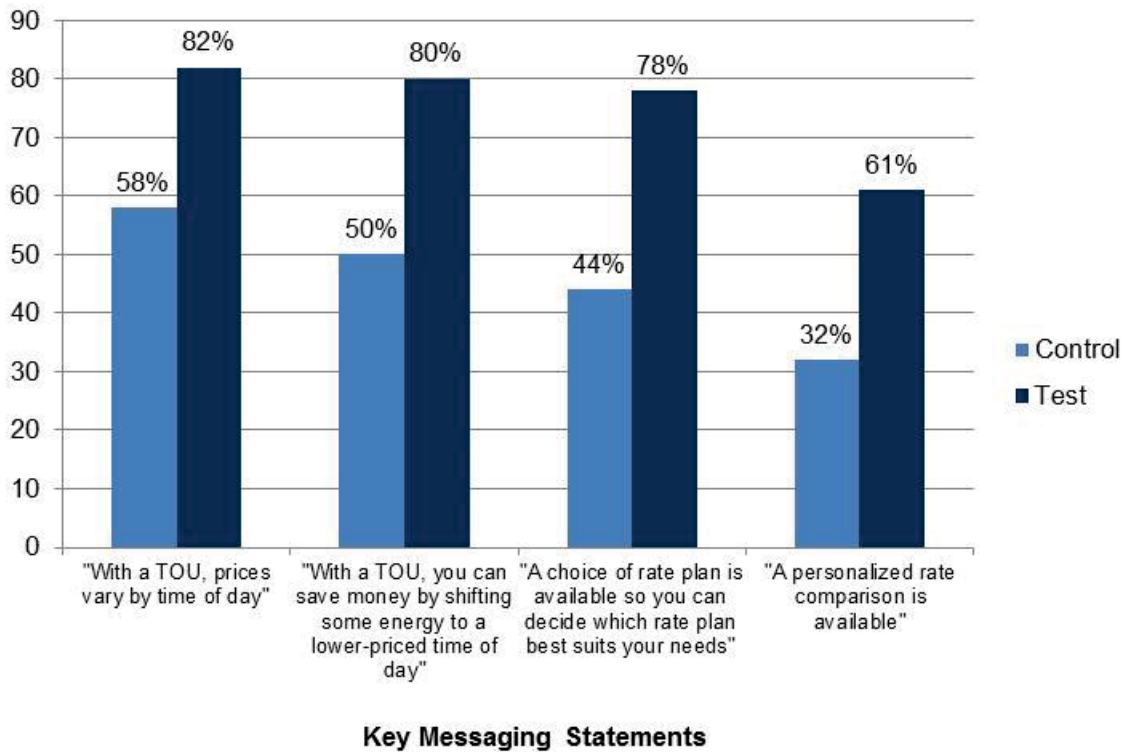
<sup>14</sup> “Gamified” marketing strategies can encourage action by influencing behavior. Gamification is inspired by behavioral economics, leveraging a deep understanding of human psychology and data analysis to drive more efficient and effective customer engagement.

- Customers that have higher average monthly electric usage are more likely to convert to a TOU rate plan;
- Non-CARE customers are twice as likely to convert to a TOU rate plan as CARE customers; and
- Bill Impact Savings amount appears to influence customer conversions; whereas a customer's geographic area is less impactful.

Campaign data and results are also being measured by a customer survey. The research consisted of an online and phone survey among 1,219 customers, targeted for the TOU marketing (“test” customers), and 971 matched “control” customers, who did not receive the communications. The main objective of the study is to understand the effect of being presented with rate options, and more specifically a lower-cost rate plan. The study also explored customer awareness, understanding, and engagement with TOU outreach, as well as reported interest in switching to a TOU rate. The full results of this analysis are anticipated to be available in Q4; however, PG&E has recently received some preliminary results as follows:

TOU messaging succeeded in communicating key aspects of rate plans. Test customers who recalled the communications were much more likely than control customers to be aware of key statements. The results are summarized in the chart below:

**CHART 1  
TOU ACQUISITION MESSAGING: RATE PLAN STATEMENT AWARENESS**



Test customers who recalled communications were more likely than control customers to feel that a TOU is “best for my household” (25 percent vs 17 percent); however, 45 percent test customers were “not sure” which rate plan was best for their household, indicating that despite being shown a clear monetary benefit, many respondents were not confident TOU was right for them.

Despite the good recall of communications and a quarter of test customers feeling that TOU is best for them, less than 20 percent were interested in switching to a TOU rate, and the key reason given among those not wanting to switch was “the higher priced period is inconvenient for my household.”

These preliminary results indicate that the TOU communications were effective in terms of message comprehension, but even customers who would benefit from a TOU are reluctant to voluntarily switch to a TOU rate when they understand the structure and the implications for their household.

Based on the full detailed analysis, PG&E will make determinations regarding future phases of activity seeking further “voluntary” enrollments into its available TOU rates. In addition, PG&E expects these results to influence planning for future RRR activities,

including future rate comparison mailers, as well as upcoming initiatives relating to the full roll-out of Default TOU in 2019.

#### **B. Enhancements to Online Customer Experience**

In Q3 2017, PG&E did not make any significant modifications to its residential online customer experience. The last major enhancement to the online platform occurred earlier this year, in February and March 2017.

#### **C. Online Rate Enrollment**

In March 2016, PG&E updated its web enrollment form to include enrollment in the new TOU rate plans. Many customers use the online channel to enroll on rate plan options. As of August 20, 2017, over 55,150 customers had enrolled in one of PG&E's currently available opt-in TOU rate plans (E-TOU-A and E-TOU-B) via the online channel.

#### **D. CSR Rate Enrollment Portal Launch and Highlights**

In Q3 2017, PG&E automated the process by which its CSRs enroll customers in residential TOU rates. This process improvement minimized the need for manual intervention by the back office and decreased the CSR handle time for rate changes. The increased usage of this new CSR enrollment tool is reported with the online rate enrollment metrics above.

#### **E. Online Rate Comparison**

PG&E did not make any modifications to its online rate comparisons this quarter.

#### **V. Sample Bill Presentment for Opt-In and Default Rate Schedules**

In Q3, PG&E did not make any modifications to bill presentment for opt-in or default TOU rate schedules. PG&E redesigned its Energy Statement in 2013, after an extensive collaborative process involving the CPUC and interested stakeholders.

#### **VI. Expenditures for Residential Rate Reform**

PG&E's Residential Rate Reform Memorandum Account was approved effective July 22, 2015 (Advice Letter E-4672). The information provided below only includes expenditures from August 2015 through September 2017. Outreach and education expenses prior to August 2015 were part of PG&E's 2014 General Rate Case (GRC). PG&E's expenditures that have been recorded in the RRMA for those time periods are shown below in Table 13.

Additionally, on August 11, 2017, Resolution E-4846 ordered: “PG&E must track its actual expenditures to date against its estimated costs in its PRRR reports, using each of the line item categories highlighted in the attached budget.”<sup>15</sup> This reporting pertains to Default Pilot expenditures. These line item expenses are detailed in Tables 12, 13, and 14.

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<sup>15</sup> Res. E-4846, mimeo p. 31.

**TABLE 12**  
**RATE REFORM COSTS AUGUST 2015 – SEPTEMBER 2017**  
**(WHOLE DOLLARS)**

		2015 (Aug-Dec)	2016 Total	2017 Q1 Total	2017 Q2 Total	2017 Q3 Total	2015-2017 Total
<b>Opt-in Pilot</b>	IT	\$ 57,641	\$ 904,880	\$ 111,510	\$ 17,822	\$ 1,419	\$ 1,093,272
	ME&O	\$ 356,275	\$ 1,309,419	\$ 110,994	\$ 231,599	\$ 116,266	\$ 2,124,554
	Contact Center	\$ -	\$ 44,940	\$ 5,531	\$ 14,014	\$ 6,655	\$ 71,139
	Billing Ops	\$ -	\$ 17,740	\$ 9,728	\$ 12,689	\$ 6,985	\$ 47,142
	Operations	\$ 42,888	\$ 1,525,975	\$ 624,017	\$ (135,142)	\$ 361,990	\$ 2,419,728
	Consultant	\$ 209,328	\$ 774,837	\$ 560	\$ 17,342	\$ (127,681)	\$ 874,386
	Incentive	\$ -	\$ 2,382,850	\$ 23,850	\$ 366,975	\$ 249,548	\$ 3,023,223
	<b>Opt-in Total</b>	<b>\$ 666,132</b>	<b>\$ 6,960,641</b>	<b>\$ 886,191</b>	<b>\$ 525,299</b>	<b>\$ 615,181</b>	<b>\$ 9,653,445</b>
<b>Default Pilot</b>	IT	\$ -	\$ 1,967	\$ 50,937	\$ 336,875	\$ 1,038,383	\$ 1,428,162
	ME&O	\$ -	\$ 158,195	\$ 185,164	\$ 57,717	\$ 200,299	\$ 601,374
	Contact Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Billing Ops	\$ -	\$ -	\$ 5,742	\$ 15,855	\$ 22,131	\$ 43,727
	Operations	\$ -	\$ 152,851	\$ 177,952	\$ 382,159	\$ 155,399	\$ 868,362
	Consultant	\$ -	\$ 59,658	\$ (59,658)	\$ -	\$ 62,846	\$ 62,846
	<b>Default Total</b>	<b>\$ -</b>	<b>\$ 372,671</b>	<b>\$ 360,136</b>	<b>\$ 792,606</b>	<b>\$ 1,479,059</b>	<b>\$ 3,004,472</b>
<b>Default Implementation</b>	Operations				\$ 1,108	\$ 31,345	\$ 32,453
		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,108</b>	<b>\$ 31,345</b>	<b>\$ 32,453</b>
<b>Outreach</b>	IT	\$ 901,664	\$ 3,059,017	\$ 877,410	\$ 483,699	\$ 86,348	\$ 5,408,139
	ME&O	\$ 114,895	\$ 5,531,125	\$ 327,697	\$ 359,225	\$ 264,073	\$ 6,597,015
	Contact Center	\$ 911	\$ 519,181	\$ 485,604	\$ 477,575	\$ 145,882	\$ 1,629,153
	Billing Ops	\$ -	\$ 107,757	\$ 188,615	\$ 270,770	\$ 95,606	\$ 662,748
	Operations	\$ -	\$ 2,299,871	\$ 704,871	\$ 596,807	\$ 618,248	\$ 4,219,797
	Consultant		\$ 147,084	\$ -	\$ -	\$ -	\$ 147,084
	<b>Outreach Total</b>	<b>\$ 1,017,470</b>	<b>\$ 11,664,034</b>	<b>\$ 2,584,197</b>	<b>\$ 2,188,077</b>	<b>\$ 1,210,157</b>	<b>\$ 18,663,935</b>
<b>Total 2015-2017 Expenditures (RRRMA)</b>		<b>\$ 1,683,602</b>	<b>\$ 18,997,346</b>	<b>\$ 3,830,524</b>	<b>\$ 3,507,090</b>	<b>\$ 3,335,742</b>	<b>\$ 31,354,304</b>

**TABLE 13  
DEFAULT PILOT EXPENDITURE OVERVIEW-2017 YTD  
(WHOLE DOLLARS)**

Budget Category	YTD 2017	2017 Forecast	3 Year Forecast
Default Pilot Design (Section A)	\$ -	-	33,500
Marketing, Education, & Outreach (Section B)	\$ 263,475	737,500	2,100,000
PG&E Customer Support (Section C)	\$ 3,716	187,268	623,838
Information Technology (Section D)	\$ 1,710,527	3,459,594	6,109,594
Billing Operations (Section E)	\$ 36,624	75,000	195,000
Customer Research, Measurement & Evaluation (Section F)	\$ 298,548	690,812	2,435,812
Other Labor	\$ 666,833	1,406,250	3,181,250
<b>Total</b>	<b>\$2,979,723</b>	<b>6,556,424</b>	<b>14,678,994</b>

**TABLE 14  
DEFAULT PILOT EXPENDITURE BUDGET CATEGORY BREAKDOWN-2017 YTD  
(WHOLE DOLLARS)**

<b>Default Pilot Design (Section A)</b>			
Budget Category	YTD 2017	2017 Forecast	3 Year Forecast
Working Group Consultant (if needed)	\$ -	-	33,500
<b>Marketing, Education &amp; Outreach (Section B)</b>			
Budget Category	YTD 2017	2017 Forecast	3 Year Forecast
90, 60, 30 Day Notifications	\$ 260,777	387,500	940,000
Outbound Calling	\$ -	50,000	225,000
Summer Seasonal	\$ -	\$ -	112,500
Winter Seasonal (if needed)	\$ -	\$ -	25,000
End of Bill Protection	\$ -	\$ -	101,250
Other Default Communications	\$ -	\$ -	96,250
Marketing Labor	\$ 2,698	300,000	600,000
<b>Total</b>	<b>\$ 263,475</b>	<b>737,500</b>	<b>2,100,000</b>
<b>PG&amp;E Customer Support (Section C)</b>			
Budget Category	YTD 2017	2017 Forecast	3 Year Forecast
Call Center Support	3,716	60,681	486,420
Employee Training	-	126,587	137,418
<b>Total</b>	<b>\$ 3,716</b>	<b>\$ 187,268</b>	<b>\$ 623,838</b>
<b>Information Technology (Section D)</b>			
Budget Category	YTD 2017	2017 Forecast	3 Year Forecast
Rate Design and Bill Protection (IT Work)	\$ 1,598,275	2,959,594	4,659,594
Enrollment, Default, Notifications (Vendors)	\$ -	500,000	1,250,000
CCA IT Work (if needed)	\$ -	\$ -	200,000
<b>Total</b>	<b>\$ 1,710,527</b>	<b>\$ 3,459,594</b>	<b>\$ 6,109,594</b>
<b>Billing Operations (Section E)</b>			
Budget Category	YTD 2017	2017 Forecast	3 Year Forecast
Billing Operations	36,624	75,000	195,000
<b>Total</b>	<b>\$ 36,624</b>	<b>\$ 75,000</b>	<b>\$ 195,000</b>
<b>Customer Research, Measurement &amp; Evaluation (Section F)</b>			
Budget Category	YTD 2017	2017 Forecast	3 Year Forecast
Communication Development	127,664	85,000	100,000
Quantitative ME&O and Experience Survey Tracking	-	20,000	500,000
Qualitative ME&O and Experience Evaluation	-	-	150,000
Customer Research Labor	76,491	155,000	385,000
ME&O Effectiveness Analysis - data and reporting	-	133,312	208,312
Load and Bill Impacts Analysis	-	-	150,000
Process Evaluation	-	50,000	200,000
Measurement and Evaluation Labor	94,394	247,500	742,500
<b>Total</b>	<b>\$ 298,548</b>	<b>\$ 690,812</b>	<b>\$ 2,435,812</b>

The March 14, 2016 ALJ Ruling directed the IOUs to provide further information regarding certain marketing and other expenditures to implement Residential Rate Reform changes.<sup>16</sup>

As referenced in the March 14, 2016 ALJ Ruling, PG&E is not recording costs in the RRRMA related either to the extension of the E-7 rate transition to May 31, 2016 or the changes required to implement revised March 1 rates. Actual costs incurred for such activities, which will not be recorded in the RRRMA and not recovered from ratepayers, have been separated out of the costs in Table 16:

**TABLE 15  
NON-RATE REFORM COSTS FEBRUARY – DECEMBER 2016  
(WHOLE DOLLARS)**

	2016 Q1	2016 Q2	2016 Q3	2016 Q4	Total
E-7 Extension	\$39,020	\$153,068	\$51,287	\$10,125	\$253,499
March 1 Rate Change	3,488	42,997	5,482	–	51,967
Total 2015-2016 Expenditures (Non-RROIR)	\$42,508	\$196,065	\$56,768	\$10,125	\$305,466

In order to ensure accurate recording of costs related to the extension of the date on which E-7 was to be eliminated, and March 1, 2016 E-1 rate changes, and to allow these costs to be tracked separately from the RRRMA and not charged for future recovery from ratepayers, special E-7 charging order numbers were created for this purpose within each organization that was anticipated to incur any such costs (e.g., Solutions Marketing; Information Technology; Billing Operations; Contact Center; Pricing Products; Data Analytics and Governance; Rate Analysis). Costs recorded to

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<sup>16</sup> The ALJ’s March 14, 2016 Ruling in R.12-06-013 specifically provided that:

*[t]he utilities must provide the information necessary for the Commission and parties to understand the marketing and other expenditures made to date to implement the rate changes. As stated above, the PRRR report must reference any marketing or other expenditures that the utility has indicated to the Commission will not be included in the RRRMA. For example, PG&E indicated in its February 23, 2016 supplemental information filing that it would not include certain costs related to the Schedule E-7 tariff transition in its RRRMA. In order to make review of cost recovery applications more transparent, this list of excluded amounts should also be footnoted in any future cost recovery application. Furthermore, any such expenditures excluded from the RRRMA must be itemized and labeled consistently in the PRRR report and may not be included, embedded, or recovered in any other memorandum or balancing account in any future cost recovery proceeding. (March 14, 2016 ALJ Ruling, emphasis added).*

these specific E-7 charging order numbers are monitored monthly. PG&E will not seek recovery from ratepayers of the costs in these special E-7 charging order numbers.

## **VII. Updates on Other Proceedings Impacting Residential Rate Reform**

The following updates are provided regarding other Commission proceedings that are related to residential rate reform:

### **A. PG&E's 2017 GRC Phase II Proceeding**

PG&E filed its 2017 GRC Phase II application and supporting testimony on June 30, 2016. This testimony included proposed changes to residential rates, along with a report proposing a methodology for estimating fixed costs and charges should the CPUC decide in the future to add this feature to residential rates.<sup>17</sup> PG&E has since served a number of amended versions of its testimony, as well as the update required by the CPUC's Rate Case Plan (served on December 2, 2016). On February 18, 2017, the Office of Ratepayer Advocates filed its opening testimony on GRC Phase II marginal cost, revenue allocation and rate design issues, followed by the other parties, who filed their opening testimony on March 15, 2017. Settlement discussions among the parties began on March 24, 2017. On March 31, 2017, one of the assigned ALJs issued a ruling granting the parties' motion to suspend the schedule for rebuttal testimony and hearing to allow more time for settlement discussions. Settlement discussions are still ongoing, as summarized in the most recent Settlement Status Report to the ALJ, filed on October 16, 2017

### **B. TOU Periods OIR**

On January 23, 2017, the CPUC issued a final decision (D.17-01-006) in this proceeding, which provided limited grandfathering of PG&E's legacy TOU rate periods for certain customers with solar units. In compliance with D.17-01-006, on March 30, 2017 PG&E filed two advice letters: (a) Advice 5037-E, to propose a dead band tolerance range for determining when changing costs would trigger TOU period revisions more frequently than at five year intervals; and (b) Advice 5039-E, to propose administrative procedures for grandfathering eligible solar customers. ORA and the Solar Energy Industries Association (SEIA) protested Advice 5037-E, while the

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<sup>17</sup> In a November 5, 2015 ALJ Ruling the CPUC identified PG&E's 2017 GRC Phase II proceeding as the appropriate venue for considering, in a workshop process, a common methodology for the calculation of a potential future fixed monthly charge for residential customers of all three IOUs. Testimony and briefing on these issues was completed in Q1 2017, and the CPUC issued D.17-09-035 on the methodology on October 4, 2017.

California Solar Energy Industries Association (CalSEIA) and the California Farm Bureau Federation protested Advice 5039-E. PG&E filed responses to these protests on April 26, 2017. Both advice letters are pending disposition. Separately, on March 2, 2017, SEIA and CalSEIA jointly filed a Petition to Modify that decision, seeking to broaden the grandfathering provisions of the decision. On April 3, 2017, PG&E, SCE and San Diego Gas & Electric Company (SDG&E) filed a joint response opposing the solar groups' petition for modification. A proposed decision on the Petition to Modify was issued by ALJ Cooke on September 18, 2017, followed by an alternate proposed decision by Commissioner Rechtschaffen on September 21, 2017. A final decision on this petition is still pending.

### **C. ESA/CARE Proceeding**

Per D.16-11-022, PG&E filed a Marketing & Outreach Plan for Low Income on July 21, 2017, that includes PG&E's marketing strategy for outreach to low income customers regarding residential rate reform. This plan addresses three phases to be implemented from 2017-2020 and targets the following low income audiences:

- High and low usage customers;
- Low income and hard-to-reach customers; and
- Those impacted both positively and negatively by TOU rate plans leading up to default in 2019.

In addition to the proceedings listed above, all proceedings categorized as rate-setting have the potential to impact PG&E's revenue requirement which, in turn, will impact the pricing of TOU rates. Examples of such proceedings include: PG&E's GRC Phase I; Energy Resource Recovery Account; Energy Efficiency; Catastrophic Event Memorandum Account; and Proposal for Retirement of the Diablo Canyon Power Plant applications.

### **VIII. Updates in RROIR Proceeding**

In this RROIR proceeding, the CPUC issued a decision on July 19, 2017,<sup>18</sup> granting in part the Joint Petition for Modification of D.15-07-001 by SDG&E, SCE, and PG&E, allowing these three IOUs, under limited circumstances, to request a rate change, made pursuant to the glide path, that exceeds the cap on the amount by which the rate applicable to Tier 1 usage could increase at any one time, using a Tier 3 advice letter

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<sup>18</sup> D.17-07-006.

process. That decision also addressed SDG&E's current difficulties calculating the High Usage Surcharge (previously known as the Super-User Electricity Charge).

## **IX. Conclusion**

PG&E appreciates the opportunity to update the Commission and stakeholders on its progress towards providing residential customers with the tools, programs and information they need in order to better understand and manage changes in their energy bills during the multi-year residential rate reform "glidepath" approved in D.15-07-001. PG&E looks forward to further collaboration and coordination on both its TOU Pilots and its ME&O efforts relating to all of the rate changes resulting from the CPUC's RROIR decisions, including, but not limited to helping customers prepare for the full-scale implementation of default TOU rates, targeted to begin in 2019. PG&E will continue to update the Commission and interested parties on its efforts and activities in future PRRR reports.

**PACIFIC GAS AND ELECTRIC COMPANY**  
**ATTACHMENT 1**  
**QUARTERLY REPORT**  
**ON PROGRESS OF RESIDENTIAL RATE REFORM (PRRR)**  
**RESIDENTIAL RATES OIR (R.12-06-013)**

**ATTACHMENT 1**  
**FINAL START/TRANSFER SCRIPT USED BY CSR'S**

**Start/ Transfer Rate Selection**

LAN ID:  (Auto-Filled)

Date/Time:   (Auto-Filled)

New Start or Transfer?\*

Account Number\*:

Street Address\*:

City\*:

Enter Baseline Territory\*

Enter Electric End Use Code\*

**In order to establish service in your name, you need to choose a rate. We have multiple rate options available and I would like to ask you some questions to help you select the best rate plan for your household:**

**Question 1,\***  
What is the square footage of your new residence?

If not, how many bedrooms do you have?

**Question 2,\***  
a. Do you have and use a pool pump and/or spa?

b. Do you have and use an AC during the hotter months of the year?

**Question 3,\***  
Are you able to conserve your energy between 3-9 Monday-Friday when energy costs are higher? For example, run the dishwasher, do laundry, and set your pool pump on a timer outside of 3-9PM M-F.

Check to verify all of the fields above are correct (All questions must be completed before rate will calculate)

Based on the information you provided, the  rate plan may be most beneficial to your household.

**Please read rate descriptions based on rate plan calculated/chosen by customer:**

- Tiered Rate Plan (E1):** This is a simple rate plan with two pricing levels, known as tiers, which are based on how much energy you use. It also includes a surcharge when energy use exceeds four times the first tier amount.
- Time-of-Use Rate Plan (ETOU-A):** This rate plan offers lower prices during periods of the day when energy costs are lower before 3 p.m. and after 8 p.m. on weekdays\*, and during all hours on weekends and most holidays. It also includes a baseline credit.
- Time-of-Use Rate Plan (ETOU-B):** This rate plan offers lower prices during periods of the day when energy costs are lower before 4 p.m. and after 9 p.m. on weekdays and during all hours on weekends and most holidays. There is no Baseline Allowance or Baseline Credit like Time-of-Use Rate Plan 3 p.m. - 8 p.m.

**NOTE:** For additional talking points/summary: [GenRef Article Residential Rate Options/Descriptions](#).

[Review the tariffs for information on current electric rate schedules](#)

Is this the rate you would like to select?

**I highly encourage you to register online at PGE.com to monitor your usage monthly and perform a rate comparison annually (NOTE: comparison not applicable to CCA customers).**