Decision 19-12-002 December 5, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Address Utility Cost and Revenue Issues Associated with Greenhouse Gas Emissions.	Rulemaking 11-03-012

DECISION GRANTING PETITION FOR MODIFICATION OF SAN DIEGO GAS & ELECTRIC COMPANY FOR THE YEARS 2020 AND 2021

Summary

This decision grants the March 29, 2019 petition for modification of Decision (D.) 13-12-003, with restrictions. For the years 2020 and 2021 only, San Diego Gas & Electric Company (SDG&E) must distribute the residential California Climate Credit in August and September instead of April and October, as originally adopted in D.13-12-003. No changes will be made to the timing or distribution methodology of SDG&E's Small Business Climate Credit or Industrial Assistance Credit.

During the years 2020 and 2021, SDG&E must track certain information and adhere to specific guidelines, as set forth in this decision. Beginning in 2022, SDG&E must revert distribution of the residential California Climate Credit to April and October, unless a subsequent Commission decision directs otherwise.

1. Background and Procedural History

On March 29, 2019, San Diego Gas and Electric Company (SDG&E) filed a petition for modification (PFM) of Decision (D.) 13-12-003, the Decision Adopting Cap-and-Trade Greenhouse Gas (GHG) and Allowance Implementation Plans.

The Utility Consumer's Action Network (UCAN) and the Public Advocates Office (Cal Advocates) filed responses to the PFM on April 26, 2019 and April 29, 2019, respectively. SDG&E asserts that the evidence supporting the relief sought in this PFM has become available over time and thus seeks a waiver of the one-year filing requirement set forth in Rule 16.4(d).[1]

As part of California's Cap-and-Trade program,[2] the electric investor-owned utilities (IOUs) are required to sell GHG allowances allocated to them by the California Air Resources Board (CARB) in CARB's quarterly auctions. The Commission opened Rulemaking (R.) 11-03-012 to determine how the IOUs should distribute the proceeds generated from the sale of GHG allowances for the sole benefit of the IOUs' retail ratepayers. D.13-12-003 is one of a series of decisions adopted in R.11-03-012 to implement the GHG proceeds allocation methodology adopted in D.12-12-033. D.12-12-033, in compliance with Assembly Bill 32[3] and Public Utilities (Pub. Util.) Code § 748.5,[4] allocated GHG allowance proceeds[5] first to emissions-intensive and trade-exposed entities, then to small businesses as defined therein, and then designated that the remainder of proceeds be distributed to residential customers[6] on an equal per residential

[1] All references to 'rules' are to the Commission's Rules of Practice and Procedure.

[2] Health and Safety Code §§ 38562 et seq., California Code of Regulations, Title 17, Division 3, Subchapter 10 (Climate Change), Article 5, §§ 95800-96023 (17 CCR §§ 95800-96023).

[3] Statues of 2006, Chapter 488.

[4] Statues of 2012, Chapter 39.

[5] Net of any proceeds dedicated to clean energy/energy efficiency projects and administrative/outreach expenses.

[6] D.12-12-033 initially neutralized Cap-and-Trade costs in residential electricity rates, but following various rate reforms, GHG costs are now fully reflected in residential rates D.15-07-001 Ordering Paragraph (OP) 18.

account basis delivered as a semi-annual, on-bill credit (the California Climate Credit[7]).[8]

The Commission, in D.12-12-033, also directed the large investor-owned utilities (Pacific Gas & Electric Company, Southern California Edison Company, and SDG&E) to jointly file plans explaining how they will implement the directives of D.12-12-033, including the planned methodology to distribute the Climate Credit to residential customers. D.13-12-003 approved, with modifications, the utilities' implementation plans. Relevant to this petition for modification, the Commission determined that the residential Climate Credit must be distributed in April and October of each year, stating:[9]

> We prefer not to have a distribution in the summer months. For much of the state, peak usage occurs in the summer; this is the time of year when energy efficiency efforts and demand response programs are most needed and effective. We do not want to reduce incentives for customers to conserve or effectively manage usage in the summer months, as the Climate [Credit] would alter such price signals to the extent customers do not understand the nature of the Climate [Credit].

2. Petition for Modification

In the instant PFM, SDG&E requests that the Commission alter the timing of distribution of the residential Climate Credit for its electric customers from April and October of each year to August and September, beginning in 2020. For 2019, SDG&E proposed maintaining the April 2019 Climate Credit and

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[7] Originally named the Climate Dividend, the name change was noticed to the service list of R.11-03-012 on January 28, 2014 and was added into the record of R.11-03-012 via ruling on February 5, 2014.

[8] SDG&E also delivers a natural gas Climate Credit to its natural gas customers in April of each year. This decision does not adopt any changes to SDG&E's natural gas Climate Credit.

[9] D.13-12-033 at 13.

requests expedited relief to change distribution of the October 2019 Climate Credit to September 2019. SDG&E states that the requested relief is in the public interest because it will "help mitigate bill volatility for residential customers and increase awareness of the Climate Credit."[10]

In support of its request, SDG&E points to electric bill volatility that occurred in the summer of 2018 due to both an extreme heatwave that lacked significant nighttime cooling and SDG&E's current tiered rate system, which maintains steep tier differentials. SDG&E acknowledged that seasonal rates and a high-use charge (for consumption 400% above baseline quantity) also contribute to bill volatility. Compared to a 2013-2017 baseline average, SDG&E reports 2018 customer bills were significantly higher; for both non-California Alternative Rates for Energy (CARE) and CARE customers, August 2018 bills nearly doubled compared to the baseline average for the month.[11] SDG&E asserts that customers expressed negative feedback in response to 2018 bill increases,[12] "despite SDG&E's increased efforts to provide customers with energy efficiency, conservation, and other support solutions."[13] SDG&E contends that the bill volatility experienced in the summer of 2018 will likely continue given the impacts of climate change.[14]

SDG&E asserts that changing the timing of the Climate Credit to August and September will provide its customers with relief from bill volatility and

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[10] PFM at 2.

[11] Non-CARE bills rose 91% and CARE bills rose 90% (Declaration of Cynthia Fang at 7).

[12] SDG&E, in its PFM, states that high bill complaints increased 2500% from July-September 2018 as compared to 2017 (*See* PFM at 7.)

[13] Declaration of Aaron Franz on Behalf of SDG&E in Support of [PFM] at 2-4 (Appendix C to PFM).

[14] PFM at 5

increasingly high summer bills. SDG&E acknowledges the Commission's position to avoid dilution of the carbon price signal; however, SDG&E "believes that providing relief to customers during high bill months when energy needs are greatest is important to acceptance of their electricity rates"[15] and cites Commission D.15-07-001, which includes rate acceptance as a principal for successful rate design. SDG&E continues, "energy conservation and efficiency efforts may not be sufficient for residential customers to manage costs during a heatwave," and "extreme volatility is impairing SDG&E's ability to communicate with its customers regarding their rates and energy efficiency/conservation tools...as customers transition towards time-variant rates."[16]

SDG&E further argues that when customers are unable to conserve enough to keep their bills at a "manageable level," SDG&E's efforts regarding outreach and education pertaining to energy conservation and efficiency are not well received. Finally, SDG&E asserts that shifting the Climate Credit would maintain the carbon price signal in rates (since there would be no change in how GHG costs are included in rates) while being timed to "provide relief and awareness when customer engagement is high."[17]

SDG&E states that customer engagement is not uniform across all months of the year, and customers pay most attention to their bills when they are high.[18] SDG&E provides evidence to support this point, comparing the amount and type

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[15] *Id.*

[16] *Id.*

[17] *Id.* at 6. SDG&E also notes asserts that, in its experience, timing the residential Climate Credit in April and October may result in reduced awareness of the credit, contrary to Pub. Util. Code § 748.5. (PFM at 17).

[18] *Id.* at 17.

of customer interactions between April and August 2018. SDG&E provides that calls regarding high bills increased (+577%) as did visits to online energy charts (+177%), online residential bill views (+56%), and branch office visits related to billing or payment assistance (+53%) for the higher-billed August period.

Thus, SDG&E offers, changing the timing of distribution of the Climate Credit would provide multiple benefits, including the near-term benefits of providing immediate bill relief while increasing customer awareness of the Climate Credit and the long-term benefit of increased rate acceptance as SDG&E transitions to time-of-use rates. SDG&E notes that even with the Climate Credit, summer bills will still far exceed bills during the rest of the year, including April and October; thus, application of the Climate Credit in August and September will not diminish customer engagement.[19]

3. Positions of Cal Advocates and UCAN and SDG&E Reply

3.1. Cal Advocates

Cal Advocates, in its response, urges the Commission to reject SDG&E's PFM and maintain the carbon price signal in rates; however, Cal Advocates recommends that the Commission authorize SDG&E to distribute the Climate Credit in August 2019 to provide "interim, one-time relief to SDG&E residential ratepayers...[in order] to provide relief to SDG&E ratepayers until the Commission can consider more comprehensive rate reform…"[20] Cal Advocates argues that SDG&E presents no compelling evidence to support its claim that distribution of the Climate Credit in August and September, as opposed to April and October, will increase customer understanding of rates and promote

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[19] *Id.*

[20] Cal Advocates Response at 1.

awareness of the Climate Credit. Further, Cal Advocates argues that distribution of the Climate Credit in summer months is not an effective long-term solution to address high summer bills that affect SDG&E's customers.

Cal Advocates notes that SDG&E's customers have faced higher-than-inflation rate increases over the past few years. In addition, SDG&E's tiered rate structure means that as customers use more energy (as usually occurs with higher temperatures), customers face higher-tier rates.[21] Finally, SDG&E's summer rates are generally higher than winter rates. These factors combined result in the high bills customers face during the summer months. Cal Advocates recommends that the Commission investigate SDG&E's high rates as a long-term solution and supports a one-time shift in the distribution of the Climate Credit, in August of 2019, to provide temporary relief while SDG&E's overall high rates are addressed comprehensively.[22]

3.2. UCAN

UCAN, in its response, generally supports SDG&E's PFM and states that it "believes that granting this request is in the best interests of [SDG&E] ratepayers."[23] UCAN agreed with SDG&E in identifying climate change as a long-term driver of bill volatility and agreed with the appropriateness of a permanent shift in distribution of the climate credit as a long-term solution.

UCAN agrees distributing the Climate Credit in the summer months will not reduce the incentive to conserve; rather, UCAN asserts it will allow

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[21] SDG&E filed a separate PFM to D.15-07-001 and D.17-07-006 (R.12-06-013) seeking to suspend its high usage charge to mitigate the tier rate differential. The Commission, in D.19-04-018 denied that PFM.

[22] Cal Advocates Response at 7.

[23] UCAN Response at 2.

customers to maintain necessary comfort and health-related energy usage (*e.g*. running air conditioning in the evening) in cases where all other conservation options have been exhausted without needing to weigh essential needs against the fear of an unpayable bill. UCAN also supports SDG&E's reasoning that application of the Climate Credit in summer months would provide additional opportunities to help customers understand their rates and the purpose of the Climate Credit because customer engagement increases when bills are high.

UCAN notes that it also received an increase in calls seeking assistance with high utility bills during the summer months of 2018, with many expressing confusion or blaming SDG&E of profiting from the heatwave. UCAN states that "offering the Climate Credit in the months of August and September could alleviate some of [the] animosity towards SDG&E [as a result of higher bills] and come at a time when customers need education the most."[24] UCAN believes, like SDG&E, that application of the Climate Credit in the summer months would increase the chances of conservation and increase awareness of the Climate Credit line item on their bills while reducing animosity towards SDG&E during the transition to time-of-use rates.

3.3. SDG&E's Reply

SDG&E timely filed and served a reply pursuant to approval granted by the assigned administrative law judge. In its reply, SDG&E recommends that UCAN's response be given greater weight as a San Diego based organization with "first-hand knowledge of the facts supporting SDG&E's petition."[25]

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[24] *Id* at 4.

[25] SDG&E Reply at 3.

However, although appreciative of Cal Advocates' support of a one-time change, SDG&E asserts, among other arguments, that Cal Advocates fails to appreciate the need to balance policy objectives.

SDG&E notes that changing distribution of the Climate Credit would not alter a customer's rate or carbon price signal; rather it would provide benefit when a customer needs it most, especially if the season price differential between winter and summer is eliminated. Further, SDG&E notes that the Climate Credit only provides a small amount of relief compared to the average bill size; the need to manage electricity usage during summer months remains. SDG&E also argues that Cal Advocates conflates high summer bills and high summer rates. SDG&E states that it does not seek to address high rates; rather, SDG&E seeks to "leverage the existing Climate Credit benefit to help customers manage potential summer bill volatility"[26] as a result of several reasons including unprecedented heat waves. Finally, SDG&E states that it has provided ample evidence, contrary to Cal Advocates' assertions, to support its request.

4. Discussion

The Commission grants SDG&E's PFM, with restrictions. For the years 2020 and 2021 only, SDG&E must distribute the residential Climate Credit in August and September. Given the timing of issuance of this decision and considering SDG&E's own implementation timetable included in the petition, SDG&E's request to distribute the October 2019 Climate Credit in September 2019 is moot. Beginning in 2022, SDG&E must revert to an April and October residential Climate Credit distribution, unless a subsequent Commission

[26] SDG&E Reply at 13.

decision directs otherwise. In addition, SDG&E must adhere to the following guidelines:

Customer Call-Center Communications:

1. Consistent with the direction in D.12-12-033,[27] SDG&E, in its communications with residential customers (*i.e.* when a customer calls regarding high summer bills), must emphasize that the Climate Credit is a program of the State of California and not an SDG&E rebate.
2. SDG&E must communicate that SDG&E is being temporarily authorized to distribute the Climate Credit in August and September in order to provide temporary relief from high summer bills; however, distribution in August and September will result in correlating bill increases for customers in April and October as compared to previous years when distribution of the Climate Credit occurred in those months.
3. SDG&E must offer to discuss conservation, energy efficiency and any other measures customers may use to mitigate high bills going forward.
4. If requested, SDG&E must explain to customers why bills have increased over recent years.
5. SDG&E must coordinate with Energy Division staff to review updated call center and other scripts/materials related to the Climate Credit that contain the information set forth in points 1-4, above.

Bill Inserts and Electronic Bill Communications:

1. SDG&E must coordinate with Energy Division staff to develop new language to modify twice-annual written communications required under D.16-06-041[28] to include points 1-4, above, when appropriate. New communication materials must also present a timetable clearly showing the

[27] D.12-12-033 at 123 and 136-138.

[28] OP 1

distribution months for both the electric and natural gas credits for that year. The April timing of the natural gas credit is not affected by this decision. Anticipated communication materials include:

a. An April customer bill insert/letter/email explaining that the April electric Climate Credit will be distributed in August for 2020 and 2021; and

b. August and September customer bill inserts/letters/emails providing information about the Climate Credit as required in D.16-06-041. SDG&E must include information about the change in timing of Climate Credit distribution.

Information Tracking and Reporting:

SDG&E must track the following information on a yearly basis and provide it to the Commission's Energy Division, via written report, by December 1st of the years 2020 and 2021. SDG&E should provide a breakout of the metrics below specific to CARE customers for Items 1, 2, 4 and anywhere else where applicable:

1. The number of customer calls regarding high summer bills in 2020 and 2021 versus 2017, 2018 and 2019, presented on an annual and monthly basis.
2. The number of customer calls regarding the Climate Credit and the Average Handling Time in 2020 and 2021 as compared to 2017, 2018 and 2019 (if SDG&E is presently tracking customer calls relating to the Climate Credit), including a monthly comparison of 2020 and 2021 data to 2017, 2018, and 2019 call volumes.
3. Any increase in conservation, energy efficiency or other measures undertaken by customers as a result of distribution of the Climate Credit in August and September as compared to 2017, 2018 and 2019 (to the extent SDG&E can track this information).
4. As the petition has already provided a breakout of average bill costs and usage per month for CARE customers in

"Table CF-5: CARE Customer Monthly Averages - Pre-Proposal 2012-2017", SDG&E's report should include updated versions of both "Table CF-4: Non-CARE Customer Monthly Averages - Pre-Proposal 2012-2017" and "Table CF-5: CARE Customer Monthly Averages – Pre Proposal 2012-2017" to include data for the 2018-2020 years and any available 2021 data.

5. A narrative description of any rate structure changes or other programs or policies that became effective during the 2020-2021 period for residential customers or weather conditions and the impact these changes/conditions may have had on customers' engagement with SDG&E regarding residential customer bills.
6. An overall description of whether SDG&E has found that distribution of the Climate Credit increased understanding of customer bills and/or rates and increased awareness and understanding of the Climate Credit (along with any supporting data).

In granting SDG&E's PFM, with restrictions, the Commission seeks to gain insight into whether distribution of the Climate Credit in the summer months results in an increase of awareness of the crediting of GHG allowance proceeds pursuant to Pub. Util. Code § 748.5. The Commission agrees with Cal Advocates that SDG&E has not presented evidence that distributing the Climate Credit in August and September will definitively increase customer understanding of rates and promote awareness of the Climate Credit; however, SDG&E has presented evidence that customer outreach to SDG&E occurs at a higher rate in the summer than at other times of the year. While nothing prevents SDG&E from discussing the Climate Credit whenever a customer calls throughout the year, it seems logical that noting a bill reduction during times of high rates and bill volatility may assuage some customers and present an opening for a conversation about longer-term conservation and efficiency measures that can be undertaken. It is worthwhile to explore whether distributing the Climate Credit at times of high bill volatility results in increased awareness and understanding of the Climate Credit (and conservation measures) on a temporary and experimental basis.

The Commission seeks to maintain the carbon price signal in rates, a policy goal stated in D.12-12-033. As noted by UCAN, the carbon price will continue to be included in customer bills on a monthly basis. However, the marginal impact of the carbon price signal is likely to be reduced as a result of the shift in distribution months, dampening some conservation value of the signal. This is because the impact of each dollar increase in cost is not experienced identically by customers; customers are more sensitive to increases in cost when bills are already high (and may be more likely to act during these periods). As evidence of this effect, in its petition SDG&E provided data that demonstrates an accelerating increase in call volume as bill costs increase. As noted by UCAN and SDG&E, the size of the Climate Credit is not likely to offset the entire increase in summer bills; customers will likely still see high bills over the next years and will still have an incentive to conserve.

Of course, there is a risk that in authorizing distribution of the Climate Credit in August and September, the resulting bill reduction may be significant enough to assuage some customers who might have otherwise called, thus removing the possibility of increased engagement around the Climate Credit. For this reason, SDG&E is ordered to track the number of calls in 2020 and 2021 (as set forth earlier in this section), as it has already done for 2017, 2018 and presumably 2019. Further, SDG&E is required to track whether distribution of the Climate Credit in August and September directly or indirectly results in an increase in customer implementation of conservation and efficiency measures, to the extent possible. This information must be presented to Energy Division as set forth above.

The Commission agrees with Cal Advocates that distribution of the Climate Credit in August and September is not an appropriate long-term solution to high customer bills. As explained by Cal Advocates, the high bills seen by SDG&E customers over recent years are the result of several factors and are not significantly impacted by the carbon price signal in rates. For this reason, the Commission approves SDG&E's PFM to provide temporary relief while other solutions to high rates are explored. In no way should the Climate Credit be viewed as an SDG&E program to reduce rates and customer bills. Therefore, as set forth above, SDG&E must emphasize in its conversations with customers that SDG&E is being authorized by the Commission to distribute the California Climate Credit in August and September to provide temporary relief and to facilitate customer-level discussions around the most appropriate conservation and efficiency solutions for specific customers facing a complex and changing rate environment. SDG&E must also make clear during customer conversations that customers will see a correlating bill increase in April and October when the Climate Credit would usually have been applied.

5. Comments on Proposed Decision

The proposed decision of Administrative Law Judge (ALJ) Melissa K. Semcer in this matter was mailed to the parties in accordance with Section 311 of the Pub. Util. Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. SDG&E and Cal Advocates timely filed opening and reply comments on October 31, 2019 and November 5, 2019, respectively.

SDG&E contends that the decision should be modified to include a regulatory mechanism to continue the August and September distribution of the California Climate Credit beyond 2021 if collected data supports an increased understanding and awareness of the credit. Specifically, SDG&E suggests an open-ended continuation of the policy adopted herein until such time the Commission determines it is no longer reasonable to do so. In the alternative, SDG&E proposes that the Commission authorize SDG&E to continue an August and September distribution of the California Climate Credit for additional years via a Tier 2 advice letter filed concurrently with the December 1, 2021 report required by this decision. Finally, SDG&E recommends that the proposed decision be modified to reference increased understanding of customer bills, rather than customer rates, to be consistent with current California Climate Credit communications.

Cal Advocates, in reply comments, argues that the Commission should reject SDG&E's proposal to allow for an ongoing distribution of the California Climate Credit in August and September stating that to do so "would essentially reverse the intent of the [proposed decision].[29] Cal Advocates asserts that approving SDG&E's recommended changes would result in a continuation of the policy adopted herein without a mechanism in place to evaluate the efficacy of the change. Cal Advocates notes that the proposed decision as written does not preclude SDG&E from seeking to make the timing adopted herein permanent through the formal proceeding process.

In opening comments, Cal Advocates states that it generally supports the proposed decision but recommends the Commission require SDG&E to submit

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[29] Cal Advocates Reply Comments, November 5, 2019, at 1.

data in addition to that required in the proposed decision. These data include tracking the number of customer calls regarding high bills, the number of contacts regarding the California Climate Credit and the Average Handling Time for several points in time as well as the percent increase/decrease in these metrics against various other data points. Finally, Cal Advocates recommends that the Commission require SDG&E to conduct customer surveys to assess customers' knowledge of the California Climate Credit in 2020 and 2021.

In reply comments, SDG&E suggests that Cal Advocates' comments should be rejected for failing to identify errors in the proposed decision, as required by Rule 14.3 of the Commission's Rules of Practice and Procedure. SDG&E further recommends the Commission reject Cal Advocates' request to conduct customer surveys because to do so would result in costs that are currently unknown and, SDG&E contends, the provisions of the proposed decision as drafted provide the necessary information to determine impact of the change in distribution timing of the California Climate Credit.

In addition to making non-substantive changes to the proposed decision to correct typographical errors and improve clarity, the following changes to the proposed decision are adopted:

1. The decision adopts SDG&E's request to change Appendix A, Item 6 to note an increased understanding of customer bills as opposed to solely customer rates.
2. The decision adopts Cal Advocates' suggestion to track call data at the monthly level and to track Average Handling Time.

All other proposed changes are rejected. SDG&E's request to allow continuation of the August/September California Climate Credit distribution unabated unless discontinued by Commission action negates the directive of the proposed decision to "gain insight into whether distribution of the Climate Credit in the summer months results in an increase of awareness of the crediting of GHG allowance proceeds pursuant to Pub. Util. Code § 748.5."[30] Requiring the Commission to take action to shift distribution back to April and October shifts the burden to the Commission to prove the changes adopted herein are ineffective, rather than keeping the burden where it rightly belongs, with SDG&E, to prove programmatic efficacy. Use of a Tier 2 advice letter, a mechanism meant for ministerial actions, denies parties the right to thoroughly evaluate the effectiveness of the change in timing of the distribution that is afforded through a full Commission proceeding.

Nothing in this decision precludes SDG&E from seeking an additional petition for modification of D.13-12-033. SDG&E should note, however, that the Commission adopted a single state-wide program for distribution of the California Climate Credit, including outreach and public education campaigns. By allowing this temporary change for one utility, the Commission seeks to explore the impact, if any, of timing on distribution of the California Climate Credit. Any permanent changes should fit within the parameters of a comprehensive state-wide program. The Commission may look at this issue more holistically in the future.

Cal Advocates' request to require SDG&E to conduct customer surveys is rejected. SDG&E is required to track whether there is any measurable increase in conservation, energy efficiency, or other measures as a result of distribution of the California Climate Credit in August and September as compared to 2017-2019. The Commission declines to dictate the methodology SDG&E must

[30] Proposed Decision at 12.

use to make this determination. Finally, SDG&E is not required to present the percent increase/decrease across months as requested by Cal Advocates. Presentation of the raw data is sufficient for the Commission's purposes. Nothing adopted herein precludes Cal Advocates from conducting its own data requests of SDG&E.

6. Assignment of Proceeding

Liane Randolph is the assigned Commissioner and Melissa K. Semcer is the assigned ALJ in this proceeding.

Findings of Fact

1. SDG&E filed the instant PFM more than one year from the effective date of D.13-12-002.

2. The evidence supporting SDG&E's PFM was not available within one year of the effective date of D.13-12-002.

3. SDG&E's electric customers experienced bill volatility in the summer of 2018 due to compounding factors, including an extreme heatwave that lacked nighttime cooling, SDG&E's current tiered rate system and seasonal rate differentials.

4. For both CARE and non-CARE customers, August 2018 bills nearly doubled compared to the baseline average for the month.

5. It is possible that bill volatility will continue as a result of climate change.

6. Customer engagement is not uniform across months. Customer calls regarding bills were 577 percent higher in August 2018 as compared to April 2018.

7. SDG&E has not provided sufficient evidence to find that distributing the electric Climate Credit in August and September will definitively increase customer understanding of rates and promote awareness of the Climate Credit.

8. Discussing a bill reduction during times of high rates and bill volatility may assuage some customers and present an opening for a conversation about longer-term conservation and efficiency measures.

9. It is worthwhile to explore whether distributing the electric Climate Credit at times of high bill volatility results in increased awareness and understanding of the Climate Credit and other conservation measures on a temporary and experimental basis.

10. The carbon price will continue to be included in customer bills on a monthly basis.

11. The marginal impact of the carbon price signal is likely to be somewhat reduced as a result of a shift of the electric Climate Credit distribution months from April and October to August and September because customers are more sensitive to cost increases when bills are already high.

12. Distribution of the electric Climate Credit in August and September is not likely to offset the entire increase in summer bills; customers will likely still see high summer bills and will still have an incentive to conserve.

13. Distribution of the electric Climate Credit in August and September is not an appropriate long-term solution to address high customer bills.

14. The Climate Credit is a program of the State of California.

Conclusions of Law

1. Although SDG&E filed its PFM more than one year after the effective date of D.13-12-002, SDG&E's PFM complies with Rule 16.4(d).

2. SDG&E's request to distribute the October 2019 California Climate Credit in September 2019 is moot.

3. It is reasonable to authorize SDG&E to distribute the electric California Climate Credit in August and September for the years 2020 and 2021 to provide temporary relief from bill volatility.

4. SDG&E should be required to communicate to customers about the shift in the timing of distribution of the electric Climate Credit and should use customer calls as an opportunity to discuss conservation, energy efficiency and any other measures that customers may use to mitigate high bills going forward.

5. SDG&E should be required track the impact of distribution of the electric Climate Credit in August and September on customer understanding of the Climate Credit and customer willingness to engage in efficiency and conservation efforts. SDG&E should report this information to the Commission's Energy Division on a yearly basis.

6. SDG&E should develop a long-term strategy to address summer bill volatility that does not rely upon continued distribution of the Climate Credit in the summer months.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company is authorized to distribute the electric California Climate Credit in August and September of the years 2020 and 2021 subject to the provisions and reporting guidelines set forth in Appendix A. Beginning in 2022, San Diego Gas & Electric Company must revert distribution of the electric California Climate Credit to April and October, unless a subsequent Commission decision directs otherwise.

2. Rulemaking 11-03-012 remains open.

This order is effective today.

Dated December 5, 2019, at San Francisco, California

MARYBEL BATJER
President
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
Commissioners

APPENDIX A

Appendix A

Customer Call-Center Communications:

1. Consistent with the direction in Decision 12-12-033,[31] San Diego Gas & Electric Company, in its communications with residential customers (*i.e*. when a customer calls regarding high summer bills), must emphasize that the electric California Climate Credit is a program of the State of California and not a San Diego Gas & Electric Company rebate.
2. San Diego Gas & Electric Company must communicate that it is being temporarily authorized to distribute the electric California Climate Credit in August and September in order to provide temporary relief from high summer bills; however, distribution in August and September will result in correlating bill increases for customers in April and October as compared to previous years when distribution of the electric California Climate Credit occurred in those months.
3. San Diego Gas & Electric Company must offer to discuss conservation, energy efficiency and any other measures customers may use to mitigate high bills going forward.
4. If requested, San Diego Gas & Electric Company must explain to customers why bills have increased over recent years.
5. San Diego Gas & Electric Company must coordinate with the Commission's Energy Division staff to review updated call center and other scripts/materials related to the electric California Climate Credit that contain the information set forth in points 1-4, above.

Bill Inserts and Electronic Bill Communications:

1. San Diego Gas & Electric Company must coordinate with Energy Division staff to develop new language to modify twice-annual written communications required under Decision 16-06-041[32] to include points 1-4, above, when appropriate. New communication materials must also present a timetable clearly showing the distribution months for both the electric and natural gas credits for that year. The April timing of the

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[31] Decision 12-12-033 at 123 and 136-138.

[32] Ordering Paragraph 1

natural gas credit is not affected by this Decision. Anticipated communication materials include:

a. An April customer bill insert/letter/email explaining that the April electric California Climate Credit will be distributed in August for 2020 and 2021; and

b. August and September customer bill inserts/letters/emails providing information about the electric California Climate Credit as required in Decision 16-06-041. San Diego Gas & Electric Company must include information about the change in timing of the electric California Climate Credit distribution.

Information Tracking and Reporting:

San Diego Gas & Electric Company must track the following information on a yearly basis and provide it to the Commission's Energy Division, via written report, by December 1 of the years 2020 and 2021. San Diego Gas & Electric Company should provide a breakout of the metrics below specific to California Alternative Rates for Energy (CARE) customers for items 1, 2, 4 and anywhere else where applicable:

1. The number of customer calls regarding high summer bills in 2020 and 2021 versus 2017, 2018 and 2019, presented on an annual and monthly basis.
2. The number of customer calls regarding the electric California Climate Credit and the Average Handling Time in 2020 and 2021 as compared to 2017, 2018 and 2019 (if San Diego Gas & Electric Company is presently tracking customer calls relating to the electric California Climate Credit), including a monthly comparison of 2020 and 2021 data to 2017, 2018, and 2019 call volumes.
3. Any increase in conservation, energy efficiency or other measures undertaken by customers as a result of distribution of the electric California Climate Credit in August and September as compared to 2017, 2018 and 2019 (to the extent San Diego Gas & Electric Company can track this information).
4. San Diego Gas & Electric Company's Petition for Modification has already provided a breakout of average bill costs and usage per month

for California Alternative Rate for Energy (CARE) customers in "Table CF-5: CARE Customer Monthly Averages - Pre-Proposal 2012-2017." San Diego Gas & Electric Company's report must include updated versions of both "Table CF-4: Non-CARE Customer Monthly Averages - Pre-Proposal 2012-2017" and "Table CF-5: CARE Customer Monthly Averages – Pre Proposal 2012-2017" to include data for the 2018-2020 years and any available 2021 data.

5. A narrative description of any rate structure changes or other programs or policies that became effective during the 2020-2021 period for residential customers or weather conditions and the impact these changes/conditions may have had on customers' engagement with San Diego Gas & Electric Company regarding residential customer bills.
6. An overall description of whether San Diego Gas & Electric Company has found that distribution of the electric California Climate Credit increased understanding of customer bills and/or rates and increased awareness and understanding of the electric California Climate Credit (along with any supporting data).

(END OF APPENDIX A)