PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Agenda ID #23080
ENERGY DIVISION **RESOLUTION E-5355**
December 19, 2024

R E S O L U T I O N

Resolution E-5355. Implementation of San Diego Gas & Electric Company's Income-Graduated Fixed Charges Pursuant to Ordering Paragraph 3(c) of Decision 24-05-028

PROPOSED OUTCOME:

- Approves with modifications San Diego Gas & Electric Company's (SDG&E) request to implement the fixed charge pursuant to Decision (D.) 24-05-028, which includes modifications to SDG&E's proposals for rate design, tier assignments (including deed-restricted affordable housing), marketing, education, and outreach, facilitation contractor, and SDG&E's additional implementation budget.
- Orders SDG&E to submit a Tier 2 advice letter within 60 days of the issuance of this Resolution to address requirements for its marketing, education, and outreach plan.
- Orders SDG&E to submit a Tier 2 advice letter within 90 days of the issuance of this Resolution to provide redlined changes to its volumetric rate components of all residential tariffs active in 2025, including legacy rates.
- Orders SDG&E to submit a Tier 1 advice letter within 30 days before the fixed charge is implemented to provide final redlined tariffs.
- Orders SDG&E to file a Tier 2 Advice Letter within 90 days of the issuance of this Resolution to expand on how its discount programs (specifically the Medical Baseline, DAC-GT, and CS-GT programs) interact with the new residential fixed charges and volumetric rates.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this Resolution.

ESTIMATED COST:

- Authorizes an additional incremental budget of $4.003 million for costs associated with implementing the deed-restricted affordable housing tier assignment, the marketing, education, and outreach plan, and the facilitation contractor as required by D. 24-05-028. The Commission did not approve these budgets in D.24-05-028, as the Decision directed SDG&E to request budget authorization in the Tier 3 AL to implement the fixed charge.
- Authorizes up to $12.310 million of actual incremental implementation costs to be recorded in the Income Graduated Fixed Charge Memorandum Account. This revised total implementation budget includes up to $8.307 million previously authorized in D.24-05-028 and the additional incremental budget of $4.003 million authorized in this Resolution.

By Advice Letter 4492-E, submitted August 13, 2024, Advice Letter 4492-E-A, submitted September 16, 2024, and Advice Letter 4492-E-B, submitted October 9, 2024.

SUMMARY

This Resolution approves with modifications San Diego Gas & Electric Company's (SDG&E) Advice Letter (AL) 4492-E, AL 4492-E-A, and AL 4492-E-B to implement an income-graduated fixed charge (IGFC or fixed charge) for residential customers pursuant to Decision (D.) 24-05-028 (Decision) to accelerate the state's clean energy transition. The Decision changes how large investor-owned utilities (IOUs) bill residential customers for infrastructure-related costs. The fixed charge not only shrinks the price for a unit of electricity for all customers, but also makes it more affordable to electrify homes and vehicles, regardless of income or where someone lives.

The fixed charge will be applied based on income tiers, with lower-income customers paying a lower charge and higher-income customers paying a higher charge. This approach ensures that the burden of the fixed charge is distributed fairly and does not disproportionately affect lower-income households, including customers participating

in the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs.[1]

The Decision required that SDG&E remove minimum bills from residential customer bills (where applicable). The Decision also required SDG&E to launch an effective marketing, education, and outreach (ME&O) campaign. Specifically, the Decision required that the ME&O campaign address the following topics:

a. When the new fixed charge will be applied;
b. Why and how the new fixed charge will reduce volumetric rates;
c. The amount of the fixed charge and how the fixed charge will affect customers' bills;
d. How tiers will be assigned and how to move to a different income tier;
e. Different rate options and rate comparison tools;
f. Options to enroll in CARE or FERA and other ways to manage energy costs;
g. Assure CARE and FERA customers that their assistance program discounts will not be affected by the fixed charge and that they may see lower bills as a result of the fixed charge; and
h. Why and how the fixed charge will encourage the adoption of electrification technologies and associated reduced use of fossil fuels and how customers can find rebates to electrify.[2]

The California Public Utilities Commission (Commission or CPUC) directs SDG&E to modify its implementation plan according to the direction provided in this Resolution on issues raised in protest to the AL and on aspects of SDG&E's implementation plan that warrant clarification. This Resolution directs SDG&E to submit a Tier 2 AL within 60 days of the issuance of this Resolution to address the requirements of its ME&O plan. This Resolution also directs SDG&E to submit a Tier 2 AL within 90 days of the issuance of this Resolution to provide redlined changes to its volumetric rate components of all residential tariffs active in 2025, including legacy rates. In addition, SDG&E will need to submit a Tier 1 AL within 30 days before the fixed charge is implemented to provide final redlined tariffs.

[1] Qualifying low-income households receive up to a 35% discount on electric bills from CARE, while FERA provides up to an 18% discount.
[2] D.24-05-028 at 94-95.

BACKGROUND

On June 30, 2022, California Assembly Bill (AB) 205 (Stats. 2022, ch. 61) became law, paving the way for the Commission to adopt a more equitable rate structure for residential customers and to direct the electric IOUs to collect a reasonable portion of the fixed costs of providing electric service for residential customers.

On July 14, 2022, the Commission initiated Rulemaking (R.) 22-07-005 to establish demand flexibility policies and modify electric rates to advance the following objectives: (a) enhance the reliability of California's electric system; (b) make electric bills more affordable and equitable; (c) reduce the curtailment of renewable energy and greenhouse gas emissions associated with meeting the state's future system load; (d) enable widespread electrification of buildings and transportation to meet the state's climate goals; (e) reduce long-term system costs through more efficient pricing of electricity; and (f) enable participation in demand flexibility by both bundled and unbundled customers. Phase 1 of R.22-07-005 is organized into two concurrent tracks, and Track A established the fixed charge for residential rates for all electric IOUs in accordance with AB 205, including small and multi-jurisdictional electric utilities.

On May 15, 2024, the Commission adopted the Decision, authorizing all electric IOUs—Pacific Gas and Electric (PG&E), Southern California Edison (SCE), SDG&E (collectively, Large Utilities), Bear Valley Electric Service, Inc., Liberty Utilities, and PacifiCorp d/b/a Pacific Power (collectively, Small Utilities)—to change the structure of residential customer bills in accordance with AB 205. The Decision requires the IOUs to change the structure of residential customer bills by shifting the recovery of a portion of fixed costs from volumetric rates to a separate, fixed amount on bills without changing the total costs that utilities may recover from customers. As a result, the Decision reduces the volumetric price of electricity (in cents per kilowatt-hour (kWh)) for all residential customers of electric IOUs. This billing structure does not impose new fees: it simply reallocates how existing costs are shared among customers.

D.24-05-028 adopted a gradual, incremental approach to implementing AB 205 requirements, including offering fixed charge amounts. The adopted billing structure will offer discounts based on the existing income-verification processes of the utilities' CARE and FERA programs. In the next phase of this proceeding or a successor proceeding, the Commission will consider improvements to the new billing structure based on the initial implementation results and a working group proposal.

D.24-05-028 directed SCE and SDG&E to apply the adopted changes to residential customer bills during the fourth quarter of 2025 (between October 1, 2025, and December 15, 2025) and PG&E to apply the adopted changes to residential customer bills during the first quarter of 2026 (between January 1, 2026, and March 31, 2026), implementing the adopted billing structure below through a Tier 3 advice letter as follows:

a. **Tier 1:** Customers enrolled in the CARE program shall automatically pay the lowest discounted fixed amount (approximately $6 per month).
b. **Tier 2:** Customers enrolled in the FERA program or who live in affordable housing restricted to residents with incomes at or below 80 percent of Area Median Income shall automatically pay a discounted fixed amount (approximately $12 per month).
c. **Tier 3:** All other customers will pay a fixed amount of $24.15 per month. In accordance with AB 205, the revenues from the fixed charges will be used to (a) ensure that a low-income customer with average electricity usage will realize bill savings in each baseline territory without changes to usage, and (b) reduce volumetric rates for all residential customers.

The new billing structure will apply to all residential rates of the electric IOUs, except for master-metered rates that are not sub-metered, separately metered electric vehicle rates for customers whose primary meter has a fixed charge, or rate schedules that are scheduled to be eliminated by the second quarter of 2026. The revenues from fixed charges will be applied to reduce volumetric rates equally across all time-of-use (TOU) periods. The Decision approved an aggregate total of up to $35.6 million for the implementation costs of the Large IOUs.

D.24-05-028 established an Implementation Working Group (IWG) that will be convened and facilitated by the Commission's staff to assess and evaluate fixed charges and (a) identify problems with implementation and ME&O efforts and suggest solutions at meetings, and (b) provide written recommendations to the Commission's staff about how lessons learned from the implementation of the fixed charge should influence the design of future fixed charges or alternative rate mechanisms.[3]

As directed in D.24-05-028 for implementation of the fixed charge, SDG&E (1) submitted a Tier 1 AL on June 14, 2024, to establish a new IGFC memorandum

[3] D.24-05-028, at 101.

account (IGFCMA) and a new IGFC balancing account (IGFCBA);[4] (2) conferred with PG&E and SCE and the Commission's Energy Division staff on June 24, 2024, to develop consistent ME&O terminology, high-level messages, and metrics;[5] and (3) collaborated with PG&E and SCE to invite parties to the joint Energy Division and Large IOUs' Fixed Charge ME&O Workshop held on July 10, 2024.[6]

To comply with the Decision's Ordering Paragraph (OP) 3(c), SDG&E submitted its Tier 3 AL on August 13, 2024, requesting Commission approval to implement its fixed charge for residential customers, remove minimum bills for residential customers (if applicable), and propose a ME&O plan. On September 16, 2024, SDG&E filed a partial supplemental AL 4492-E-A to correct a calculation error in its deed-restricted affordable housing (DRAH) budget. SDG&E clarified that it is not altering its underlying annual budget methodology, and there are no additional errors in the table calculation. On October 9, 2024, SDG&E filed AL 4492-E-B, a second partial supplemental AL, to correct errors in the ME&O budget.

NOTICE

Notice of AL 4492-E was made by publication in the Commission's Daily Calendar. SDG&E states that a copy of the AL and its supplement were mailed and distributed in accordance with Section 4 of General Order (GO) 96-B.

PROTESTS

SDG&E's AL 4492-E was timely protested on September 3, 2024, by the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), the Solar Energy Industries Association (SEIA), jointly by The Utility Reform Network and the Natural Resources Defense Council (TURN/NRDC) and the Center for Accessible Technology (C4AT) and on September 4, 2024, by the California Environmental Justice Alliance (CEJA) (collectively, Protest Parties). On September 10, 2024, SDG&E filed its reply to the protests.

The Protest Parties contested several aspects of SDG&E's implementation plan, which are summarized below in the following sections: (1) rate design, (2) tier assignments

[4] Ibid., OP 1. Energy Division approved SDG&E AL 4459-E on June 26, 2024.
[5] Ibid., OP 3 (a).
[6] Ibid., OP 3 (b).

(including the DRAH implementation), (3) proposed ME&O plan, and (4) total estimated implementation budget.

1. Rate Design

1.1. TURN/NRDC's Protest

TURN/NRDC recommended rejecting SDG&E's proposed "one-time change" to volumetric distribution rates on an equal cent per kWh for all residential TOU schedules.[7] They cited that the impact of this charge on residential schedules was unclear. TURN/NRDC suggested SDG&E should present actual values using current rates to differentiate how the one-time charge may be different from applying a scaling factor to each of the residential volumetric residential rates.[8]

1.2. CEJA's Protest

CEJA contended the analysis, calculations, or data in the AL contained material errors or omissions. It alleged the relief requested in the AL is unjust, unreasonable, or discriminatory per GO 96-B, Rule 7.4.2.[9] CEJA argued that ratepayers from different IOUs would pay different costs, and that Tier 1 and 2 customers would also be disadvantaged by the cost layering methods chosen. CEJA protested SDG&E's illustrative Cost Layering in AL 4492-E, observing that no Public Purpose Program (PPP) costs were shown in Tier 1 and Tier 2 fixed charges.[10] CEJA asserted that the SDG&E Cost Layering methodology could lead to higher volumetric rates for low-income customers.[11]

CEJA recommended the Commission require SDG&E and SCE layer CARE-exempt PPP costs into the IGFC immediately after the Marginal Customer Access Costs (MCAC) in a similar manner to PG&E.[12] Moreover, CEJA also took issue with the "illustrative" nature of the IOU Cost Layering methodologies, requesting the Commission establish a consistent Cost Layering order and methodology with the IOUs.[13] It also suggested that the Commission require each IOU show a "100% of Costs" calculation in a similar

[7] TURN/NRDC Protest at 6.
[8] *Id.*
[9] CEJA Protest, at 1.
[10] *Id*. at 3.
[11] *Id. at 4-5.*
[12] *Id.*, at 5.
[13] *Id*.

manner to SCE AL 5358-E as this would be helpful for understanding Cost Layering methodologies.[14]

1.3. SEIA's Protest

SEIA recommended the Commission direct SDG&E to file a supplemental AL to address several issues. Firstly, SEIA asserts that the supplemental should show the volumetric rate reduction in dollars per kWh and percentage for each TOU period for each residential rate schedule that the IGFC is applicable to.[15] In addition, SEIA notes that this supplemental should include the associated workpapers, and volumetric reductions should be based on today's rates even if they are illustrative. Secondly, SEIA argues that SDG&E should provide exemplary rates for any rate schedule where the impact on volumetric rates is not an equal cents per kWh rate reduction.[16]
Thirdly, SEIA requested further information of SDG&E's proposal for "a one-time change to the volumetric distribution rate design methodology." Specifically, SEIA requested SDG&E explain the difference in volumetric rate reduction for default residential rates that do or do not presently have a fixed charge such as the TOU-ELEC and EV-TOU-5 rates.[17] SEIA expressed concern that a smaller increase in fixed charges for electrification rates with existing fixed charges may lead to higher volumetric rate reductions if not scaled properly and may lead to a cost shift from default to electrification customers who may need to foot the bill.[18]

Fourthly, SEIA requests an explanation of whether SDG&E's proposal to not adjust the super off-peak rate in Schedule EV-TOU-5 is consistent with D. 24-05-028. It also requests clarity on whether other TOU periods for EV-TOU-5 will change even if the super-off-peak rates change.[19] Finally, SEIA also requested redline changes to each of the residential tariffs impacted by the IGFC be included in supplementals.[20] SEIA suggested that the issues above should be addressed through a Commission resolution after which SDG&E can finalize rates through a Tier 1 AL prior to implementation.

[14] *Id.*
[15] SEIA Protest, at 3.
[16] *Id.*
[17] *Id.*
[18] SEIA Protest, at 4.
[19] *Id.*
[20] SEIA Protest, at 5.

1.4. SDG&E's Reply to Protests

SDG&E explained that it would submit revisions to all eligible tariffs in a Tier 1 implementation AL just before the fixed charge is implemented in the fourth quarter of 2025.[21] This supplemental AL would include necessary tariff and rate updates based on the latest authorized revenues. SDG&E noted that using a Tier 1 AL immediately prior to implementation is standard practice, ensuring the rate impacts accurately reflect the conditions at the time.[22] SDG&E also noted that the Decision does not mandate revised tariff sheets for each residential rate schedule in the Tier 3 AL. The illustrative revisions were provided voluntarily for transparency, and it believed developing exact tariff revisions at present is premature.[23]

2. Tier Assignments

2.1. Cal Advocates' Protest

In its protest, Cal Advocates pointed to several items in SDG&E's proposed DRAH budget which require additional scrutiny. First, SDG&E's estimate of $384,000 for customer care center costs far exceeds SCE's estimate of $121,000 and PG&E's estimate of $149,000.[24] Cal Advocates asserts SDG&E's estimate is significantly higher than those of its peers, even though SDG&E's residential ratepayer population is much smaller, with just 1.356 million residential ratepayers compared to PG&E's 4.962 million and SCE's 4.576 million.[25]

Second, Cal Advocates noted that SDG&E's estimate of $990,000 for IT costs associated with the DRAH budget category appears inflated. SDG&E stated that this estimate will cover the costs of tracking DRAH properties and customers in its billing system; a process that automatically updates DRAH data; development of electronic intake forms and the online portal for the DRAH self-attestation process; and an automated customer communications process. Cal Advocates also notes that "SDG&E's estimate for IT costs also far exceed PG&E's $227,000 and SCE's $65,000 estimates for the same work." Staff

[21] SDG&E Reply to Protests, at 4

[22] *Id.*

[23] *Id.*, at 4 and 6.

[24] Cal Advocates Protest, at 5.

[25] *Id., at 5.*

notes that Cal Advocates, in citing the $227,000[26] cost for PG&E, is comparing SDG&E's $990,000 for IT costs to two separate categories of costs in PG&E's budget; a more apt comparison would be the $79,200 that PG&E estimated would be needed for IT costs related to the DRAH self-attestation process.

Cal Advocates recommended that the Commission require SDG&E to submit a supplemental AL with a detailed breakdown of its IT cost estimates, including detailed descriptions of each item and an explanation as to why each cost item is incremental to funding included in its General Rate Case (GRC) authorized revenue requirement.

2.2. C4AT's Protest

In its protest, C4AT highlighted language in the Decision which appears to conflate CARE *eligibility* with CARE *enrollment* and argues that the Decision directed IOUs to base Tier 1 assignment on "CARE *eligibility,* not CARE enrollment."[27] It further argues that "while the Decision does not provide such a process, it is still incumbent upon the IOUs to effectuate the actual language for tier assignment based on CARE eligibility rather than program enrollment. C4AT argues that by failing to do so, the IOUs do not properly implement the requirements of D.24-05-028" by insinuating that the IOUs must effectuate a requirement that "all customers in households under the CARE cutoff should be assigned to Tier 1."C4AT argues that by failing to do so, the IOUs do not properly implement the requirements of D.24-05-028"[28] by insinuating that the IOUs must effectuate a requirement that "all customers in households under the CARE cutoff should be assigned to Tier 1."[29]

2.3. SDG&E's Protest Reply

SDG&E disagrees with Cal Advocates' recommendation that the Commission require SDG&E to submit a supplemental AL with additional details on identifying DRAH customers for assignment to Tier 2.

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[26] In referencing $227,550, Cal Advocates combines a budget of $148,350 for "DRH Self-Attestation Processing: Forecast is based on development of DRH customer characteristic/indicator in EI, and web interface for self-attest" along with $79,200 for "DRH Self-Attestation Processing - IT: New work associated with self-attestation processing. Add DRH to CC&B [Customer Care and Billing]."

[27] C4AT Protest, at 1.

[28] *Id., at 2.*

[29] *Id., at 2.*

In response to the Cal Advocates assertion that that SDG&E's IT costs associated with DRAH of $990,000 appear inflated, SDG&E explained in the AL that "SDG&E does not currently have a system in place to track DRAH status associated with either customers or properties. In order to effectively track DRAH properties and customers, SDG&E will have to build this capability into our billing system, which will require a vendor interface to automatically process updates to DRAH data."[30]

SDG&E further asserted: "SDG&E will build a fully integrated and automated DRAH process into SDG&E's billing system to avoid re-occurring costs where manual intervention may be needed. These estimated costs are unique to SDG&E. SDG&E does not have insight into PG&E's and SCE's DRAH scope of work to handle DRAH in their respective billing systems."[31] SDG&E further asserts that its information is sufficiently detailed and meets the requirements of D.24-05-028.

3. Proposed ME&O Plan

3.1. Cal Advocates' Protest

Cal Advocates recommended that the Commission (1) reject SDG&E's ME&O plan because it fails to meet D.24-05-028's required level of detail on ME&O budget justification and messaging topics, and (2) require SDG&E to submit a supplemental AL that provides adequate detail on ME&O budget line-item justifications, messaging on rate options, and customer enrollment in CARE and FERA programs.[32] The supplemental AL would enable the Commission, interested stakeholders, and the IWG to review these plans and evaluate costs for reasonableness and efficacy that SDG&E will seek to recover in rates.

Cal Advocates asserted the budget line-item justifications in the supplemental AL should clearly explain how SDG&E arrived at each of its budget lines, including (1) identification of all sub-costs and how they were calculated, (2) documentation of previously incurred costs which SDG&E used to inform its cost estimates, (3) an explanation how each budget line is incremental to previously authorized ME&O budgets and to other budget lines in the ME&O plan, and (4) documentation of the

[30] SDG&E Protest Reply, at 4.

[31] *Id., at 4.*

[32] Cal Advocates Protest, at 1.

methods used to estimate its costs, the specific staff and agency sub-costs of each budget line, and the historical costs that SDG&E used to estimate these budgets.[33]

Cal Advocates argued SDG&E's ME&O plan provides broad descriptions of the types of activities or expenditures and does not explain how it arrived at each line-item's total cost:

> For example, SDG&E requests $985,000 for "direct communications" which it states will include costs of email and direct mail outreach.[34] However, SDG&E does not provide any information on how it calculated this budget, including the breakdown between email and direct mail costs, how many messages customers will receive on each channel, or the sub-costs of each channel. SDG&E also requested a combined $820,000 for "agency support" and "internal labor"[35] without providing any written narrative or documentation on how it estimated those budgets or what kinds of activities they would fund. Moreover, none of SDG&E's budget line explanations included a description of how costs are incremental to previously authorized budgets, as required by D.24-05-028.[36]

In response to a data request from Cal Advocates,[37] SDG&E provided additional sub-costs, its method for estimating budgets, and documentation of relevant historical costs for some of its budget lines but failed to fully clarify how it arrived at each of its requested budget lines. For example, SDG&E provided documentation of previously incurred direct mail costs, which did not align with the per-customer costs it cites in its data response[38] and several budget lines include costs for internal labor. SDG&E acknowledged that it has not yet confirmed whether this labor will be covered by existing, hired staff or incremental hires.[39] According to Cal Advocates, these issues warrant further review by the Commission and parties to this proceeding before SDG&E's ME&O plan receives approval.[40]

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[33] Ibid., at 4.
[34] SDG&E AL 4492-E, at 17-18
[35] Ibid., at 18.
[36] Ibid., at 9-18. This is a block quote of Cal Advocates' argument from its protest at 2-3.
[37] Cal Advocates Protest, Attachment 1, R.22-07-005 Demand Flexibility OIR Response to DR SDG&E-04, Questions 5, at 6-7 and Question 5 redacted direct mail documentation. SDG&E designated certain responses and information provided in Cal Advocates' DR as confidential, so this information has been redacted from Attachments 1 and 2.
[38] Cal Advocates Protest, Attachment 1, R.22-07-005 Demand Flexibility OIR Response to DR SDG&E-04, Questions 1-16, at 1-14.
[39] Ibid., Questions 1 and 8, at 1-2 and 9-10.
[40] Cal Advocates Protest, at 3.

Cal Advocates also argued SDG&E failed to specify how it will communicate with customers on (1) how customers can switch assigned tiers, (2) various rate options for customers to manage their bills, and (3) options to enroll in CARE and FERA.[41] In response to a data request from Cal Advocates,[42] SDG&E shared additional details, and Cal Advocates recommended that this information should be submitted in a supplemental AL so that the Commission, other parties in this proceeding, and the IWG can have the opportunity to review these plans for reasonableness and efficacy.[43]

Finally, Cal Advocates recommended that the Commission require SDG&E to report its ME&O metrics by customer tier or audience because SDG&E does not provide enough information to evaluate the efficacy of its ME&O plan in educating different customer tiers nor does SDG&E provide a detailed media plan or information on which channels (i.e., paid media, integrated communications, direct mail, email) it intends to use to reach each group, the frequency of messages to each group using each channel, or the allocation of budgets across each group.[44]

Cal Advocates stated it consulted with SDG&E on SDG&E's plans and ability to disaggregate its reporting ME&O metrics by customer tier and a customer's CARE, FERA, DRAH or solar status, and SDG&E confirmed that it is capable of reporting on the number and type of outbound messages sent via email and direct mail by tier and DRAH status, number of impressions and reach of paid media by certain target audience demographics,[45] which include language, income level, and low-income zip codes, and behavioral targeting for solar users. According to Cal Advocates, SDG&E stated in the same data request that it cannot disaggregate reporting on bill messages by tier, on paid media impressions by customer status, nor intends to report on ME&O dollars spent by tier or customer status.[46]

Cal Advocates concluded by asking that the Commission should require SDG&E to provide disaggregated reporting so that the Commission and members of the IWG are

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[41] D.24-05-028, Conclusion of Law (COL) 32, at 153.
[42] Ibid., Cal Advocates Protest, Attachment 1, DR SDG&E-04, Questions 11, 12, and 13; at 11-12.
[43] Cal Advocates Protest, at 3.
[44] Ibid., at 4.
[45] Cal Advocates Protest, Attachment 1, R.22-07-005 Demand Flexibility OIR SDG&E Response to Cal Advocates DR SDG&E-04, Question 10, at 11.
[46] Cal Advocates Protest, at 4.

better able to evaluate the efficacy of SDG&E's outreach to various customer groups and hold SDG&E accountable to meet the objectives of the ME&O plan.[47]

3.2. TURN/NRDC's Protest

TURN/NRDC recommended that the Commission require (1) the ME&O plans to target CARE- and FERA-eligible households and expand customer segmentation to include customers not yet enrolled in CARE and FERA to increase enrollment, (2) initiate direct outreach to customers at least 120 days before implementation of the fixed charge and follow best practices for accessible communications, (3) prioritize hard-to-reach (HTR) customers, and (4) implement the fixed charge in a timely manner.[48]

TURN/NRDC argued that the IOUs do not present ME&O strategies to increase CARE and FERA enrollment before the fixed charge goes into effect and that the Decision established ME&O outreach and messaging include options to enroll customers in CARE and FERA.[49] They recommended that the ME&O plans should expand customer segmentation to include customers not yet enrolled in CARE and FERA and leverage the tools to contact potential CARE/FERA customers that the Commission already funded through D.21-06-015, such as CARE and FERA household propensity models, and deploy specific outreach including a FERA customer bill comparison (before and after the fixed charge) to customers who return a FERA eligibility score.[50] They indicated that if the Governor signs Senate Bill 1130,[51] the Commission should find that the ME&O proposals in all three ALs[52] for increasing FERA enrollment are inadequate. TURN/NRDC also recommended that the IOUs incorporate information explaining eligibility for a discount tier of the fixed charge into existing and planned CARE/FERA ME&O communications.

TURN/NRDC recommended that the Commission require the IOUs to initiate direct outreach to customers at least 120 days before implementation and follow best practices

[47] Ibid.
[48] TURN/NRDC Protest, at 1.
[49] Ibid., at 2.
[50] TURN/NRDC Protest, at 3, which noted that PG&E discussed its FERA eligibility score in PG&E AL 7107-E, December 21, 2023, at 5.
[51] Signed into law on September 22, 2024, SB 1130 expands eligibility for the FERA program by eliminating the requirement that a household consists of three or more persons. It also mandates that the Commission require the Large IOUs to report on their efforts to enroll customers in the FERA program by March 1, 2025, and each year thereafter.
[52] PG&E AL 7351-E, SCE AL 5358-E, and SDG&E AL 4492-E.

for accessible communications to reach customers who may need to take action to enroll in the correct tier. For example, PG&E plans to initiate direct communication within 45 days, SCE 120 days, and SDG&E 90 days before implementation.[53]

TURN/NRDC recommended the Commission require the IOUs to prioritize HTR customers, as previously raised by C4AT.[54] They indicated all IOUs commit to developing in-language messaging and working with community-based organizations (CBOs) to contact HTR customers. However, SCE and PG&E should be required to clarify, like SDG&E, that their ME&O plans include explicit funding for supporting CBOs.[55]

Finally, TURN/NRDC recommended that each IOU be required to implement the fixed charge in a timely manner and that the Commission establish that failure to implement on schedule constitutes IOU noncompliance, which could result in disallowing some portion of IGFCMA costs or other forms of financial penalty. TURN/NRDC indicated SDG&E does not specify a starting date within the timeframe outlined in the Decision for implementation.[56]

3.3. SEIA's Protest

SEIA recommended that SDG&E submit a supplemental to (1) correct errors in its ME&O basic messaging, (2) address customers, even some low-income customers, who will see bill increases in their overall bill due to implementing the flat rate, and (3) provide customers with individual bill impacts, if feasible.[57] SEIA argued that certain aspects of SDG&E's messaging are unclear and incorrect and, for purposes of accuracy and IOU message alignment, must be revised and clarified and that the Commission should direct SDG&E to use language explaining the fixed charge similar to what SCE has put forth in its AL.[58]

SEIA also argued that SDG&E should ensure educational materials are explicit that not all customers will see bills decreased, explain why that is the case, and provide information on how customers can mitigate the impact of the increase by including

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[53] TURN/NRDC Protest, at 3-4.
[54] "Center for Accessible Technology's Comments on Administrative Law Judge's Ruling on the Implementation Pathway for Income-Graduated Fixed Charges." July 31,2023, in R.22-07-005.
[55] TURN/NRDC Protest, at 4.
[56] Ibid., at 6.
[57] SEIA Protest, at 2.
[58] Ibid., at 5-6.

steps to reduce usage, to shift load to lower-priced off-peak periods, and to invest in load-reducing distributed energy resources.[59] SEIA further argued that while SDG&E's ME&O plan places significant emphasis on the fact that due to the fixed charge, the price customers pay per kWh will be less than what they are paying now, SEIA indicated that SDG&E does not address that for specific customers this reduction will not make up for the required payment of a fixed charge.[60]

SEIA also recommended that the Commission direct SDG&E to provide individual bill impacts to customers. SEIA stated that if SDG&E's billing system precludes it from providing individual bill impacts, then the Commission should require SDG&E to provide narrowly targeted sample bills, taking into account the geographic location of the customer, the annual average usage level, and whether the customer has solar and storage or an electric vehicle if known.[61]

3.4. C4AT's Protest

C4AT argued that the IOUs' ALs do not appropriately implement the tier placement requirements of D.24-05-028 and that the Commission should require the IOUs to provide information on how they will communicate Tier 1 assignments to customers enrolled in CARE, with no action necessary for those enrolled in CARE and a process in place for those not enrolled in CARE as part of the overall ME&O plan.[62]

3.5. CEJA's Protest

CEJA recommended that SDG&E update its AL with a line-item that breaks out the budget cost of the estimate for the customer rate tool in its ME&O budget to demonstrate that SDG&E is not budgeting more for this task than D.24-05-028 approved.[63]

3.6. SDG&E's Reply to Protests

SDG&E disagreed with Cal Advocates that it failed to provide sufficient justification for its ME&O budget and argued that its proposed ME&O plan and budget level of details comply with the Decision and that it provided all explanations, justifications, and

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[59] Ibid., at 7.
[60] Ibid., at 5-6.
[61] Ibid., at 7.
[62] C4AT Protest, at 2-3.
[63] CEJA Protest, at 2.

supporting evidence as requested in Cal Advocates' data request.[64] SDG&E indicated it is attempting to keep ME&O costs to a minimum and will continue to look for cost efficiencies and savings throughout each phase of the fixed charge rollout. SDG&E contended its ME&O plan and subsequent data request response included the planned activities and estimated expenditures and requested that the Commission approve its ME&O plan.[65]

SDG&E contended that Cal Advocates' recommendation that the Commission mandate SDG&E to report ME&O metrics by customer tier or audience is outside the scope of the Decision and misaligned with practical constraints.[66] SDG&E indicated its ME&O metrics meet the requirements of the Decision; and due to system limitations, customer privacy, and the untraceable nature of some tactics, direct linkage to specific customers is not always feasible. SDG&E stated it can report on impressions by demographics (such as language and zip code), but the reports do not correspond with customer tiers or enrollment status.[67] SDG&E further explained where it is possible to associate touchpoints with individual customers, such as bill messaging or direct mail, manual labor and related costs are required to disaggregate the data by tier or DRAH status. SDG&E indicated it can prepare to provide these results if necessary and that a more acceptable tool for assessing efficacy would be a customer survey tied to customer accounts, tier, and DRAH status, which SDG&E intends to deploy in the first quarter of 2025.[68]

In response to TURN/NRDC's assertion that the IOUs do not present specific ME&O strategies to increase CARE and FERA enrollment,[69] SDG&E explained that it has existing programs for outreach to CARE- and FERA-eligible households and that it is incorrect to suggest that SDG&E divert the fixed charge ME&O funding to CARE and FERA enrollment as the requested costs are additional and dedicated to the fixed charge ME&O campaign.[70] SDG&E intends to incorporate the fixed charge into its CARE and FERA materials where feasible, including capitation agencies, CBOs, and other low-income program venues to reach CARE and FERA-eligible customers. During Phase 2

[64] SDG&E Protest Reply, at 2.
[65] Ibid.
[66] Ibid.
[67] Ibid., at 3.
[68] SDG&E Protest Reply, at 3.
[69] TURN/NRDC Protest, at 1-3.
[70] SDG&E Protest Reply, at 9.

(Inform) communications, SDG&E stated it will inform customers via email or direct mail about the fixed charge.[71]

Based on TURN/NRDC's recommendation that the Commission order the IOUs to align on direct outreach to customers instead of current proposals (SCE up to 120 days, SDG&E at 90 days, and PG&E approximately 45 days) with at least 120 days before implementation,[72] SDG&E contended it is not opposed to initiating direct outreach up to 120 days; but its research findings and previous experience support its proposed outreach timeline, which SDG&E believes align with the Commission's goal. It found that customers are less likely to take notice or action if the information is presented too far in advance. Based on SDG&E's April 2024 online survey, an average of 62% of the customers responded they prefer being notified within 90 days or less, while 32% of the customers responded they prefer being contacted more than 90 days in advance. In addition, SDG&E already plans to initiate other tactics in Phase 1 (Awareness) more than 120 days in advance, including HTR customers.[73]

To address TURN/NRDC’s recommendation for the IOUs to target customers eligible for CARE or FERA but not enrolled, SDG&E responded that it has existing programs for outreach to CARE- and FERA-eligible households aimed at increasing enrollment.[74] SDG&E argued it is factually inaccurate to assert that the fixed charge ME&O funding should be used for CARE and FERA enrollment when the requested costs are incremental and should be used for fixed charge awareness, education, and engagement regarding the fixed charge changes.[75] As stated in the SDG&E ME&O plan, SDG&E will integrate information about the fixed charge into CARE and FERA materials as much as possible. Still, those materials are designed for program enrollment and space for secondary information may be limited. SDG&E also intends to include information about CARE and FERA (Tiers 1 and 2) assignments and the option to request tier assignments in relevant fixed charge ME&O tactics, including DRAH customers who are required to self-attest.

TURN/NRDC recommended that the Commission require each IOU to implement the flat rate in a timely manner, and SDG&E responded that it would implement the fixed

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[71] Ibid.
[72] TURN/NRDC Protest, at 3.
[73] SCE Protest Reply, at 8.
[74] SDG&E Protest Reply, at 9.
[75] SDG&E AL 4492-E, at 9.

charge between October 1, 2025, and December 15, 2025, in compliance with D.24-05-028.[76]

In response to SEIA's recommendation that SDG&E submit a supplemental AL that includes individual bill impacts, SDG&E disavows any intention to provide individual bill impacts to customers.[77] Instead, SDG&E contended that its proposal for sample bill impacts would minimize costs and complexity and support timely implementation. SDG&E maintains that this approach ensures that final rates can be configured, tested, and validated up to 120 days before implementation, allowing for direct notifications to start. SDG&E asserts that it is unlikely to know the final rates at implementation time ahead of the second and third quarter of 2025 when configuring the IT system and customer communications would begin. SDG&E promises to provide three sample bill impacts for customers in every fixed charge tier, including one for each low, medium-, and high-usage customer in the four climate zones. SDG&E argues that these sample bill impacts may show savings for some customers and cost increases for others, but they provide a fair and transparent view of the potential impacts.

SEIA recommended for accuracy and IOU alignment that SDG&E correct its proposed basic messaging using language similar to SCE and submit a supplemental AL providing language explaining the fixed charge, and correct statements that the fixed charge affects existing rate plans. SDG&E responded that its messaging is preliminary, and it will continue to modify the messaging by collaborating with the other IOUs and the IWG. SDG&E states an intention to conduct research in the second quarter of 2025 to test approved final messages with targeted customer segments and incorporate feedback before distributing any customer-facing materials.[78]

In response to C4AT, SDG&E indicated its plan for enrolling CARE customers in Tier 1 and communicating to customers how to determine enrollment for Tier 1 complies with D.24-05-018. Moreover, SDG&E further explained that C4AT's assertion that SDG&E does not address how it will communicate options for non-enrolled CARE-eligible customers ignores SDG&E's intended messaging strategy outlined in its ME&O plan and the emphasis on using existing CARE/FERA processes as required by the Decision.[79] Specifically, SDG&E stated it presented in AL 4492-E its intent to communicate to CARE customers that their Tier 1 placements are dependent on their

[76] SDG&E Protest Reply, at 9.
[77] Ibid., at 7.
[78] SDG&E Protest Reply, at 7.
[79] Ibid., at 10-11.

enrollment in the program. In essence, C4AT requests that the Commission order the IOUs to create some new process to determine CARE eligibility via income verification or some other means not specified and to use funds not granted. However, the Decision directed the Large IOUs to use existing enrollment processes for CARE and FERA. SDG&E further stated customers are free to use currently available processes, and its messaging encouraging these customers is part of its ME&O plan. SDG&E requested that the Commission reject C4AT's request to create a new process for customers as it contradicts the Commission's Decision to expedite the first phase of the fixed charge.

Regarding CEJA's protest, SDG&E indicated that it did not include any requested amount for rate comparison tools in the ME&O budget, because the rate comparison tool is captured in the approved budget in "Table 7: Large Utilities' Approved Implementation Budgets" of D.24-05-028.[80]

4. Total Implementation Budget

4.1. Cal Advocates' Protest

Cal Advocates recommended that the Commission require SDG&E to submit a supplemental AL that includes adequate detail on a budget estimate for identifying DRAH customers for assignment in Tier 2 and explain why each cost is incremental to funding included in its GRC authorized revenue requirement. Cal Advocates argued estimates of SDG&E's DRAH implementation budget require additional scrutiny: (1) $384,000 for customer care center costs far exceed SCE's estimate of $121,000 and PG&E's $140,000 which have higher residential populations; and (2) $900,000 for IT costs appear inflated and are higher than SCE's $65,000 and PG&E's $227,000.[81]

4.2. TURN/NRDC's Protest

TURN/NRDC asserted that the IOUs must demonstrate that implementation costs are reasonable and incremental before seeking recovery of the IGFCMA and, like Cal Advocates,[82] recommended that the IOUs must explain how requested costs are incremental to preexisting budgets for billing system upgrades, customer support, and ME&O.[83] TURN/NRDC further emphasized this should be an explicit requirement for each IOU before costs are recorded in the IGFCMA. To meet these requirements,

[80] Ibid.
[81] Cal Advocates Protest, at 5-6.
[82] Ibid., at 2-3.
[83] TURN/NRDC Protest, at 4-5.

SDG&E could indicate, like SCE did,[84] that prior to recording any such costs in the IGFCMA, SDG&E will determine whether any portion of such costs may be covered by previously authorized GRC funds.

TURN/NRDC also recommended that the IOUs present their incremental implementation and ME&O budgets with the same time intervals and line-item breakdowns to allow for transparent comparison by the Commission and intervenors and reconcile and explain differences between the IOUs to carry out the same activities.[85]

4.3. CEJA

CEJA argued SDG&E's AL contains material errors for the total category costs for DRAH Data & Program Management of $376,500 and should read $494,450.
CEJA recommended that SDG&E update its AL with a line-item accounting that breaks out the budget cost of the estimate for the customer rate tool in its ME&O budget to demonstrate that SDG&E is not budgeting more for this task than D.24-05-028 approved.[86]

4.4. SDG&E's Reply to Protests

SDG&E contended that Cal Advocates incorrectly states its proposed DRAH estimated budget of $384,000 for customer care far exceeds SCE's costs of $121,000. SDG&E explained that SCE's estimated budget for customer care center costs for 2025 through 2028 is $338,668 based on its estimated average handling time and current processes. SDG&E estimated approximately 50% of customers who receive outreach would contact its Customer Care Center, but its average handle time per call, which differs for each IOU, was lower than SCE's.

SDG&E also explained the estimated $990,000 IT costs and that it does not have a system in place to track DRAH status and plans to build this capability into its billing system, which will require a vendor interaction to automatically process updates to the DRAH data. SDG&E promises to build a fully integrated and automated DRAH process

[84] SCE AL 5358-E, at 3.
[85] TURN/NRDC Protest, at 4. Cal Advocates Protest, at 3.
[86] CEJA Protest, at 2.

into its billing system to avoid recurring costs where manual intervention may be needed. SDG&E contends these estimated costs are unique to SDG&E.[87]

In its reply to address TURN/NRDC, SDG&E explained that it has already addressed this requirement in D.24-05-028 to comply with the Decision. SDG&E requested to establish new fixed charge memorandum and balancing accounts through AL 4459-E and AL 4459-E-A, and ED approved the request on June 26, 2024. SDG&E affirmed that the implementation costs in AL 4492-E are incremental and that it will track these costs in the IGFCMA and seek recovery through a GRC or another proceeding.[88]

In AL 4492-E-A, SDG&E addressed CEJA's concern about the cost of SDG&E's rate comparison tool and clarified its implementation costs did not include any requested amount for rate comparison tools in the ME&O budget. The cost for rate comparison tools is captured in the Customer Rates Tools Updates approved budget in D.24-05-028's Table 7.[89] This supplemental filing also corrected the mathematical error identified in CEJA's protest, so SDG&E's proposed DRAH Data and Program Management costs are reflected in the total.

<u>DISCUSSION</u>

The Commission has reviewed the AL, protests, protest reply, supplemental ALs, and SDG&E's responses to data requests submitted by Cal Advocates and Energy Division staff. We address issues raised in the following sections: (1) rate design, (2) tier assignments (including DRAH implementation), (3) ME&O plan, and (4) total estimated implementation budget.

5. Rate Design

5.1. Fixed Charge Calculation

In AL 4492-E, SDG&E provided a comprehensive breakdown of its fixed charge calculation in order to comply with the Decision.

First, SDG&E reiterated its intention to follow the precise fixed charge values listed in D.24-05-028, Conclusion of Law (COL) 23.

[87] SDG&E Protest Reply, at 3-4.
[88] SDG&E Protest Reply, at 9.
[89] Ibid., at 11.

Second, SDG&E proposes to enhance its billing forecast process to include DRAH customer-month determinants and sub-meter determinants. Residential customer-months will be allocated into four categories: Tier 1, Tier 2 (with separate categories for FERA and DRAH, and Tier 3. While FERA and DRAH customers fall under Tier 2, non-FERA customers in Tier 2 will not benefit from the FERA discount and will contribute to recovering FERA-exempt PPP costs.

Third, SDG&E will calculate the revenue cap that could be collected from fixed charges by multiplying the fixed charge tiers by the billing determinants.

Fourth, SDG&E will update its billing forecast to include DRAH and sub-meter determinants. Residential customer-months will be categorized into Tier 1, Tier 2 (FERA and DRAH), and Tier 3. Non-FERA Tier 2 customers will not receive the FERA discount and will help recover FERA-exempt program costs. If the revenue cap is met, only a portion of the revenue requirements will be collected through fixed charges.

Fifth, SDG&E will calculate the revenue requirement for each fixed charge tier by adjusting distribution components. For Tier 1 (CARE), the process involves removing CARE-exempt PPP costs and then applying a ~35% CARE discount to the remainder. An additional fixed charge discount ensures the final Tier 1 charge is $6/month. Tier 2 (FERA) works similarly, by removing FERA-exempt PPP, then applying an 18% discount to the remainder to achieve a final charge of $12.08/month. For Tier 2 (DRAH), the discount ensures the charge also totals $12.08/month. Tier 3's charges help fund the discounts for the lower tiers beyond those covered by CARE and FERA.

Sixth, SDG&E plans to reduce volumetric rates based on revenues from the fixed charge. Default residential rates will see their volumetric components reduced equally by cents per kWh. Conversely, optional rates, especially time-varying rates will be reduced equally by percentage across all time periods. Non-distribution components like PPPs will also be reduced in proportion to fixed charge revenues.

For distribution rates, which include CARE and FERA discounts, SDG&E proposed that the total revenue collected from volumetric rates will decrease by the amount collected through the fixed charge. For SDG&E's default and optional non-electrification rates which are flat across all time periods, this method results in an equal cents per kWh reduction. However, SDG&E notes optional electrification rates such as EV-TOU, EV-TOU-2, and EV-TOU-5 would not result in an equal cents per kWh reduction due to time-varying distribution rates in peak periods. To comply with the Decision, SDG&E

proposed a "one-time" adjustment to reduce the volumetric distribution rates for all residential schedules on an equal cent per kWh for all TOU periods except for EV-TOU-5's super-off-peak period.

Upon review of SDG&E's proposed fixed charge calculation outlined in AL 4492-E, the Commission finds the methodology to be acceptable and aligned with the requirements of D.24-05-028, COL 23. However, SDG&E's approach to volumetric distribution rate reduction for EV-TOU-5's super-off-peak period and its "one-time" adjustment will be discussed in greater detail in the following sections.

5.2. Methodology and Loading Order[90]

In AL 4492-E, SDG&E provided a tabulated breakdown of the cost categories it intended to load into each of the IGFC tiers.

Table 1: SDG&E's Fixed Charge by Tier and Component (Sample)

	Tier 1	Tier 2 (FERA)	Tier 2 (DRAH)	Tier 3
Distribution				
MCAC	$11.20	$11.20	$11.20	$11.20
Low-Income Program Discount	($8.45)	($4.35)	$0.00	$0.00
Fixed Charge Discount	($5.08)	($3.11)	($7.45)	$4.62
Net Distribution	($2.33)	$3.74	$3.74	$15.82
ND	$0.00	$0.00	$0.00	$0.00
LGC	$8.33	$8.33	$8.33	$8.33
PPP				
Non-Exempt	$0.00	$0.00	$0.00	$0.00
CARE Exempt	N/A	$0.00	$0.00	$0.00
CARE and FERA Exempt	N/A	N/A	$0.00	$0.00
Total	**$6.00**	**$12.08**	**$12.08**	**$24.15**

[90] The loading order is determined by each IOU and guides which eligible cost categories are added first into each fixed charge tier to ensure the maximum allowable fixed charge amount per income tier. For instance, non-CARE/FERA customers (Tier 3) will be assigned higher fixed charges to recover more eligible costs, while CARE (Tier 1) and FERA (Tier 2) customers receive lower, discounted fixed charges which will recover less eligible costs. D. 24-05-028 authorized the following eligible cost categories to be recovered in each of the fixed charge tiers: 100% of MCAC, and some of PPP charges, New System Generation costs, and Nuclear Decommissioning costs.

SDG&E emphasized that the loading order provided in AL 4492-E is largely illustrative. It proposed to recover 100% of MCAC as noted in D.24-05-028, COL 23, and tentatively lists the Local Generation Charge (LGC) as the next cost category to be collected in fixed charges, followed by other non-Distribution costs, in order of priority. SDG&E notably excluded the recovery of any PPP costs in its fixed charge proposal and stated that it refrained because PPP recovers a variety of programs, some of which CARE and FERA customers are exempt from paying. It argued doing so would increase the complexity of converting the PPP rate component to a fixed charge. SDG&E plans to reassess this Cost Layering "loading order" prioritization at every rate change as revenue requirements and updated forecasts of customers enrolled in each income tier changes.

CEJA protested SDG&E's AL 4492-E arguing that the Cost Layering methodology utilized was unjust and unreasonable given that ratepayers from different IOUs would pay different costs.[91] They also cited that Tier 1 and Tier 2 customers would be disadvantaged by the Cost Layer ("loading order") methods chosen given that no PPP costs were shown as being collected in SDG&E's illustrative Tier 1 and Tier 2 fixed charges.[92] Instead, they argued that CARE-exempt PPP costs should be loaded into Tier 2 and Tier 3 fixed charges after the MCAC component followed by Non-Exempt PPP costs.[93] CEJA also identified the "illustrative" nature of SDG&E's fixed charge methodology as concerning and cautioned against IOUs having the capacity to change the loading order with little to no oversight.[94]

The original decision was not prescriptive in establishing a loading order for all IOUs to follow beyond recovering 100% of MCACs in the fixed charge. As such, it is appropriate for Energy Division Staff to provide IOUs with a level of discretion regarding the recovery of authorized cost components in fixed charges and aims to maintain this flexibility for IOUs. CEJA's concerns regarding SDG&E's loading order and the potential impact on low-income customers through their volumetric rates are well-represented in the record. However, it is important to reiterate that CARE-Exempt PPP costs exist as a separate cost component to protect CARE customers receiving the Tier 1 fixed charge and CARE-Exempt costs are not included in the fixed charge or volumetric rates that CARE customers pay. As such, requiring SDG&E to include these costs in the loading order for the Tier 2 or Tier 3 fixed charges would have no impact on the fixed charge or volumetric rates paid by CARE customers because those customers are

[91] CEJA Protest, at 3.
[92] *Id.*
[93] *Id.*, at 5.
[94] CEJA Protest, at 5.

already shielded from these costs. This is consistent with the provisions of AB 205 and OP 6 of D.24-05-028, which require that the fixed charge should lower the average monthly bill for low-income ratepayers with average electricity usage in each baseline territory.

Energy Division Staff modelled a number of fixed charge caps and cost allocation configurations for the fixed charge as part of its recommendations in D.24-05-028 and is satisfied that average monthly bills for low-income ratepayers in California will see a reduction regardless of the fixed charge loading order and impacts on volumetric rates. Energy Division Staff has reviewed the protests and SDG&E's proposed fixed charge methodology and loading order in AL 4492-E and finds that the AL contains sufficient detail regarding the loading order or "cost layering" of the fixed charge.

Furthermore, CEJA suggested in its protest that SDG&E include a column in its fixed charge table showing "100% of the costs" to represent the total sum of all eligible cost components in the fixed charge. In light of our finding that maintaining flexibility in the IGFC cost layering methodology is reasonable and our requirement that SDG&E update its loading order and tariffs prior to implementation of the IGFC, this request is moot. The CPUC agrees with Energy Division Staff's assessment while also acknowledging the concerns raised by CEJA regarding the illustrative nature of the fixed charge cost component loading order proposed by SDG&E in AL 4492-E.

While the description of the "Fixed Charge Calculation" in Section 4.5 of AL 4492-E is largely correct, Energy Division Staff also notes that the illustrative table (Table 4) in Section 4.4 is incorrectly calculated and not consistent with COL 11 as described in D.24-05-028. Energy Division Staff recognize that the table is illustrative and may not include accurate MCAC or LGC values. Nonetheless, this Resolution is a useful opportunity to clarify the correct Fixed Charge Tier Composition and Fixed Charge calculation, especially for Tier 1 and 2 customers and their respective discounts.

In Table 4 of AL 4492-E, SDG&E erroneously calculates the "Low-Income Program Discount" as $8.45 and the "Fixed Charge Discount" as $5.08, based on illustrative non-CARE-exempt MCAC and LGC values of $11.20 and $8.33 respectively. It appears that SDG&E calculated the "Low-Income Program Discount" by taking the Tier 3 fixed charge of $24.15 and multiplying this by 35%, resulting in $8.45 per Table 4. The "Fixed Charge Discount" was therefore calculated by enumerating the delta between this incorrect "Low-Income Program Discount" and the sum of the MCAC and LGC values. This erroneous "Fixed Charge Discount" was listed in AL 4492-E as $5.08. In the table below, Energy Division Staff lists the correct Fixed Charge calculation.

Table 2: Energy Division Staff Corrections to SDG&E's Fixed Charge Methodology

Fixed Charge by Tier and Component – Energy Division Staff Corrections				
	Tier 1	Tier 2 (FERA)	Tier 3 (DRAH)	Tier 3
Distribution				
MCAC	$11.20	$11.20	$11.20	$11.20
Low-Income Program Discount	($6.84)	($3.52)	0.00	0.00
Fixed Charge Discount	($6.69)	($3.93)	($7.45)	$4.62
Net Distribution	($2.33)	$3.75	$3.75	$15.82
ND	$0.00	$0.00	$0.00	$0.00
LGC	$8.33	$8.33	$8.33	$8.33
PPP				
Non-Exempt	$0.00	$0.00	$0.00	$0.00
CARE Exempt	N/A	$0.00	$0.00	$0.00
CARE and FERA Exempt	N/A	N/A	$0.00	$0.00
Total	**$6.00**	**$12.08**	**$12.08**	**$24.15**

In Energy Division Staff's example, SDG&E should first sum all non-CARE-exempt costs (i.e., all costs that CARE customers are not exempt from paying) that are being proposed for recovery through the fixed charge. For the Tier 1 illustrative example, this includes summing the MCAC and LGC, totaling $19.53. SDG&E's currently effective CARE discount (35%) should then be applied resulting in a "Low-Income Program Discount" of $6.84.[95] The "Fixed Charge Discount" is therefore negative ($6.69) which is the delta between the Tier 1 fixed charge of $6, and the summation of the MCAC, the Low-Income Program discount, and the LGC. The Tier 2 (FERA) "Low-Income Program Discount" and "Fixed Charge Discount" should also be calculated in a similar manner with SDG&E's 18% FERA discount being first applied to the sum of non-CARE-exempt costs.

In conclusion, the Commission finds the cost layering methodology satisfactory and recognizes the need for flexibility for SDG&E and the other large IOUs to make minor

[95] Energy Division Staff used the current (effective October 1, 2024) CARE Discount percentage of 31.754% as denoted in SDG&E's Schedule E-CARE, Sheet 2.

adjustments to the loading order in subsequent years based on changes in the revenue requirements of individual cost components after an annual true-up. Accordingly, we direct SDG&E to file a Tier 2 AL within 90 days after the adoption of this Resolution with a finalized loading order and cost component breakdown using updated revenue requirement data. In this AL, SDG&E must also provide a loading order using the correct fixed charge and discount calculation for fixed charge Tiers 1 (CARE) and 2 (FERA and DRAH). SDG&E must include the correct CARE and FERA discount percentages in this Tier 2 AL with a citation to the latest ruling or decision that establishes these values.

5.3. Revisions to Eligible Tariffs, Including Minimum Bills, and Fixed Charge Exclusions

SDG&E proposes to remove the minimum bill from eligible residential rate schedules and replace the "monthly service fee" or "basic service fee" with a fixed charge line item. It also proposed to update the "Rates" and "UDC Rates" tables to reflect Tier 1 (CARE), Tier 2 (FERA and DRAH), and Tier 3 fixed charges. Additional language in rate schedules will clarify that the IGFC is a flat monthly charge, with tier placement determined by CARE or FERA participation or DRAH eligibility. SDG&E states that DRAH placement will apply to customers living in affordable rental homes restricted by federal or state subsidy rules. Schedules E-CARE and FERA will also be updated to reflect the removal of the minimum bill, replaced by the lower Tier 1 fixed charge. This proposal was uncontested, and the CPUC finds it reasonable.

5.4. Low-Income and Medical Baseline Treatment

In its AL, SDG&E noted that customers enrolled in CARE and FERA will continue to receive an additional line-item discount on their volumetric rate component charges. Similarly, rate discounts for Medical Baseline, Disadvantaged Community – Green Tariff (DAC-GT), and Community Solar Green Tariff (CS-GT) customers will be applied to volumetric rate component charges only.

This proposal was uncontested. The Commission directs SDG&E to expand on this approach and rationale in a subsequent Tier 2 AL to ensure that parties have the opportunity to review the proposal in greater detail.

5.5. Volumetric Rates

TURN/NRDC and SEIA protested SDG&E's fixed charge calculation methodology in terms of its proposed "one-time change" to its volumetric distribution rate design methodology.[96] In subsequent conversations with Energy Division Staff, SDG&E clarified that the "one-time change" referred to its intent to apply the equal cent per kWh methodology to reduce volumetric distribution rates. As SDG&E normally adjusts its rates on an equal percent method, the need to deviate from this will occur on a "one-time" basis as part of the IGFC implementation. The CPUC finds this approach by SDG&E to be reasonable in light of this unique deviation from purely volumetric rates.

SEIA also protested SDG&E's proposal to keep the super-off-peak volumetric distribution rates for tariff EV-TOU-5 unadjusted and consistent with D.21-07-010.[97] SDG&E had noted that the super-off-peak distribution rate for this tariff was set at $0.01496/kWh and was not intended to scale with revenue requirement changes, nor be impacted by the fixed charge implementation. In correspondence with Energy Division Staff, SDG&E noted its intention to update the super-off-peak volumetric distribution rate for EV-TOU-5 according to the partial settlement for its 2024 GRC Phase 2 (A.23-01-008). The Commission recognizes that this issue is being litigated in SDG&E's ongoing GRC Phase 2 and will leave this issue to be adjudicated in that proceeding.

Finally, SDG&E provided an illustrative tariff presentation of the fixed charge in AL 4492-E. SDG&E did not provide changes to volumetric distribution rates in its example using EV-TOU-5 as an illustrative tariff sheet. SEIA raised a concern in its protests regarding the treatment of time-varying residential schedules with an existing fixed charge and the impact that this may have on volumetric rate reductions.[98] SDG&E replied to SEIA's protests reaffirming the position it held in AL 4492-E regarding the filing of Tier 1 and 2 ALs at a later date to provide tariff schedule updates.[99] Energy Division staff reiterates that D.24-05-028 authorized the process by which IOUs reduce the volumetric components of rate schedules. The Decision affirmed in COL 31 that an equal percentage basis would be appropriate for any schedule where an equal cents per kWh reduction would result in distribution rate components that are less than zero.

SEIA argues SDG&E was not clear in its AL as to which schedules would receive an equal percentage basis or equal cents per kWh distribution component reduction.

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[96] TURN/NRDC Protest, at 6.
[97] SEIA Protest, at 3.
[98] Ibid., at 4.
[99] SDG&E Protest Reply, at 4 and 6.

SEIA's suggestion that SDG&E file a supplemental to AL 4492-E providing redlined changes to each residential tariff impacted by the IGFC has merit. The Commission will direct SDG&E to submit illustrative redlined changes to the volumetric rate components of all residential tariffs through a Tier 2 AL within 90 days after the Resolution is adopted. SDG&E must clearly specify in this Tier 2 AL which residential tariffs will receive either an equal cents-per-kWh reduction or an equal percentage-based reduction to distribution volumetric rates, the quantum of this reduction, and the rationale for applying each method. SDG&E must also specify in this Tier 2 AL the proposed loading order and cost component breakdown for each tier of the fixed charge utilizing the latest revenue requirement data. This future Tier 2 filing will allow SDG&E to provide more accurate illustrative tariffs and volumetric rate reductions by accounting for annual true-up adjustments and changes in revenue requirements. The Commission will also direct the SDG&E to file a Tier 1 AL at least 30 days before the date of the implementation of the fixed charge in the fourth quarter of 2025 to finalize the changes to volumetric rate components of all residential tariffs.

6. Tier Assignments

By statute, the new IGFC tier structure must enable the Commission to ensure that the proposed fixed charges result in low-income ratepayers with average electricity usage in each baseline territory realizing a lower average monthly bill without making any changes in usage. The Decision also recognized an opportunity to address multiple concerns for customers with modest incomes but do not qualify for CARE or FERA.[100] To that end, the Decision designated three tiers of income-graduated fixed charges:

- Tier 1: Customers enrolled in the CARE program will automatically be assigned to pay the lowest discounted fixed charge amount of $6 per month for SDG&E. Customers take no action.
- Tier 2: Customers enrolled in the FERA program or who are demonstrated to live in affordable housing restricted to residents with incomes at or below 80 percent of Area Median Income, will be assigned to pay a discounted fixed charge amount of $12 per month for SDG&E. Customers enrolled in FERA will not need to take action. Customers who live in DRAH—but are not already enrolled in CARE—should be assigned to a Tier 2 Fixed Charge; at this time, there is no automatic process to enable this process.

[100] D.24-05-028, at 56.

- Tier 3: All other customers (not qualified for either Tier 1 or Tier 2) will be assigned to pay the initial fixed charge amount of $24.15 per month, for SDG&E.

The Decision is clear that it "does not modify any of the income verification processes or rules of the Large Utilities' CARE or FERA programs."[101] The Decision also created the IWG, which would evaluate the Large Utilities' IGFC implementation every quarter, requiring Energy Division Staff to prepare annual evaluation reports, and anticipate future Commission Decisions to address recommendations by the IWG. It is appropriate and reasonable for the IWG to continue evaluating and improving this new process.

In general, the Commission finds SDG&E's Tier Assignment strategy reasonable and directs SDG&E to further consult with the IWG before implementing the tier assignments to coordinate actions across IOUs. Tier assignment reporting and metrics are addressed in Section 7.9 of this Resolution.

6.1. Tier 1 Assignment

Consistent with the Decision, SDG&E proposes to automatically default all customers onto the Tier 1 fixed charge rate of $6 per month for those customers who are already enrolled in the CARE program. If a customer's CARE status changes, they will be moved to the appropriate tier.

The process proposed by SDG&E is consistent with the Decision's Finding of Fact (FOF) 7:

> 7. It is reasonable for the income-graduated fixed charges authorized by this decision to rely on utilities' ***existing*** CARE and FERA income verification processes.[102] [emphasis added]

In its protest, C4AT asserts that the lowest Tier 1 rate should be assigned to all customers who are CARE-*eligible*, not just *enrolled* in CARE, despite there being no means or budget detailed in the Decision for implementing this process. Nevertheless, C4AT notes "it is still incumbent upon the IOUs to effectuate the actual language for tier assignment based on CARE eligibility rather than program enrollment." C4AT likens this proposed interpretation of the Decision's FOF 7 to the proposed

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[101] D.24-05-028, at 57.
[102] D.24-05-028, FOF 7, at 142.

self-attestation process, in which customers who live in DRAH but are not currently assigned to CARE or FERA be provided an opportunity to self-attest to meeting the CARE or FERA eligibility requirements.

While the Commission appreciates the importance of ensuring that the IOUs conduct sufficient outreach to low-income households which may be eligible, but not enrolled in CARE or FERA, we do not agree that implementation of the IGFC should be dependent on this additional enrollment process beyond the opportunities contemplated in the Decision. The attestation process was specifically described as a practical opportunity to "increase the number of customers that participate in the middle tier, avoid additional income verification requirements for customers beyond the existing CARE and FERA processes, and provide a discounted fixed charge for customers who have modest incomes but do not qualify for CARE or FERA."[103] Furthermore, it is not clear why there needs to be an opportunity to enroll a customer in the correct fixed charge tier if they are found to be eligible for CARE or FERA while keeping them unenrolled in the appropriate low-income discount program. Instead, SDG&E could simply enroll those customers in the CARE or FERA program, which would also result in them receiving the correct fixed charge amount.

For the reasons stated above, C4AT's request to establish Tier 1 fixed charge enrollment by eligibility rather than by enrollment in CARE is declined at this time. Stakeholders are strongly encouraged to further suggest modifications to the Large Utilities' IGFC implementation through the IWG, which can be incorporated into future phases of the IGFC.

6.2 Tier 2 Assignment

Under D.24-05-028, the Tier 2 fixed charge designation will apply to customers who are already enrolled in FERA as well as customers who are residents of DRAH units who are not already enrolled in CARE or FERA. While the three large IOUs track FERA eligibility and can assign them to the Tier 2 fixed charge designation relatively easily, there is no process for tracking DRAH status by premise or customer.

6.2.1 Tier 2 Assignment by FERA Status

SDG&E proposed to automatically assign FERA customers into Tier 2, similar to how CARE customers will be automatically assigned to Tier 1.

[103] D.24-05-028, at 55-56.

PG&E, in its implementation advice letter proposed modest changes to the CARE and FERA applications: moving forward, proposed to include information regarding DRAH status through CARE and FERA applications as a cost-effective means to improve data collection regarding deed restricted housing.[104] The Commission directs SDG&E to describe whether it proposes a similar approach in a subsequent Tier 2 AL to ensure that parties have the opportunity to review the proposal in greater detail.

6.2.2 Tier 2 Assignment by DRAH Status

The Decision creates a new class of customers, residents of deed-restricted affordable rental properties. Through various deed-restrictions tied to the premises, these homes are generally available to households with incomes at or below 80 percent of Area Median Income. Many California customers in locations with high Area Median Incomes do not qualify for CARE or FERA, which is based on Federal Poverty Guidelines, which are substantially lower than incomes in parts of California. For example, 200% of the Federal Poverty Level for a household of two is $40,880[105] per year, while the average median income in San Francisco is $136,689.[106] Therefore, in certain areas, a substantial group of customers who are eligible for housing assistance may be eligible for bill savings through the lower Tier 2 fixed charge, but neither CARE nor FERA eligible.

The Commission directed the IOUs to include a proposal in their ALs to identify and assign these customers to the correct fixed charge tier.[107] One reason why this approach was adopted is because it would not require any customer to share additional income data with a utility. The Commission therefore found it reasonable to assign customers who live in an affordable rental property listed in a statewide database of such homes maintained by the California Housing Partnership (CHP) who are not already enrolled in CARE or FERA to be assigned to the Tier 2 fixed charge through a self-attestation process.[108]

The CHP was created by the California Legislature in 1988 as a private nonprofit organization with a public mission, to create and preserve housing that is sustainable

[104] PG&E AL 7351-E, at 49.
[105] US Department of Health and Human Services 2024 Poverty Guidelines: https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines
[106] US Census Bureau. Average household size is 2.29. https://www.census.gov/quickfacts/fact/table/safranciscocountycalifornia/INC110222
[107] D.24-05-028, COL 20, at 150.
[108] D.24-05-025, COL 19, at 150.

and affordable to working families, homeless, veterans, seniors and the disabled.[109] CHP maintains the Preservation Database, an inventory of federal and state-subsidized affordable rental properties, many of which also receive local subsidies.

SDG&E received a list of 710 properties from the CHP Preservation Database, which consisted of approximately 57,000 units in its service territory; however, only approximately 22,000 units were found in SDG&E's billing system. Rather than searching for and contacting the remaining approximately 45,000 households individually, SDG&E found that "based on the current CHP data available to SDG&E, approximately 43,000 units are associated with properties that are considered 80% or more affordable. Because of this, SDG&E proposes defaulting all customers not on CARE or FERA in DRAH properties that are designated to maintain at least 80% or more affordable units to Tier 2, without the need for the customer to take action."[110]

All three IOUs propose to follow this same threshold to automatically default *all* customers in housing developments with 80% or more of housing units designated as affordable *as assumed to be a DRAH unit* for the Tier 2 assignment, if they are not already CARE- or FERA-assigned. Defaulting all units in these properties to Tier 2 status would enable SDG&E to place the vast majority of DRAH-qualified customers into the appropriate tier without creating an additional administrative burden to these customers and to SDG&E. It was not protested by any party and is generally reasonable.

6.2.3 DRAH Implementation and Budget

The Commission approved SDG&E's Fixed Charge Implementation Budget and Cost Recovery plans with substantial modifications in D.24-05-028.[111] Specifically, in evaluating the IOUs budget request for the customer rates tools, the Commission already noted "SDG&E did not provide a justification for why their proposed costs are twice as high as PG&E's proposed costs."[112] These implementation budgets, as submitted, were based on the IOUs' own fixed charge proposals, which did not include the TURN/NRDC proposal to additionally ascribe the benefits of a lower Tier 2 Fixed Charge to customers who are neither CARE nor FERA customers, but who do live in DRAH. As this was not an IOU proposal, no IOU budgets were submitted; thus, the

[109] California Housing Partnership, https://chpc.net/about-us/
[110] SDG&E AL 4492-E, at 22.
[111] D.24-05-028, at Section 5.10, Implementation Budget and Cost Recovery, pages 106 to 114.
[112] Ibid., at 110 and 111.

Decision deferred DRAH implementation details (and budgets) to the current Tier 3 Advice Letter process.

SDG&E requests an overall budget of $1,868,450[113] to implement and enroll customers for a new category of fixed charges based on residence in DRAH. In comparison, PG&E requests $965,283[114] and SCE requests $588,218[115] to implement the same new process. It is reasonable to ascribe some costs to this new process; however, the Commission agrees with Cal Advocates' overall assessment that "Several items pertaining to SDG&E's proposed DRAH budget require additional scrutiny."[116] While SDG&E has asserted that their "estimated costs are unique to SDG&E, SDG&E does not have insight into PG&E's and SCE's DRAH scope of work to handle DRAH in their respective billing systems,"[117] the Commission finds SDG&E's request to be unusually high.

The Commission also finds SDG&E's estimates for anticipated call volume to be unexpectedly high and adjusted the requested call center budget accordingly in D.24-05-028. In this AL, SDG&E again requests a notably high budget to accomplish the same task as other IOUs, for far fewer customers. As noted in section 2.1 of this resolution, Cal Advocates asserted in its protest that SDG&E's numbers are again unsubstantiated, lack sufficient detail, and require more review, and requested that SDG&E file a supplement with more detail. In its AL and two subsequent supplemental filings, SDG&E again failed to provide meaningful details.

Finally, SDG&E did eventually provide a breakdown of its proposed DRAH budget[118] through a Data Request Response to Energy Division. Even then, SDG&E included scant details or justification for its underlying assumptions. In comparing these costs to those proposed by PG&E and SCE in their Implementation ALs, there are two cost categories where SDG&E is proposing to spend significantly more money for a similar scope of work and has failed to justify why their costs are so high, especially in relation to a smaller number of customers in comparison to the other IOUs.

For these reasons, the Commission finds SDG&E's DRAH implementation budget to be unacceptably high and directs a $1,102,842 reduction in SDG&E's DRAH Implementation costs from $1,868,080 as requested in their corrected supplement,

113 SDG&E AL 4492-E at 23.
114 PG&E AL 7351-E, Attachment C, at 91.
115 SCE AL 5358-E, Appendix A, at 7, and SCE AL 5358-E-A, at 2.
116 Cal Advocates Protest, at 5.
117 SDG&E Protest Reply, at 4.
118 SDG&E AL 4492-E, at 23.

4492-E-A, to an authorized amount of $765,609. The reductions are summarized in Table 3 and described in more detail in the following sections. The Commission notes a discrepancy between the costs under column AL 4492-E and what was included in SDG&E's workpapers. This discrepancy was corrected in SDG&E's supplemental filing, AL 4492-E-A. SDG&E's filings also appear to somewhat "round up" some estimated budgets as presented in their workpapers. The Commission's approved budget amounts are based on adjustments to the un-rounded budget values detailed in SDG&E's workpapers, rather than the rounded-up budget requests in SDG&E's supplemental filing. The change is, likewise, an adjustment from the detailed numbers supplied in SDG&E's workpapers.

Table 3: SDG&E's DRAH Proposed and Approved Budgets

DRAH Budget Category	AL 4492-E	SDG&E Workpapers	Supplement AL 4492-E-A	Approved	Change
IT Billing Systems	$990,000	$990,000	$990,000	$79,200	($910,800)
Customer Care Center	$384,000	$383,917	$384,000	$191,959	($192,042)
DRAH Data & Prog. Mgmt.	$376,500 ***[sic]***	$494,163	$494,450	$494,450	$0
Total	**$1,868,450**	**$1,868,080**	**$1,868,450**	**$765,609**	**$1,102,842**

6.2.3.1 DRAH IT Costs

Cal Advocates raised concerns in its protest that SDG&E's $990,000 estimate for IT costs associated with the DRAH budget category appears inflated.[119] It noted for example where "SDG&E's estimate far exceeds PG&E's $227,000 and SCE's $65,000 estimates for the same work." Energy Division Staff notes that Cal Advocates, in citing the $227,000[120] cost for PG&E, is comparing SDG&E's $990,000 for IT costs to two separate categories of costs in PG&E's budget; a more apt comparison would be the $79,200 that PG&E estimated would be needed for IT costs related to the DRAH self-attestation process. In addition, Cal Advocates argued that SDG&E's total DRAH budget estimate alone rivals its peers' total budget estimates for the entire IGFC implementation. Cal Advocates recommended that SDG&E provide a cost-detailed breakdown of its IT cost estimates, including detailed descriptions of each item and why each cost item is incremental to funding included in its GRC authorized revenue requirement.

[119] Cal Advocates Protest, at 6.

[120] In referencing $227,550, Cal Advocates combines a budget of $148,350 for "DRH Self-Attestation Processing: Forecast is based on development of DRH customer characteristic/indicator in EI, and web interface for self-attest" along with $79,200 for "DRH Self-Attestation Processing - IT: New work associated with self-attestation processing. Add DRH to CC&B [Customer Care and Billing]."

In its reply to Cal Advocates' protest, SDG&E merely reasserts that it "does not currently have a system in place to track DRAH status associated with either customers or properties. In order to effectively track DRAH properties and customers, SDG&E will have to build this capability into our billing system, which will require a vendor interface to automatically process updates to DRAH data"[121] and that it does not have insight into PG&E's and SCE's DRAH scope of work to handle DRAH in their respective billing systems.

While SDG&E did supply some details in subsequent workpapers as requested by Energy Division, these workpapers were lacking in sufficient detail for an adequate evaluation. There were no labor rates, hours needed, or work steps; rather, SDG&E simply presented flat, very high costs, which would all be spent in one year. The budget request is silent on how this estimate was developed. Indeed, this near-million-dollar request even included a separate line item requesting $295,000 in 2025 to "Design Build and Validate New IGFC Within Billing System."[122] The Commission has already approved an $8.307 million[123] fixed charge implementation budget for SDG&E and notes the inappropriateness of asking for additional funds to implement fixed charges within the billing system again here.

The Commission reminds SDG&E that this DRAH process is new to all three IOUs, but the direction is the same: to review housing development-level data from the same information source, the CHP's Preservation Clearinghouse, and apply this data to unit-specific premise or account-level detail. SDG&E provides no valid reason why its costs are so uniquely high. For these reasons, the Commission authorizes SDG&E the same budget requested by PG&E of $79,200 for Billing IT System Change expenses associated with DRAH, rather than the $990,000 requested by SDG&E. While the totality of SCE's proposed budget request appears to be $65,000[124] which could be a more appropriate proxy, the Commission grants SDG&E the slightly larger amount requested by PG&E.

6.2.3.2 DRAH Call Center Expenses

Cal Advocates raised concerns about SDG&E's DRAH budget, particularly the estimate of $384,000 for customer care center costs. This figure is significantly higher than SCE's $121,000 and PG&E's $149,000, despite SDG&E serving a smaller residential

[121] SDG&E Protest Reply, at 4.
[122] Workpapers: "DETAILED COST SUMMARY - Billing Information Technology (IT)" Tab: "Billing IT Sys – DRAH," at line 13.
[123] D.24-05-028, at 114, Table 7.
[124] SCE AL 5358-E-A, at 2, Table 3.

population.[125] While SDG&E has provided some context for this estimate, Cal Advocates recommended that the Commission order SDG&E to submit a supplemental AL that provides detailed justifications for its higher estimates, including the rationale behind its estimated additional labor expenses.

The Commission notes two key assumptions SDG&E makes, which are inconsistent with the other IOUs and lead to the substantially higher DRAH call center expenses claimed by SDG&E. Despite requesting substantial funds for an automated self-attestation process which includes the development of intake forms, a portal for DRAH self-attestation, and automated customer communications,[126] SDG&E further estimates that 50% of customers who receive customer outreach will call to self-attest and is requesting incremental resources to handle these requests. In contrast, SCE estimates 23%[127] of its eligible customers will call, while PG&E assumes 30% of its eligible customers will call to self-attest.[128] The Commission finds a 25% call-back rate, the approximate average assumed by SCE and PG&E, to be more appropriate.

SCE also noted that it had originally incorrectly assumed "a static number of customers would call into the call center each year and did not account for the fact that subsequent attestations in 2026 and beyond would only be required for customers new to deed-restricted affordable housing status."[129] In correcting their estimates, SCE lowers its call volumes after the first year by 50%. Likewise, PG&E assumed a 57% reduction in calls after their first year,[130] while SDG&E had only decreased its subsequent values by 30% after the first year.

For the reasons above, the Commission finds SDG&E's Customer Care Center Labor costs for Incremental Calls to be unjustifiably high and reduces them by 50% to $192,042.[131]

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[125] Cal Advocates Protest, at 5.
[126] SDG&E AL 4492-E, at 23.
[127] SCE AL 5358-E, Appendix A, at 6.
[128] PG&E AL 7351-E, at 18.
[129] SCE AL 5358-E-A, at 2-3.
[130] PG&E Fixed Charge Proposed Budget. Projected verification calls will decrease from 7,692 to 3,297 year over year.
[131] Energy Division Staff relied on the more detailed values in SDG&E's workpapers in its budget adjustments. It should be noted that the numbers in SDG&E's AL to not match the workpapers, A footnote in the workpapers claims: "Due to rounding in AL, difference is $370". It should be noted that the numbers in SDG&E's AL do not match the workpapers. A footnote in the workpapers claims: "Due to rounding in AL, difference is $370". The values in this resolution carry forward SDG&E's minor inconsistencies.

While the Commission agrees with Cal Advocates' position that SDG&E's DRAH implementation costs were unjustifiably high, it also recognizes the need to implement the IGFC expeditiously. The Commission adopted Cal Advocates' position to require parties to record implementation costs in a memorandum account to provide the Commission and parties an opportunity to conduct a review of the reasonableness of the costs.[132] Each Large IOU has since filed Tier 1 ALs, per the Commission Decision, to establish memorandum accounts where costs will be recorded. The Commission emphasizes that each cost recovery filing should contain sufficient detail for a reasonableness review including, but not limited to detailed workpapers in Excel format.

7. Proposed ME&O Plan

In D.24-05-028, the Commission adopted an efficient process for developing ME&O plans with consistent terminology, high-level messages, and metrics.[133] SDG&E's proposed ME&O approach will educate residential customers about how the fixed charge will help address equity and affordability issues and, significantly, how it sets the stage for greater adoption of electrification in California by reducing volumetric rates for all residential customers. Effective communication before, during, and after the fixed charge implementation will be critical to providing a positive customer experience regarding the change in how they are billed for electricity.

7.1. ME&O Guiding Principles

The ME&O approach outlined in the Joint IOU opening testimony[134] demonstrated how SDG&E proposes to test, adjust, and inform customers of the fixed charge. After reviewing D.24-05-028, SDG&E stated it maintained the general strategy and tactics outlined in the original Joint IOU testimony and made adjustments to reflect the approval of lower fixed charge amounts, no new income verification requirements outside of existing CARE and FERA certification practices, the inclusion of the requirement around self-attestation for DRAH, and new data from research SDG&E conducted immediately following the issuance of the proposed decision.[135]

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[132] D.24-05-028, at 107.
[133] D.24-05-028, at 96.
[134] Joint IOU Testimony filed April 7, 2023, Exhibit 1, Section V, Marketing Education and Outreach.
[135] SDG&E AL 4492-E, at 5.

7.2. ME&O Objectives and Strategies

SDG&E's proposed goals of its ME&O are to:[136]

- Educate residential customers on the way they are charged for electricity. Inform customers on how it will be changing, why and when the new structure is being applied, what the fixed charge will be applied to, how their bill may be impacted, and helpful ways to manage energy costs.
- Explain that the fixed charge will be a separate line item shown on their bill rather than a change in rate design.
- Explain that the new fixed charge line item on their bill had previously been embedded in their volumetric energy use charge (and that all customers' volumetric charge may go down once the fixed costs are relocated to a separate line item.)
- Assure CARE and FERA customers that their assistance program discounts will not be affected by the fixed charge, and that they may actually see lower bills as a result.
- Raise awareness for customers identified as residents of DRAH that they are eligible for a discounted fixed charge if they self-attest.

SDG&E's ME&O strategies include:[137]

- Using a multi-channel/multi-phased/integrated approach aimed at residential customers to maximize awareness, understanding, and acceptance by addressing perceptions and misperceptions of the fixed charge.
- Utilizing customer analytics data to reach the right customers with the right message.
- Providing simple, clear, and transparent communications.
- Using customer insights and segmentation to tailor appropriate communications for subgroups more likely to need specialized outreach, such as Medical Baseline and any customers currently on a rate that includes a fixed charge amount.
- Providing in-language communication for multilingual customers.
- Offering and promoting online information to make it easy to inform and educate customers.

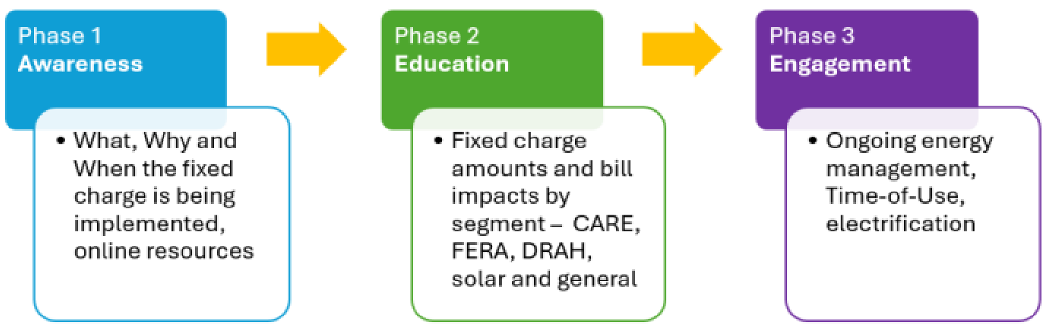
[136] Ibid.
[137] Ibid., at 5-6.

- Leveraging CBOs to notify and educate HTR customers.
- Incorporating electrification messaging into currently planned communications to encourage using more clean energy and reduce costs.

7.3. Overarching Phased Approach

According to SDG&E, research findings from April 2024 show that customers' preferences vary when they want to learn about the fixed charge.[138] SDG&E proposed implementing ME&O using a phased approach.[139] The first phase will focus on Awareness, the second on Education, and the third on Engagement. This strategy will guide the timing of tactics and the progression of messaging through the various marketing and outreach channels shown in Figure 1 below:

Figure 1: SDG&E ME&O Phased-Approach[140]



- **Phase 1 – Awareness:** Beginning up to 6 months before implementation, the Awareness phase will set the context for what the fixed charge is, why it is being implemented, and when it will take effect. Awareness messaging will include basic education around what goes into electric bills, such as the difference between electric generation charges and delivery charges. Tactics and messaging in this phase are broad, overarching, and conceptual.

- **Phase 2 – Education:** Up to 90 days prior to implementation, the Education phase will further explain bill impacts, including the fixed charge amount a customer has been assigned. These materials will remind customers when to

[138] SDG&E AL 4492-E, at 6.
[139] Ibid.
[140] Ibid.

expect to see the fixed charge on their bills and reinforce available online resources where they can get more information, such as sample bill impacts.

- **Phase 3 – Engagement:** After implementation, the Engagement phase will focus on the total bill and rate education, including continued messaging around the move towards greater electrification, reinforcing desired behaviors to support the state's decarbonization goals, environmental/cost-saving benefits of shifting use out of higher cost/higher emissions peak times and promoting other energy management solutions.

TURN/NRDC asserted that the Commission should require all three IOUs to initiate direct communications no later than 120 days prior to implementation.[141] SDG&E stated it is not opposed to initiating direct outreach up to 120 days prior to implementation; however, research findings and previous experience indicated that customers are less likely to take notice or action if the information is presented too far in advance.[142]

When SDG&E asked customers, "How far in advance would you like to be notified before the fixed charge is implemented?" in its online survey from April 2024, an average of 62% responded 90 days or less, while 32% responded more than 90 days. Also, SDG&E plans to initiate other tactics in Awareness Phase 1 more than 120 days in advance, including customer demographics defined as HTR.[143]

The Commission finds it reasonable to allow the Large Utilities to determine the best time to initiate direct communications, based on research findings and previous experience with the TOU Transition,[144] as directed in D.24-05-028.

7.4. Customer Segmentation

SDG&E proposed to rely on bill analysis, tier assignments of known customers, and research to determine target audiences, assess impacts, and determine customer segments warranting specialized messaging where possible. SDG&E is planning a segmentation strategy that categorizes customers into similarly impacted groups such as CARE, FERA, DRAH, solar, and general (non-CARE/non-FERA) customers. Further segmentation and tailored messaging may be necessary for niche customer types,

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[141] TURN/NRDC Protest, at 3.
[142] SDG&E Protest Reply, at 8.
[143] Ibid.
[144] The TOU Transition refers to the Large IOUs' five-year transition to default customers on TOU rates through D.15-07-001, which established a schedule for additional rate reform activities, including utility applications, working groups, consultants, ME&O plans, studies, progress reports, and workshops.

including Percentage of Income Payment Plan, Medical Baseline, master-metered customers, customers on any rate with an existing fixed charge, and solar, based on legacy.[145]

SDG&E stated it intends to customize its messaging to address the unique needs of each targeted segment. These segments may be adjusted as needed due to technological and data constraints.[146] Table 4 below provides SDG&E's sample customer segmentation for direct notification based on data available as of July 2024.

Table 4: Customer Segmentation for Direct Notification (Sample)[147]

Tier	Customer	Quantity	Solar Version	Quantity	Spanish + English
1	CARE	325,000	Yes	33,000	Yes
2	DRAH	57,000	TBD	TBD	Yes
2	FERA	65,000	Yes	1,700	Yes
3	All non-CARE/FERA	910,000	Yes	277,000	Yes

SDG&E indicated it will notify CARE customers that they will receive the Tier 1 discounted fixed charge and include messaging that confirms the continuation of their CARE discount; and that if they are removed from the CARE program for any reason, they will automatically be transitioned to Tier 3. SDG&E also indicated it will leverage existing CARE materials, such as the confirmation welcome letter, to remind customers that their Tier 1 placement is dependent on their enrollment in the program.[148]

For FERA, SDG&E stated that it will inform FERA customers that they will continue to receive their bill discounts and must remain enrolled in the program to maintain the Tier 2 discounted fixed charge. Messaging for non-defaulted Tier 2 DRAH customers will be tailored to include necessary self-attestation information and, if qualified,

[145] SG&E AL 4492-E, at 9-10.
[146] Ibid.
[147] Ibid, at 10.
[148] SDG&E AL 4492-E, at 10

encourage customers to sign up for FERA. If the unit number for the DRAH customer is unknown, SDG&E will conduct direct outreach to the property owner to provide the applicable tenants with information to self-attest. If a customer resides in a DRAH unit and is already enrolled in CARE or FERA, the customer will receive the corresponding CARE or FERA messaging.[149]

For solar customers, SDG&E indicated that it may further segment this group into Net Energy Metering and Solar Billing Plan customers, with variations based on whether a customer is billed monthly or annually. Messaging will clarify how the monthly fixed charge will be applied and how it may impact their billing statements.[150]

Cal Advocates argued SDG&E failed to specify how it will communicate with customers on options to enroll in CARE and FERA.[151] TURN/NRDC recommended that the IOUs should target CARE- and FERA-eligible households and expand customer segmentation to include customers not yet enrolled in CARE and FERA to increase enrollment.[152] To address targeting CARE-and FERA-eligible households, SDG&E indicated its ME&O plan stated SDG&E will integrate information about the fixed charge into CARE/FERA materials as possible, but those materials are for program enrollment and space for secondary data may be limited. SDG&E stated it intends to leverage opportunities, such as the scheduled June 1 revisions to the CARE/FERA income guidelines, to add fixed charge content without incurring incremental costs. Further, SDG&E intends to include information about CARE and FERA (Tier 1 and Tier 2) assignments and the option to request Tier reassignment in relevant fixed charge ME&O tactics, including the DRAH customers that are required to self-attest.[153]

Regarding TURN/NRDC's recommendation that the IOUs expand the customer segments to include customers eligible for CARE and FERA but not yet enrolled, including expanding FERA enrollments due to SB 1130, SDG&E responded that it had already approved funding for ongoing annual campaigns to increase enrollment in the CARE and FERA program and directed these campaigns at non-enrolled CARE and FERA-eligible customers. SDG&E indicated it is factually incorrect to assert that it uses fixed charge ME&O funding for CARE and FERA enrollment when the requested costs

[149] Ibid., at 10.
[150] Ibid., at 11.
[151] Cal Advocates Protest, at 3.
[152] TURN/NRDC Protest, at 2.
[153] SDG&E Protest Reply, at 9.

for the fixed charge are incremental and designed for fixed charge awareness, education, and engagement.[154]

The Commission reiterates its role in setting goals for increased enrollment and considering budgets for CARE and FERA implementation costs through CARE and FERA program application proceedings, including addressing the requirements to expand FERA enrollment according to SB 1130. It is important to note that SB 1130 is a new law not discussed in the Decision directing these ALs, and it is likely beyond the scope of this proceeding. While the Decision deems it reasonable for the Large Utilities to provide options to enroll in CARE or FERA and other ways to manage energy costs, which will, in turn, increase CARE and FERA enrollment, it does not mandate the fixed charge ME&O plan to increase enrollment.[155]

We agree with SDG&E that funding for CARE and FERA enrollment is already authorized in D.21-05-016. Acknowledging PG&E's proposed integration plan for CARE and FERA leveraging ME&O budgets previously authorized in D.21-06-015,[156] which provides examples of key messages and communication channels, the Large IOUs shall confer and submit consistent messaging and approaches for CARE and FERA coordination and integration plans through a Tier 2 AL within 60 days of the issuance of this Resolution. We find SDG&E's customer segmentation strategy reasonable and direct SDG&E to refine its strategy based on feedback from the IWG before initiating communications with customers and implementing the fixed charge.

7.5. Terminology and High-Level Messages

7.5.1. Fixed Charge Terminology

While there was no clear preference for a fixed charge name from SDG&E's research, "Base Services Charge" ranked slightly higher. In conjunction with the other IOUs, SDG&E proposed to use "Base Services Charge" for "fixed charge" and to continue working on messaging alignment across all aspects of the fixed charge and presented the following examples.

We find the term "Base Services Charge" proposed by SDG&E and the other Large IOUs to be a reasonable replacement for the term "fixed charge" used in D.24-05-028.[157]

[154] Ibid.
[155] D.24-05-028, at 94.
[156] PG&E's Reply to Protest, at 21-23.
[157] D.24-05-028, at COL 1.

7.5.2. High-Level Messages

- **The Why**: Explain why the change is happening in clear and simple terms; e.g., "In order to help make energy bills more transparent and encourage the use of cleaner energy and greater electrification, California state law Assembly Bill 205, requires SDG&E and the other state utilities to adjust the way we bill residential customers."
- **The What:** Explain what the billing change will look like on monthly bills, using graphics where possible and provide segmented bill samples so customers can see what amounts go toward the fixed rate vs. usage charge, e.g. "A fixed monthly charge called Base Services Charge of $24.15 covers some of the cost of maintaining the electric grid and providing customer support. For customers enrolled in CARE or FERA (bill discounts), the fixed charge is $6 for CARE and $12.08 for FERA. A separate charge for every kilowatt-hour (kWh) used will be lower per kWh than comparable fully volumetric rates."
- Further make it clear this change affects everyone; but that existing plans are to be rolled into this program, e.g., "This change affects all customers including those with CARE or FERA bill discounts; solar and Time-of-Use rate plans, homeowners and renters. This billing structure change does not affect existing rate plans."
- **The When:** Make it clear to customers when the change is happening, e.g. "In Q4 2025, all SDG&E residential customers will see these changes to their bill."
- **Support and Resources:** Make online resources for questions, rate plan options clear and include a link to a Frequently Asked Questions ("FAQ") page for topics not addressed, e.g. For more information on the new Fixed Charge, visit our landing page at…"

Cal Advocates argued that SDG&E failed to specify how it will communicate with customers on how customers can switch assigned tiers and various rate options for customers to manage their bills. In response to a data request from Cal Advocates, SDG&E shared additional details, and Cal Advocates recommended that this information should be submitted in a supplemental AL so that the Commission, other parties in this proceeding, and the IWG can have the opportunity to review these plans for reasonableness and efficacy.[158]

[158] Cal Advocates Protest, at 3.

SEIA recommended that SDG&E submit a supplemental to correct errors in its ME&O basic messaging and address customers, even some low-income customers, who will see bill increases in their overall bill due to implementing the flat rate. SEIA contended the concept of "maintaining the electric grid" in SDG&E's basic messaging is broad and does not clearly reflect the types of cost that the Commission determined can be collected in a fixed charge and recommended that the Commission direct SDG&E to use the language explaining the fixed charge which is similar to that put forth by SCE in its implementation AL[159] which states:

> "The Base Services Charge covers the cost of connecting you to the electric grid (e.g., transformers, line to connect to your home and meter equipment, etc.) and providing customer support."[160]

SEIA also contended that SDG&E's statements intend to inform customers that the fixed charge "affects all customers including those with CARE or FERA bill discounts; solar and TOU rate plans, homeowners and renters" and "this billing structure change does not impact existing rate plans" are contradictory and should be revised and clarified. SEIA recommended for accuracy and IOU alignment that SDG&E correct its proposed basic messaging using language similar to SCE and correct statements that the flat rate affects existing rate plans.[161] SDG&E responded that its messaging is preliminary, and it will continue to modify the messaging by collaborating with the other IOUs and the IWG. SDG&E intends to conduct research in the second quarter of 2025 to test approved final messages with targeted customer segments and incorporate feedback before distributing any customer-facing materials.[162]

In response to C4AT's protest, we agree with SDG&E that its messaging complies with the Decision to use existing processes for enrolled CARE customers. The Commission further discusses C4AT's protest regarding the Large IOUs' tier assignments in Section 6.1 of this Resolution.

Although a sample, the information provided in SDG&E's basic messages should be accurate and comply with the requirements in D.24-05-028. The Commission agrees with the above recommendations provided by Cal Advocates and SEIA and directs SDG&E to file a Tier 2 AL within 60 days of the issuance of this Resolution that (1) corrects all errors and misleading statements in its sample high-level messaging and

[159] SCE AL 5358-E, at 11.
[160] SEIA Protest, at 6.
[161] Ibid.
[162] SDG&E Protest Reply, at 7.

(2) addresses how it will communicate how customers can switch assigned tiers and various rate options for customers to manage their bills, consistent with current outreach IOUs conduct to customers about the rate options and bill management.

7.6. Planned Customer Research

In 2025, SDG&E plans to conduct another survey with impacted customer groups, including CARE, general, and solar. The survey will assess whether SDG&E's revised marketing materials explicitly and effectively address all the ancillary topics and information customers need in the months leading up to the fixed charge implementation. In the Spring of 2026, SDG&E will conduct a final survey with customers in the same groups to assess the overall effectiveness of the ME&O activity and identify where SDG&E should allocate additional resources to ensure a successful transition and pinpoint ongoing engagement opportunities with customers.

7.6.2. Integrated Campaign Tactics

SDG&E proposed its integrated campaign tactics, which will include a dedicated webpage, available at sdge.com/electric-billing, as the primary source of information for customers about the new fixed charge. The campaign will also utilize earned media for media engagement; existing SDG&E-owned channels (i.e., bill package, collateral, organic social media channels such as Facebook, X, Instagram, Nextdoor and/or YouTube; opportunities to integrate the fixed charge messaging into other relevant ME&O efforts such as CARE and FERA; direct notification to inform and satisfy customers of their need to understand how the fixed charge may affect their electric bills; and paid media ads to support the customer journey through all phases of the communication). SDG&E proposed deploying multiple touchpoints throughout the customer journey and beginning direct customer notification 90 days prior to implementation.

7.6.3. Community Engagement and Outreach

SDG&E proposed to leverage its network of approximately 200 CBOs or Energy Solutions Partner (ESP) Network to help educate customers about the fixed charge. During Phase 3, the focus of the messaging will shift toward electrification and remind customers that TOU still matters. Many of these CBOs are small grassroots agencies serving individuals with Access and Functional Needs, multicultural, multilingual, low-income, seniors, and Limited English Proficient audiences in communities of concern. In its response to Cal Advocates' data request, SDG&E clarified that reaching a commercial audience was removed from the total number of CBOs it will leverage for the fixed charge and brought the total of targeted CBOs within SDG&E's ESP Network from 200 to approximately 170.[163]

SDG&E also proposed that its ME&O activities will include outreach and education to SDG&E employees prior to implementation and information to external stakeholders such as elected officials, Tribal leaders, third-party organizations, and CCAs to help them understand the fixed charge's origin, purpose, and benefits.

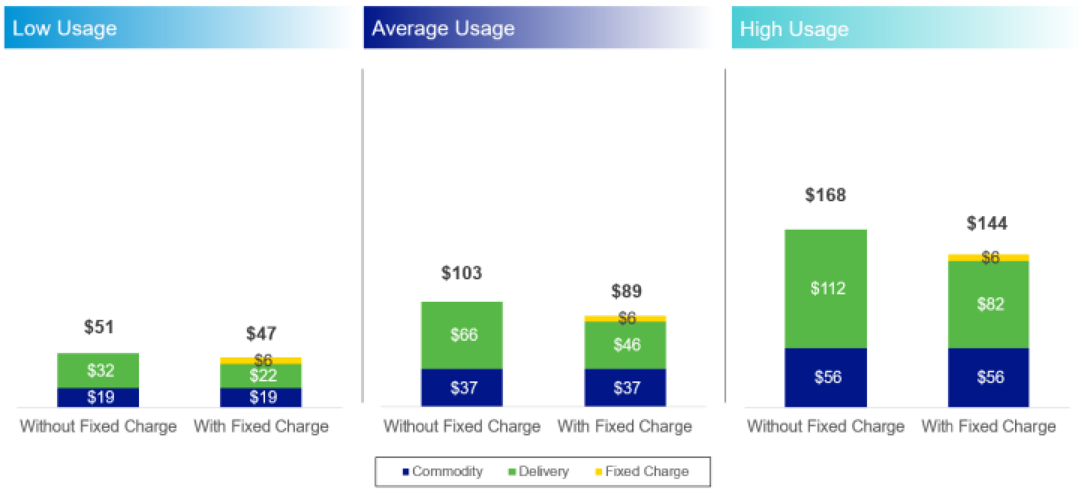
TURN/NRDC recommended the IOUs follow best practices for accessible communications and outreach to HTR customers. We find SDG&E's approach to reach HTR customers reasonable and direct SDG&E to demonstrate how its messaging follows best practices for accessible communications to the IWG for feedback before initiating communications with customers and implementing the fixed charge.

7.7. Sample Bill Impact Templates

SDG&E proposed its sample bill details will include examples of the three levels of the fixed charge, point out the lower kWh prices shown at low, average, and high usage levels, and discuss the potential impact.[164] For example, SDG&E provided the following sample bill impact depicted in Figure 2 below to illustrate monthly bill impacts for a CARE customer in the Inland climate zone based on rates as of March 1, 2024, with low usage of 200 kWh per month, average usage of 600 kWh per month, and high usage of 600 kWh per month.

[163] Cal Advocates Protest, at Attachment 1, R.22-07-005 Demand Flexibility OIR SDG&E Response to Cal Advocates DR SDG&E04, Questions 11, 12, and 13; at 11-12.
[164] SDG&E AL 4492-E, at 12-13.

Figure 2: SDG&E's Sample Bill Impacts for CARE Customers in Tier 1[165]



SEIA contended that while SDG&E's ME&O plan emphasizes the fixed charge and that the price customers will pay per kWh will be less than what they are paying now, SDG&E does not address that for specific customers, this reduction will not make up for the required payment of a fixed charge. Similar to SCE's proposed ME&O plan to provide customer-specific information before the implementation of the fixed charge and discuss steps customers can take to reduce their bills,[166] SEIA recommended SDG&E's educational materials must be explicit that not all customers will see a bill decrease and why that is the case, and also provide information on how customers can mitigate the impact of the increase and include steps to reduce usage, to shift load to lower-priced off-peak periods, and to invest in load-reducing distributed energy resource.

SDG&E should provide additional details on what messaging it will provide to all customers, including those who are expected to experience bill increases, when it presents its final ME&O plan to the IWG.

SEIA also contended that the sample bill impacts would lead customers to believe that all customers in that climate zone will achieve bill savings, which is not the case and does not satisfy the customers' need to understand how the fixed charge may affect their electric bills. SEIA recommended that the Commission direct SDG&E to provide individualized bill impacts to customers; and if SDG&E demonstrates to the Energy Division that its billing systems precludes it from providing individualized bill impacts,

[165] Ibid., at 13.
[166] SCE AL 5358-E, Appendix A, at 9, 15-16 and 18.

then the Commission should direct SDG&E to provide sample bills that are narrowly targeted, taking into account the geographic location of the customer, annual average usage level, and whether the customer has solar or solar + storage or an electric vehicle, if known.

SDG&E indicated it does not intend to provide individualized bill impacts to customers. Personalized impacts will add complexity, internal resource constraints, incur additional expenses and may create customer confusion. Final rates will need to be configured, tested, and validated up to 120 days prior to implementation at the start of direct notifications. It is unlikely that SDG&E will know the final rates at implementation time ahead of the first and second quarters of 2025 when configuring the IT system and customer communications would begin. Unknown final pricing at that stage would potentially cause bill impacts to be inaccurate, leading to a poor customer experience if SDG&E is required to provide personalized bill impacts at the individual level. Additional budget would be needed for IT configuration requirements not currently scoped in this proceeding.

SDG&E intends to provide three sample bill impacts for customers in every fixed charge tier, including one for low, medium, and high usage customers in each of the four climate zones, as illustrated in Figure 2. The sample bill impacts may show savings for some customers and cost increases for others. Simple visuals will allow customers to view bill impacts for their tier and reasonably assess the personal impact based on the amount of their average bill and how much electricity they use in a given month. While SDG&E plans to only include the version of the low/medium/high use graphic that applies to a customer's assigned tier in the direct notification (email/letter) to minimize confusion, each of the sample bill impact graphics for all tiers will be available on sdge.com so customers can compare bill impacts from one tier to another.[167]

SDG&E does not propose running solar-specific sample bill impacts because solar customers have a range of billing cadences, including annual billing and export compensation levels, that complicate generating solar-specific bill impacts. However, solar customers can still use the usage levels for imports they are billed on to estimate the fixed charge's impact on non-nettable import charges.[168]

The Commission agrees with SDG&E's approach to providing sample bill impacts to customers at this time.

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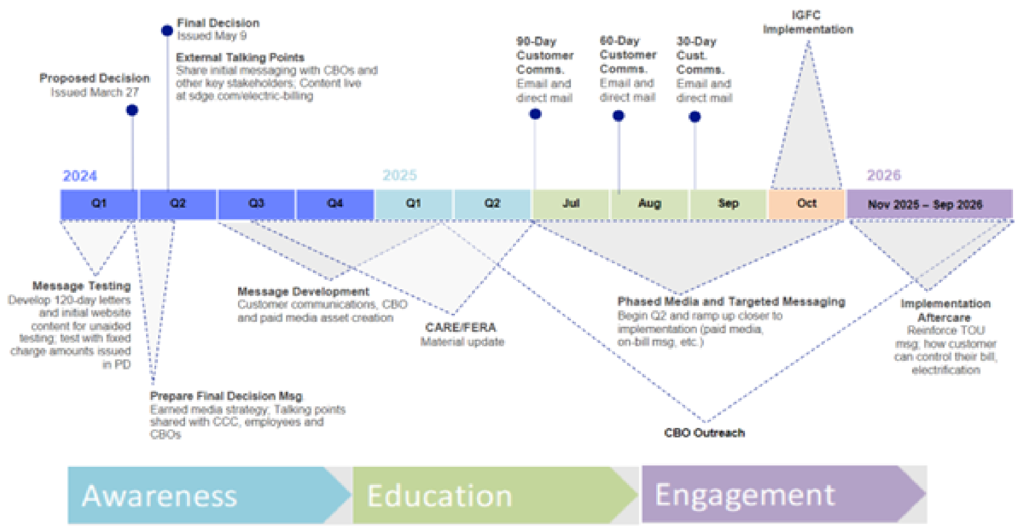
[167] SDG&E AL 4492-E, at 12-13.
[168] Energy Division Data Request #1, Response Q5.

7.8. ME&O Timeline

D.24-05-028 directed SDG&E to implement the fixed charge in the fourth quarter of 2025 (between October 1, 2024, and December 15, 2025).[169] SDG&E indicated the actual timing of ME&O activities in Phase 1 (Awareness), and it may shift Phase 2 (Education) based on the final fixed charge implementation date in the fourth quarter of 2025.

Figure 3 depicts SDG&E's ME&O timeline. SDG&E indicated it will make adjustments depending on whether the fixed charge implementation will occur at the beginning or end of the fourth quarter of 2025. Phase 3 (Engagement) may continue for up to 12 months after implementation.[170]

Figure 3: SDG&E's ME&O Timeline[171]



	2025				2026		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Fixed Charge Implementation				x			
Research Effectiveness Surveys							
Website							
Collateral							
Community Engagement/CBOs							
Paid Media							
Bill Messaging							
Direct Communications							
Integrated Communications							

[169] D.24-05-028, COL 40(c).
[170] SDG&E AL 4492-E, at 18.
[171] Ibid., at 19.

TURN/NRDC argued that the IOUs should be required to implement the fixed charge in a timely manner and that SDG&E does not offer a specific starting date within the fourth quarter of 2025.[172] SDG&E indicated it will comply with D.24-05-028 to implement "between October 1, 2025, and December 15, 2025."[173]

TURN/NRDC also argued that the Commission should disallow some portion of the IGFCMA costs or establish a financial penalty for failure to implement within the time frame outlined in the Decision.[174] Because we have already specified a timeline for SDG&E to implement the IGFC, and failure to comply with Commission orders renders a utility subject to penalties, we do not see a need to provide additional penalties herein, especially given the complexity of this endeavor.

Customer education and outreach are not just pivotal but integral to the successful implementation of the fixed charge. D.24-05-028 adopted an efficient process for developing ME&O plans with consistent terminology, high-level messages, metrics, and the IWG to address oversight of ME&O implementation. The Commission finds SDG&E's proposed ME&O plan reasonable and approves the plan as modified in this Resolution. We direct SDG&E to refine aspects of its plan based on feedback from the IWG before implementing the fixed charge and to present its final ME&O Plan to the IWG at least 60 days before initiating direct communications with customers and implementing the fixed charge.

7.9. ME&O Reporting and Metrics

SDG&E plans to measure and track key aspects of outreach data to monitor progress in reaching customers with messages about the fixed charge as directed in the Decision. SDG&E will share metrics within 30 days of each calendar quarter to the service list of the proceeding and present quarterly to the IWG, along with any other reporting requirements directed by the Decision.[175]

The ME&O metrics will include: [176]

- Number of press article mentions;

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[172] SDG&E AL 4492-E, at 6.
[173] D.24-05-028, at 106.
[174] TURN/NRDC Protest, at 6.
[175] SDG&E AL 4492-E, at 16.
[176] Ibid., at 16.

- Impressions and reach of paid media;
- Number and type of outbound targeted communications and bill messages;
- ME&O dollars spent;
- Email open rates and click through rates; and
- Number of visits to SDG&E's dedicated website.

SDG&E will also report on the following metrics outlined in the Decision:[177]

- Number of customers in each tier;
- Number of customers who change tiers;
- Average customer bill impacts for each tier and each baseline territory;
- Number of related calls or email received;
- Number of customers who were asked to verify their incomes through the CARE and FERA programs; and
- Number of customers who successfully verified their incomes through the CARE and FERA programs.

Considering that most customers will transition during the same month, SDG&E stated its ME&O efforts will conclude up to one year after implementation and reporting for ME&O specific analytics as outlined above would also cease at that point.[178]

SDG&E stated it provides CARE and FERA statistics as part of its required annual and monthly low-income reports filed with the Commission; and given that this relevant information is already reported, SDG&E proposes no additional CARE or FERA reporting for the fixed charge.

We direct SDG&E to include the required two metrics for CARE and FERA as part of its quarterly reporting to the R.22-07-005 service list and IWG for the fixed charge implementation, separate from the CARE and FERA reporting required in D.21-06-015. The two CARE and FERA reporting metrics are the "number of customers who were asked to verify their incomes through the CARE and FERA programs" and the "number of customers who successfully verified their incomes through the CARE

[177] Ibid., at 4.
[178] SDG&E AL 4492-E, at 16.

and FERA programs." The IWG shall determine when ME&O reporting for the fixed charge implementation ends based on each Large IOU's implementation schedule.

Cal Advocates recommended that the Commission require SDG&E to report ME&O metrics disaggregated by tier and customer status, such as Non-CARE/FERA, CARE, FERA, Solar, and DRAH. Based on the requirements in D.24-05-028,[179] and each Large IOU's capabilities expressed in ALs and summarized from ED's data request[180] in Table 5 below, the Large IOUs can provide consistent disaggregated data for the "number and type of outbound targeted communications and bill messages" and "email open rates."

Table 5: Disaggregated ME&O Metrics

Metric	PG&E	SDG&E	SCE
Number of press article mentions	Not feasible; can report press mentions and circulation or reach as available from media outlet	Not feasible	Not feasible due to lack of customer identification
Impressions and reach of paid media	Not feasible; will be reported by target audience/creative versions (example: General, Solar, Low-Income)	Not feasible	Not feasible due to lack of customer identification
Number and type of outbound targeted communications and bill messages	Feasible for direct target outreach	Feasible	Feasible
Number of related calls or emails received	Not feasible	Partially feasible	SCE does not offer email support. Limitation on disaggregated call data by tier, segment, and DRAH tatus due to high dependency and accuracy concerns with manual agent call dispositions.
ME&O dollars spent	Not feasible	Not feasible	Not feasible as ME&O budget breakdown is not disaggregated by tier, segment, and DRAH.
Email open rates and click-through rates	Feasible for email versions (example:	Feasible	Feasible

[179] Cal Advocates Protest, at 4-5.
[180] Energy Division Data Request: SDG&E Response Q.09, SCE Response Q.09, and PG&E Response Q.17.

	General, Solar, Low-Income)		
Number of visits to utility web pages	Not feasible	Not feasible	Not feasible
Digital performance, if applicable	Not feasible	Not feasible	Not feasible due to lack of customer identification.

In response to Cal Advocates' request, we find it reasonable for the Large Utilities to add consistent disaggregated data for the "number and type of outbound targeted communications and bill messages" metric and the "email open rates" metric by tier and customer status, such as Non-CARE/FERA, CARE, FERA, Solar, and DRAH status. The IOUs shall continue to confer with one another, Commission staff, and the IWG on reporting metrics. The IWG shall determine when reporting for the fixed charge implementation ends based on each Large IOU's implementation schedule.

7.10. Proposed ME&O Budget

D.24-05-028 required the Large IOUs to propose an ME&O budget with a line-item breakdown and justification for each cost. The justification should explain why each line item is incremental to previously authorized ME&O funding (e.g., authorized ME&O budgets for CARE and FERA).[181]

In Table 6 below, SDG&E identified ME&O costs and will take a digital-first approach to help mitigate expenses where feasible and appropriate and indicated it will use other communication methods that may be costly, as not all customers have a valid email address or have limited access to digital channels.[182] Based on corrections submitted in AL 4492-E-A, SDG&E revised its proposed ME&O budget from $3.2 million to $3.197 million, as shown below in Table 6.

Table 6: SDG&E's Proposed ME&O Budget

Category	1H 2025	2H 2025	2026	Total
Research	$125,000	$0	$125,000	$250,000
Web	$20,000	$20,000	$20,000	$60,000
Collateral	$25,000	$0	$25,000	$50,000
Outreach/CBOs[183]	$80,000	$40,000	$120,000	$240,000

[181] D.24-05-028, at 97.
[182] SDG&E AL 4492-E, at 16-18.
[183] SDG&E AL 4492-E-B, at 2, reduced the total budget for Outreach/CBO from $250,000 to $240,000.

Paid Media	$150,000	$300,000	$250,000	$700,000
Bill Messaging	$20,000	$40,000	$20,000	$80,000
Direct Communication[184]	$0	$646,880	$323,440	$970,320
Integrated Communications	$10,000	$10,000	$10,000	$30,000
Internal Labor[185]	$117,000	$162,000	$198,000	$477,000
Agency Support/External Labor	$120,000	$120,000	$100,000	$340,000
Total	**$667,000**	**$1,338,880**	**$1,191,440**	**$3,197,320**

7.10.2. M&EO Budget Justifications[186]

- **Research**: At the start of Phase 1, SDG&E will utilize an external vendor to conduct an online survey that will be used for the refinement of ME&O materials and messaging. Following the fourth quarter of 2025 implementation of the fixed charge, a second survey will be deployed in early 2026 to measure ME&O effectiveness and gauge customer awareness and understanding to inform the remainder of Phase 3.
- **Website**: SDG&E's proposed website activities include development and design support, periodic updating throughout the different phases of the customer journey, and content changes to other pages on sdge.com. This estimate does not include messaging within SDGE's customer portal, My Energy Center, or tools that may be needed for implementation.
- **Collateral**: SDG&E's budget for supporting materials includes costs for fact sheets, external presentation materials, frequently asked questions (FAQ) documents, employee training materials, translation services for in-language materials and updating existing materials, as needed. SDG&E anticipates providing materials in both English and Spanish, where needed, as well as any additional languages as requested by CBOs, such as Chinese or Vietnamese.
- **Outreach**: SDG&E's proposed ME&O budget includes support for more than 200 CBOs within its Energy Solutions Partner Network. These CBOs will help further create awareness and understanding of the fixed charge on customer bills through outreach activities including social media posts, events, presentations, and workshops. SDG&E estimated the CBO-related outreach costs will include funding to each supporting CBO through a Memorandum of Understanding, and labor to plan, manage, and support CBO efforts.

[184] Ibid., at 2, reduced the total budget for Direct Communications from $985,000 to $970,320.
[185] Ibid., at 2, reduced the total budget for Internal Labor from $480,000 to $477,000.
[186] SDG&E AL 4492-E, at 16-17.

- **Paid Media**: SDG&E plans to start paid media in the second quarter of 2025 as overarching support for the other tactics and channels; but given the more modest fixed charge amounts approved in the Decision, the scope and budget has been reduced 30% from what was proposed in the original testimony. Paired with outreach through other channels, cost-effective paid media will target customers through various channels, including in-language. The paid media budget will be split over the three ME&O phases.
- **Bill Messaging**: Approximately 54% of SDG&E customers still receive a monthly paper bill, and digital monthly bill statements are also available to all customers online. The bill package is one of the best opportunities to reach customers when they are most engaged with their energy use. Anticipated costs include printed bill inserts, outer envelope messaging, and on-bill messaging.
- **Direct Communications**: SDG&E plans to use an "email first" strategy to directly reach about 80% of its residential electric customers and estimates up to six touchpoints over the three phases. Depending upon the final customer segmentation, the number of actual emails may vary. Estimated costs include email production, deployment, monitoring, and reporting of email results. Direct mail will be used as the secondary method to reach customers who do not have a valid email address on file, approximately 20% of residential customers. SDG&E estimated up to three direct mail touchpoints leading up to the implementation of the fixed charge and at least one in the post-implementation "Engagement" phase. Costs include development, printing, postage, and other associated handling fees.
- **Integrated Communications**: SDG&E will incorporate fixed charge messaging into other appropriate ME&O activities and materials, based on the potential for alignment of target audiences and channels with the potential to carry secondary or tertiary messages. For example, existing materials such as CARE/FERA welcome letters, Medical Baseline communications, or other relevant materials.
- **Internal Labor:** SDG&E did not provide justification in AL 4492-E.
- **Agency Support/External Labor:** SDG&E did not provide justification in AL 4492-E.

Cal Advocates recommended that the Commission reject SDG&E's ME&O plan because it fails to meet D.24-05-028's required level of detail on ME&O budget justification and require SDG&E to submit a supplemental AL with adequate detail on its ME&O budget and provide sufficient detail on a budget estimate for DRAH customers for assignment to Tier 2.

In its protest reply, SDG&E indicated its ME&O plan and subsequent data request response to Cal Advocates included the planned activities and estimated expenditures, including, for example, the breakdown between email and direct mail, estimated number of messages, and associated sub-costs.[187] SDG&E further explained that perceived differences in costs for direct mail may not have considered the contingency amount SDG&E estimated to cover current unknown variables, such as possible cost increases in materials or postage and higher fulfillment costs based on the number and complexity of final mailings. SDG&E indicated the sample invoices included in its response to Cal Advocates' data request[188] were a starting point for estimating hard costs that will be finalized closer to implementation in 2025, when time, materials, and version requirements are known. In addition, SDG&E explained that its internal and external labor, including agency costs, were based on previous experience and were supported by a sample scope of work.[189]

SDG&E indicated it is taking care to be good stewards of ratepayer funds and is attempting to keep ME&O costs to a minimum. It will continue to look for cost efficiencies and savings throughout each phase of the fixed charge rollout.[190]

The Commission finds SDG&E's proposed ME&O budget of $3,197,320 for 2025-2026 to implement the fixed charge reasonable and approved as specified herein and shown in Table 7 below. SDG&E shall not adjust budgets across tactics or shift funds across ME&O categories.

Table 7: SDG&E's ME&O Budget (Approved)

Category	1H 2025	2H 2025	2026	Total
Research	$125,000	$0	$125,000	$250,000
Web	$20,000	$20,000	$20,000	$60,000
Collateral	$25,000	$0	$25,000	$50,000
Outreach/CBOs	$80,000	$40,000	$120,000	$240,000
Paid Media	$150,000	$300,000	$250,000	$700,000
Bill Messaging	$20,000	$40,000	$20,000	$80,000
Direct Communication	$0	$646,880	$323,440	$970,320
Integrated Communications	$10,000	$10,000	$10,000	$30,000

187 SDG&E Protest Reply, at 2.
188 Cal Advocates Protest, Attachment 2.
189 SDG&E Protest Reply, at 2.
190 Ibid., at 2.

Internal Labor	$117,000	$162,000	$198,000	$477,000
Agency Support/External Labor	$120,000	$120,000	$100,000	$340,000
Total	**$667,000**	**$1,338,880**	**$1,191,440**	**$3,197,320**

8. Facilitation Contractor

In D.24-05-028, the Commission directed PG&E to issue a request for proposal (RFP) and execute a contract with a Facilitation Contractor with expertise in implementing income verification processes to provide the services described in the Decision within eight months of its issuance date.[191] On July 5, 2024, PG&E initiated the required RFP process, and issued the RFP on August 6, 2024, which it aims to conclude with selecting a finalist approximately three months before the January 15, 2025, deadline to execute a contract.[192]

PG&E estimated the cost for the Facilitation Contractor is approximately $250,000, which PG&E will initially bear and later partially recover through a co-funding agreement with SCE and SDG&E.[193] PG&E proposed to use the same cost-share allocation as the Commission adopted when it approved the December 2022 Joint IOU's motion to establish memorandum accounts for costs to develop the fixed-charge public tool: PG&E 40% ($100,000), SCE 40% ($100,000), and SDG&E 20% ($50,000).[194] SDG&E proposed to seek cost recovery of $50,000 for ratepayer reimbursement and track these costs in the IGFCMA.

Upon further review of AL 7351-E, PG&E discovered an error in the cost recovery requirements for the Facilitation Contractor. In its supplemental AL, PG&E corrected its total cost recovery requirement for the Facilitation Contractor from $250,000 to $130,000 ($50,000 for PG&E's labor costs and $80,000 for PG&E's cost-share).[195] PG&E explained it unintentionally used the full $250,000 amount in estimating its total cost recovery requirements instead of $130,000. The correction also changed SCE's and SDG&E's cost-share of the Facilitation Contractor based on $200,000, from a total of $150,000 to $120,000: SCE ($80,000) and SDG&E ($40,000).

The Commission finds SDG&E's cost-share reasonable for the Facilitation Contractor and approves $40,000 for recording in its IGFCMA.

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[191] D.24-05-028, OP 2.
[192] PG&E 7351-E, at 60-61.
[193] Ibid.
[194] D.23-04-008, OP 2.
[195] PG&E AL 7351-E-A, at 30-31, and Attachment C.

9. Total Implementation Budget

9.1. Proposed Additional Implementation Budget Request

In D.24-05-028, the Commission approved an aggregate total of up to $35.6 million for the implementation costs of the Large IOUs and directed the IOUs to propose a plan and budget for customer education and outreach through a Tier 3 AL.[196] Table 8 below provides a breakdown of the activities approved in the Decision. It is important to note that the budget does not include costs for DRAH implementation for the Tier 2 assignment, the ME&O plan, and the Facilitation Contractor.

Table 8: Large Utilities' Approved Implementation Budget in D.24-05-028

Activity	PG&E ($ millions)	SCE ($ millions)	SDG&E ($ millions)	Total
Income Verification[197]	$0	$0	$0	$0
Billing System	$5.745	$2.900	$4.250	$12.895
Customer Rates Tools Updates	$0.674	$0.059	$0.674	$1.407
Customer Support (Contact Center)	$7.304	$9.498	$2.833	$19.635
Program and Product Management	$0.550	$0.550	$0.550	$1.650
Total	**$14.273**	**$13.007**	**$8.307**	**$35.587**

SDG&E submitted AL 4492-E to request budget approval for the additional implementation activities, which included DRAH implementation for Tier 2 assignment, ME&O, and the Facilitation Contractor for income verification.[198]

In AL 4492-E-A, SDG&E corrected a calculation error in its DRAH Data and Program Management budget, but the correction did not change its total budget request of $1,1868,450.[199] In AL 4492-E-B, SDG&E reduced its total ME&O budget request from $3,200,000 to $3,197,320.[200]

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[196] D.24-05-028, at 4.
[197] The Income Verification activity is for the Facilitation Contractor authorized in OP 2 of D.24-05-018. The budget was unknown and not established at the time of the adoption of D.24-05-018.
[198] SDG&E AL 4492-E, at 30.
[199] SDG&E AL 4492-E-A, at 2.
[200] SDG&E AL 4492-E-B, at 2.

Table 9 below summarizes SDG&E's additional implementation budget request of $5,115,770 for the implementation of the fixed charge:

Table 9: SDG&E's Proposed Additional Implementation Budget Request

Activity	1H 2025	2H 2025	2026	Total
DRAH Implementation[201]	$1,354,650	$262,350	$251,450	$1,868,450
ME&O[202]	$667,000	$1,338,880	$1,191,440	$3,197,320
Facilitation Contractor	$50,000	$0	$0	$50,000
Total	**$2,071,650**	**$1,601,230**	**$1,442,890**	**$5,115,770**

Cal Advocates and TURN/NRDC asserted that the IOUs must demonstrate that implementation costs are reasonable and incremental before seeking recovery of the IGFCMA.[203] SDG&E indicated that its costs are incremental.[204]

The Commission reduced SDG&E's DRAH IT implementation costs from $990,000 to $79,200, and its incremental Call Center Labor costs 50% from $383,917 to $191,959, resulting in an overall reduction of $1,102,759 in DRAH implementation Costs.

The Commission finds it reasonable to reduce SDG&E's proposed additional implementation budget by $1.1 million and finds the revised budget of $4,002,929 for DRAH implementation, ME&O, and Facilitation Contractor reasonable and approves for the additional implementation costs for implementation of the fixed charge as shown in Table 10 below.

Table 10: SDG&E's Additional Implementation Budget Request (Authorized)

Activity	1H 2025	2H 2025	2026	Total
DRAH Implementation	$359,832	$204,738	$201,039	$765,609

[201] The DRAH Implementation budget includes corrections from SDG&E AL 4492-E-A, increasing the total costs for DRAH data and program management from $376,500 to $494,450. The total DRAH implementation budget request remained $1,868,450.
[202] SDG&E AL 4492-E-B, at 2. The ME&O budget includes corrections from SDG&E AL 4492-E-B, reducing the Outreach/CBOs total budget from $250,000 to $240,000, the Direct Communications total budget from $985,000 to $970,320, and reducing the Internal Labor from $480,000 to $477,000, resulting in a revised total ME&O budget of $3,197,320.
[203] Cal Advocates Protest, at 2-3, and TURN/NRDC Protest, at 4-5.
[204] SDG&E Protest Reply, at 9.

ME&O	$667,000	$1,338,880	$1,191,440	$3,197,320
Facilitation Contractor[205]	$40,000	$0	$0	$40,000
Total	**$1,066,832**	**$1,543,618**	**$1,392,479**	**$4,002,929**

9.2. Revised Total Implementation Budget

Table 11 provides the previously authorized budgets in D.24-05-028, budgets authorized in this Resolution, which SDG&E deemed incremental to its authorized revenue requirement in the most recent GRC,[206] and the total revised implementation budget for the fixed charge. SDG&E shall not carry over or shift funds between implementation activities or ME&O categories.

Table 11: SDG&E's Revised Total Implementation Budget (Authorized)

Activity	Previously Authorized in the Decision ($ millions)	Budgets Authorized in this Resolution ($ millions)	Total Revised Implementation Budget ($ millions)
Income Verification (Facilitation Contractor)	$0	$0.040	$0.040
Billing System	$4.250		$4.250
Customer Rates Tools Updates	$0.674		$0.674
Customer Support (Contact Center)	$2.833		$2.833
Program and Product Management	$0.550		$0.550
DRAH Implementation		$0.766	$0.766
ME&O		$3.197	$3.197
Total	**$8.307**	**$4.003**	**$ 12.310**

COMMENTS

"Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides

[205] PG&E AL 7351-E-A, at 30-31, and Attachment C correct the cost-share for SDG&E from $50,000 to $40,000.
[206] SDG&E AL 4492-E, at 23, and SDG&E Protest Reply, at 9.

that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments and will be placed on the Commission's agenda no earlier than 30 days from today."

FINDINGS

1. Assembly Bill (AB) 205 (Stats. 2022, ch. 61) authorized the California Public Utilities Commission (Commission) to adopt an equitable rate structure for residential customers and to direct the electric investor-owned utilities (IOUs) to collect a reasonable portion of the fixed costs of providing electric services for residential customers.
2. Decision (D.) 24-05-028 authorized all electric investor-owned utilities to change the structure of residential bills in accordance with AB 205.
3. D.24-05-028 adopted a three-tier structure for the income-graduated fixed charge (IGFC) for each electric IOU to adopt and set specific rate design guidelines addressing which revenues may be collected through the fixed charge.
4. Ordering Paragraph 3(c) of D.24-05-028 directed Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E), (collectively, Large IOUs) to each file a Tier 3 Advice Letter requesting approval to implement the fixed charge for residential customers.
5. SDG&E filed Advice Letter (AL) 4492-E on August 13, 2024, a partial supplemental, AL 4492-E-A, on September 16, 2024, and a second partial supplemental, AL 4492-E-B, on October 9, 2024.
6. It is reasonable for SDG&E to implement the fixed charge calculations documented by SDG&E in AL 4492-E, including the cost components designated for collection in each tier of the IGFC and the cost layering methodology.
7. It is reasonable for SDG&E to update all eligible residential rate schedules and tariffs to include Tier 3, Tier 2 and Tier 1 fixed charges, with the exception of EV-TOU and the “DM” rate option.
8. It is reasonable for SDG&E to reduce residential volumetric rates on an equal per cents per kilowatt hour or equal percentage basis for all residential rates, including for adjustments to optional electrification rates and their time-varying distribution rates, as proposed in AL 4492-E.

9. It is reasonable for SDG&E to remove the minimum bill from eligible residential rate schedules and replace the "monthly service fee" or "basic service fee" with a fixed charge line item for E-CARE and FERA.
10. PG&E has proposed to collect information regarding deed-restricted affordable housing (DRAH) status through CARE and FERA applications as a cost-effective means to improve data collection regarding deed restricted housing.
11. SDG&E's plan to default to Tier 1 all customers enrolled in its CARE program at the time its initial Tier assignment process is conducted, and to automatically enroll new CARE enrollees in Tier 1 on an ongoing basis, is reasonable.
12. SDG&E's proposed methodology for placement of qualified customers into Tier 2 including its plan to default customers enrolled in its FERA program at the time its initial Tier assignment process is conducted, and to automatically enroll new FERA enrollees in Tier 2 on an ongoing basis, is reasonable.
13. SDG&E's proposal to create a new process for identifying customers who live in deed-restricted affordable housing using the CHP database along with customer self-attestation where matching efforts are inconclusive strikes a reasonable balance between the goals of accuracy, cost, and equity, by identifying as DRAH qualified customers residing in multi-family properties for which the California Housing Partnership (CHP) dataset shows over 80 percent of its component units are designated as deed-restricted housing.
14. SDG&E's overall self-attestation proposal for qualified DRAH customers, to establish their eligibility for assignment to Tier 2, is reasonable.
15. SDG&E's proposal to place automatically into Tier 3 customers who do not qualify for Tiers 1 or 2 under its proposals for those Tiers is reasonable.
16. It is reasonable for SDG&E to consult with the Implementation Working Group (IWG) before implementing the tier assignments to coordinate actions across IOUs.
17. Costs associated with SDGE's Tier assignment proposals should be incremental, as they were not addressed in D.24-05-028. SDG&E's DRAH plan and budget are reasonable, subject to the modifications set forth herein.
18. It is reasonable for the Large IOUs to provide options for customers to enroll in CARE and FERA as well as facilitate other ways to manage energy costs, but D.24-05-028 does not require the fixed charge marketing, education, and outreach (ME&O) plan to increase enrollment in the CARE and FERA programs.
19. SDG&E's customer segmentation strategy is reasonable, and it should refine its strategy based on feedback from the IWG before initiating communications with customers and implementing the fixed charge.
20. The term "Base Services Charge" proposed by the Large IOUs is a reasonable replacement for the term "fixed charge" used in D.24-05-028.

21. It is reasonable for SDG&E to provide additional details on what messaging it will provide to all customers, including those who are expected to experience bill increases, when it presents its final ME&O plan to the IWG.
22. SDG&E's proposed strategy to target hard-to-reach customers is reasonable.
23. SDG&E's proposed approach to providing sample bill impacts to customers at this time is reasonable.
24. SDG&E's ME&O plan and budget are reasonable, subject to the modifications set forth herein.
25. It is reasonable to allow the Large IOUs to determine the best time to initiate direct communication with customers, based on research findings and previous experience with the Time-of-Use Transition.
26. Because the Commission has already specified a timeline for SDG&E to implement the IGFC, and failure to comply with Commission orders renders a utility subject to penalties, it is reasonable not to provide additional penalties herein.
27. It is reasonable for the Large IOUs to include the following disaggregated ME&O metrics in their reporting: "number and type of targeted communications and bill messages" and "email open rates" by tier and customer status.
28. It is reasonable for the Large IOUs to confer with one another, the Commission staff, and the IWG on refining the reporting metrics.
29. SDG&E's proposed cost-share of $40,000 for the Facilitation Contractor is reasonable.
30. It is reasonable for the Large IOUs to consider these income-graduated fixed charge implementation costs incremental to their authorized revenue requirement.
31. It is reasonable not to allow the Large IOUs to shift or carry over funds between implementation activities or ME&O categories.
32. It is reasonable to revise the total implementation budget for SDG&E from up to $8.307 million, based on D.24-05-028, to up to $12.310 million to include the additional implementation activity as modified herein for DRAH implementation, ME&O, and the Facilitation Contractor.

THEREFORE IT IS ORDERED THAT:

1. The request of San Diego Gas & Electric Company (SDG&E) to implement the fixed charge for residential customers as requested in Advice Letter 4492-E, partial supplemental Advice Letter 4492-E-A, and supplemental Advice Letter 4492-E-B is approved with modifications as specified herein.

2. San Diego Gas & Electric Company (SDG&E) shall file a Tier 2 Advice Letter within 90 days after this Resolution is approved with illustrative redlined changes to the volumetric rate components of all residential tariffs active in 2025 (excluding legacy rates), and shall specify the following:
    a. Whether each residential tariff will receive either an equal cents-per-kilowatt hour reduction or an equal percentage-based reduction to distribution volumetric rates, the quantity of this reduction, and the rationale for applying each method.
    b. The proposed cost layering loading order and cost component breakdown for each tier of the fixed charge utilizing the latest revenue requirement data, the correct fixed charge and discount calculation for Tiers 1 and 2, as set forth in Conclusion of Law 11 of D. 24-05-028.
    c. The correct CARE and FERA discount percentages to be applied to fixed charges with a citation to the latest ruling or decision that establishes these values.
    d. SDG&E shall also expand on how its discount programs (specifically the Medical Baseline, DAC-GT, and CS-GT programs) would interact with the new residential fixed charges and volumetric rates.
3. San Diego Gas & Electric Company shall file a Tier 1 Advice Letter at least 30 days before the implementation of the fixed charge in Q4 of 2025 to finalize the changes to volumetric rate components of all residential tariffs.
4. San Diego Gas & Electric Company shall refine its customer segmentation strategy based on feedback from the Implementation Working Group (IWG) before initiating communications with customers and implementing the fixed charge.
5. San Diego Gas & Electric Company's marketing, education, and outreach plan and budget of $3,197,320 for 2025-2026 are approved as modified herein.
6. San Diego Gas & Electric Company shall file a Tier 2 advice letter within 60 days of the issuance of this Resolution to:
    a. Correct errors and misleading statements in its sample high-level messaging;
    b. Clarify how it will communicate how customers can switch assigned tiers and different rate options for customers to manage their bills, consistent with current outreach IOUs conduct to customers about the rate options and bill management; and
    c. Confer with Pacific Gas and Electric Company and Southern California Edison Company to develop and submit consistent messaging and approaches to coordinate and integrate the fixed charge with options for

the California Alternate Rates for Energy and the Family Electric Rate Assistance programs.

d. Describe whether it will collect information regarding deed-restricted affordable housing (DRAH) status through CARE and FERA applications as a cost-effective means to improve data collection regarding deed restricted housing.

7. San Diego Gas & Electric Company (SDG&E) shall present its final marketing, education, and outreach (ME&O) plan to the Implementation Working Group at least 60 days prior to initiating customer communications and implementing the fixed charge to incorporate feedback to improve plans before implementation. SDG&E's presentation of its final ME&O plan shall include all aspects of its campaign and final messaging to customers and demonstrate how it will follow best practices for accessible communications.
8. San Diego Gas & Electric Company shall include the following required two metrics in D.24-05-028 as part of its quarterly reporting to the service list and Implementation Working Group for fixed charge implementation:
   a. Number of customers who were asked to verify their incomes through the CARE and FERA programs, and
   b. Number of customers who successfully verified their incomes through the CARE and FERA programs.
9. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall include the following disaggregated metrics for marketing, education, and outreach reporting by tier and customer status: (a) the number and type of outbound targeted communications and bill messages and (b) email open rates.
10. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall confer with one another, Commission staff, and the Implementation Working Group to refine reporting for the implementation of the fixed charge.
11. The Implementation Working Group shall determine when reporting for the fixed charge implementation ends based on each large electric investor-owned utility's implementation schedule.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on December 19, 2024; the following Commissioners voting favorably thereon:

Rachel Peterson
Executive Director