

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

**ENERGY DIVISION**

**RESOLUTION E-5356**

**December 19, 2024**

**RESOLUTION**

Resolution E-5356. Implementation of Southern California Edison Company's Income-Graduated Fixed Charges Pursuant to Ordering Paragraph 3(c) of Decision 24-05-028

**PROPOSED OUTCOME:**

- Approves with modifications Southern California Edison Company's (SCE) request to implement the fixed charge pursuant to Decision (D.) 24-05-028, which includes modifications to SCE's proposals for rate design, tier assignments (including deed-restricted affordable housing), marketing, education, and outreach, facilitation contractor, and SCE's additional implementation budget.

**SAFETY CONSIDERATIONS:**

- There are no safety considerations associated with this Resolution.

**ESTIMATED COST:**

- Authorizes an additional incremental budget of \$5.401 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 SCE to request budget authorization in the Tier 3 AL to implement the fixed charge.

By Advice Letter 5358-E, submitted August 13, 2024, to the wrong service list (R.20-08-020) and on August 16, 2024, to the correct service list (R.22-07-005), and Advice Letter 5358-E-A, submitted August 30, 2024.

---

## **SUMMARY**

This Resolution approves with modifications Southern California Edison Company's (SCE) Advice Letter (AL) 5358-E and AL 5358-E-A 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.<sup>1</sup>

The Decision required that SCE remove minimum bills from residential customer bills (where applicable). The Decision also required SCE 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

---

<sup>1</sup> Qualifying low-income households receive up to a 35% discount on electric bills from CARE, while FERA provides up to an 18% discount.

- 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.<sup>2</sup>

The California Public Utilities Commission (Commission or CPUC) directs SCE 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 SCE's implementation plan that warrant clarification. This Resolution directs SCE 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 SCE 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, SCE will need to submit a Tier 1 AL within 30 days before the fixed charge is implemented to provide final redlined tariffs.

## **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.

---

<sup>2</sup> D.24-05-028 at 94-95.

On May 15, 2024, the Commission adopted the Decision, authorizing all electric IOUs—Pacific Gas and Electric (PG&E), SCE, San Diego Gas and Electric (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.<sup>3</sup>

As directed in D.24-05-028 for implementation of the fixed charge, SCE (1) submitted a Tier 1 AL on June 14, 2024, to establish a new IGFC memorandum account (IGFCMA) and a new IGFC balancing account (IGFCBA);<sup>4</sup> (2) conferred with PG&E and SDG&E and the Commission's Energy Division staff on June 24, 2024, to develop consistent ME&O terminology, high-level messages, and metrics;<sup>5</sup> and (3) collaborated with PG&E and SDG&E to invite parties to the joint Energy Division and Large IOUs' Fixed Charge ME&O Workshop held on July 10, 2024.<sup>6</sup>

To comply with the Decision's Ordering Paragraph (OP) 3(c), SCE 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. SCE submitted the AL to the wrong service list, R.20-08-020, requesting Commission approval to implement its fixed charge for residential customers pursuant to D.24-05-028. SCE resubmitted its Tier 3 AL on August 16, 2024, to the correct service list, R.22-07-005. On September 10, 2024, SCE filed supplemental AL 5358-E-A to reduce the budget request for call center costs related to the process to enroll deed-restricted affordable housing (DRAH) customers onto the Tier 2 fixed charge.

---

<sup>3</sup> D.24-05-028 at 101.

<sup>4</sup> Ibid., OP 1. Energy Division approved AL 5317-E on June 14, 2024.

<sup>5</sup> Ibid., OP 3 (a).

<sup>6</sup> Ibid., OP 3 (b).

## **NOTICE**

Notice of AL 5358-E was made by publication in the Commission's Daily Calendar. SCE states that a copy of the AL and its supplement were mailed and distributed in accordance with Section 4 of General Order 96-B, but the AL was distributed to the wrong service list, R.20-08-020. SCE resubmitted the AL to the correct service list on August 16, 2024.

## **PROTESTS**

SCE's AL 5358-E was timely protested on September 3, 2024, jointly by The Utility Reform Network and the Natural Resources Defense Council (TURN/NRDC), Center for Accessible Technology (C4AT), and the California Environmental Justice Alliance (CEJA), and on September 5, 2024, by the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), and the Solar Energy Industries Association (SEIA) (collectively, Protest Parties). On September 12, 2024, SCE submitted its reply to the protests.

The Protest Parties contested several aspects of SCE's implementation plan, which are summarized below in the following sections: (1) rate design, (2) tier assignments (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 reiterated that D.24-05-028 required IOUs to track income-graduated fixed charge implementation costs in the IGFCMA and obtain CPUC approval in a future General Rate Case (GRC) or rate design window (RDW) before recovery.<sup>7</sup> They objected to SCE's \$1.88/month proposed surcharge, which SCE includes as part of the fixed charge in all three tiers. TURN/NRDC argued this surcharge lacks justification and is not proposed by SDG&E or PG&E. They insisted that all costs be tracked in the IGFCMA before seeking recovery in rates.<sup>8</sup>

---

<sup>7</sup> TURN/NRDC's Protest, at 4.

<sup>8</sup> *Id.*

### 1.2. CEJA's Protest

In CEJA's protest, it argued that SCE's implementation strategies are unjust, unreasonable, and discriminatory according to the Public Utilities Code § 451, due to the Cost Layering methodologies used.<sup>9</sup> 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 Layer methods SCE chose. Principally, CEJA protested SCE's illustrative cost layering in AL 5358-E as no Public Purpose Program (PPP) costs were shown in Tier 1 and Tier 2 fixed charges.<sup>10</sup> CEJA cited that the SCE Cost Layering methodology could lead to higher volumetric rates for low-income customers. CEJA recommended the Commission require the IOUs to layer CARE-exempt PPP costs into the IGFC immediately after the Marginal Customers Access Costs (MCAC).<sup>11</sup>

### 1.3. SEIA's Protest

SEIA recommended the Commission direct SCE to file a supplemental AL to address a number of issues. Firstly, SEIA contended that the supplemental AL should show the volumetric distribution rate reduction in dollars per kWh and percentage for each TOU period for each residential rate schedule that the IGFC is applicable to.<sup>12</sup> SEIA argued that the supplemental should include the associated workpapers, and volumetric reductions should be based on today's rates even if they are illustrative. Secondly, SEIA contended that SCE should provide exemplary rates for any rate schedule where the impact on volumetric distribution rates is not an equal cents per kWh rate reduction. This includes schedules such as TOU-D-PRIME that already include a fixed charge.<sup>13</sup> SEIA noted that because there is a smaller increase to the new fixed charge established by the Decision, there is less of a volumetric rate reduction and default rate customers may be funding a portion of the volumetric rate reductions for TOU-D-PRIME.<sup>14</sup> SEIA argued that this would cause a cost shift from default to electrification customers.<sup>15</sup> Finally, SEIA argued that SCE should file a supplemental including redlined changes to each residential tariff that will be impacted by the implementation of the IGFC. SEIA also argued that the Decision only directed IOUs to file a Tier 3 AL to implement fixed

---

<sup>9</sup> CEJA Protest, at 2.

<sup>10</sup> *Id.*

<sup>11</sup> CEJA Protest, at 4.

<sup>12</sup> SEIA Protest, at 2.

<sup>13</sup> *Id.*, at 3.

<sup>14</sup> *Id.*, at 4.

<sup>15</sup> *Id.*

charges, not a series of three ALs, thus illustrative volumetric rate reductions and the removal of minimum bills should be provided in AL 5358-E and its supplementals.<sup>16</sup>

#### **1.4. Cal Advocates' Protest**

Cal Advocates cited a number of ambiguities regarding rate design and noted that SCE had provided answers to these ambiguities in data requests that were attached to Cal Advocates' protest letter. However, Cal Advocates would prefer this information be filed as a supplemental so that these discussions remain on the record.<sup>17</sup> The first issue of protest regards the loading order applied by SCE.<sup>18</sup> Cal Advocates noted that PG&E and SDG&E proposed to include the CARE-exempt portion of PPP in fixed charges.<sup>19</sup> It is important to underline that Cal Advocates may have misquoted SDG&E as no reference to PPP components and its position in the loading order were mentioned in AL 4492-E. Cal Advocates noted that SCE has agreed to adopt a similar loading order approach in its response.

Secondly, Cal Advocates argued that SCE did not show how it proposed to express IGFC discounts for Tiers 1 and 2, while PG&E and SDG&E has proposed to reflect IGFC discounts in Tiers 1 and 2 using the distribution component.<sup>20</sup> In its reply to Cal Advocates, SCE notes it will establish a new rate component, the "IGFC Discount" and "IGFC Surcharge" which would bring Tier 1 and 2 fixed charges down to the appropriate rate levels.<sup>21</sup>

Finally, Cal Advocates argued that SCE's AL does not provide details on how the IGFC would interact with the line-item Medical Baseline discount and Disadvantaged Communities Green Tariff and Community Solar Green Tariff (DAC-GT/CS-GT).<sup>22</sup> Cal Advocates observed that PG&E and SDG&E had proposed not to apply the line-item

---

<sup>16</sup> *Id.*

<sup>17</sup> Cal Advocates Protest, at 6.

<sup>18</sup> The loading order is the prioritization of eligible cost categories recovered through the fixed charge. Costs are recovered through the fixed charge until the maximum allowable fixed charge amount per income tier is reached. D.24-05-028 authorized the following cost categories to be recovered through the fixed charge: MCAC, PPP charges, New System Generation costs, and Nuclear Decommissioning costs.

<sup>19</sup> *Id.*

<sup>20</sup> *Ibid.*

<sup>21</sup> Attachment 1, R.22-07-005 Demand Flexibility OIR SCE Response to Cal Advocates DR SCE-03, Question 14.

<sup>22</sup> Cal Advocates Protest, at 7.



Medical Baseline discount and DAC-GT/CS-FT discounts to fixed charges, only the volumetric rates.<sup>23</sup> Cal Advocates noted that SCE has replied with an intention not to follow the approach taken by PG&E and SDG&E.<sup>24</sup>

### **1.5. SCE's Reply to Protests**

In its reply to protests, SCE addressed a range of issues relating to rate design. Firstly, SCE pushed back on CEJA's request for a prescriptive loading order. SCE noted that its process to build up fixed charges aligned with the other IOUs.<sup>25</sup> It also noted that the Decision did not prescribe a "loading order" to recover costs in the fixed charge.<sup>26</sup> Secondly, SCE clarified its use of the term "Surcharge" to note balancing the fixed charge and pay for discounts to Tiers 1 and 2, as opposed to creating a new cost recovery line.<sup>27</sup> SCE also noted that the interaction of the IGFC Discounts and Surcharge would be similar to how the Conservation Incentive Adjustment is implemented in SCE's tiered Schedule D rates, where the charge in Non-Baseline usage is designed to pay for the discount in Baseline Usage.<sup>28</sup> For the IGFC Discounts and Surcharge, SCE noted the same principle stands, where the Surcharge will pay for the Discounts, and the forecasted surcharge and discount revenues balances to \$0.<sup>29</sup> Finally, SCE's refuted TURN/NRDC's joint request and SEIA's request for tariffs and rate impacts AL filing stating that its current filing complied with the requirements of D.24-05-028, which did not require additional rate or bill impacts in implementation ALs.<sup>30</sup> SCE also disputed SEIA's assertion that it "does not have the authority" to file additional ALs, and that it intended to file future ALs to authorize correct rate levels which it was not required to do in the current AL.<sup>31</sup>

## **2. Tier Assignments**

### **2.1. Cal Advocates' Protest**

Cal Advocates recommended that the Commission require SCE to submit additional information that provides additional details concerning its proposed DRAH budget.<sup>32</sup>

---

<sup>23</sup> Ibid.

<sup>24</sup> Attachment 1, R.22-07-005 Demand Flexibility OIR SCE Response to Cal Advocates DR SCE-03, Question 16.

<sup>25</sup> SCE Protest Reply, at 4.

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*, at 5.

<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*

<sup>32</sup> Cal Advocates Protest, at 7-8.

Specifically, in SCE's supplemental AL,<sup>33</sup> it revised the total customer contact center budget estimate from \$498,124 to \$339,000 based on corrected call center volume estimates.<sup>34</sup> Cal Advocates said that SCE should provide the same level of detailed cost breakdown provided in its response to Cal Advocate's data request, including number of calls per year, estimated labor/non-labor costs with descriptions of what such costs entail, average cost per minute, average cost per call, and average length (minutes) per call.<sup>35</sup> Cal Advocates did not protest SCE's DRAH budget proposal; just SCE's documentation.

## 2.2. C4AT's Protest

In its protest, C4AT highlighted language in the Decision that appears to conflate CARE *eligibility* with CARE *enrollment* and argued that the Decision directed the IOUs to base Tier 1 assignment on "CARE *eligibility*, not CARE enrollment."<sup>36</sup> It further argued 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. By failing to do so, C4AT said that the IOUs do not properly implement the requirements of D.24-05-028"<sup>37</sup> by insinuating that the IOUs must effectuate a requirement that "all customers in households under the CARE cutoff should be assigned to Tier 1."<sup>38</sup>

## 2.3. SCE's Reply to Protests

SCE's protest reply did not address Cal Advocates' concern regarding the DRAH budget's lack of detail which had been provided through data request responses and requested workpapers, but not in the AL filing itself.

SCE argued that C4AT's request to modify the definition of customers eligible for Tier 1 should be dismissed. The Decision reflected the Commission's determination that the first version fixed charge should be implemented with administrative simplicity in mind and stated that the "Utilities will assign all customers enrolled in CARE to Tier 1 without the need for the customer to take any action."<sup>39</sup> This statement does not imply

---

<sup>33</sup> Attachment 1, R.22-07-005 Demand Flexibility OIR SCE Response to Cal Advocates DR SCE-03, Question 17.

<sup>34</sup> SCE AL 5358-E-A, at 2.

<sup>35</sup> Cal Advocates Protest, at 8.

<sup>36</sup> C4AT Protest, at 1.

<sup>37</sup> *Id.*, at 2.

<sup>38</sup> *Id.*

<sup>39</sup> SCE Protest Reply, at 5.

that eligibility for Tier 1 is based on CARE eligibility: rather, it stated clearly that CARE enrollment is the basis for Tier 1 assignment.

### **3. Proposed ME&O Plan**

#### **3.1. Cal Advocates' Protest**

Cal Advocates recommended that the Commission (1) reject SCE'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 SCE 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.<sup>40</sup> The supplemental AL would enable the Commission, interested stakeholders, and the IWG to review these plans and evaluate costs for reasonableness and efficacy that SCE will seek to recover in rates.

Cal Advocates asserted the budget line-item justifications in the supplemental AL should clearly explain how SCE 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 SCE 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.<sup>41</sup> Cal Advocates argued that SCE's ME&O plan, while providing broad descriptions of activities and expenditures, lacks transparency in explaining the basis for each line-item's total cost. For instance, SCE requested \$1,761,000 for "direct communications," encompassing email and direct mail outreach costs.<sup>42</sup> However, SCE does not provide any information on how it arrived at this budget, including the breakdown between email and direct mail costs, the frequency of customer messages on each channel, or the sub-costs of each channel. Moreover, none of SCE's budget line explanations included a description of how costs are incremental to previously authorized budgets, as mandated by D.24-05-028.<sup>43</sup> For example, SCE requested \$678,000 for 2.5 marketing staff but did not clarify how these costs are incremental to existing payroll budgets, nor did it delineate how its \$475,000 budget for "Agency Support/External Labor" is incremental to previously authorized ME&O budgets or other budgets that appear to overlap with this budget line, such as the development of direct mail, email, and collateral.<sup>44</sup>

---

<sup>40</sup> Cal Advocates Protest, at 1.

<sup>41</sup> Ibid., at 4.

<sup>42</sup> SCE AL 5358-E, Appendix A, at 21.

<sup>43</sup> Ibid., Appendix A, at 13-22.

<sup>44</sup> SCE AL 5358-E, Appendix A, at 22.

In response to a data request from Cal Advocates,<sup>45</sup> SCE provided additional sub-costs, its methods for estimating budgets, and documentation but failed to clarify how it fully arrived at each requested budget line. For example, SCE stated it based its \$850,000 paid media budget on its \$40,000 one-month campaign promoting the MySCE mobile app and multiplied this cost by its fixed charge paid media's 18-to-24-month timeline. Cal Advocates indicated that SCE needs to provide documentation or explain whether MySCE campaign costs apply to the fixed charge campaign. According to Cal Advocates, SCE's \$150,000 web budget needs more justification. SCE explained that it estimated \$110,000 to provide a fixed charge-specific landing page, plus \$40,000 to update five existing landing pages in five languages. In comparison to SDG&E, Cal Advocates indicated that SDG&E estimated that its fixed-charge ME&O web budget would cost \$50,000 and cover updates to 20 web pages with English and Spanish content on many of the pages. Cal Advocates stated that these issues warrant further review by the Commission and parties to this proceeding before SCE's ME&O plan receives approval.<sup>46</sup>

Cal Advocates also argued SCE 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.<sup>47</sup> In response to a data request from Cal Advocates,<sup>48</sup> SCE shared additional details regarding its plan. Cal Advocates indicated the additional information is satisfactory and that the Commission should require SCE to include the additional information in a supplemental AL to comply with D.24-05-028.<sup>49</sup>

Finally, Cal Advocates recommended that the Commission require SCE to report its ME&O metrics by customer tier and by a customer's CARE, FERA, and DRAH status.<sup>50</sup> PG&E and SDG&E stated that they have some ability to disaggregate their ME&O

---

<sup>45</sup> Cal Advocates Protest, at Attachment 1, R.22-07-005 Demand Flexibility OIR SCE Response to Cal Advocates DR SCE-03, Questions 2-5, 7, 9, 11-14. SCE designated certain responses and information provided in response to Cal Advocates' DR as confidential, so this information has been redacted from Attachment 1 and confidential responses are not included in Attachment 1.

<sup>46</sup> Cal Advocates Protest, at 4.

<sup>47</sup> Ibid., at 4.

<sup>48</sup> Ibid., at Attachment 1, R.22-07-005 Demand Flexibility OIR SCE Response to Cal Advocates DR SCE-03, Questions 11 and 12.

<sup>49</sup> Ibid., at 5.

<sup>50</sup> Cal Advocates Protest, at 5.

metrics. PG&E confirmed that it is already planning to report on outbound messages by customer tier,<sup>51</sup> while SDG&E confirmed that it is capable of reporting on paid media reach and impressions by audience.<sup>52</sup> PG&E and SDG&E stated they do not intend to report ME&O spend by customer tier or audience, but neither explained why. Cal Advocates argued that given PG&E and SDG&E can disaggregate reporting for paid media and outbound messages, it is reasonable to assume that all IOUs should be able to disaggregate spending data for these activities.

Cal Advocates concluded by asking that the Commission should require SCE to provide disaggregated reporting for paid media, outbound messages, and ME&O spend for these tactics so that the Commission and members of the IWG are better able to evaluate the efficiency of SCE's outreach and hold SCE accountable to meet the objectives of its ME&O plan.<sup>53</sup>

### **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.<sup>54</sup>

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. 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.<sup>55</sup> They

---

<sup>51</sup> Ibid., Attachment 3, PG&E Response to Data Request Cal Advocates-PG&E-05, Question 11.

<sup>52</sup> Ibid., Attachment 4, SDG&E Response to Data Request Cal Advocates-SDG&E-04, Question 16.

<sup>53</sup> Ibid., at 5. Corrected in Resolution to "... hold SCE accountable..." instead of "... hold SDG&E accountable..." reflected in the protest.

<sup>54</sup> TURN/NRDC Protest, at 1.

<sup>55</sup> TURN/NRDC Protest, at 3, which noted PG&E discussed its FERA eligibility score in PG&E AL 7107-E, December 21, 2023, at 5.

indicated that if the Governor signs Senate Bill 1130,<sup>56</sup> the Commission should find that the ME&O proposals in all three ALs<sup>57</sup> 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 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.<sup>58</sup>

TURN/NRDC recommended the Commission require the IOUs to prioritize HTR customers, as previously raised by C4AT.<sup>59</sup> 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.<sup>60</sup>

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.<sup>61</sup>

### **3.3. SEIA's Protest**

SEIA applauded SCE for being alone among the IOUs in recognizing its messaging will target specific groups of customers who may see significant bill increases and provide customers with individualized bill impacts. SEIA indicated that it seeks clarification regarding two contradictory statements made by SCE that intend to inform how the

---

<sup>56</sup> 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.

<sup>57</sup> PG&E AL 7351-E, SCE AL 5358-E, and SDG&E AL 4492-E.

<sup>58</sup> TURN/NRDC Protest, at 3-4.

<sup>59</sup> "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.

<sup>60</sup> TURN/NRDC Protest, at 4.

<sup>61</sup> *Ibid.*, at 6.

fixed rate affects all customers yet noting that the billing structure change does not affect existing rate plans.<sup>62</sup>

### **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.<sup>63</sup>

### **3.5. SCE's Reply to Protests**

In its reply,<sup>64</sup> SCE contended that the Commission should reject Cal Advocates' request for a supplemental ME&O AL because SCE provided an ME&O budget line-item breakdown explaining and justifying why those line-items are necessary and provided required explanations, justifications, and supporting evidence as requested in Cal Advocates' data requests.<sup>65</sup> According to SCE, the amount of detail they provided is reasonable and based on the best information SCE had available at this time. SCE can provide additional details or any departure from the plans through the IWG process described in the Decision.<sup>66</sup> SCE stated that it understands that it must provide sufficient detail and justification for all expenditures as part of the recovery request and confirmed that before recording any costs in the memorandum account, it will determine whether previous GRC funds can cover any portion.<sup>67</sup> The Decision required SCE to record the actual incremental costs, subject to reasonableness review.<sup>68</sup>

Regarding Cal Advocates' request to amend ME&O reporting metrics, SCE fully adopts the recommendations in the Decision and notes that the Decision allows for the inclusion of additional metrics.<sup>69</sup> However, SCE recognized that some ME&O tactics may be broad-based (such as media, search, web, and CBO outreach), while others may be able to trace back to a specific customer or tier (such as direct email and mail

---

<sup>62</sup> SEIA Protest, at 4-5.

<sup>63</sup> C4AT Protest, at 2-3.

<sup>64</sup> SCE Protest Reply, at 1-2.

<sup>65</sup> Cal Advocates Protest, Attachment 1, R.22-07-005 Demand Flexibility OIR SCE Response to Cal Advocates DR.

<sup>66</sup> SCE Protest Reply, at 2.

<sup>67</sup> SCE AL 5358-E, at 3.

<sup>68</sup> SCE Protest Reply, at 2.

<sup>69</sup> Ibid, at 2.

communications). SCE has further confirmed with SDG&E and PG&E that disaggregating customer status or tier for media performance reporting is not feasible due to the absence of customer account identification and the broad-based nature of some media. The large IOUs agree that only account-level outreach, such as direct email and mail communications, can be disaggregated at the customer or fixed charge tier level, whereas broad-based media outreach may potentially be able to be disaggregated at a demographic level. SCE plans to collaborate with SDG&E and PG&E to identify any disaggregation reporting opportunities further.<sup>70</sup>

In response to TURN/NRDC's and C4AT's request to increase CARE and FERA participation, SCE indicated this request is misplaced.<sup>71</sup> SCE clarified that the Decision clearly stated CARE and FERA expenses should be handled through the CARE and FERA proceedings. SCE stated it is incorrect to suggest that SCE 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. As outlined in the ME&O plan, SCE 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.<sup>72</sup> During Phase 2 communications, SCE is open to broadening targeted messages to customers likely eligible for CARE or FERA but not enrolled in the program. According to SCE, this approach will likely require additional funding, as it was not planned or budgeted. SCE will also explore this approach in its October 2024 focus group research and present findings in future working group meetings.<sup>73</sup>

In its protest reply, SCE indicated that TURN/NRDC's request to initiate direct outreach to customers at least 120 days before implementation contradicts research.<sup>74</sup> Based on the TOU Transition and fixed charge research conducted by SCE in January 2024, SCE stated customers are less likely to remember or respond when information is provided too far in advance. These findings were validated through working group meetings where the Large Utilities shared similar research results. SCE clarified that it aims to implement most communications no more than 120 days before implementation. Further, SCE clarified, the Phase 1 awareness plan includes paid media, outreach

---

<sup>70</sup> SCE Protest Reply, at 2.

<sup>71</sup> Ibid., at 2-3.

<sup>72</sup> Ibid., at 3.

<sup>73</sup> Ibid.

<sup>74</sup> SCE Protest Reply, at 3.



through CBOs specifically targeted to HTR segments, earned media coverage, and content available on sce.com.<sup>75</sup>

SCE stated TURN/NRDC criticized its plan for HTR customers saying HTR customers should receive more communications than other customers.<sup>76</sup> SCE's indicated its plan for HTR populations is appropriate and based on best practices from the TOU Transition<sup>77</sup> to effectively reach HTR customers.<sup>78</sup> The CBO pay-for-performance model selects and funds targeted CBOs to communicate with their communities on behalf of SCE, and this outreach is supported by providing in-language materials, hands-on training for CBOs, and regular monitoring of outreach activities. SCE plans to leverage these CBOs to reach customers with access and functional needs as well as those who are multicultural, multilingual, low-income, seniors, and Limited English Proficient in communities of concern. According to SCE, it intends to use CARE/FERA Capitation Agencies and other low-income program venues to reach CARE/FERA and low-income eligible customers.<sup>79</sup>

SCE stated it will conduct focus groups with rural customers to inform communication plans and leverage on-bill messaging to reach all customers, including those in HTR communities.<sup>80</sup> Additionally, SCE stated these customers will also receive direct communications (email and direct mail) about the fixed charge, tier amount, individualized bill impact comparison, and available tools and resources to prepare them for the change.<sup>81</sup> Therefore, according to SCE, HTR customers should receive additional outreach beyond the average customer.<sup>82</sup>

SCE provided clarification requested by SEIA on the statement about how fixed charges are to impact existing rate structures.<sup>83</sup> SCE intended the statements in its messaging to assure customers they will not need to move plans, nor will they default to a new plan, as was the case in the TOU Transition. SCE explained that while the introduction of the fixed charge will lower the volumetric rate, customers will remain on their current rate

---

<sup>75</sup> Ibid.

<sup>76</sup> Ibid.

<sup>77</sup> 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.

<sup>78</sup> SCE Protest Reply, at 3.

<sup>79</sup> Ibid.

<sup>80</sup> Ibid.

<sup>81</sup> Ibid., at 4.

<sup>82</sup> Ibid.

<sup>83</sup> Ibid.

plan and will not need to change rate plans, nor will any rate plans be introduced. SCE plans to test the effectiveness of these messages during focus groups in October 2024.<sup>84</sup>

#### **4. Total Implementation Budget**

##### **4.1. Cal Advocates' Protest**

Cal Advocates recommended that the Commission require SCE to submit additional information that provides further details concerning its total DRAH customer contact center budget estimate because it needs supporting details.<sup>85</sup> SCE revised its total customer contact center budget estimate from \$498,124 to \$339,000, and Cal Advocates said SCE should provide the same level of detailed cost breakdown it provided in its response to Cal Advocates, including the number of calls per year, estimated labor/non-labor and descriptions of what such costs entail, average cost per minute, average cost per call, average length (minutes) per call.

##### **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,<sup>86</sup> recommended that the IOUs must explain how requested costs are incremental to preexisting budgets for billing system upgrades, customer support, and ME&O. TURN/NRDC further emphasized this should be an explicit requirement for each IOU before costs are recorded in the IGFCMA.<sup>87</sup>

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.<sup>88</sup>

##### **4.3. SCE's Reply to Protests**

SCE argued that the Commission should reject Cal Advocates' request for a supplemental ME&O AL.<sup>89</sup> SCE stated it provided budget line-item breakdowns,

---

<sup>84</sup> Ibid.

<sup>85</sup> Cal Advocates Protest, at 7-8.

<sup>86</sup> Ibid., at 3.

<sup>87</sup> TURN/NRDC Protest, at 4.

<sup>88</sup> Ibid., at 5.

<sup>89</sup> SCE Protest Reply, at 1-2.

justifying why those line items are necessary to ensure successful customer communication through all three phases of the fixed charge implementation.<sup>90</sup> In its reply, SCE stated it also provided Cal Advocates with all required explanations, justifications, and supporting evidence as requested in its data requests. For example, the \$1,761,000 Direct Communication cost estimate, SCE provided the cost breakdown and sub-costs between email and direct mail, including costs for message development, communication development, postage, language translation, and deployment. SCE indicated it can also provide additional details or any departures from the plans through the IWG. Finally, SCE confirmed that before recording any IGFCMA costs, it will determine whether any portion of the costs may be covered by previously authorized GRC funds.<sup>91</sup>

## **DISCUSSION**

The Commission has reviewed the AL, protests, protest reply, supplemental AL, and SCE'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 5358-E, SCE provided a tabulated breakdown of the cost categories (included below) it intended to load into each tier of the IGFC as well as the discounts received by customers on Tiers 1 and 2. Cal Advocates protested AL 5358-E regarding the absence of IGFC discounts in Tier 1 and 2 via the distribution component. Similarly, TURN/NRDC argued that the "IGFC Surcharge" of \$1.88/month to each of the fixed charge tiers lacked justification.<sup>92</sup> SCE responded to Cal Advocates' protest via data request (included in Cal Advocates' protest to AL 5358-E) noting that they intended to establish the "IGFC Surcharge" as a new rate component.<sup>93</sup>

SCE says that the "IGFC Discount" will be applied to Tiers 1 and 2, bringing these fixed charges down to the required levels after all other discounts are applied. This discount

---

<sup>90</sup> Ibid.

<sup>91</sup> Ibid.

<sup>92</sup> TURN/NRDC Protest, at 4.

<sup>93</sup> SCE Reply to Protest, at 5.

will be funded by the “IGFC Surcharge,” which will be applied to all three fixed charge tiers to fund the discounts for Tiers 1 and 2. The Commission notes that although SCE’s methodology may appear different to the IGFC discount applied by PG&E and SDG&E, it achieves the same result by capping all fixed charges at the levels determined in D.24-05-028, Conclusion of Law (COL) 23. Additionally, the IGFC surcharge and discount when combined result in net discounts for Tiers 1 and 2, thereby creating three fixed charge tiers based on income level and allowing low-income customers to pay a lower fixed charge than high-income customers. This is in compliance with § 739.9(e) of the Public Utilities Code which was modified by AB 205 (2022) to require residential fixed charges to be income-graduated. As such, the Commission finds the proposed fixed charge calculation from SCE to be compliant with the directives of D.24-05-028, and sufficient in addressing Cal Advocates’ and TURN/NRDC’s protests. However, the Commission directs SCE to file a Tier 2 AL to provide additional details on the balancing mechanism used by SCE when applying the “IGFC Discount” and “IGFC Surcharge.”

**Table 1: SCE Demonstration of Fixed Charge Buildup by Cost Category<sup>94</sup>**

Revenue Requirement Category	100% of Costs	Non-CARE	FERA	CARE
Distribution (Cust MC only)	\$11.79	\$11.79	\$11.79	\$11.79
Public Purpose Programs - SGIP	\$0.52	\$0.00	\$0.00	
Public Purpose Programs - Not CARE Exempt	\$3.39	\$0.00	\$0.00	\$0.00
Nuclear Decommissioning	\$0.04	\$0.04	\$0.04	\$0.04
New System Generation Charge	\$5.27	\$5.08	\$5.08	\$5.08
CARE Surcharge	\$5.36	\$5.36	\$5.36	
CARE/FERA Discount			(\$4.35)	(\$6.11)
IGFC Surcharge		\$1.88	\$1.88	\$1.88
IGFC Discount			(\$7.72)	(\$6.68)
<b>Total Fixed Cost</b>	<b>\$26.37</b>	<b>\$24.15</b>	<b>\$12.08</b>	<b>\$6.00</b>

## 5.2. Methodology and Loading Order

In AL 5358-E, SCE reiterated its intention to follow the fixed charge requirements listed in D.24-05-028, COL 23. It also stated that it would finalize rate designs through a Tier 2 AL prior to implementation and apply the applicable fixed charge to all residential rates

<sup>94</sup> SCE AL 5358-E, at 4.

through a Tier 1 AL prior to implementing on customer bills. As aforementioned, several parties protested SCE's fixed charge methodology and loading order. These issues are addressed and resolved below.

CEJA protested SCE's AL 5358-E arguing that the Cost Layering methodology utilized was unjust and unreasonable given that ratepayers from different IOUs would pay for different cost components in their fixed charge.<sup>95</sup> They also cited that Tier 1 and Tier 2 customers would be disadvantaged by the proposed Cost Layering ("loading order") methods given that no PPP costs were shown as being collected in SCE's illustrative Tier 1 and Tier 2 fixed charges.<sup>96</sup> Instead, they argued that CARE-exempt PPP costs should be loaded into Tier 2 and Tier 3 fixed charges after the MCAC component in the loading order. CEJA also identified the "illustrative" nature of SCE's fixed charge methodology in AL 5358-E as concerning and cautioned against IOUs having the capacity to change the loading order with little to no Commission oversight.<sup>97</sup>

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 that CARE customers (Tier 1) may be burdened with recovering PPP costs in their volumetric rates, due to SCE's proposed loading order for Tier 2 and 3 ratepayers, are well-documented 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. CARE-Exempt costs are not included in the Tier 1 fixed charge or volumetric rates that CARE customers pay. As such, requiring SCE to include these costs in the loading order for the Tier 2 or Tier 3 fixed charges to supposedly "shift" these costs to non-CARE customers would have no impact on the fixed charge or volumetric rates paid by CARE customers because those customers are 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.

Given that Energy Division Staff modelled a number of fixed charge caps and cost allocation configurations for the fixed charge as part of its recommendations in

---

<sup>95</sup> CEJA Protest, at 2.

<sup>96</sup> *Id.*

<sup>97</sup> *Id.*

D.24-05-028, the Commission recognizes that the average monthly bills for low-income ratepayers in California will not be impacted by the loading order. The Commission has reviewed the protests made by parties and SCE's proposed fixed charge methodology and loading order in AL 5358-E and finds that the AL contains sufficient detail regarding the loading order or "cost layering" of the fixed charge.

The Commission also understands the concerns raised by parties regarding the illustrative nature of the fixed charge cost component buildup provided by SCE in AL 5358-E. However, the Commission finds the cost buildup satisfactory and recognizes a need for flexibility for IOUs to make small adjustments to the loading order in subsequent years based on changes in the revenue requirements of individual cost components after an annual true-up.

### **5.3. Minimum Bills**

In AL 5358-E, SCE provided clarification regarding its treatment of residential tariffs with minimum bills. SCE has suggested that the implementation process to remove the minimum charge in its systems can be completed along with the new fixed charge and entails removing the field from rate design models, as well as removing the field from bill presentations. SCE also proposed to use a Tier 2 AL to implement fixed charges and simultaneously remove minimum bills. This proposal was uncontested, and the Commission finds SCE's approach reasonable.

### **5.4. Fixed Charge Exclusions**

In its AL 5358-E, SCE provided a table (replicated below) listing residential rate schedules with a current fixed charge and whether these schedules were exempt from the IGFCs. D.24-05-028 allowed for the exemption of income-graduated fixed charges for master-metered rates that are not sub-metered. This applies specifically to SCE's Domestic Multifamily (DM) rate options, separately-metered electric vehicle rates for customers whose primary meter includes a fixed charge, and rates that are scheduled to be eliminated by the second quarter of 2026. However, SCE's DM1, DM2, and DM3 master metered rates are sub-metered, and thus the fixed charge would apply to those customers. This proposal was uncontested, and the Commission finds SCE's approach reasonable.

**Table 2: Exemption Status for SCE’s Residential Rates**

<b>Schedule</b>	<b>Current Fixed Charge</b>	<b>Exemption from Income-Graduated Fixed Charges</b>
Domestic Tiered	Yes	None
TOU D 4-9	Yes	None
TOU D 5-8	Yes	None
TOU D PRIME	Yes	None
DM	Yes	Non-submetered master meter rate
DMS 1,2,3	Yes	None
TOU D A	Yes	Discontinued in March 2024
TOU D B	Yes	Discontinued in March 2024
TOU D T	Yes	Discontinued in March 2024

### 5.5. Interactions with other Discount Programs

In its AL 5358-E, SCE did not provide details regarding the interaction of the fixed charge with other Discount Programs such as the line-item medical baseline discount. Both PG&E and SDG&E propose to not apply the line-item medical baseline discount and DAC-GT/CS-GT discounts to the Decision’s adopted residential fixed charges, only applying discounts to volumetric rates. SCE confirmed in its response to Cal Advocates’ data request (included as an appendix to Cal Advocates’ protest to AL 5358-E) that it does not propose to follow the same approach as PG&E and SDG&E.<sup>98</sup> SCE explained that currently, line-item discounts such as CARE, FERA, and medical baseline take SCE’s basic charges into account as part of the discount calculation and that it plans to use a similar approach for the IGFC. The Commission finds SCE’s approach reasonable.

### 5.6. Volumetric Rates

SEIA raised a number of concerns 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 distribution rate reductions.<sup>99</sup> Firstly, Energy Division Staff notes that 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 argued that SCE was not clear in its AL as to whether schedules such as TOU-D-PRIME are included in receiving an equal percentage basis distribution rate reduction.<sup>100</sup>

<sup>98</sup> Cal Advocates Protest, at 7.

<sup>99</sup> SEIA Protest, at 3.

<sup>100</sup> Id., at 4.

Secondly, SEIA's suggestion that SCE file a supplemental to AL 5358-E providing redlined changes to each residential tariff impacted by the IGFC has merit. The Commission directs SCE 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 approved. SCE 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 quantity of this reduction, and the rationale for applying each method. SCE 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 SCE 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 SCE 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 income-graduated fixed charge tier structure must ensure that low-income ratepayers with average electricity usage in each baseline territory realize 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 who do not qualify for CARE or FERA.<sup>101</sup> To that end, the Decision designated three tiers of IGFCs:

- Tier 1: Customers enrolled in the CARE program will automatically be assigned to pay the lowest discounted fixed charge amount of \$6 per month. 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. Customers enrolled in FERA will not need to take action. Customers who live in DRAH but are not already enrolled in CARE or FERA should be assigned to a Tier 2 fixed charge; at this time, there is no automatic process to enable this.
- Tier 3: All other customers (not qualified for either Tier 1 or Tier 2) will be assigned to pay a fixed charge amount of \$24.15 per month.

---

<sup>101</sup> D.24-05-028, at 56.



In discussing these income tiers, the Decision noted that it “does not modify any of the income verification processes or rules of the Large Utilities’ CARE or FERA programs.”<sup>102</sup>

### 6.1. Tier 1 Assignment

Consistent with the Decision, SCE proposed 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 SCE is consistent with the Decision’s Finding of Fact #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. [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 in the Decision for determining this process. 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 compares this process to the proposed 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 regulated utilities conduct sufficient outreach to potentially low-income households which may be eligible but not assigned to CARE or FERA, it does not agree that implementation of the fixed charge should be dependent on this additional enrollment process. Customers who the IOUs identify as eligible for CARE or FERA and are not enrolled in those programs could be enrolled in CARE or FERA and receive the accompanying fixed charge discount, rather than provided with a fixed charge discount without being enrolled in the appropriate low-income discount program. The attestation process for DRAH customers 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

---

<sup>102</sup>Ibid., at 57.

provide a discounted fixed charge for customers who have modest incomes but do not qualify for CARE or FERA.”<sup>103</sup>

For the reasons stated above, C4AT’s request to establish Tier 1 fixed charge enrollment by eligibility rather than by enrollment in CARE is rejected at this time. It should be noted that the Decision created an IWG which would evaluate the Large Utilities’ fixed charge implementation to ensure the efficient use of resources by reviewing metrics and lessons learned at least once per calendar quarter. Stakeholders are strongly encouraged to further suggest modifications to Large Utilities’ fixed charge processes which can be incorporated into future phases of the fixed charge.

## **6.2. Tier 2 Assignment**

Under D.24-05-028's the Tier 2 fixed charge, initially set at \$12 per month, will apply to customers who are already enrolled in FERA as well as another group of customers: 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 existing process for tracking DRAH status by premise or customer.

### **6.2.1. FERA Customers**

SCE proposes to automatically assign FERA customers into Tier 2, similar to how CARE customers will be automatically assigned to Tier 1.

PG&E, in its implementation advice letter proposed modest changes to the CARE and FERA applications: moving forward, PG&E proposes to include information regarding DRAH status through CARE and FERA applications as a cost-effective means to improve data collection regarding deed restricted housing.<sup>104</sup> The Commission directs SCE 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.

---

<sup>103</sup> D.24-05-028, at 55.

<sup>104</sup> PG&E AL 7351-E, at 49.

## **6.2.2. Deed-Restricted Affordable Housing Implementation**

### **6.2.2.1. Identifying the Majority of Affordable Housing Residents: Default Placement**

The California Housing Partnership (CHP or Partnership) is a nonprofit organization that provides policy solutions to nonprofit and public partners; it maintains a database of all affordable rental housing developments and the number of affordable units in each development. The CHP database tracks the *number* of units within a development that are encumbered by a deed-restriction but does not track *which individual units* are conferred this status. This status can dynamically change according to the rules set by the local permitting jurisdiction or lending institution.

The CPUC has relied on the Partnership's database for other IOU programs to identify properties that may qualify for incentives. For example, the CPUC used an 80 percent low-income threshold in the past to designate an entire multifamily property as being eligible for enrollment in the Energy Savings Assistance Programs (ESA). Staff consulted with CHP staff and confirmed that CHP will not and does not have near-term plans or resources to add tracking by specific unit to its database, so a permanent premise-level designation per unit as the only verification method is not practical at this time.

SCE identified a significant gap in the CHP data is that the database does not have individual unit addresses, and the housing project address in the CHP database may not match the customer address in SCE's customer information system. To identify DRAH, SCE would need to map the sites to actual service addresses in the SCE billing system. In addition, based on the site address provided, SCE was only able to match 59% of the sites and 36% of the actual units to the billing system.<sup>105</sup>

SCE analyzed the CHP data and out of the 1,651 sites in SCE's territory, 1,522 sites (92% of the sites) had over 80% of the units identified as Deed Restricted. 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 assumed to be a DRAH unit* for the Tier 2 assignment, if they are not already assigned to CARE or FERA.

By leveraging a vendor to assist with site matching and by defaulting sites that have greater than 80% DRAH, SCE could default as many as 100,000 tenants to Tier 2 without any action required from them. Defaulting all units in these properties to Tier 2 status

---

<sup>105</sup> SCE AL 5358-E, Appendix A, at page 6.

would enable SCE to place the vast majority of DRAH-qualified customers into the appropriate tier without creating an additional administrative burden to these customers and to SCE. This process was not protested by any party and is reasonable.

Upon further review through a response to a data request from Cal Advocates, SCE submitted a supplemental AL to reduce the budget request for call center costs related to the process to enroll DRAH customers onto the Tier 2 fixed charge. SCE incorrectly estimated the volume that would receive DRAH outreach in 2026 through 2028 and did not account for the fact that subsequent attestation in 2026 and beyond would only be required for customers new to DRAH status. Instead of 15,000, SCE now estimates 5,000 customers will provide DRAH self-attestation for 2026 through 2028, based on discussions with CHP that there would likely be additions of housing units/customers to the list of customers on an annual basis. Therefore, the total budget for DRAH implementation is reduced from \$747,674 to \$588,218. The Commission finds SCE's tier assignment process and budget to be reasonable and sufficiently detailed.

**Table 3: Approved Budget for DRAH Implementation**

	2025	2026	2027	2028	Total
CHP Database costs	\$2,450	\$2,450	\$2,450	\$2,450	\$9,800
Vendor cost to enhance matching data	\$52,000	\$25,850	\$25,850	\$25,850	\$129,550
Customer contact center costs	\$134,779	\$67,963	\$67,963	\$67,963	\$338,668
Self-attestation direct mail/email (or loss of self-attestation 2026 and beyond)	\$30,000	\$2,000	\$2,000	\$2,000	\$36,000
Translation costs	\$8,000	\$800	\$200	\$200	\$9,200
Online self-attestation form on sce.com	\$45,000	\$10,000	\$5,000	\$5,000	\$65,000
<b>Total</b>	<b>\$272,229</b>	<b>\$109,063</b>	<b>\$103,463</b>	<b>\$103,463</b>	<b>\$588,218</b>

While the Commission agrees with the Cal Advocates position that SCE's DRAH implementation cost filings could have been as detailed as those supplied in their workpapers, it also recognizes the need to implement the income-graduated fixed charge expeditiously. The Commission has already 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.<sup>106</sup> Each IOU has since filed Tier 1 ALs, per the Commission Decision, establishing memorandum accounts where costs will be recorded. The Commission orders each cost recovery filing to 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.<sup>107</sup> While many aspects of the IGFC adopted in the Decision are significantly different from what was proposed by SCE in the initial Joint IOU filings in April 2023,<sup>108</sup> the foundational ME&O plan remains consistent and is based on learnings from the Large IOUs' successful transition to default TOU, adjusted for efficiencies pursuant to the Decision.

### **7.1. ME&O Guiding Principles**

As outlined in the ME&O proposal in the Joint IOUs' initial filing, SCE proposed to use a multi-channel, multi-faceted approach that includes communications that are clear and transparent to: (1) build customer awareness (notify them), (2) create understanding (educate them), and (3) increase customer engagement (to help them be prepared) for the adopted change in billing structure.

### **7.2. ME&O Objectives and Strategies**

SCE's proposed marketing objectives are to:<sup>109</sup>

- Help customers understand that the way they have been charged for electricity will be changing, why and when the new structure is being applied, what the funds will be used for, how their bill may be impacted, and helpful ways to manage energy costs;
- Explain how the fixed charge will be a separate line item shown on their bill rather than a change in the total bill;
- Educate customers that the new fixed charge line-item on their bill had previously been embedded in their volumetric energy usage charge (and how all

---

<sup>106</sup> D.24-05-028, at 107.

<sup>107</sup> Ibid., at 96.

<sup>108</sup> Joint IOU Testimony filed April 7, 2023, Exhibit 1, Section V. Marketing Education and Outreach.

<sup>109</sup> SCE AL 5358-E, Appendix A, at 13.

customers' volumetric charge will be going down once the fixed costs are relocated to a separate line item);

- Assure low-income CARE and FERA customers that their assistance program discounts will not be affected by the fixed charge, as well as they should actually see lower bills as a result; and
- Describe the process for assigning customer tiers, including options for enrolling in CARE or FERA, and share rate plans, rebates, and tools to help manage energy costs and promote electrification.

SCE's ME&O strategies include:<sup>110</sup>

- Provide simple, clear, and transparent communications;
- Utilize a multi-channel/multi-phased/integrated approach aimed at residential customers to maximize awareness, understanding, and acceptance by addressing perceptions and misperceptions of the charge;
- Utilize customer analytics data to reach the right customers with the right message;
- Use customer insights and segmentation to personalize customer communication;
- Provide in-language communication as appropriate for multi-lingual customers;
- Offer and promote online information to make it easy to inform and educate customers;
- Leverage CBOs to notify and educate HTR customers; and
- Incorporate electrification messaging into currently planned communications to encourage using more clean energy and reduce costs.

### **7.3. Overarching Phased Approach**

SCE's proposed overarching ME&O approach aims to demonstrate how it plans to test, adjust, and inform customers about the fixed charge. This fixed charge will help cover the costs associated with providing electricity in a less regressive, more accurate structure. The expected outcomes of the ME&O plan are awareness, understanding, and acceptance among customers. As outlined in its initial testimony, SCE finds the umbrella approach that guides the three phases of tactics remains a valid and useful

---

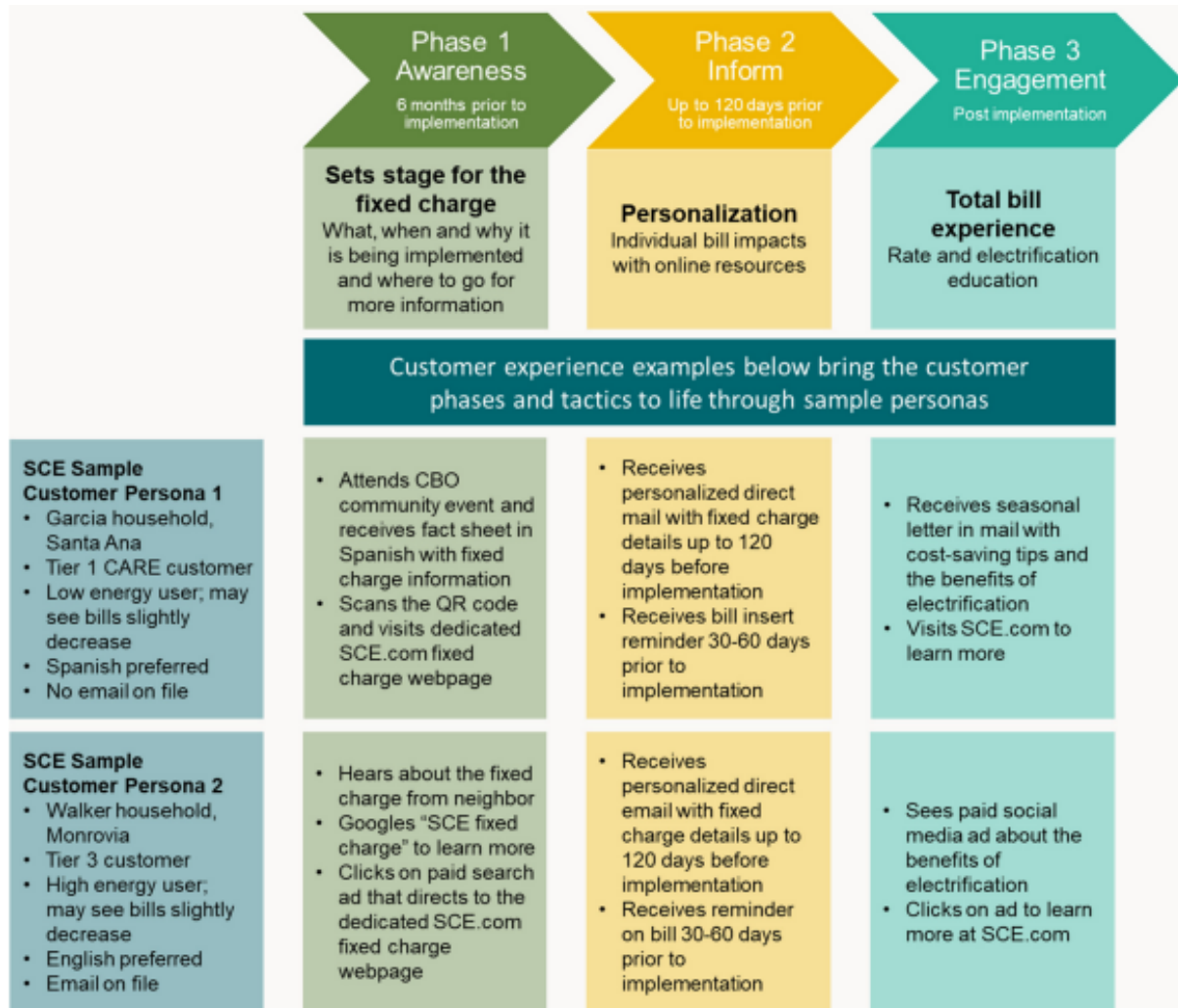
<sup>110</sup> Ibid.

glide path for how and when to message the fixed charge. The overarching approach of tactical and messaging information includes the following three phases:

- **Phase 1 – Awareness:** This phase sets the context for "what" the fixed charge is, "why" it is being implemented, and "when" it will take effect. Tactics and messaging are broad, overarching, and conceptual. Customers will receive generalized information, followed by more actionable, targeted, and tailored information closer to implementation.
- **Phase 2 – Inform:** Information on timing and bill impacts, including the specific fixed charge amount, will be communicated directly to customers. These materials will emphasize the availability of online resources, such as visuals, to help customers understand how their bills will change and the resulting impacts.
- **Phase 3 – Engagement:** Following the implementation of the fixed charge, ongoing engagement will emphasize total bill and rate education. This includes continued messaging and communication channels and messaging about the shift towards greater electrification, reinforcing behaviors that support the state's decarbonization goals, and highlighting the environmental and cost-saving benefits of shifting usage away from higher-cost, higher-emission peak times (e.g., TOU). Additionally, it will promote other energy management solutions.

Figure 1 below provides SCE’s proposed communications samples for each phase of the ME&O campaign.

**Figure 1: SCE’s Proposed Phased Communications Samples<sup>111</sup>**



#### 7.4. Customer Segmentation

SCE stated it may rely on bill analysis, tier assignments for known customers, and research to determine target audiences, assess impacts, and identify customer segments. SCE intends to categorize customers into groups with similar impacts, including CARE, FERA, DRAH, Solar and General (non-CARE/FERA) customers. Additional segmentation may be needed for niche customer types or subgroups, such as Medical Baseline.

<sup>111</sup> SCE AL 5358-E, Appendix A, at 18.



SCE intends to tailor messaging to address the unique needs of each target customer segment. These segments may be adjusted as needed due to technological and data constraints. Table 4 below shows what sample customer segmentation for direct communications may include:

**Table 4: Customer Segmentation for Direct Communications (Sample)<sup>112</sup>**

Tier	Customer Segments	English & Spanish
1	CARE	Yes
2	FERA	Yes
2	Deed-Restricted Affordable Housing	Yes
3	Non-CARE/FERA	Yes

Cal Advocates argued SCE failed to specify how it will communicate with customers on options to enroll in CARE and FERA.<sup>113</sup> 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, including expanding FERA enrollments due to SB 1130.<sup>114</sup> SCE contended D.24-05-028 made clear that the IOUs should handle CARE and FERA expenses through the CARE and FERA proceedings and that it is incorrect to suggest that the fixed charge ME&O funding should be diverted to improving CARE and FERA enrollment, as the requested costs are additional and dedicated to fixed charge awareness, education, and engagement. SCE's ME&O plan outlines that it will incorporate information about the fixed charge into CARE/FERA materials where feasible, including capitation agencies, CBOs, and other low-income program venues to reach CARE/FERA and low-income eligible customers.<sup>115</sup>

As proposed by SCE, during Phase 2 (Awareness), SCE will inform customers via email or direct mail about the fixed charge. SCE is open to expanding targeted messages to customers likely eligible for CARE or FERA but who have yet to enroll in the program. According to SCE, this approach will likely require additional funding, as SCE did not

---

<sup>112</sup> SCE AL 5358-E, Appendix A, at 19.

<sup>113</sup> Ibid., at 12.

<sup>114</sup> TURN/NRDC Protest, at 2.

<sup>115</sup> SCE Protest Reply, at 2-3.

plan for it. SCE will also explore this in its October 2024 focus group research, with findings presented in future working group meetings.

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.<sup>116</sup>

We agree with SCE 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, which provides examples of key messages and communication channels,<sup>117</sup> 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 SCE's customer segmentation strategy reasonable and direct SCE 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**

Based on research findings, SCE proposed using the term "Base Services Charge" for the flat rate charged. It aligned with PG&E and SDG&E to create a messaging platform to help customers understand and manage the new fixed charge on their bills. The platform would explain what the flat rate is, why it is being implemented, when it will start, how it will affect them personally, and what resources and incentives are available.

We find the term "Base Services Charge" proposed by SCE and the other Large IOUs to be a reasonable replacement for the term "fixed charge" used in D.24-05-028.<sup>118</sup>

---

<sup>116</sup> D.24-05-028, at 94.

<sup>117</sup> PG&E Protest Reply, at 21-23.

<sup>118</sup> D.24-05-028, COL 1.

### 7.5.2. High-Level Messages

Table 5 below depicts SCE's high-level message alignment in conjunction with PG&E and SDG&E. SCE indicated the fixed charge implementation date in its ME&O Message Map is for example purposes only and subject to change.<sup>119</sup>

**Table 5: SCE's ME&O Message Map<sup>120</sup>**

<b>The Why</b>	Explain why the change is happening.	<b>Example:</b> "As a result of a California state law Assembly Bill 205, which requires SCE and other utilities to adjust the way we bill all customers starting October 2025."
<b>The What</b>	<p>Explain what the billing change will look like on their monthly bills, using graphics where possible</p> <ul style="list-style-type: none"> <li>The two changes are: <ul style="list-style-type: none"> <li>A fixed monthly charge called Base Services Charge</li> <li>A separate charge for every kilowatt-hour (kWh) used will be 5 to 7 cents lower per kWh from current rates</li> </ul> </li> <li>Provide bill samples so customers can see what amounts go toward fixed charge vs. their usage charge</li> </ul>	<p><b>Example:</b> "Your bill will be restructured into two charges:</p> <ul style="list-style-type: none"> <li><b>Base Services Charge:</b> A fixed monthly charge of \$24.15 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. For customers enrolled in CARE or FERA (bill discounts), the fixed charge is \$6 for CARE and \$12.08 for FERA.</li> <li><b>Electricity Use:</b> Charge for electricity use (kilowatt-hour or kWh). Usage rates will be 5 to 7 cents lower from current rates."</li> </ul>
	Make it clear this change will be applied to most residential rate plans, however, the plan's structure (e.g., TOU, tiered, etc.) and affordability benefits (e.g., CARE, FERA) will still apply	<b>Example:</b> "This affects all customers including those with CARE/FERA bill discounts; Solar and Time-of-Use rate plans, homeowners and renters. This billing structure change does not affect your existing rate plans."
<b>The When</b>	Make it clear when this is happening	<b>Example:</b> "In October 2025, all residential customers will see these changes to their bill."
<b>Support &amp; Resources</b>	Make online resources for questions, rate plan options clear and include a link to a FAQ page for topics not addressed	<b>Example:</b> "For customers who may see a bill increase after the charge, SCE offers other energy management tools, services, rebates..."

<sup>119</sup> SCE AL 5358-E, Appendix A, at 11.

<sup>120</sup> Ibid., at 10-12.

Cal Advocates argued SCE failed to specify how it will communicate with customers on rate comparison tools and options to enroll in CARE and FERA as required by D.24-05-028.<sup>121</sup> In response to a data request from Cal Advocates,<sup>122</sup> SCE shared additional details regarding its plan. Cal Advocates indicated the additional information is satisfactory and that the Commission should require SCE to include the additional information in a supplemental AL to comply with D.24-05-028.

SEIA supported SCE's ME&O plan for including messaging directed at customers who will experience bill increases due to implementing the fixed charge but seeks clarification of SCE's message map regarding statements on how the fixed charge affects existing rate plans.<sup>123</sup> SCE clarified that its statement is intended to assure customers that they will not need to move plans, nor will they be defaulted to a new plan as was the case in the TOU Transition.<sup>124</sup>

For messaging, the full discussion of C4AT's protest regarding the Large IOUs' tier assignments is above in Section 6.1 of this Resolution.

We agree with Cal Advocates and direct SCE to file a Tier 2 AL within 60 days of the issuance of this Resolution that 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 rate options and bill management.

## 7.6. Planned Customer Research

SCE proposed to conduct further message validation and creative testing, using prior findings as a foundation, to show how a lower fixed charge impacts customer perception of bill changes. These new studies will target specific groups, such as CARE, FERA, and Solar, and those who may experience significant bill increases, to gather insights for improved messaging. Areas of research may include:

- **Messaging and Communication:** Refine and validate messaging to clearly communicate the fixed charge and the volumetric rate discount.

---

<sup>121</sup> Cal Advocates Protest, at 4.

<sup>122</sup> Attachment 1, R.22-07-005 Demand Flexibility OIR SCE Response to Cal Advocates DR SCE-03, Questions 11 and 12.

<sup>123</sup> SEIA Protest, at 4-5.

<sup>124</sup> SCE Protest Reply, at 4.

- **Clarification and Understanding:** Identify areas of potential confusion, learn when and how to differentiate messaging by the three phases, and better understand the level of personalization needed to avoid confusion.
- **Targeted Messaging:** Test and validate specialized messaging to key customer segments.

### 7.7. Integrated Campaign Tactics

SCE proposed its integrated campaign tactics may include its website as the primary source of information about the new fixed charge, allowing customers to access information at their convenience and helping customers reduce follow-up calls to the customer contact center. The campaign will also utilize paid media to inform customers about the fixed charge paired with other channels to target customers by geography, in-language; earned media to engage and inform media about the construct of the fixed charge; SCE-owned social media channels such as Facebook, Instagram, X, Nextdoor, and/or YouTube, including organic social media and SCE's news website, *Energized by Edison*.

### 7.8. Outreach Tactics

As indicated in AL 5358-E,<sup>125</sup> SCE plans to use various outreach channels to form a holistic, integrated education and outreach campaign to support fixed charge implementation. Tactics may include direct-to-customer messaging (e.g., email, mail and bill messaging), broad customer outreach, paid channels, and community-based organizations, as well as SCE-owned channels. Given the lower fixed charge amounts, SCE proposes to reduce paid media spending from the initial testimony. In-language materials will be tailored to the target audience and may vary according to the demographics of SCE's unique service area. Integrated campaign tactics may include:

#### 7.8.1. Website

Many customers will go online as their primary source of information about the new fixed charge. The web is a critical channel for supporting and educating customers, allowing them to access information at their convenience and helping SCE reduce follow-up calls to the customer contact center. In November 2023, SCE launched a dedicated webpage for customers to learn about the fixed charge. To prepare for each communication phase, SCE recommends updating and expanding this webpage with robust educational materials to address customer questions. Research findings show that customers prefer easy-to-understand visuals to explain changes to their bills. SCE

---

<sup>125</sup> SCE AL 5358-E, Appendix A, at 13-15.

plans to test various visuals to meet this need. Additionally, SCE will incorporate the fixed charge into existing content on SCE.com, such as the chatbot, introduce videos, and add a fixed charge section in the Help Center to address specific requests. The fixed charge webpage will be available in English, Spanish, Chinese, Korean and Vietnamese.

#### **7.8.2. Paid Media**

SCE plans to use paid media to inform customers about the fixed charge, but it will be limited in scope from the original testimony. Paired with outreach through other channels, cost-effective paid media can be used to target customers by geography, in-language, and provide supplementary coverage to support other channels. Paid search and social media are ideal channels to intercept customers searching for more information on the fixed charge. Many customers are likely to have questions about the new charges and will turn to the internet as the first place to help answer them. Paid search ads will effectively drive people to the SCE fixed charge webpage to learn more during each phase. Paid social media ads may be used to promote electrification post the fixed charge implementation to ensure customers take advantage of the discounted volumetric rate. SCE will explore customer interest levels for this channel of messaging, and test ads to ensure they are simple, clear, resonant, and that they add value beyond utility-owned communication channels.

#### **7.8.3. Earned Media**

SCE anticipates the fixed charge will receive press attention. Customers and the media may misconstrue the fixed charge as a new charge or may focus on the fixed charge amount itself, without the full context of the reduction in volumetric rates that results from showing customers on a separate line item their costs for basic services that do not vary depending on their usage. SCE may engage and inform media about the construct of the fixed charge, the legislative impetus behind it to better support decarbonization, how all other customer classes within California's IOUs as well as other utilities and business entities employ fixed charges, in addition to how customers' bills within SCE's service territory may be impacted for each of the three tiers. Accurate local and state reporting about the fixed charge will be critical. Communication channels will include media engagement. In addition to earned media, SCE may leverage its owned channels including organic social media and SCE's news website, Energized by Edison.

#### **7.8.4. SCE-Owned Social Media Channels**

SCE may leverage its owned-social media channels (e.g., Facebook, Instagram, X, Nextdoor, and/or YouTube) as an interactive and targeted way to broadly inform customers about the fixed charge. SCE aims to make posts brief, clear, and easy to

understand, and will guide customers to obtain more information on SCE's fixed charge webpage via direct links.

#### **7.8.5. CBOs Engagement**

SCE will collaborate with CBOs to help educate customers about what the fixed charge means for them and engage them in solutions, including connecting them to valuable programs, services, and tools. These organizations represent the hard-to-reach communities in SCE's service area, spanning across agricultural, residential, civic, and public sectors. Many of these CBOs are small grassroots agencies serving individuals with access and functional needs, including those who are multicultural, multilingual, low-income, seniors, and Limited English Proficient audiences in communities of concern. SCE's CBO database is comprised of more than 1,200 partners with approximately 120 who are participants in SCE's pay-for-performance model. SCE will determine the appropriate number of CBOs to leverage to help communicate why and when the fixed charge is being implemented, and how customers may be impacted via online communications, digital engagement, and in-person events. Additionally, low-income customers who participate in CARE and FERA will be reassured that their program participation benefits will not be impacted and shown how they may get greater assistance from the fixed charge. CBO collateral will be available in English, Spanish, Chinese, Korean and Vietnamese.

TURN/NRDC recommended the IOUs follow best practices for accessible communications and outreach to HTR customers.<sup>126</sup> We find SCE's approach to reach HTR customers reasonable and direct SCE 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.

#### **7.9. Integrated Communications**

SCE indicated it will explore ways to incorporate fixed charge messaging into other relevant ME&O initiatives, considering audience alignment and channel selection. In addition, different channels will be evaluated individually for their potential to carry multiple messages. Messaging will also be integrated into planned outreach to specific target groups such as low income, solar, and other program outreach.<sup>127</sup> Some possible integrated low-income programs to leverage may include:

---

<sup>126</sup> TURN/NRDC Protest, at 3.

<sup>127</sup> SCE 5358-E, Appendix A, at 15-16.

- ESA: Include fixed charge information in the digital.
- Energy education guides that are distributed by contractors to customers during in-person.
- Home assessments
- CARE/FERA Capitation Agencies: Capitation agencies who assist in CARE/FERA.
- Enrollments could distribute fixed charge information at outreach activities.
- LIHEAP: Local service providers can
- Share fixed charge information with customers receiving LIHEAP grants.
- Tribal Grant Recipients: Tribes who receive SCE grants are expected to promote low-income programs to their constituents and can share fixed charge information.

#### **7.9.1. Direct Communications**

SCE indicated direct marketing outreach will be part of specific, targeted campaigns that will leverage customer segmentation data.<sup>128</sup> SCE plans to send up to three direct communications to customers which may include email, mail and/or bill messaging. Specific direct communications timing may change due to the final implementation and operational requirements. These tactics include:

##### **7.9.1.1. Direct Email and Direct Mail**

SCE stated it will use direct channels to notify customers about the fixed charge, provide personalized information, and encourage them to visit SCE's fixed charge webpage for more details. This approach helps customers understand how the fixed charge will affect their electric bills and minimizes confusion, reducing calls to the customer contact center.

SCE stated it plans to start direct customer outreach up to 120 days<sup>129</sup> before the transition to notify customers of their fixed charge tier. Moreover, to increase cost efficiency, SCE will adopt an "email first" approach for customers with emails on file which is approximately 3.5 million (77% of population). Direct mail will be sent to customers without an email on file, which is approximately 1 million (23% of the population). Direct email and direct mail will be available in English and Spanish.

---

<sup>128</sup> Ibid.

<sup>129</sup> SCE AL 5358-E, Appendix A, at 16.



TURN/NRDC asserted that the “The Commission should require all three IOUs to initiate direct communications no later than 120 days prior to implementation.”<sup>130</sup> Based on the TOU Transition and fixed charge research conducted by SCE in January 2024, SCE found that customers are less likely to remember or respond when information is provided too far in advance.<sup>131</sup> These findings were validated through working group meetings where the Large Utilities shared similar research results.

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, as directed in D.24-05-028.

### 7.10. Individual Bill Impacts

In AL 5358-E, SCE explained that it would provide individual bill impacts rather than sample bills to customers.<sup>132</sup> For illustrative purposes in Table 6 below, SCE provided examples by customer segment on how personalized bill impacts could include detailed information to ensure customers understand how the fixed charge will affect their household. SCE indicated it will conduct future research to determine the appropriate level of detail needed.

**Table 6: Individual Bill Impact Examples<sup>133</sup>**

CARE Customer					
Current			New		
Average Monthly Usage (kWh) Charge	Monthly Basic Charge	Monthly Bill	Average Monthly Usage (kWh) Charge wDiscount	Monthly Base Services Charge	New Monthly Bill
\$149.00	\$1.00	\$150.00	\$131.25	\$6.00	\$137.25

FERA + Deed-Restricted Affordable Housing Customers					
Current			New		
Average Monthly Usage (kWh) Charge	Monthly Basic Charge	Monthly Bill	Average Monthly Usage (kWh) Charge wDiscount	Monthly Base Services Charge	New Monthly Bill
\$149.00	\$1.00	\$150.00	\$131.25	\$12.08	\$143.33

Non-CARE/FERA Customer					
Current			New		
Average Monthly Usage (kWh) Charge	Monthly Basic Charge	Monthly Bill	Average Monthly Usage (kWh) Charge wDiscount	Monthly Base Services Charge	New Monthly Bill
\$149.00	\$1.00	\$150.00	\$131.25	\$24.15	\$155.40

<sup>130</sup> TURN/NRDC Protest, at 3.

<sup>131</sup> SCE’s Round 2 – Qualitative Research. SCE conducted eight qualitative focus groups with 64 residential customers.

<sup>132</sup> SCE AL 5358-E, Appendix A, at 9 and 16.

<sup>133</sup> Ibid., Appendix A, at 16.

SCE's proposed approach, while well-intentioned, could lead to false precision and cause customer confusion given that actual bills will vary from estimates due to a number of variables, including potential changes to usage patterns, or customer usage changing overall due to the adoption of electrification technologies. The Commission directs SCE to instead provide sample bills for representative customers similar to what PG&E and SDG&E have proposed.<sup>134</sup> We direct SCE to file a Tier 2 AL within 60 days of the issuance of this Resolution to propose sample bill impacts similar to what PG&E and SDG&E proposed for their implementation of the fixed charge.

#### **7.11. ME&O Timeline**

D.24-05-028 directed SCE to implement the fixed charge in the fourth quarter of 2025 (between October 1, 2024, and December 15, 2025).<sup>135</sup> SCE will implement fixed charges on customer bills, specifically aiming to begin October 1, 2025, subject to several other factors, including IT, operational, or any external constraints or significant events.<sup>136</sup>

Figure 2 depicts SCE's proposed ME&O timeline, but SCE indicated that the actual timing of ME&O activities in Phase 1 (Awareness) and 2 (Inform) may be shifted based on the final fixed charge implementation date.<sup>137</sup> To ensure timely communication with customers, SCE indicated it will make adjustments depending on whether the implementation occurs at the beginning or end of the fourth quarter of 2025. Phase 3 (Engagement) may continue for six to twelve months after implementation.

---

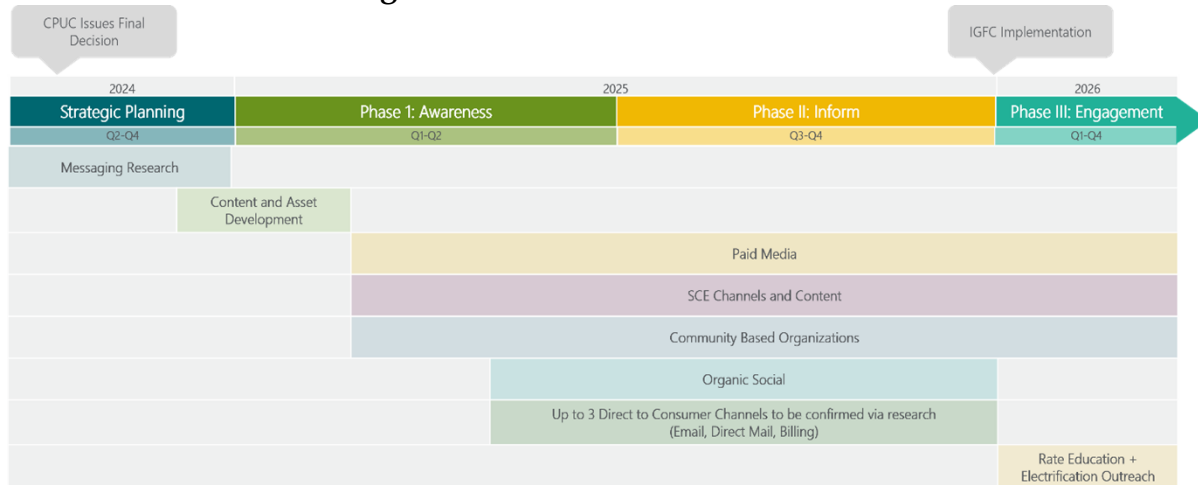
<sup>134</sup> PG&E AL 7351-E, at 29-31 and SDG&E AL 4492-E, at 12-13.

<sup>135</sup> D.24-05-028, COL 40(c).

<sup>136</sup> SCE AL 5358-E, Appendix A, at 3.

<sup>137</sup> *Ibid.*, at 18.

**Figure 2: SCE's ME&O Timeline<sup>138</sup>**



TURN/NRDC argued that the IOUs should be required to implement the fixed charge in a timely manner.<sup>139</sup> SCE indicated that it would implement the fixed charge to begin October 1, 2025, subject to other factors, including operational or any external constraints or significant events.<sup>140</sup>

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.<sup>141</sup> Because we have already specified a timeline for SCE to implement the IGFC, and failure to comply with Commission orders renders a utility subject to penalties, we do not 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 SCE's proposed ME&O plan reasonable and approves the plan as modified in this Resolution. We direct SCE 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 90 days before initiating direct communications with customers and implementing the fixed charge.

<sup>138</sup> Ibid., at 19.

<sup>139</sup> TURN/NRDC Protest, at 6.

<sup>140</sup> SCE AL 5358-E, Appendix A, at 3.

<sup>141</sup> TURN/NRDC Protest, at 6.

### **7.12. ME&O Reporting and Metrics**

SCE 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.<sup>142</sup> SCE 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.<sup>143</sup>

The ME&O metrics will include:<sup>144</sup>

- Number of press article mentions;
- 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 SCE's dedicated website.

SCE will also report on the following metrics outlined in the Decision:<sup>145</sup>

- 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.

Cal Advocates recommended that the Commission require SCE to report metrics disaggregated by tier and customer status, such as Non-CARE/FERA, CARE, FERA, Solar, and DRAH.<sup>146</sup> Based on the requirements in D.24-05-028 and each Large IOU's

---

<sup>142</sup> D.24-05-028, at 106.

<sup>143</sup> SCE AL 5358-E, Appendix A, at 19-20.

<sup>144</sup> Ibid., at 20.

<sup>145</sup> Ibid.

<sup>146</sup> Cal Advocates Protest, at 5.

capabilities expressed in ALs and summarized from Energy Division’s data request<sup>147</sup> in Table 7 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 7: 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: General, Solar, Low-Income)	Feasible	Feasible
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.

<sup>147</sup> Energy Division Data Request: SCE Response Q.09, SDG&E Response Q.09, and PG&E Response Q.17.

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 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.

### **7.13. 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).

In this section, SCE breaks down the total ME&O budget of \$4.733 million of associated research and tactics that require incremental revenue recovery to implement. Essential ME&O implementation costs include incremental labor resources to develop, manage, and implement the proposed ME&O tactics and the deliverables. SCE is recommending a digital-first approach to mitigate costs. However, not all customers have an email address on file and will require direct mail, which is more costly. Similarly, SCE is proposing more targeted paid media strategies to mitigate costs and still effectively reach customers. SCE outlined the ME&O costs for implementing the fixed charge for recovery through the memo account. Table 8 provides the proposed ME&O budget, followed by SCE's budget justifications.<sup>148</sup>

---

<sup>148</sup> SCE AL 5358-E, Appendix A, at 20-22.

**Table 8: SCE's Proposed ME&O Budget**

Category	2024	2025	2026	Total
Research	\$100,000	\$100,000	\$30,000	\$230,000
Web	\$30,000	\$90,000	\$30,000	\$150,000
Collateral	\$0	\$50,000	\$0	\$50,000
Community-Based Organizations	\$0	\$285,000	\$115,000	\$400,000
Paid Media	\$0	\$368,333	\$481,667	\$850,000
Bill Messaging	\$0	\$80,000	\$0	\$80,000
Direct Communications	\$0	\$1,534,000	\$227,000	\$1,761,000
Integrated Communications	\$0	\$50,000	\$0	\$50,000
Internal Labor	\$171,750	\$343,500	\$171,750	\$687,000
Agency Support	\$135,000	\$200,000	\$140,000	\$475,000
<b>Total</b>	<b>\$ 436,750</b>	<b>\$3,100,833</b>	<b>\$1,195,417</b>	<b>\$4,733,000</b>

SCE requests the flexibility to adjust costs across tactics if refinements can be made to improve effectiveness.<sup>149</sup>

#### **7.13.1. ME&O Budget Justifications<sup>150</sup>**

- **Research:** Quantitative and qualitative research, message testing, engagement measurements, as well as continuous optimization of customer communications.
- **Web:** Design, development and publishing costs for multi-language landing pages, translation services, and video vignette production.
- **Collateral:** Design, in-language translations and production of fact sheets, infographics and other printed materials for various media channels including electronic and print distribution.
- **Community-Based Organizations:** Incentive expenses for participating CBOs to bring broad awareness to HTR communities.
- **Paid Media:** Paid search and paid social media using geotargeting to promote fixed charge and electrification.
- **Bill Messaging:** Message development for on-bill messaging as well as print production cost for bill insert to inform customers about the fixed charge through customer bill statements.

---

<sup>149</sup> SCE AL 5358-E, Appendix A, at 6-7.

<sup>150</sup> Ibid., at 20-22.

- **Direct Communications:** Targeted email and letter communications development, deployment, print production, and postage expenses.
- **Integrated Communications:** Message development and integrations to expand awareness through other existing program communications.
- **Internal Labor:** A total of 2.5 full-time employees as follows: a) 1.5 incremental marketing advisor for 2 years to manage and execute multiple communication phases and campaign tactics to prepare and continuously engage customers through the transition of the fixed charge, and b) 1 research advisor for 2 years to solicit customer feedback, for quantitative and qualitative message testing, as well as continuous optimization of customer communications.
- **Agency Support:** Agency resources to support copywriting, creative designing, communication development, campaign metrics and reporting.

Cal Advocates recommended that the Commission reject SCE's ME&O plan because it fails to meet the decision's required level of detail on the ME&O budget justification and require SCE to submit a supplemental AL with adequate detail on its ME&O budget.<sup>151</sup>

In its protest reply, SCE indicated that it provided budget line-item breakdowns, justifying why those line items are necessary to ensure successful customer communication through all three phases of the fixed charge implementation. SCE also provided Cal Advocates with all required explanations, justifications, and supporting evidence as requested in its data requests.<sup>152</sup>

The Commission finds SCE's proposed ME&O budget of \$4,733,000 for 2024-2026 to implement the fixed charge reasonable and approved as specified herein and shown in Table 9 below. SCE shall not adjust budgets across tactics or shift funds across ME&O categories.

---

<sup>151</sup> Cal Advocates Protest, at 1.

<sup>152</sup> SCE Protest Reply, at 1-2.



**Table 9: SCE’s ME&O Budget (Approved)**

Category	2024	2025	2026	Total
Research	\$100,000	\$100,000	\$30,000	\$230,000
Web	\$30,000	\$90,000	\$30,000	\$150,000
Collateral	\$0	\$50,000	\$0	\$50,000
Community-Based Organizations	\$0	\$285,000	\$115,000	\$400,000
Paid Media	\$0	\$368,333	\$481,667	\$850,000
Bill Messaging	\$0	\$80,000	\$0	\$80,000
Direct Communications	\$0	\$1,534,000	\$227,000	\$1,761,000
Integrated Communications	\$0	\$50,000	\$0	\$50,000
Internal Labor	\$171,750	\$343,500	\$171,750	\$687,000
Agency Support	\$135,000	\$200,000	\$140,000	\$475,000
<b>Total</b>	<b>\$ 436,750</b>	<b>\$3,100,833</b>	<b>\$1,195,417</b>	<b>\$4,733,000</b>

#### 7.14. 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 the Decision's issuance date.<sup>153</sup> 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 enter a contract<sup>154</sup>.

PG&E estimated the cost for the Facilitation Contractor is \$250,000, which PG&E will initially bear and later partially recover through a co-funding agreement with SCE and SDG&E. 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).<sup>155</sup> SCE proposed to seek cost recovery of \$100,000 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

<sup>153</sup> D.24-05-028, OP 2.

<sup>154</sup> PG&E 7351-E, at 60-61.

<sup>155</sup> D.23-04-008, OP 2.

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).<sup>156</sup> PG&E explained it unintentionally used the full \$250,000 amount in estimating its total cost recovery requirements instead of \$130,000. This correction also changed SCE' 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 (\$40,00).

The Commission finds SCE's cost-share reasonable for the Facilitation Contractor and approves \$80,000 for recording in SCE's IGFCMA.

## 8. Total Implementation Budget

### 8.1. 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.<sup>157</sup> Table 10 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 10: Large Utilities' Approved Implementation Budget in D.24-05-028**

Activity	PG&E (\$ millions)	SCE (\$ millions)	SDG&E (\$ millions)	Total
Income Verification <sup>158</sup>	\$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
<b>Total</b>	<b>\$14.273</b>	<b>\$13.007</b>	<b>\$8.307</b>	<b>\$35.587</b>

<sup>156</sup> PG&E's AL 7351-E-A, at 30-31, and Attachment C.

<sup>157</sup> D.24-05-028, at 4.

<sup>158</sup> The Income Verification activity is for the Facilitation Contractor authorized in OP 2 of D.24-05-028. The budget was unknown and not established at the time of the adoption of D.24-05-028.

SCE submitted AL 5358-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.<sup>159</sup>

In AL 5358-E-A, SCE reduced the budget request for call center costs related to the process to enroll DRAH customers onto the Tier 2 fixed charge.<sup>160</sup> SCE indicated that it incorrectly estimated the volume of customers that would receive DRAH outreach in 2026-2028 and did not account for the fact that subsequent attestation in 2026 and beyond would only be required for customers new to DRAH status. Instead of 15,000, SCE now estimates 5,000 DRAH customers will self-attest for 2026-2028, based on discussions with CHP and the conclusion that there would likely be additions of housing units/customers to the list of customers on an annual basis.<sup>161</sup>

Table 11 below summarizes SCE's additional implementation budget request of \$5,421,218 for the implementation of the fixed charge.

**Table 11: SCE's Proposed Additional Implementation Budget Request**

Activity	2024	2025	2026	2027	2028	Total
DRAH Implementation	N/A	\$272,229	\$109,063	\$103,463	\$103,463	\$588,218
ME&O	\$436,750	\$3,100,833	\$1,195,417	\$0	\$0	\$4,733,000
Facilitation Contractor	\$0	\$100,000	\$0	\$0	\$0	\$100,000
<b>Total</b>	<b>\$436,750</b>	<b>\$3,473,062</b>	<b>\$1,304,480</b>	<b>\$103,463</b>	<b>\$103,463</b>	<b>\$5,421,218</b>

Cal Advocates and TURN/NRDC asserted that the IOUs must demonstrate that implementation costs are reasonable and incremental before seeking recovery of the IGFCMA. SCE indicated that it would ensure all costs are incremental.<sup>162</sup>

The Commission finds SCE's proposed additional implementation budget of \$5,401,218 for DRAH implementation, ME&O, and Facilitation Contractor reasonable and approves the additional implementation costs for implementation of the fixed charge, as shown in Table 12 below.

---

<sup>159</sup> SCE AL 5358-E, at 22-23.

<sup>160</sup> SCE AL 5358-E-A, at 2.

<sup>161</sup> Ibid.

<sup>162</sup> SCE AL 5358-E, at 3, and SCE Reply to Protest, at 2.

**Table 12: SCE’s Additional Implementation Budget Request (Authorized)**

Category	2024	2025	2026	2027	2028	Total
DRAH Implementation	N/A	\$272,229	\$109,063	\$103,463	\$103,463	\$588,218
ME&O	\$436,750	\$3,100,833	\$1,195,417	\$0	\$0	\$4,733,000
Facilitation Contractor <sup>163</sup>	\$0	\$80,000	\$0	\$0	\$0	\$80,000
<b>Total</b>	<b>\$436,750</b>	<b>\$3,453,062</b>	<b>\$1,304,480</b>	<b>\$103,463</b>	<b>\$103,463</b>	<b>\$5,401,218</b>

## 8.2. Revised Total Implementation Budget

Table 13 provides the previously authorized budgets in D.24-05-028, budgets authorized in this Resolution, which SCE deemed incremental to its authorized revenue requirement in the most recent GRC,<sup>164</sup> and the total revised implementation budget for the fixed charge. SCE shall not carry over or shift funds between implementation activities or ME&O categories.

**Table 13: SCE’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	\$0.080	\$0.080
Billing System	\$2.900		\$2.900
Customer Rate Tools Updates	\$0.059		\$0.059
Customer Support (Contact Center)	\$9.498		\$9.498
Program and Product Management	\$0.550		\$0.550
DRAH Implementation		\$0.588	\$0.588
ME&O		\$4.733	\$4.733
<b>Total</b>	<b>\$13.007</b>	<b>\$5.401</b>	<b>\$ 18.408</b>

## 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

<sup>163</sup> PG&E AL 7351-E-A, at 30-31 and Attachment C, corrects the cost-share for SCE from \$100,000 to \$80,000.

<sup>164</sup> SCE AL 5358-E, at 3, and SCE Reply to Protest, at 2.

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."

### **Party Comments on the Draft Resolution**

We received comments on Draft Resolution E-5356 on December 5, 2024, from SCE, C4AT, and the Western Manufactured Housing Communities Association (WMA) regarding (1) rate design; (2) tier assignment, including DRAH implementation; and (3) the proposed M&EO plan.

### **SCE's Comments**

#### **Rate Design**

SCE proposed to convert the monthly fixed charge into a flat daily fixed charge noting that this was already taking place in its billing system.<sup>165</sup>

This proposal from SCE has the potential to be beneficial to ratepayers. However, it was not outlined in SCE AL 5358-E and was only introduced in comments to the Draft Resolution. As a result, we encourage SCE to submit a proposal to administer the fixed charge as a daily fixed charge in the Tier 2 AL that it is directed to file within 90 days after this Resolution is approved, as detailed in Ordering Paragraph 2. Any bill presentation concerns can also be addressed by the IWG.

#### **Tier Assignments**

SCE clarifies that through continued refinement of its execution plans, it has determined it is best to apply DRAH status to all non-CARE/FERA customers in a sub-metered master metered (Schedule DMS-2) site if it is identified by the California Housing Partnership database as containing any DRAH units, regardless of the estimated percentage of DRAH units at each complex.<sup>166</sup>

---

<sup>165</sup> SCE Comments, at 1.

<sup>166</sup> Id., at 4.

This suggestion from SCE is consistent with the approaches taken by SDG&E and PG&E, which was not opposed by any parties, and is logical and beneficial to both master-metered tenants and ratepayers. The Commission accepts and appreciates this additional point of clarification.

### **Proposed ME&O Plan**

SCE requested that the Commission reconsider its decision and allow it to implement individual customer bill impacts supported by customer research and SCE's experience with rate communication.<sup>167</sup>

We acknowledge SCE's comments and reject its request to implement individual customer bills based on the reasons discussed in the Resolution.

SCE requested that the Resolution should clarify the requirements to host a workshop 60 days prior to launching its ME&O plan, recognizing that it may be too late for SCE to make adjustments.<sup>168</sup>

We have modified the Resolution that requires SCE to present its final ME&O plan to the IWG, as specified in Ordering Paragraph 7, at least 90 days before initiating customer communications. We expect SCE to take responsibility for facilitating the workshop, including incorporating feedback on content and logistics from the IWG before the workshop.

### **C4AT's Comments**

#### **Tier Assignments**

C4AT reiterated its assertion that eligibility should be implemented based on household income rather than enrollment in CARE as the standard for Tier 1 eligibility without including a process for how this would be accomplished and restates prior rejected comments on the Proposed Decision that resulted in D.24-05-028.<sup>169</sup>

As discussed in D.24-05-028 and this Resolution, this process is not required, nor is it feasible within a reasonable timeframe. This request for a process to enroll income-qualified customers who are not already enrolled in CARE or FERA is rejected.

---

<sup>167</sup> SCE Comments, at 2-3.

<sup>168</sup> *Id.*, at 3-4.

<sup>169</sup> C4AT comments, at 3.

### **Proposed ME&O Plan**

C4AT reiterated its request for a process to allow income-qualified customers who are not enrolled in CARE or FERA to be assigned to the appropriate fixed charge tier and to receive information about this process as part of the fixed charge implementation.<sup>170</sup>

C4AT also requested that the Resolution should be modified to add the following requirements: (1) SCE's fixed charge webpage and social media campaign are fully compliant with WCAG 2.2 AA or any updated accessibility standards; and (2) all printed collateral must have key information in large print and be available on request in large print, audio format, and Braille.<sup>171</sup>

As discussed in D.24-05-028 and this Resolution, this process was explicitly rejected in the Decision. In addition, this Resolution already directs the IOUs to develop and submit consistent messaging and approaches to coordinate and integrate the fixed charge with options for CARE and FERA. We also decline C4AT's request to modify the Resolution regarding accessibility compliance as the Resolution already directs SCE to demonstrate compliance with accessibility standards in their ME&O presentations to the IWG before initiating communications with customers and implementing the fixed charge.

### **WMA's Comments**

#### **Tier Assignments**

WMA seeks clarification as to whether SCE will "default *all* non-CARE submetered customers to Tier 2 fixed charge rates<sup>172</sup>" even though it is not discussed in detail in AL 5358-E. If so, they request an opportunity to oppose the proposal in its pending SCE GRC Phase 2 proceeding, A24-03-019. WMA additionally provides material from data requests provided in the SCE GRC Phase 2 proceeding, which makes it clear that it is referencing the same subset of master-metered properties identified by SCE in their comments.

As noted above, in SCE's comments they indicated that, like SDG&E and PG&E, if a mobile home park or their submetered tenant is included in the CHP DRAH list, then all non-CARE properties will be defaulted to the Tier 2 fixed charge. We also clarify that the CHP DRAH list is the list of record.

---

<sup>170</sup> C4AT Comments, at 4.

<sup>171</sup> *Id.*, at 5-6.

<sup>172</sup> WMA Comments, at 3.

We note that the suggestions from SCE and WMA both request that SCE be consistent with the approaches taken by SDG&E and PG&E. This is logical and beneficial to both master-metered tenants and ratepayers. The Commission accepts and appreciates this additional point of clarification.

### **Proposed ME&O Plan**

WMA recommended the Tier 2 AL, as specified in Ordering Paragraph 6 of the Draft Resolution, direct SCE to submit a plan to provide master-metered customers with submetering outreach materials regarding the implementation of the fixed charge.<sup>173</sup> WMA indicated the outreach material could be a letter to submetering tenants that could be posted in a conspicuous area of the master-metered development.<sup>174</sup>

WMA's request would require additional time for development of the proposed materials and review and comment by interested stakeholders. In the interest of timely implementation of the fixed charge, we make no changes in response to WMA's comment and encourage WMA to participate in the IWG that will be formed in the first quarter of 2025 to provide feedback on the implementation of the fixed charge.

### **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 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 for each investor-owned utility 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.24-04-028 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.

---

<sup>173</sup> WMA Comments, at 4.

<sup>174</sup> *Id.*



5. SCE filed Advice Letter (AL) 5358-E on August 13, 2024, to the wrong service list (R.20-08-020); and on August 16, 2024, filed AL 5358-E to the correct service list (R.22-07-005). SCE filed AL 5358-E-A on September 10, 2024.
6. It is reasonable for SCE to implement the fixed charge calculations proposed in AL 5358-E, including the cost components designated for collection in each Tier of the fixed charge and the cost layering methodology. The Commission finds that the average monthly bills for low-income ratepayers in California will not be impacted by cost layering methodology proposed by SCE.
7. It is reasonable that SCE proposed to remove the minimum bill from eligible residential rate schedules, as directed in D.24-05-028.
8. It is reasonable for SCE to exempt master-metered rates that are not sub-metered, the “DM” rate option, and separately metered electric vehicle rates (for customers whose primary meter has a fixed charge) from including the fixed charge.
9. It is reasonable for SCE to reduce residential volumetric rates on an equal per cents or equal percentage basis for all residential rates, including for adjustments to optional electrification rates and their time-varying distribution rates as proposed in Advice Letter 5358-E.
10. It is reasonable for SCE to update all eligible residential rate schedules and tariffs to include Tier 3, Tier 2, and Tier 1 fixed charges.
8. It is reasonable for SCE to reduce residential volumetric rates on an equal per cents 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 5358-E.
9. It is reasonable for SCE to apply the line-item Medical Baseline discount and DAC- GT/CS-GT discounts to all fixed charge tiers and volumetric rates.
10. It is reasonable for SCE to apply an “Income-Graduated Fixed Charge (IGFC) Surcharge” to each fixed charge tier, and an “IGFC Discount” for Tiers 1 and 2.
11. 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.
12. It is reasonable for SCE to collect information regarding DRAH status through CARE and FERA applications as a cost-effective means to improve data collection regarding deed restricted housing.
13. SCE’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.

14. SCE'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.
15. SCE's proposal to create a new process for identifying customers who live in deed-restricted affordable housing using the California Housing Partnership (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 CHP dataset shows over 80 percent of its component units are designated as deed-restricted housing.
16. SCE's overall self-attestation proposal for qualified DRAH customers, to establish their eligibility for assignment to Tier 2, is reasonable.
17. SCE'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.
18. It is reasonable for SCE to consult with the Implementation Working Group (IWG) before implementing the tier assignments to coordinate actions across IOUs.
19. Costs associated with SDGE's Tier assignment proposals should be incremental, as they were not addressed in D.24-05-028. SCE's DRAH plan and budget are reasonable.
20. 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.
21. SCE'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.
22. 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.
23. SCE's proposed strategy to target hard-to-reach customers is reasonable.
24. SCE's proposed approach to providing individual bill impacts to customers may cause customer confusion.
25. Sample bill impacts for representative customers similar to what PG&E and SDG&E have proposed are reasonable.
26. SCE's ME&O plan and budget are reasonable, subject to the modifications set forth herein.

27. 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.
28. Because the Commission has already specified a timeline for SCE 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.
29. 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.
30. It is reasonable for the Large IOUs to confer with one another, the Commission staff, and the IWG on refining the reporting metrics.
31. SCE’s proposed cost-share of \$80,000 for the Facilitation Contractor is reasonable.
32. It is reasonable for the Large IOUs to consider these income-graduated fixed charge implementation costs incremental to their authorized revenue requirement.
33. It is reasonable not to allow the Large IOUs to shift or carry over funds between implementation activities or ME&O categories.
34. It is reasonable to revise the total implementation budget for SCE from up to \$13.007 million, based on D.24-05-028, to up to \$18.408 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 Southern California Edison Company to implement the fixed charge for residential customers as proposed in Advice Letter 5358-E and Advice Letter 5358-E-A is approved with modifications.
2. Southern California Edison Company (SCE) 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, resulting from the implementation of its proposed income graduated fixed charge.
  - a. SCE shall clearly specify in this Tier 2 Advice Letter which residential tariffs will receive either an equal cents-per-kWh reduction or an equal percentage-based reduction to distribution volumetric rates, the quantity of this reduction, and the rationale for applying each method.
  - b. SCE shall specify the proposed cost layering loading order and cost component breakdown for each tier of the income graduated fixed charge, utilizing the latest revenue requirement data.

- c. SCE shall also describe the balancing mechanism they intend to use to balance the “Income-Graduated Fixed Charge (IGFC) Surcharge” and “IGFC Discount”.
3. Southern California Edison Company shall file a Tier 1 Advice Letter at least 30 days before the implementation of the income graduated fixed charge in the fourth quarter of 2025 to finalize the volumetric rate components of all residential tariffs to reflect updated revenue requirement.
4. Southern California Edison Company shall refine its customer segmentation strategy based on feedback from the Implementation Working Group before initiating communications with customers and implementing the fixed charge.
5. Southern California Edison Company's marketing, education, and outreach plan and budget of \$4,733,000 for 2024-2026 are approved as modified herein.
6. Southern California Edison Company shall file a Tier 2 advice letter within 60 days of the issuance of this Resolution to:
  - a. Propose sample bill impacts similar to what Pacific Gas and Electric Company and San Diego Gas & Electric Company proposed for their implementation of the fixed charge; and
  - 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 San Diego Gas & Electric 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. Southern California Edison Company (SCE) shall present its final marketing, education, and outreach (ME&O) plan to the Implementation Working Group at least 90 days prior to initiating customer communications and implementing the fixed charge to incorporate feedback to improve plans before implementation. SCE'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. 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.

9. 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.
10. 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:

/s/ RACHEL PETERSON

Rachel Peterson  
Executive Director

ALICE REYNOLDS  
President

DARCIE HOUCK  
JOHN REYNOLDS  
KAREN DOUGLAS  
MATTHEW BAKER  
Commissioners