Date of Issuance: February 4, 2025

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION **RESOLUTION E-5354**
January 30, 2025

R E S O L U T I O N

Resolution E-5354. Implementation of Pacific Gas and Electric Company's Income-Graduated Fixed Charges Pursuant to Ordering Paragraph 3(c) of Decision 24-05-028

PROPOSED OUTCOME:

- Approves with modifications Pacific Gas and Electric Company's (PG&E) request to implement the income-graduated fixed charge pursuant to Decision (D.) 24-05-028, which includes modifications to PG&E's proposals for its billing system changes and other implementation activities, rate design, Single Family/Multifamily Study, tier assignments (including deed-restricted affordable housing), marketing, education, and outreach, facilitation contractor, and additional implementation budget.
- Rejects PG&E's request to revise implementation budgets previously approved in D.24-05-028.
- Approves PG&E's request to record $130,000 for costs related to the Facilitation Contractor in the Income Graduated Fixed Charge Memorandum Account.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this Resolution.

ESTIMATED COST:

Authorizes an additional incremental budget of $9.188 million for costs associated with upgrading PG&E's complex billing system, Single Family/Multifamily Study, tier assignments (including deed-restricted affordable housing), marketing, education, and outreach plan, and 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 PG&E to request budget authorization in the Tier 3 AL to implement the fixed charge.

By Advice Letter 7351-E, submitted August 13, 2024, Advice Letter 7351-E-A submitted September 13, 2024, AL 7351-E-B submitted October 4, 2024, and Substitute Sheets for AL 7351-E on November 26, 2024.

SUMMARY

This Resolution approves with modifications Pacific Gas and Electric Company's (PG&E) Advice Letter (AL) 7351-E, AL 7351-E-A, AL 7351-E-B, and Substitute Sheets for AL 7351-E 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 reduces the price for a unit of electricity for all customers but also makes it more affordable to electrify homes and vehicles, regardless of income or where someone lives.

The fixed charge will be applied based on income tiers, with lower-income customers paying a lower charge and higher-income customers paying a higher charge. This approach ensures that the burden of the fixed charge is distributed fairly and does not disproportionately affect lower-income households, including customers participating in the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs.[1]

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

a. When the new fixed charge will be applied;
b. Why and how the new fixed charge will reduce volumetric rates;
c. The amount of the fixed charge and how the fixed charge will affect customers' bills;
d. How tiers will be assigned and how to move to a different income tier;

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

e. Different rate options and rate comparison tools;
f. Options to enroll in CARE or FERA and other ways to manage energy costs;
g. Assure CARE and FERA customers that their assistance program discounts will not be affected by the fixed charge and that they may see lower bills as a result of the fixed charge; and
h. Why and how the fixed charge will encourage the adoption of electrification technologies and associated reduced use of fossil fuels and how customers can find rebates to electrify.[2]

The California Public Utilities Commission (Commission or CPUC) directs PG&E to modify its implementation plan according to the direction provided in this Resolution regarding issues raised in protest to the AL and aspects of PG&E's implementation plan that warrant clarification. This Resolution directs PG&E to submit a Tier 2 AL within 60 days of the issuance of this Resolution to address the requirements of its ME&O plan. This Resolution also directs PG&E to submit a Tier 2 AL within 90 days of the issuance of this Resolution to provide redlined changes to its volumetric rate components of all residential tariffs active in 2025, including legacy rates. In addition, PG&E must submit a Tier 1 AL within 30 days before the fixed charge is implemented to provide final redlined tariffs. Finally, PG&E must file a Tier 2 Advice Letter within 90 days of the issuance of this Resolution to expand on how its discount programs (specifically the D-Medical Schedule, Disadvantaged Communities Green Tariff (DAC-GT), and Community Solar Green Tariff (CS-GT) programs) interact with the new residential fixed charges and volumetric rates.

BACKGROUND

On June 30, 2022, California Assembly Bill (AB) 205 became law, paving the way for the CPUC 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

2 D.24-05-028 at 94-95.

greenhouse gas emissions associated with meeting the state's future system load; (d) enable widespread electrification of buildings and transportation to meet the state's climate goals; (e) reduce long-term system costs through more efficient pricing of electricity; and (f) enable participation in demand flexibility by both bundled and unbundled customers. Phase 1 of R.22-07-005 is organized into two concurrent tracks, and Track A established the fixed charge for residential rates for all electric IOUs in accordance with AB 205, including small and multi-jurisdictional electric utilities.

On May 15, 2024, the Commission adopted the Decision, authorizing all electric IOUs—PG&E, Southern California Edison (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 AL 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 approves an aggregate total of up to $35.6 million for the implementation costs of the three large IOUs.

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

As directed in D.24-05-028 for implementation of the fixed charge, PG&E (1) submitted a Tier 1 AL on June 17, 2024, to establish a new IGFC memorandum account (IGFCMA) and a new IGFC balancing account (IGFCBA);[4] (2) conferred with SCE and SDG&E and the Commission's Energy Division Staff on June 24, 2024, to develop marketing, education, and outreach (ME&O) consistent terminology, high-level messages, and metrics;[5] (3) collaborated with SCE and SDG&E to invite parties to the joint Energy Division and Large IOUs' Fixed Charge ME&O Workshop held on July 10, 2024;[6] and

3 D.24-05-028 at 100.
4 D.24-05-028, OP 1. Energy Division approved PG&E AL 7300-E on October 24, 2024.
5 *Id.*, OP 3 (a).
6 *Id.*, OP 3 (b).

(4) issued a request for proposal (RFP) on August 6, 2024, to execute a contract with a Facilitation Contractor with expertise in implementing income verification processes.[7]

To comply with the Decision's Ordering Paragraph (OP) 3(c), PG&E submitted its Tier 3 AL on August 13, 2024, requesting Commission approval to implement its fixed charge for residential customers pursuant to D.24-05-028. Additionally, PG&E requested approval to record costs related to the Facilitation Contractor in the IGFCMA and additional budget regarding its complex billing system upgrade.

On September 13, 2024, PG&E filed supplemental AL 7351-E-A to update sections of its implementation plan and to correct errors relating to its request to record costs related to the Facilitation Contractor and budgets for ME&O, deed-restricted affordable housing (DRAH), and the total estimated implementation budget. PG&E explained that the supplemental AL amended rather than replaced the original AL 7351-E in its entirety. On October 4, 2024, PG&E filed Supplemental AL 7351-E-B to amend and correct errors in AL 7351-E and AL 7351-E-A regarding estimates for its ME&O budget and revenue requirements, tier assignment process, and Findings 11 and 20. Finally, on November 26, 2024, PG&E submitted Substitute Sheets for AL 7351-E to amend the AL and correct budget estimates for its Billing System Implementation costs.

NOTICE

Notice of AL 7351-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the AL and its supplements and Substitute Sheets were mailed and distributed in accordance with General Order (G.O.) 96-B.

PROTESTS

PG&E's AL 7351-E was timely protested on August 31, 2024 by Ms. Alexis Wodtke (Ms. Wodtke) and on September 3, 2024, by the California Environmental Justice Alliance (CEJA), Center for Accessible Technology (C4AT), Public Advocates Office at the California Public Utilities Commission (Cal Advocates), Solar Energy Industries Association (SEIA) and jointly by The Utility Reform Network and the Natural Resources Defense Council (TURN/NRDC) (collectively, Protest Parties).

In Attachment 1 of this Resolution, we have included Energy Division's response to a letter submitted to Energy Division Staff by Ms. Wodtke dated September 17, 2024,

[7] *Id.*, OP 2.

regarding PG&E's Supplemental AL 7351-E-A. On October 1, 2024, Energy Division sent its response to Ms. Wodtke and served it to the service list of R.22-07-005 as well. In that response, Energy Division answered questions submitted by Ms. Wodtke's letter and granted an extension of the comment period on the additional information submitted in AL 7351-E-A until October 11, 2024. We address the substance of Ms. Wodtke's letter along with her protests in the Discussion section of this Resolution (*see* Section 7).

The Protest Parties contested several aspects of PG&E's implementation plan, which are summarized below in the following sections: (1) billing system changes and other implementation activities, (2) rate design, (3) tier assignments (including DRAH implementation), (4) proposed ME&O plan, (5) facilitation contractor, and (6) total estimated implementation budget.

1. Billing System Changes and Other Implementation Activities

1.1. CEJA's Protests

Several protests were filed contesting the additional budgets proposed by PG&E for billing system changes and supporting implementation activities. Specifically, the request of additional $3.5 million for implementing IGFC for customers served on the Advanced Billing System (ABS) was protested by CEJA.[8] In D.24-05-028,[9] the Commission did not approve the $3.5 million budget and noted that PG&E would need additional time to propose a solution for customers on the old ABS and that PG&E could propose the solution and budget in the Tier 3 AL. CEJA argued that PG&E's proposed spending is significantly higher than the approved budget in the Decision and asserted PG&E's justifications for additional budget were inadequate. In evaluating the merits of these protests, Energy Division Staff met with PG&E on September 18, 2024, to discuss the $3.5 million budget requested for upgrades to the ABS.

Additionally, PG&E proposed additional budgets for other activities that would support IGFC implementation. On September 3, 2024, CEJA contested that PG&E's claim that additional budgets for program management are necessary to reduce costs in other categories is inadequate.[10]

8 CEJA Protest, at 2.
9 D.24-05-028, at 111.
10 CEJA Protest, at 2.

1.2. Alexis Wodtke's Protest

Ms. Alexis Wodtke contested PG&E's additional $3.5 million budget request to allow ABS billing system upgrades was unreasonable.[11] Additionally, in her protest, Ms. Wodtke stated that PG&E offered no justification for not including budget estimates related to the IGFC implementation of billing system changes in earlier filings.[12] Ms. Wodtke also raised concerns about PG&E's proposal to recover the costs associated with the ABS upgrades, asserting that this would amount to a "double recovery" because PG&E did not adequately isolate the proposed cost.[13] Additionally, she protested PG&E's AL for proposing increased costs that would serve to increase revenue collections, including the cost of $250,000 for preparing a study to assess methods of identifying whether a given residential customer lives in single or multifamily housing.

1.3. Cal Advocates' Protest

Cal Advocates protested that PG&E failed to provide new facts to justify its request to increase funding to Program and Product Management activities by $1.6 million.[14] Cal Advocates argued that the scope of work for implementing the IGFC has not changed since the Decision approved the budget of $550,000, and therefore the Commission should reject PG&E's request to increase funding.

1.4. PG&E's Reply to Protests

In its reply, PG&E claimed that the $3.5 million is necessary to accomplish ABS billing system updates to meet the first quarter of 2026 IGFC launch date, as previously noted in PG&E's January 2024 response to the Administrative Law Judge's (ALJ) Budgets and Timing Ruling.[15] PG&E claimed that its higher billing system costs for implementing IGFC are driven by PG&E having to make changes in two billing systems, including the legacy ABS system and the mass-market Customer Care and Billing System (CC&B). Additionally, PG&E asserts the costs requested for implementing IGFC for ABS customers are incremental costs, not intended as "double dipping" in cost recovery as Ms. Wodtke protested.

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11 Ms. Wodtke Protest, at 5.
12 *Id.*, at 8-9.
13 *Id.*, at 10.
14 Cal Advocates Protest, at 6.
15 PG&E Reply to Protest, at 4, 5, and 10.

In response to Cal Advocates' and Ms. Wodtke's claim that the cost estimates for Program and Product Management presented in AL 7351-E are new and unsupported, PG&E noted that the estimates are consistent with what PG&E has provided in the record.[16] PG&E asserted the cost estimates of $2.18 million for Program and Product Management presented in AL 7351-E are similar to the cost estimates of $2.45 million in PG&E's comments to the ALJ's Budgets and Timing Ruling. Additionally, PG&E explained that, in approving the Program and Product Management costs of only $550,000 for PG&E; harmonizing to SCE's budget; the Decision ignored key differences between PG&E and SCE. First, SCE already has fixed charges programmed into its residential rates, while PG&E will need to test fixed charges with various residential rates in its billing systems. Secondly, SCE will leverage General Rate Case (GRC) funds planned for the work, which are not available for PG&E.

In its reply, PG&E provided justification for the proposed cost of $250,000 for the Single/Multifamily Study that will distinguish residential customers between single family and multifamily premises, a cost that was protested by Ms. Wodtke. PG&E claimed that the budget estimate is within the scope of the Commission's authorization in the Decision. The Decision directed the IOUs to complete the study but does not discuss how the activities will be funded.[17]

2. Rate Design

2.1. CEJA's Protest

CEJA asserted the analysis, calculations, or data in the AL contain material errors or emissions and alleged the relief requested in the AL is unjust, unreasonable, or discriminatory per GO 96-B 7.4.2.[18] CEJA suggested that the Commission require each of the IOUs show a "100% of Costs" calculation in a similar tabulated manner to SCE in AL 5358-E.[19] CEJA noted this tabulation of costs would be helpful for understanding Cost Layering methodologies and to understand the growth in cost categories and what portion of cost categories remain to be collected in volumetric rates.[20]

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16 *Id.*, at 14-15.
17 *Id.*, at 3-4.
18 CEJA Protest, at 1.
19 CEJA Protest, at 3.
20 *Id*.

2.2. SEIA's Protest

SEIA recommended the Commission direct PG&E to file a supplement to its AL to address several issues. Firstly, according to SEIA the supplemental should show the volumetric distribution rate reduction in dollars per kWh and percent for each TOU period for each residential rate schedule to which the IGFC is applicable.[21] SEIA contended this supplemental should include the associated workpapers, and volumetric reductions should be based on today's rates even if they are illustrative. Secondly, SEIA also argued PG&E should provide exemplary rates for any rate schedule where the impact on volumetric distribution rates is not an equal cents per kWh rate reduction.[22] Thirdly, SEIA requested PG&E explain the difference in volumetric rate reduction for default residential rates that do or do not presently have a fixed charge such as the E-ELEC rate (currently maintains a fixed charge).[23] SEIA expressed concern that a smaller increase in fixed charges for electrification rates with existing fixed charges such as E-ELEC may lead to higher volumetric distribution rate reductions if not scaled properly and may lead to a cost shift from default to electrification customers.[24] SEIA also noted that it was not clear from AL 7351-E whether the equal percentage basis rate reduction in distribution rate components applied to any PG&E rate schedule.[25] Finally, SEIA also requested redline changes to each of the residential tariffs impacted by the IGFC be included in supplementals.[26] SEIA suggested that the issues above should be addressed through a Commission resolution after which PG&E can finalize rates through a Tier 1 AL prior to implementation.

2.3. Alexis Wodtke's Protest

On August 31, 2024, Ms. Alexis Wodtke submitted a protest regarding PG&E's AL 7351-E regarding elements of PG&E's Implementation Plan including the rate design proposal. Firstly, Ms. Wodtke opined that a new set of costs, formulas, and new rates needed to be proposed as part of the implementation of the IGFC.[27] The tariff sheets provided in 7351-E were only illustrative and a new set of costs and formulas would be implemented in 2026. Ms. Wodtke suggested that PG&E must separate the

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[21] SEIA Protest, at 3.
[22] *Id*.
[23] *Id*.
[24] SEIA Protest, at 4.
[25] *Id*.
[26] SEIA Protest, at 1.
[27] Alexis Wodtke Protest, at 18.

costs associated with the 2026 fixed charges from any costs related to implementing future fixed charges.[28] Ms. Wodtke also opined that PG&E did not state whether a new set of costs would be incurred each time it implemented a new fixed charge.[29] Secondly, Ms. Wodtke asserted that the PG&E formula for creation of an IGFC relied on too many unknown factors to be approved via AL, and she urged that the Commission had provided too much rate flexibility to utilities without Commission approval.[30] Ms. Wodtke also noted that the loading order and cost components of the fixed charge were not clear beyond the details regarding Marginal Customer Access Costs (MCAC).[31] Ms. Wodtke further opined that the AL is deficient because the figures for the revenues from eligible revenue requirement categories are not part of the record.

Finally, Ms. Wodtke also opined that Energy Division Staff cannot legally grant PG&E's request to resolve conflicts between two Commission decisions. She stated that there is an issue in harmonizing D. 24-05-028 and D.18-06-027 by assuming the DAC-GT and CS-GT discounts would continue to apply to residential volumetric rate components but not apply to the newly adopted fixed charge.[32] Ms. Wodtke asserted that Staff cannot overrule or modify prior decisions and PG&E should file a request for modification to both decisions.[33]

2.4. PG&E's Reply to Protests

On September 10, 2024, PG&E responded to SEIA's protest arguing that while D.24-05-028 requires specific ALs, it does not prohibit the submission of additional Tier 1 and Tier 2 ALs when necessary. PG&E also noted that in past proceedings, tariff revisions were allowed via Tier 1 ALs. After consulting with the Energy Division, PG&E determined that submitting a Tier 2 AL in 2025 would be more practical, as it would align better with tariff changes and other updates closer to implementation. PG&E requested the Commission disregard SEIA's protest.

PG&E recommended the Commission reject Ms. Wodtke's protest regarding rate design changes stemming from the IGFC as the protest is unclear and stems from a misunderstanding of the CPUC's regulatory process. PG&E also noted that many of the

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[28] *Id* at 18.
[29] *Id.* at 19.
[30] *Id.* at 18.
[31] *Id.* at 20.
[32] *Id.* at 22.
[33] *Id*.

arguments made by Ms. Wodtke are a repeat of her legal arguments pending before the CPUC in an Application for Rehearing.

3. Tier Assignments

3.1. C4AT's Protest

In its protest, C4AT highlighted language in the Decision that appears to conflate CARE *eligibility* with CARE *enrollment* and argues that the Decision directed the IOUs to base Tier 1 assignment on "CARE *eligibility,* not CARE enrollment."[34] 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 claims that the IOUs do not properly implement the requirements of D.24-05-028"[35] by insinuating that the IOUs must effectuate a requirement that "all customers in households under the CARE cutoff should be assigned to Tier 1."[36]

3.2. PG&E's Reply to Protest

PG&E argued that C4AT "overreaches when it asserts, without any citation, that the Decision somehow required "that all customers with household incomes under the CARE cutoff should be assigned to Tier 1."[37]

4. ME&O Plan

4.1. Alexis Wodtke's Protest

Ms. Wodtke recommended that PG&E develop a new ME&O plan designed to address customers' concerns.[38] She argued that PG&E's overarching ME&O approach and tactics do not address customers' objections to a rate based on income, which they describe as a tax, an invasion of privacy, and socialistic rate restructuring and that it would be easier to market a rate that has been carefully considered over a period of years to assure legal requirements are met and the rate is acceptable to customers.[39] Ms. Wodtke also argued that PG&E's surveys indicate that customers do not like the income-based rate and that renaming the fixed charge will not overcome customer

[34] C4AT Protest, at 1.
[35] *Id., at 2.*
[36] *Id.*
[37] PG&E Reply to Protest, at 18.
[38] Ms. Wodtke Protest, at 17.
[39] *Id.*, at 14-16.

objections.[40] The Commission will not relitigate factual determinations addressed in the proceeding. (See G.O. 96-B, General Rule 7.4.2, which provides in part at subdivision (d) "a protest may not be made where it would require relitigating a prior order of the Commission.")

4.2. Cal Advocates' Protest

Cal Advocates recommended that the Commission reject PG&E's ME&O plan because it fails to meet D.24-05-028's required level of detail on ME&O budget justification and messaging topics, and thus requires PG&E to submit a supplemental AL that provides adequate detail on ME&O budget, messaging on rate options, and how customers switch tiers.[41] The supplemental AL would enable the Commissioners, interested stakeholders, and the IWG to review these plans and evaluate costs for reasonableness and efficacy that PG&E will seek to recover in rates.

Cal Advocates asserted the budget-line justifications in the supplemental AL should clearly explain how PG&E arrived at each of its budget lines, including (1) identification of all sub-costs and how they were calculated, (2) documentation of previously incurred costs that PG&E used to inform its cost estimates, and (3) an explanation of how each budget line is incremental to previously authorized ME&O budgets and to other budget lines in the ME&O plan. Cal Advocates urged that for some budget line-items, PG&E identified sub-costs for staff time or vendor services, but it did not provide any written explanation or supporting documentation to address how it estimated those sub-costs.

Cal Advocates asserted four of PG&E's 12 budget lines state that the line-item's cost is based on historical costs incurred in the Community-Based Organization (CBO) Residential Rate Reform Memorandum Account (RRRMA), but PG&E does not provide documentation of those recorded costs or demonstrate how PG&E used the information to arrive at this budget. Regarding PG&E's outreach activities, Cal Advocates argued the AL does not specify the frequency of communications on each channel or which audience it will reach on each channel. Thus, they argued, these omissions hinder the ability of stakeholders and the Commission to gauge not only the reasonableness of the budget that PG&E requests but also the efficacy of reaching various customer groups.

40 *Id.*, at 14-17.
41 Cal Advocates Protest, at 1.

In response to Cal Advocates' data request,[42] Cal Advocates indicated that PG&E partially addressed the deficiencies in AL 7351-E by providing additional sub-costs, the methods it used to estimate some budget lines, and its projected reach and frequency for email and direct communications. Cal Advocates stated PG&E acknowledged an incorrect email budget of $370,000 compared to the actual required budget of $60,000 and will submit a supplemental AL to correct this issue.[43] Cal Advocates urged PG&E should submit additional information that addresses the deficiencies in its original filing so that the Commission and all parties can re-evaluate its budget requests in this context.[44] Cal Advocates argued none of PG&E's budget line explanations in AL 7351-E include a description of how costs are incremental to previously authorized budgets as required by D.24-05-028, nor does it delineate how its Agency Support and PG&E Marketing Labor Support budget lines are incremental.

In addition, Cal Advocates argued that PG&E also failed to specify how it will communicate with customers about how to switch assigned tiers and about various rate options to help manage their bills, both of which PG&E is required to include under D.24-05-028.[45] PG&E shared additional detail regarding its plans to communicate on these topics, and Cal Advocates stated PG&E should supplement its AL with this information to allow the Commission, other parties, and the IWG the opportunity to review these plans for reasonableness and efficacy.[46]

Finally, Cal Advocates recommended that the Commission should require PG&E to report its ME&O metrics by customer tier and a customer's CARE, FERA, DRAH, or solar status.[47] Cal Advocates stated it consulted with PG&E on its ability to disaggregate its reporting ME&O metrics, and PG&E confirmed that it is already planning to report on outbound targeted communication and bill messages by tier and status, except e-newsletters and some integrated media. According to Cal Advocates, PG&E stated it will be able to report on paid media reach and impressions using a targeted creative version. Given that many creative versions may overlap across audiences, Cal Advocates argued that the Commission should direct PG&E to report these metrics by audience, not by creative version. Cal Advocates indicated that PG&E stated it could

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42 Cal Advocates Protest, Attachment 1, R.22-07-005 Demand Flexibility OIR PG&E Response to Cal Advocates DR, August 27, 2024.
43 Cal Advocates Protest, at 3.
44 *Id.*
45 *Id.*, at 4.
46 *Id.*
47 *Id.*, at 5-6.

not disaggregate its report on bill messages or ME&O dollars spent and does not explain why. Given that PG&E can disaggregate reporting on other metrics for paid media and outbound messages, Cal Advocates urged PG&E should be able to disaggregate spending data for those activities to meet the objectives of the ME&O plan.[48]

4.3. TURN/NRDC's Protest

TURN/NRDC recommended that the Commission should 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.[31]

TURN/NRDC argued that the IOUs do not present ME&O strategies to increase CARE and FERA enrollment before the fixed charge goes into effect and that the Decision established ME&O outreach and messaging include options to enroll customers in CARE and FERA.[49] They further urged the IOUs should leverage the tools to contact potential CARE/FERA customers that are already funded through D.21-06-105, such as CARE and FERA 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.[32] They asserted that if Senate Bill (SB) 1130[50] is signed by the Governor, the Commission should find that the ME&O proposals in all three ALs[51] for increasing FERA enrollment are inadequate.

TURN/NRDC recommended that PG&E's ME&O plan should expand customer segmentation to include customers potentially eligible for CARE or FERA but not enrolled.[52] TURN/NRDC asserted that the Commission require the IOUs to outreach to customers at least 120 days before implementation, follow best practices for accessible communications to reach customers who may need to take action to enroll in the correct

[48] Cal Advocates Protest, at 5-6.
[49] *Id.*, at 1-2.
[50] 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 the Commission to require the Large IOUs to report on their efforts to enroll customers in the FERA program by March 1, 2025, and each year thereafter.
[51] PG&E AL 7351-E, SCE AL 5358-E, and SDG&E AL 4492-E.
[52] TURN/NRDC Protest, at 2.

tier, and prioritize HTR customers by clarifying explicit funding for each CBO.[53] For instance, PG&E plans to initiate direct communication 45 days before implementation, SCE up to 120 days before implementation, and SDG&E 90 days before implementation. Consistent with proposals referenced in D.24-05-028, TURN/NRDC urged the Commission to require all IOUs to initiate direct communications no later than 120 days prior to implementation and use direct mail to contact customers who may need to take action to enroll in the correct income tier, including the expanded FERA-eligible customers under SB 1130. TURN/NRDC explained that all IOUs commit to developing in-language messaging and working with CBOs to contact HTR customers, yet SCE and PG&E should be required to clarify, like SDG&E, that their ME&O plans include explicit funding for supporting CBOs.[54]

Similar to Cal Advocates, TURN/NRDC recommended that the IOUs must explain how requested costs are incremental to preexisting budgets for CARE/FERA and ME&O, and further emphasized this should be an explicit requirement for each IOU before costs are recorded in the IGFCMA. TURN/NRDC also recommended that the IOUs present their incremental implementation plans and ME&O costs 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 IOU spending to carry out the same activities.[55] They urged IOUs to coordinate to improve efficiencies and explain differences in spending for the same scope of work before seeking cost recovery.[56]

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.[57] TURN/NRDC raised a concern that PG&E is now estimating that it will implement the flat charge at the very end of its permitted window in March 2026 and that PG&E should not be allowed to delay implementation.[58]

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[53] *Id.*, at 3.
[54] *Id.*, at 5.
[55] *Id.*, at 4.
[56] *Id.*, at 5.
[57] TURN/NRDC Protest, at 6.
[58] *Id*.

4.4. SEIA's Protest

SEIA recommended that the Commission direct PG&E to submit a supplemental AL to (1) correct errors in PG&E's ME&O basic messaging, (2) address customers who will see bill increases due to implementing the fixed charge, (3) and provide customers with individualized impacts.[59] SEIA further states that PG&E should use language explaining the Base Services Charge similar to SCE, ensure educational materials are explicit that not all customers will see bills decreased and explain why that is the case, and provide information on how customers can mitigate the impact of any potential increase. [60]

4.5. 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 as well as a process in place for those eligible for but not enrolled in CARE as part of the overall ME&O plan.[61]

4.6. PG&E's Reply to Protests

In response to the Protest Parties, PG&E contended that its ME&O approach is not only reasonable but also compliant with D.24-05-028; and requested that the Commission reject any allegation that the ME&O plan is deficient.[62] PG&E indicated it is still developing the sample messaging provided in its messaging waterfall and its AL complied with describing the incremental work it plans to undertake regarding CARE and FERA awareness while striving to identify opportunities for message inclusion and coordination with the ongoing work in the current CARE and FERA program cycle.

PG&E also contended that its proposed ME&O budget and level of details and messaging comply with the Decision and disagreed with Cal Advocates' characterization that it provided broad descriptions and did not explain how it arrived at each line-item's total cost.[63] PG&E explained that it took costs recorded in its RRRMA and reduced them to arrive at the current fixed charge ME&O budget. PG&E responded to Cal Advocates' data request and provided additional information regarding its

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59 SEIA Protest, at 2.
60 SCE AL 5358-E, at 11.
61 C4AT Protest, at 2-3.
62 PG&E's Protest Reply, at 24.
63 Cal Advocates Protest, at 2.

budget.[64] In its reply, PG&E indicated its intention to file a supplemental AL to rectify inadvertent errors recently discovered in the ME&O budget during its response to a data request from Cal Advocates.[65]

In response to Cal Advocates' request that the Commission require PG&E to report ME&O metrics disaggregated by customer tier and/or ME&O audience,[66] PG&E provided additional detail on data reporting availability as shown in Table 1 below.[67] PG&E explained it can provide customer data results at the level available for each channel. In response to Cal Advocates' data request, PG&E explained that it cannot provide data as Cal Advocate described and shared that while disaggregated data for web and non-paid media is unavailable, some disaggregated data is available for direct mail, emails, paid media, and CBO outreach. PG&E further explained the availability of this data varies; reporting is limited for CBO outreach and disaggregated data for DRAH outreach is already available.[68]

Table 1: PG&E Outreach and Probable Level of Disaggregated Data for ME&O Reporting Metrics[69]

	ME&O Outreach Category	Expected Level of Disaggregated Data Available
1	Web	**No disaggregation available.** Web traffic (in front of the pge.com log-in) does not track customer-level or customer-type data for web page visits, only number of visits over time and engagement on page.
2	DRAH Outreach	**Already disaggregated.** Customers targeted for a self-attestation will be reported in outreach numbers and response levels.
3	Non-Paid Media	**No disaggregation is available.** Earned media via articles and blogs does not track readership at the customer level, general circulation or reach only.

64 *Id.*, Attachment 1, R.22-07-005 Demand Flexibility OIR PG&E Responses to Cal Advocates DR, PG&E-05.
65 PG&E Reply to Protest, at 2.
66 Cal Advocates Protest, at 5-6.
67 PG&E Reply to Protest, at 26-27.
68 *Id.*
69 *Id.*, at 27.

4	Integrated Programs/ Outreach	**Disaggregation will vary by type of outreach.** Examples: 1) e-newsletter content will be segmented by CARE/non-CARE when utilized but cannot subcategorize; 2) Solar outreach will report outreach data for those customers and possibly Solar-CARE if applicable 3) messages integrated into CARE and FERA communications will be reported for those audiences.
5	Direct Mail	**Disaggregation available but limited.** Disaggregated reporting based on targeting to specific segments (General, CARE, Solar, DRAH) and the reporting is limited to quantities deployed by version.
6	Emails	**Disaggregation available but limited.** Disaggregated reporting based on targeting to specific segments (General, CARE, Solar, DRAH) and the reporting to include open and click through rates by version.
7	CBO Outreach	**Disaggregation available but varies and is limited.** Reporting varies by partner and will be disaggregated as available (CARE HTR, geography, etc.).
8	Paid Media	**Disaggregation available but limited.** Reporting is typically limited to general targeting and response by campaign. Highly targeted campaigns for specific audiences, i.e. CARE, Solar may offer additional reporting opportunities if campaign strategy and media targeting allow.

In response to TURN/NRDC's assertion that the IOUs do not present specific ME&O strategies to increase CARE and FERA enrollment and takes issue with the IOUs exploring opportunities to integrate fixed charge messaging into CARE and FERA ME&O,[70] PG&E responded that it appropriately addresses CARE and FERA enrollment through a different proceeding designed to provide customers with an easy link to the CARE and FERA application.[71] PG&E clarified that the IOUs have clearly stated at the July 2024 Fixed Charge ME&O Workshop that increasing enrollment is not the central role of the fixed charge ME&O. This role is foundational to D.21-06-015, which

[70] TURN/NRDC Protest, at 2.
[71] PG&E Reply to Protest, at 16-17.

authorized funding for CARE and FERA from 2021 through 2026. PG&E argued it is committed to increasing CARE and FERA enrollment as part of the regular practice in administering income-qualified programs and intends to update CARE and FERA materials with fixed charge messaging where feasible.[72]

Responding to C4AT's related request that the Commission require the IOUs to provide information on how the tier information will be communicated to customers,[73] PG&E further explained its plans to leverage CARE and FERA campaigns to integrate fixed charge messaging with existing and planned CARE and FERA ME&O campaigns.[74] PG&E identified where ME&O activities for implementing and launching the fixed charge were not already included in current CARE and FERA activities, ensuring that PG&E's requested budget in AL 7351-E is incremental to other approved costs.[75]

In Table 2 below, PG&E presented its ongoing campaigns for CARE and FERA and where the fixed charge messaging could be added to meet the requirements of the Decision. PG&E explained its key messages and channels of communications are examples for illustrative purposes and subject to change.[76] PG&E highlighted that while it is broadly communicating about CARE and FERA in an untargeted manner, the added incentive of fixed charge discounts may have indirect consequence of increasing enrollment by non-qualified applicants.[77]

Table 2: PG&E's Fixed Charge Messaging Integration Plans Leveraging ME&O Budgets Previously Authorized in D.21-06-015[78]

Campaign	Key Messages (for illustrative purpose only)	Likely Communications Channels and Tactics (for illustrative purposes only)
CARE and FERA Acquisition Campaigns	If approved, you will pay a lower base services charge: $6/ month on CARE or $12/ month on FERA	Monthly/Ongoing Email, Direct Mail NOTE: PG&E includes a Hard-to-Reach segment (defined as High Eligibility Score + Lower Propensity to Enroll) in

[72] *Id.*, at 17.
[73] C4AT Protest, at 2-3.
[74] PG&E Reply to Protest, at 21-23.
[75] PG&E AL 7351-E-A, at 7-10, Table 3.
[76] PG&E Reply to Protest, at 22.
[77] *Id.*, at 21.
[78] *Id.*, at 22.

		monthly acquisition email campaigns. Additionally, PG&E will continue to prioritize testing new strategies to reach HTR customers. Web Content on CARE or FERA-specific pages ~Q2, associated with Income guideline updates
CARE and FERA Recertification Campaigns – periodically sent to customers currently enrolled in CARE or FERA – asks them to reaffirm their eligibility	If you reconfirm your eligibility for CARE or FERA and re-enroll, you will continue to receive a discount on your monthly energy costs and a reduced base services charge $6/ month on CARE or $12/ month on FERA	Monthly/Ongoing Email, Direct Mail Web Content on CARE or FERA-specific pages ~Q2, associated with Income guideline updates
CARE and FERA Post-Enrollment Verification (PEV) Campaigns	If you provide proof of participation in a qualifying public assistance program, or income verification, you will keep your CARE or FERA discount and continue to pay a reduced base services charge	Ongoing Email, Direct Mail – Daily/Weekly Revise Web content on CARE or FERA-specific web pages ~Q2, associated with Income guideline updates
Community Outreach – Income-Qualified Programs	If you qualify and enroll in CARE or FERA, you can also pay a lower monthly base services charge	Fixed Charge message integration for events messaging, CBO support communications and training CARE and FERA outreach has significant focus on HTR audiences, including areas with lower enrollment, non-English language preference and other access needs

PG&E disagrees with TURN/NRDC's recommendation that the Commission order the IOUs to align on direct outreach to customers with at least 120 days before implementation.[79] PG&E stated its direct notification timing reflects the best customer experience according to the rollout date, and notification channels are aligned with customer preferences and needs.[80] Based on PG&E's experience, a 90-to-120 day notification timeframe would occur as early as late November/late December when its customers receive a high volume of messages from various sources leading up to and around the winter holidays. Therefore, PG&E chose January 2026 to avoid competing messages in the marketplace. PG&E requested that the Commission allow the IOUs to select the timing and method of their respective notifications based on the IOUs' customer base, experience, and transition date to fixed charges and approve PG&E's proposed direct notification timing 45 to 60 days before implementation.[81]

Regarding the notification method, PG&E chose the "email first" strategy to help keep costs as low as possible and to most effectively reach customers who have selected this channel to receive important, transactional information from PG&E.[82] As measured during the TOU Transition, results consistently indicated that email was the top source of aided awareness. Regardless of what PG&E uses as the preferred messaging channel, PG&E clarified that it expects to push out various other messages regarding the fixed charge in advance of direct communications. The DRAH direct communications will require different timing and methods and will follow a different approach because the customer must take action for attestation. The first touch of this direct communication will utilize both direct mail and, if available, email to all targeted customers.[83]

PG&E agreed with TURN/NRDC that CBO outreach plans should prioritize segments, including HTR, low-income, and other customers who are deemed as priorities to receive information about the fixed charge.[84] PG&E shared that it is already actively engaged with CBOs to increase enrollment in CARE and FERA and to target marketing to HTR customers. While PG&E cannot precisely state how many CBOs it expects to contract with, it will continue to leverage CBOs to educate customers about the fixed charge. PG&E stated it looks forward to integrating fixed charge messaging and collaborating with partner CBOs and will report its activities in future workshops.[85]

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79 TURN/NRDC Protest, at 3.
80 PG&E's Reply to Protest, at 19.
81 *Id.*, 19.
82 *Id.*, at 21.
83 *Id.*, at 20.
84 PG&E Reply to Protest, at 23.
85 *Id*.

PG&E requested that the Commission reject SEIA's recommendation that PG&E submit a supplemental AL that includes individual bill impacts.[86] PG&E indicated that it has decided against including individual bill impacts due to the complexities and potential inaccuracies that may occur before and after implementation. Based on a PG&E survey, customers indicated they would like to see sample bills that show how a fixed charge could affect their bills.[87] Therefore, PG&E indicated it has not planned resources to provide individual bill impacts, which could add substantial scope, costs, and time to its implementation plan.[88]

SEIA recommended that PG&E correct errors in its proposed basic message using language similar to SCE and include a post-IGFC launch survey similar to SCE and SDG&E as part of its ME&O plan.[89] PG&E clarified that the messaging waterfall was a sample and that the messaging is still evolving based on continued customer feedback. PG&E indicated it will continue to collaborate with the other Large IOUs and the IWG regarding ME&O tactics and messaging and expects the messaging waterfall will continue to evolve as further customer research may indicate additional modifications and include correcting any inaccuracies relative to the approved Base Services Charge construct. Regarding the survey, PG&E indicated it has allotted a budget of $25,000 in 2026 for research flexibility not yet scoped, but it can consider conducting a post launch survey if costs are within the budget.[90]

5. Facilitation Contractor Budget

5.1. Alexis Wodtke's Protest

Ms. Wodtke recommended that PG&E identify all charges in accounting methods so that Commission staff and parties can trace expenditures for implementing the fixed charge through PG&E's accounting system for the Facilitation Contractor's costs.

5.2. PG&E's Reply to Protest

In its reply, PG&E stated it is not proposing accounting methodology changes to implement the fixed charge for the Facilitation Contractor. Instead, PG&E proposed

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86 SEIA Protest, at 5-6.
87 PG&E AL 7351-E, at 26.
88 *Id.*, at 28.
89 SEIA Protest, at 4-7.
90 PG&E Reply to Protest, at 28-29.

expanding the scope of costs it will record to the IGFCMA. PG&E indicated it would update the IGFCMA's preliminary statement through a Tier 1 AL, if necessary, should the Resolution adopt its Tier 3 AL request.[91]

6. Total Estimated Implementation Budget

6.1. Cal Advocates' Protest

Cal Advocates indicated that D.24-05-028 adjusted PG&E's proposed budget for Program and Project Management from $2.445 million to $0.550 million because PG&E did not provide justification as to why its proposed costs were roughly four times higher than SCE's proposed costs for the same activities.[92]

Cal Advocates further explained that in AL 7351-E, PG&E estimated a $3.7 million reduction to the original customer support (contact center) budget because it anticipated that the Decisions' lower initial fixed charge levels would significantly reduce call volume. PG&E proposed to reallocate $1.6 million from these savings to Program and Product Management to support its efforts to add a new fixed charge line-item, remove fixed costs covered by the fixed charge from the volumetric rate, and eliminate the prior minimum bill line item on seven of its residential rates. PG&E's original budget estimate relied on SCE's proposed budget estimate of $550,000 for similar efforts.[93] With PG&E's reallocation of funds, Cal Advocates stated the proposed Program and Product Management budget now stands at $2.167 million and that PG&E has not provided any new facts to justify its upward revision.[94]

Cal Advocates stated PG&E contends that it does not have GRC funding for IGFC activity because PG&E's most recent GRC Phase 1 forecast was submitted to the Commission in June 2021, before July 2022 when the Governor signed AB 205 into law. Cal Advocates argued this fact has not changed since the Decision approved the original estimate of $550,000, and PG&E has not provided any evidence showing how the funding approved in its most recent GRC is insufficient to support this activity. PG&E also contended that because SCE's billing system already accommodates fixed charges for all its residential rates, SCE's scope of work is less than PG&E's. Cal Advocates indicated this has been the case since the Commission first opened the

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91 *Id.*, at 15-16.
92 Cal Advocates Protest, at 2.
93 PG&E AL 7351-E, at 21.
94 Cal Advocates Protest, at 6.

Rulemaking. According to Cal Advocates, PG&E has failed to justify its revised budget, and the Commission should reject PG&E's proposal to increase its Program and Product Management budget by $1.6 million.

6.2. PG&E's Reply to Protest

PG&E responded that certain parties argued that the budget estimates submitted with its AL go beyond what was authorized by the Commission in the Decision.[95] PG&E indicated its purpose in including its revised cost estimates in the AL is to keep the Energy Division and the Commission apprised of its updated forecast for the implementation according to the Decision. PG&E stated it was not required by the Decision to submit a revised budget estimate, but it was done so in the interest of transparency. PG&E stated its revised estimate does not increase the total expenditures to be made other than to reflect additional activities that were not captured in Table 7 of the Decision.[96]

PG&E argued its implementation budget is reasonable and is within the scope of the Commission's authorization in the Decision and explained that there are additional implementation costs beyond what the Commission specified in the Decision.[97] PG&E indicated these costs are associated with implementation activities that the Decision explicitly stated should be presented in the IOUs' AL (i.e., costs associated with implementing the fixed charge for customers billed through PG&E's complex billing system and ME&O) or activities for which the Decision did not address funding (i.e., costs associated with tier assignment for DRAH customers, the Single Family/Multifamily Study, and the Facilitation Contractor). [98]

TURN/NRDC argued that PG&E's total proposed budget appears significantly higher than the other IOUs due to including a billing system and other activity costs.[99] PG&E contended that its total implementation budgets are reasonable compared to the other Large Utilities, though PG&E's billing system costs are higher.[100] PG&E indicated TURN/NRDC's representation of PG&E's budget is misleading, whereas PG&E presented its total implementation costs in AL 7351-E, inclusive of what the Commission approved in Table 7 of the Decision and additional costs for DRAH

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[95] CEJA Protest, at 2, and Ms. Wodtke Protest, at 4-5.
[96] PG&E Reply to Protest, at 3-5. See D.24-05-028, Table 7, at 115.
[97] PG&E Reply to Protest, at 3-5.
[98] *Id.*
[99] TURN/NRDC Protest, at 5.
[100] PG&E Reply to Protest, at 5.

implementation, the Facilitation Contractor, ME&O, Complex Billing System, and the Single Family/Multifamily Study.[101]

In contrast, SCE and SDG&E only presented the additional costs associated with implementation not covered by the budget approved in the Decision, namely costs related to tier assignment for DRAH and ME&O. PG&E presented a comparison of the activities and budgets approved in the Decision against what the IOUs presented in their ALs as of August 31, 2024.[102] The table illustrated that PG&E's total implementation costs of about $22.34 million are approximately $3.7 million higher than SCE's $18.6 million, driven by PG&E's higher billing system implementation costs. Compared to SDG&E's $13.31 million, PG&E's implementation costs are about $9.0 million higher, driven in part by the additional PG&E costs of implementing the fixed charges in its complex billing system and by SDG&E's lower ME&O costs, given SDG&E serves about one-quarter of the residential customers that PG&E serves.

PG&E explained that its higher billing system costs for implementing the fixed charge are driven by it having to change two billing systems to accommodate a 2026 launch before PG&E's planned transition to integrating a single billing system expected in 2029. PG&E will need to restructure how residential rates will be calculated for customers currently billed through two separate billing systems: PG&E's mass market CC&B system and the complex ABS. CC&B handles most residential customer bills. In contrast, ABS handles residential customers on specialized metering requirements or tariffs that require complex billing calculations involving multiple meters, namely Net Energy Metering (NEM) Paired Storage, Virtual NEM, and NEM Aggregation. PG&E is upgrading its billing systems to one modernized integrated system, with an initial step of upgrading ABS to a new structure, the Billing Cloud System (BCS), planned for deployment in June 2025.

Ms. Wodtke argued that PG&E is seeking "double recovery" for building the fixed charge BCS. In response, PG&E clarified it is not "double dipping" when requesting funding for implementing the fixed charge in BCS. There is no double recovery in asking for recovery of costs for fixed charge implementation in PG&E's two separate billing systems, such as the deployment of BCS first with current residential rates and then later with the new rates that will incorporate fixed charges. PG&E is seeking recovery for the cost of building fixed charge rates for BCS in the IGFCMA because the costs are incremental to the overall cost of transitioning from the ABS to BCS billing

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101 PG&E Reply to Protest, at 5-6.

102 *Id.*, at 8-10. See Table 1.

systems. According to PG&E, Table 3 below shows the transition of residential rates to BCS, and the implementation of the fixed charge are discrete activities PG&E will seek recovery pending its Billing Modernization Application.

Table 3: Cost Recovery Mechanism for the Transition from ABS to BCS for PG&E's Complex-Billed Customers and Implementation of Initial Fixed Charge[103]

Implementation Activity	Targe End Date	Cost	Cost Recovery Mechanism
Transition Existing Residential Rates from ABS to BCS	June 2025	TBD	Pending Billing Modernization Application
Deploy Fixed Charge in CC&B and in associated systems (e.g., Your Account)	March 2026	$5.75 million	IGFCMA
Deploy Fixed Charge in BCS	March 2026	$3.5 million	IGFCMA

Ms. Wodtke argued that PG&E should be required to identify all changes in account methods it is making so that Energy Division staff and parties can trace expenditures for implementation of the Tier 3 and Conservation Initiative Adjustment (CIA).[104] PG&E contended it is not proposing any changes to its accounting and would not characterize the examples cited by Ms. Wodtke as changes to PG&E accounting methodologies.

DISCUSSION

The Commission has reviewed the AL, protests, protest replies, supplemental AL, and PG&E's responses to data requests submitted by Cal Advocates and Energy Division. Starting with Ms. Wodtke's arguments, we address issues raised in the following sections: (1) billing system changes and other implementation activities, (2) rate design, (3) tier assignments (including DRAH implementation), (4) ME&O plan, and (5) total estimated implementation budget.

103 PG&E Reply to Protest, at 13.
104 Ms. Wodtke Protest, at 22

7. Alexis Wodtke's Arguments

Attachment 1 of this Resolution provides Energy Division Staff's response to Ms. Wodtke's September 17, 2024, letter regarding PG&E AL 7351-E.A. Ms. Wodtke argued that the supplement is not authorized because both Cal Advocates and Energy Division Staff requested further information to supplement the AL which she alleges violates relevant *ex parte* communication rules. We observe that the Commission's Rules of Practice and Procedure, Rule 8.1 defines *ex parte* communications as oral or written discussions between an interested party and a decisionmaker; and that decisionmakers include **"**Commissioner, the Chief Administrative Law Judge, any Assistant Chief, the policy or legal advisory staff assigned to a Commissioner's office, the assigned Administrative Law Judge, or the Law and Motion Administrative Law Judge." Energy Division Staff are not listed within the definition of "decisionmakers." Further, California Public Utilities Code, Section 309.5, subdivision (d) regarding conflicts in staff roles does not apply here because Ms. Wodtke does not claim that any member of Cal Advocates is directly advising decisionmakers. These claims thus fail.

Ms. Wodtke also argued without citation to authority that "PG&E must apply to the Commission for permission to modify its Advice Letter." This assertion ignores the plain language of G.O. 96-B, General Rule 7.5.1, which provides that Energy Division Staff "to assist its review of an advice letter, may request additional information from the utility." This claim thus fails. Ms. Wodtke also claims, contrary to the plain language of this rule, that a supplement that exceeds correction of typographical errors or correction of dates may not be submitted. Clearly, under Rule 7.5.1, supplemental filings are permitted. Consistent with G.O. 96-B and Energy Division Staff's response to Ms. Wodtke, the suspension of an AL does not prevent a utility from submission of a supplement, as there is no provision in G.O. 96-B that prevents the submission of supplements to suspended ALs.

Ms. Wodtke makes further arguments without legal or logical support that because PG&E is not ready to implement the IGFC at this point it may not make progress to become ready via the AL process. We disagree.[105] She also attempts to reiterate claims regarding the deficiency of notice upon which we ruled in the formal proceeding. (*See*,

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[105] Ms. Wodtke cites to *City of Los Angeles v. Public Utilities Commission*, (1975) 15 Cal. 3d 680, but does not explain how this case would prevent this AL process from proceeding. On the contrary, that case provides that the U.S. Supreme court has long made it clear that within the regulatory context due process is a flexible concept, permitting expert administrative agencies broad latitude in adapting the specific regulatory needs of their jurisdictions.

e.g., D. 24-05-028, pages 34-35, footnote 62.) We will not reexamine such claims as they are currently pending in Ms. Wodtke's Application for Rehearing, filed on June 14, 2024. (*See* G.O. 96-B, General Rule 5.2.).

8. Billing System Changes and Other Implementation Activities

8.1. Billing System Changes

PG&E requested an additional budget of $3.498 million to implement IGFC for customers billed on the ABS that will be migrated to PG&E's Billing Cloud System. Less than 2% of PG&E's residential customers (approximately 90,000 customers) are billed on ABS.[106] PG&E claimed the additional budget is necessary to timely implement IGFC for these customers by the first quarter of 2026.[107]

In D.24-05-028, the Commission allowed PG&E to include a specific IGFC implementation proposal for ABS customers in the Tier 3 AL.[108] Upon review of the proposed solution in the AL, Energy Division requested additional information, leading PG&E to provide detailed line-items for the $3.498 million request, which included a 25% contingency line-item, or $529,950. While PG&E claimed that it has a specific plan that will cost approximately $3.5 million, it included a contingency budget because "the implementation would be uncertain until detailed requirements have been developed months after a Final Decision."[109] The data response is included in Attachment 2.

The Commission rejects the contingency budget and reduces the total budget to $2,967,720 to implement a temporary solution for customers on PG&E's ABS.

8.2. Program and Product Management

PG&E proposed a total budget of $2.18 million for Program and Product Management, which is $1.63 million more than the approved budget of $550,000 in the Decision. PG&E asserted the proposed Program and Product Management budget would support activities in Billing IT, Billing Operations, Digital Strategies, Reporting, and Customer Contact Centers.[110] PG&E proposed in the formal proceeding a budget exceeding

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106 PG&E AL 7351-E, at 104-105, and Substitute Sheets for AL 7351-E, at 8.
107 PG&E AL 7351-E, at 14.
108 D.24-05-028, at 111.
109 PG&E's Data Response to Energy Division, ED _002-01-18, Answer 4(4).
110 PG&E AL 7351-E, at 19.

$2 million, but the Commission deemed this amount unjustified, resulting in an approval of only $550,000 in the Decision.[111]

Cal Advocates protested the AL's budget proposal, arguing that PG&E failed to provide new facts to justify the $1.63 million increase.[112] Cal Advocates contested that the scope of work for implementing the IGFC has not changed since the Decision approved the budget of $550,000.

The Commission agrees with Cal Advocates, noting that PG&E did not provide new justification for the additional costs. Therefore, the request is denied.

8.3. The Single Family/Multifamily Study

The Decision directs each of the IOUs to prepare a study on the collection and use of data that identifies whether a given residential customer lives in single or multi-family housing, including the feasibility and cost of collecting such data, the timeline for data collection, the reliability of the data, and the difference in cost of serving the different customer types.[113] The IOUs also are required to jointly host a public workshop and present these findings. PG&E claimed that its previous budget estimates for implementing the Decision had not included the costs of this study and workshop and therefore proposed a budget of $250,000 for performing this study and supporting the public workshop.[114]

The Commission finds the proposed cost of the Single Family/Multifamily Study reasonable and is within the scope of the Decision's authorization. The requested budget is authorized.

9. Rate Design

9.1. Fixed Charge Calculation

In AL 7351-E, PG&E provided a comprehensive breakdown of its fixed charge calculation in order to comply with the Decision. First, PG&E stated its intention to follow the precise fixed charge values listed in D.24-05-028, Conclusion of Law 23. Second, PG&E will develop forecasts of the residential billing determinants. This process is similar to how PG&E develops billing determinants today but would also

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111 D.24-05-028, at 115.

112 Cal Advocates Protest, at 6.

113 D.24-05-028, OP 5.

114 PG&E's Data Response to Energy Division, ED _002-01-18, Answer 7. See Attachment 2.

require that total residential customer-months be allocated to each of the three fixed charge tiers. Third, PG&E plans to calculate how much revenue would be collected at the capped fixed charge amounts by multiplying those amounts by the billing determinants described in step two.

Fourth, PG&E stated its intent to compare revenue requirements for cost categories eligible for recovery through the fixed charge (Distribution Marginal Customer Access Costs (MCAC), Public Purpose Program (PPP), New System Generation Costs (NSGC), and Nuclear Decommissioning (ND) to the estimated revenue cap to determine if the fixed charge can fully recover these costs or if the cap will limit the amount collected. Currently, PG&E finds the cap binding and proposes to only collect a portion of the revenue in each eligible non-distribution category as well as recovering 100% of the MCAC. PG&E proposes to keep any negative revenue requirements as a volumetric rate to avoid complications with CARE discounts. PG&E then suggests reducing the CARE-exempt portion of PPP first, as this benefits all customers. Reducing this alone is sufficient to meet the cap under current revenue requirements. If further reductions are needed, PG&E plans to reduce other categories as appropriate to stay within the capped revenue limits.

PG&E proposes to establish the revenue requirement component for each fixed charge tier by using the distribution component to determine fixed charge discounts, similar to how the CARE program works today. For Tier 1 (CARE), the fixed charge is calculated by removing CARE-exempt public purpose program (PPP) costs first, then applying the CARE discount (35%), resulting in a final Tier 1 charge of $6 per month. For Tier 2 (FERA and DRAH), the discount ensures a fixed charge of $12.08/month.
Tier 3's distribution covers the discounts for the other tiers. This approach mirrors PG&E's current CARE discount method.

Upon review of PG&E's proposed fixed charge calculation outlined in AL 7351-E, the Commission finds the methodology to be acceptable and aligned with the requirements of D.24-05-028, Conclusion of Law 23.

9.2. Loading Order Methodology

In AL 7351-E, PG&E provided a tabulated breakdown of the cost categories it intended to include in each of the IGFC tiers. PG&E emphasized that the loading order provided in AL 7351-E is largely illustrative. It proposed to recover 100% of MCAC as directed in D.24-05-028, Conclusion of Law 23, and tentatively lists Non-Exempt and CARE Exempt PPP as the next cost categories to be collected in fixed charges, followed by

NSGC and PPP costs. Upon review of PG&E's proposed loading order table breakdown and aforementioned fixed charge calculation, the Commission finds the methodology to be appropriate and aligned with the requirements of D.24-05-028, Conclusion of Law 23.

Table 3: PG&E's Component Level Breakdown of Illustrative Fixed Charges

Category	Tier 1	Tier 2	Tier 3
Distribution (MCAC)	$7.59	$7.59	$7.59
Distribution (CARE Discount)	($5.93)	$0.00	$0.00
Distribution (Fixed Charge Discount)	($3.63)	($10.69)	$1.38
Distribution (Net)	($1.97)	($3.10)	$8.97
Non-Exempt PPP	$4.46	$4.46	$4.46
CARE Exempt PPP	$0.00	$7.21	$7.21
Nuclear Decommissioning (ND)	$0.00	$0.00	$0.00
New System Generation Costs (NSGC)	$3.51	$3.51	$3.51
Total	$6.00	$12.08	$24.15

CEJA suggested in its protest that PG&E include a column in its fixed charge table showing "100% of the costs" to represent the total sum of all eligible cost components in the fixed charge. The Commission does not believe this amendment is necessary at present. Ms. Alexis Wodtke also protested the loading order of PG&E's fixed charges, asserting that the order and amount of cost components and billing determinants eligible for inclusion in the fixed charges were not clear beyond the 100% recovery of MCACs. We believe that maintaining flexibility in the loading order and determining which cost components to recover in fixed charges should be left to the discretion of PG&E. The Commission provides this discretion to allow the IOUs to more flexibly manage the revenue requirements of eligible cost components and to help ensure that the fixed charges for each of the IOUs remains within target limits.

9.3. Tariff Revisions

9.3.1. Revisions to Eligible Tariffs (incl Minimum Bills, and Fixed Charge Exclusions

In AL 7351-E, PG&E provided a Table (replicated below) listing residential rate schedules with a current fixed charge and whether each was exempt from the IGFC.[115] PG&E notes that the Decision's adopted fixed charges will replace the prior Minimum Bill, which involves significant changes to how PG&E's bills are calculated. PG&E estimates that roughly twenty combinations of rates and rate modifiers will need to be coded and tested. For each combination, PG&E's billing system will need to correctly assign, calculate, and maintain a current and historical record of the appropriate fixed charge and total bill for every applicable customer and premise. Energy Division Staff has reviewed PG&E's proposals for fixed charge exclusions and finds PG&E's proposals to be sound.

Table 4: PG&E's Proposed Fixed Charges

PG&E Rate Schedule	Current Fixed Charge	Will have Fixed Charge?
E-1	No	Yes
E-TOU-C	No	Yes
E-TOU-D	No	Yes
EV-2A	No	Yes
ESR	No	Yes
E-ELEC	Yes	Yes
EV-B	Yes (meter charge)	No, separately metered electric vehicle rate
EM	No	No, non-sub-metered master meter rate
EM-TOU	No	No, non-sub-metered master meter rate
ES	No	Yes
ET	No	Yes
E-TOU-B	No	No, scheduled to be eliminated in 2025
EV-A	No	No, scheduled to be eliminated in 2025

PG&E also proposed illustrative revisions to residential rate tariffs to implement the Decision's fixed charges, which it hopes to finalize by March 1, 2026. Before implementation, PG&E proposed to submit a Tier 2 AL with final revisions and

[115] AL 7351-E at 65.

illustrative rates, followed by a Tier 1 AL containing the actual rates. In AL 7351-E, PG&E included a redlined version with proposed changes to the E-1 tariff along with a list of residential tariffs that would receive similar treatment. This proposal was uncontested, and the Commission is ultimately satisfied with PG&E's approach to these proposed tariff revisions and necessary billing system changes.

9.4. Interactions with other Discount Programs

PG&E also clarified the interaction between the new residential fixed charges set by D.24-05-028 and existing rate discount programs. While the Decision does not explicitly address how the fixed charge interacts with other discount programs, PG&E described its approach in several ambiguous cases. PG&E proposed to apply a 12% discount for customers under the D-MEDICAL tariff which will apply to non-tiered rate plans. PG&E suggests that this discount should not apply to the fixed charge for CARE or FERA/DRAH customers (Tier 1 and Tier 2) and should only apply to volumetric rates given that more charges are captured in the fixed charge. PG&E's proposal should not impact other tiered rates in the medical baseline program—those customers will continue to see baseline allocations at low rates. The Commissions finds this approach reasonable to ensure that customers on tiered or non-tiered medical program rates continue to receive financial assistance.

As another example, PG&E also noted that the DAC-GT and CS-GT programs provide a 20% discount on the "total bill" for participating customers. It stated, however, that these programs predate the introduction of fixed charges, and the discounts provided by the new fixed charges are higher than the overall DAC-GT/CS-GT discounts for CARE and FERA customers. Furthermore, PG&E notes that while D.24-05-028 did not expressly intend to overrule or supplant the Commission's 2018 DAC-GT and CS-GT decision, the IGFC decision directs the implementation of the fixed charge levels except under specifically identified circumstances (with no references to DAC-GT/CS-GT interactions). PG&E proposes that DAC-GT/CS-GT discounts should continue to apply only to the residential volumetric rate components, not the new fixed charges, thus aligning the two decisions while maintaining the intended discount levels. This proposal was uncontested. The Commission directs PG&E to expand on this approach and rationale in a subsequent Tier 2 AL to ensure that parties have the opportunity to review the proposal in greater detail.

Finally, in her protest, Ms. Wodtke opined that Energy Division Staff cannot legally grant PG&E's request to resolve conflicts between D.24-05-028 and D.18-06-027 by suggesting the DAC-GT and CS-GT discounts would continue to apply to residential volumetric rate components but not apply to the newly adopted fixed charge.[116] As a procedural reminder, we note that the Commission evaluates recommendations from Industry Division Staff and holds ultimate authority to approve Resolutions proposed by Industry Division Staff. In this instance, we agree with Energy Division Staff that these two decisions can indeed be harmonized to the extent that it is prudent to apply the DAC-GT and CS-GT discounts as proposed by PG&E.

9.5. Volumetric Rates

In AL 7351-E, PG&E proposed to calculate the impact of the fixed charges on volumetric rates by reducing non-distribution rate components based on the portion collected through the fixed charge. For example, if 100% of the NSGC is collected through the fixed charge, PG&E would reduce the volumetric NSGC charge to $0/kWh. PG&E notes that distribution rates are more complex due to the CARE discount, but overall, the distribution revenue collected from volumetric rates will be reduced by the amount collected through the fixed charge. Time-differentiated distribution rates will be reduced equally per kWh, and tiered rates will be adjusted through the Conservation Incentive Adjustment (CIA) to maintain a 1.25-to-1 ratio between Tier 2 and Tier 1 charges.

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.[117] Similarly, Alexis Wodtke also protested the illustrative nature of tariff sheets provided in AL 7351-E, noting that a whole new set of costs, formulas, and rates would be needed in 2026 in order to implement fixed charges. On September 11, 2024, PG&E replied to SEIA's protest regarding its plan to file a Tier 2 AL to propose tariff revisions.[118]

Firstly, Energy Division Staff wishes to reiterate the treatment that D.24-05-028 authorized for IOUs to reduce the volumetric components of rate schedules. The Decision stated in Conclusion of Law 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 PG&E was not

[116] *Id.*, at 22.
[117] SEIA Protest at 3.
[118] Reply of PG&E to protests at 29.

clear in its AL as to whether schedules such as E-ELEC are included in receiving an equal percentage basis distribution rate reduction.[119]

Secondly, the Commission understands the merits of SEIA's suggestion that PG&E file a supplemental to 7351-E providing redlined changes to each residential tariff impacted by the IGFC. The Commission will direct PG&E to submit illustrative redlined changes to the volumetric rate components of all residential tariffs through a Tier 2 AL within 90 days after this Resolution is issued. PG&E must clearly specify in this Tier 2 AL which residential tariffs will receive either an equal cents-per-kWh reduction or an equal percentage-based reduction to distribution volumetric rates, the quantum of this reduction, and the rationale for applying each method.

PG&E must also specify in this Tier 2 AL the proposed loading order and cost component breakdown for each tier of the Fixed Charge utilizing the latest revenue requirement data. This Tier 2 filing will allow PG&E to provide more accurate illustrative tariffs and volumetric rate reductions by accounting for annual true-up adjustments and changes in revenue requirements. The Commission also directs PG&E to file a Tier 1 AL at least 30 days before the date of the implementation of the fixed charge in the first quarter of 2026 to finalize the changes to volumetric rate components of all residential tariffs.

10. Tier Assignment

By statute, the new IGFC tier structure must enable the Commission to ensure that the proposed fixed charges result in low-income ratepayers with average electricity usage in each baseline territory realizing a lower average monthly bill without making any changes in usage. The Decision also recognized an opportunity to address multiple concerns for customers with modest incomes but who do not qualify for CARE or FERA.[120] 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 approximately $6 per month for PG&E. Customers take no action.

[119] SEIA Protest at 3.
[120] D.24-05-028, at 56.

- **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 approximately $12 per month for PG&E. Customers enrolled in FERA will not need to take action: Customers who live in deed-restricted affordable housing but are not already enrolled in CARE should be assigned to a Tier 2 Fixed Charge; at this time, there is no automatic process to enable this tier assignment.

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

In discussing these income tiers, D.24-05-028 clarified that, "this decision does not modify any of the income verification processes or rules of the Large Utilities' CARE or FERA programs."[121] The Decision also created the IWG, which would evaluate the Large Utilities' IGFCs on a quarterly basis, required Energy Division staff to prepare annual evaluation reports, and anticipated that future Commission decisions would address recommendations by the IWG.

The Commission finds PG&E's budget to implement the DRAH fixed charge reasonable and approved as specified herein and shown in Table 5.[122]

Table 5: Approved DRAH Budget ($)

Item	2024	2025	2026	Total
Vendor cost - DRAH placement analysis	128,371	20,000	20,000	168,371
Vendor cost - CHP mapping effort	10,000			10,000
IT - EI and website dev. for DRAH		148,350	-	148,350
DRAH Self-Attestation Processing - IT		79,200		79,200
DRAH Self-Attestation Processing - CARE Op/vendor cost		15,120	134,120	149,240
DRAH communication to CCAs		8,532	-	8,532
Project Manager Labor	77,500	159,650	164,440	401,590
Total	**215,871**	**430,852**	**318,560**	**965,283**

121 D.24-05-028, at 57.
122 AL 7351-E-A, Attachment C.

10.1. Tier 1 Assignment

PG&E proposed to automatically default all customers onto the Tier 1 fixed charge rate of approximately $6 per month for those customers who are already enrolled in the CARE program at the time the initial fixed charge tier assignment process is finalized. Customers identified as CARE-enrolled will be notified of their discounted Base Services Charge at least 45 days before PG&E launches its newly restructured rates. Customers who enroll in CARE after the fixed charge implementation will be automatically reassigned to the Tier 1 fixed charge.

The process proposed by PG&E 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, we do 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 and receive the accompanying fixed charge discount. This is a straightforward and practical verification process, whereas C4AT's proposal would result in customers being automatically provided with a fixed charge discount without being enrolled in the appropriate low-income discount program. Furthermore, 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 provide a discounted fixed charge for customers who have modest incomes but do not qualify for CARE or FERA."[123] This DRAH attestation process is an important distinction here that results in an administrative check that would be missing under C4AT's auto-enrollment process for customers eligible for CARE but not enrolled.

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 considerations of fixed charge development.

10.2. Tier 2 Assignment

Under D.24-05-028, the Tier 2 fixed charge designation, initially set at roughly $12 per month, will apply to customers who are already enrolled in FERA as well as a new group of customers: residents of DRAH units who are not already enrolled in CARE or FERA.

While the Large IOUs track FERA eligibility and can assign customers who are enrolled in FERA to the Tier 2 Fixed Charge designation relatively easily, there is no existing process for tracking DRAH[124] status by premise or customer.

10.2.1. FERA Customers

As with the Tier 1 fixed charge automatic enrollment process for established CARE customers, PG&E's proposal for the Tier 2 fixed charge placement approach would involve automatic enrollment for verified FERA customers.

PG&E does propose a modest change to the CARE and FERA applications for customers who are not yet enrolled in CARE or FERA: moving forward, PG&E proposes to include information regarding DRAH status through CARE and FERA

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[123] D.24-05-028, at 55.

[124] PG&E refers to this housing characteristic as Deed Restricted Housing (DRH) throughout its AL. This should be updated to Deed Restricted Affordable Housing (DRAH) or a similar acronym in future communications to clarify that these deed restrictions refer to those which address affordability or income inequality. Other deed restrictions such as those addressing utility or conservation easements or public trust properties should be excluded.

applications as a cost-effective means to identify more potential customers eligible for the Tier 2 fixed charge. We find this proposed modification to be reasonable

10.2.2. Deed-Restricted Affordable Housing Implementation

10.2.2.1. 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, it 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 multi-family property as being eligible for enrollment in the Energy Savings Assistance Programs (ESA). Energy Division 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.

PG&E estimates that the properties with 80 percent or more units identified as deed restricted represent over 90 percent of the units on the CHP list. 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 enrolled in CARE or FERA. PG&E estimates this would yield an additional 54,000 units assigned to the Tier 2 designation that are not already enrolled in CARE or FERA.[125]

Defaulting all units in these properties to Tier 2 status would enable PG&E to place the vast majority of DRAH-qualified customers into the appropriate tier without creating an additional administrative burden for these customers and PG&E. This proposal was not protested by any party, and we deem it to be a reasonable approach.

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[125] PG&E AL 7351-E, at 51.

10.2.2.2. Targeting Customers in Isolated Affordable Housing Units

Following the automated process noted above, PG&E proposes to individually contact the remaining 10% of customers in the DRAH database who reside in a housing development with some DRAH units but fall below the 80% threshold. Because these individual units are neither tracked nor necessarily designated as affordable on a per-unit basis, PG&E proposes to provide two additional rounds of outreach to provide customers with an additional opportunity to self-attest that they live in a DRAH unit within a CHP-listed property. PG&E estimates this group to consist of approximately 11,000 customers. PG&E does not state that it will affirmatively provide information about CARE and FERA to these customers at this time. While this proposal is reasonable, the Commission notes that an opportunity for customers to apply for CARE and/or FERA should also be included with this notice.

Taken together, the Commission finds PG&E's proposal to default most customers residing in majority deed-restricted properties and providing enhanced outreach to customers residing in properties with deed-restricted units to be reasonable.

10.3. Tier 3 Assignment

PG&E proposes to default remaining customers to Tier 3 status. Customers wishing to protest their assignment will be required to complete the CARE and/or FERA application, which shall now include DRAH status, to be assigned to the correct fixed charge tier.

11. 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.[126] While many aspects of PG&E's originally proposed fixed charge concepts have evolved since the initial Joint IOU filings in April 2023,[127] the foundational ME&O plan remains consistent and is based on learnings from the Large IOUs' successful transition to default residential TOU (TOU Transition) and adjusted for efficiencies pursuant to the Decision.

[126] D.24-05-028, at 96.
[127] Joint IOU Testimony filed April 7, 2023, Exhibit 1, Section V. Marketing Education and Outreach.

11.1. ME&O Guiding Principles

As outlined in the ME&O proposal in the Joint IOUs' initial filing,[128] PG&E 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.[129]

11.2. ME&O Objectives and Strategies

To achieve the objectives of its ME&O plan, PG&E's marketing strategies will include:[130]

- Providing simple, clear, and transparent communications;
- Using a multi-channel/multi-phased/integrated approach aimed at residential customers to maximize awareness, understanding, and acceptance by addressing perceptions and misperceptions of the charge;
- Utilizing customer analytics data to reach the right customers with the right message;
- Using customer insights and segmentation to tailor some communications;
- Providing in-language communication to reach more customers; and
- Offering and promoting online information to make it easy to inform and educate customers.[131]

PG&E proposed to leverage both general and targeted outreach tactics to achieve the ME&O objectives summarized above and discussed below.[132]

11.3. Overarching Phased Approach

As outlined in the ME&O proposal in the Joint IOUs' initial filing,[133] PG&E proposed an overarching ME&O approach that aims to demonstrate how it plans to test, adjust, and inform customers about the fixed charges. The expected outcomes of the ME&O plan are awareness, understanding, and acceptance among customers. As outlined in the initial testimony, the umbrella approach to guide the phases of outreach remains a valid

[128] *Id.*
[129] PG&E AL 7351-E, at 24-25.
[130] *Id.*, at 32-33.
[131] PG&E AL 7351-E, at 32-33.
[132] *Id.*, at 33.
[133] Joint IOU Testimony filed April 7, 2023, Exhibit 1. Section V. Marketing, Education and Outreach.

and useful glidepath for how and when to message a fixed charge. The overarching approach of tactical and messaging information for the following three phases:[134]

- **Phase 1 – Awareness:** This phase sets the context for what the fixed charge is, why it is being implemented, when it will take effect; tactics and messaging are general and conceptual. Customers are given broad information and informed that more actionable and personalized information will follow when implementation is closer. **Timeframe:** starting at least six months in advance of implementation in customers' bills.

- **Phase 2 – Inform:** Further information on the initial fixed charges, including the fixed charge amount, the related reduction in per kilowatt-hour (kWh) charges, as illustrated in representative sample bills, will be provided in direct customer communications as well as integrated communications, as appropriate. Materials will also reinforce available online resources where customers can get more information, such as visuals to further explain how bills will be changing through example bills. Communications will emphasize the "why" behind D.24-06-028's changes to the structure of affected residential bills: to make customers' bills more transparent, to encourage customer evolution to electrification in place of fossil fuel use, to support California's clean energy and climate action goals. **Timeframe:** no less than four months prior to implementation in customers' bills.

- **Phase 3 – Engagement:** After the fixed charge is implemented, outreach will focus on ongoing bill and rate education including how a fixed charge helps to move the state towards electrification and will reinforce the actions that support the state's decarbonization goals, the journey to electrification, the environmental and cost-saving benefits of shifting usage out of higher cost and higher emission peak times, as well as promote other bill management solutions. **Timeframe:** after initial implementation in PG&E's bills, expected by the end of the first quarter of 2026 (funding requested through the end of 2026).

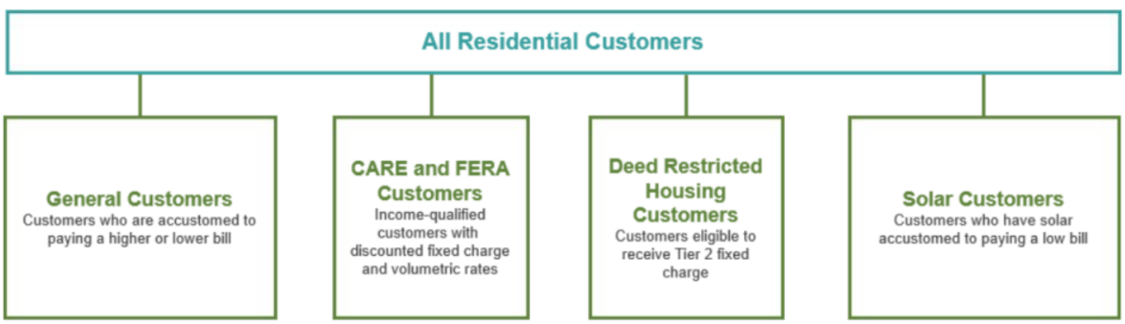
[134] PG&E AL 7351-E, at 24-25.

11.4. Customer Segmentation

PG&E proposed four key customer segments, as described below and in Figure 1, that it believes will benefit from more targeted and tailored messaging to address their specific needs, in combination with more broad, general messaging about the fixed charge.[135]

- **General Customers:** Those who do not fall into one of the target populations listed below;
- **CARE/FERA:** Customers who will receive a reduced fixed charge;
- **DRAH**: Customers known to be living in a DRAH unit; and
- **Solar:** Customers who have exhibited a high sensitivity towards replacing their current $10 Minimum Bill with the new, initial fixed charges.

Figure 1: Targeted Customer Segments[136]



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.[51] PG&E clarified that the IOUs have clearly stated at the July 2024 Fixed Rate ME&O Workshop that increasing enrollment is the primary role of the CARE and FERA ME&O. PG&E further stated that this role is foundational to D.21-06-015, which authorized funding for CARE and FERA for 2021-2026, and it is committed to increasing CARE and FERA enrollment as part of the regular practice in administering income-qualified programs and intends to update CARE and FERA materials with fixed charge messaging where feasible. PG&E stated it identified where ME&O activities for implementing and launching the fixed charge

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135 PG&E AL 7351-E, at 33.

136 *Id.*

were not already included in current CARE and FERA activities so that its requested budget in AL 7351-E is incremental to other approved costs.[137]

PG&E contended that the CARE and FERA ME&O plans, as approved in D.21-06-015, sufficiently address TURN/NRDC's recommendation for the IOUs to target customers eligible for CARE or FERA but not yet enrolled. To address recommendations from TURN/NRDC and Cal Advocates that the IOUs should incorporate information explaining eligibility for fixed charge tiers into existing and planned CARE and FERA ME&O communications and C4AT's request that the IOUs provide information on how tiers will be communicated, PG&E clarified its plan and provided a summary of its integrated campaign plans, including sample key messages and likely communications channels and tactics.[138]

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.[139]

We agree with PG&E that funding for CARE and FERA enrollment is already authorized in D.21-05-016. Acknowledging PG&E's proposed integration plan for CARE and FERA leveraging ME&O budgets previously authorized in D.21-06-015,[140] which provides examples of key messages and communication channels, the Large IOUs shall confer and submit consistent messaging and approaches for CARE and FERA coordination and integration plans through a Tier 2 AL within 60 days of the issuance of this Resolution. We find PG&E's customer segmentation strategy reasonable and direct PG&E to refine its strategy based on feedback from the IWG before initiating communications with customers and implementing the fixed charge.

[137] PG&E AL 7351-E-A, Table 3.
[138] PG&E Protest Reply, at 21-22.
[139] D.24-05-028, at 94.
[140] PG&E' Reply to Protest, at 21-23.

11.5. Terminology and High-Level Messages

11.5.1. Fixed Charge Terminology

PG&E's 2022 Messaging Research surveyed customers on potential names for the expected new residential fixed charge and found that "Base Services Charge" most accurately described the charge. This term resonated well with customers and aligned with the other IOUs' naming research findings shared in the ME&O Workshop. PG&E is currently using the term "Basic Services Charge" for the fixed charge the Commission had already approved for use in its Electric Home rate plan (Schedule E-ELEC).[141]

We find the term "Base Services Charge" proposed by PG&E and the other Large IOUs to be a reasonable replacement for the term "fixed charge" used in D.24-05-028.[142]

11.5.2. High-Level Messages

PG&E's research to date has pointed to specific words and phrases that will best help customers become informed, understand, and accept a fixed charge. According to PG&E these messages were tested and modified based on feedback from customer groups.[143] PG&E's messaging waterfall in Table 6 below provides the key messages and more detailed support points that it will use to develop customer presentation materials for further testing validation in 2024 and 2025.

Table 6: PG&E's ME&O Messaging Waterfall (Sample)[144]

Main Message	To make energy bills more equitable, transparent and support California's environmental goals, the way PG&E's residential electric customers are charged for energy is changing.		
	What's happening.	**What it means to you/the benefits.**	**How PG&E can help.**
High-Level Messaging	The way California's electric customers are charged is changing.	The changes will lower bills for some, help drive electrification and clean energy use and make your energy bill	PG&E will provide sample bills and information to help you understand the changes for your household.

141 PG&E AL 7351-E, at 26-27.
142 D.24-05-028, COL 1.
143 *Id.*, at 27.
144 *Id.*, at 28.

		clearer and more transparent.	
Next-Level Support Messages	The changes are not new changes, but a restructuring of the current components of your bill. Your current residential rate is made up of two different charges—fixed infrastructure costs, and the price per kWh of electricity—your usage costs. These two costs will be broken out on your bill into: —A fixed charge called the Base Services Charge, that does not change month to month —Your electricity usage (rate) that changes month to month These charges have been ordered by the California State Legislature. The Base Services Charge will apply to all customers, but CARE customers will have a lower charge	The changes will lower bills for many customers who need it most—low-income CARE customers, shifting the energy cost burden away from low-income households. Energy usage (kWh) <u>rates for all customers will decrease by (xy)%.</u> This will make it easier and more affordable for customers, particularly low-income customers, to transition to all-electric, cleaner homes and vehicles (only electricity can be generated with clean, carbon-free resources). Greater electrification supports California's clean energy goals, making them more accessible for all. The Base Services Charge will be between $6-$24, with a discount for CARE and FERA customers. CARE households up to the FPL will receive a discount so that their	Sample bills • Your sample bill will clearly point out the effect of the added Base Services Charge, the lowering of your electric rate, plus any CARE discounts/(NEM credits) that apply to your household. • You can also access sample bills for other household types to see how the changes affect them. Useful information can be found at pge.com/ baseservicescharge including a detailed breakdown of the Base Services Charge and what it contains. Also: • Sample bills • Visual and video(s) • Information on CARE, FERA and other l0w-income programs, as well as definitions of CARE eligibility income levels and the 2 categories of "very low-income" and "low-income" CARE.

	according to income level, as verification through the CARE program. The Base Services Charge contains costs associated with safely building, maintaining and operating the electric grid, such as maintaining and upgrading power poles and wires, undergrounding, and wildfire prevention costs, as well as center services, billing, and other administrative functions. Many electric and other utilities throughout the state have already separated usage charges from fixed charges. SCE and SDG&E will also change to a fixed charge system along with PG&E.	effective BSC is $6, and those low-income CARE households above the FPL will receive a discount such that their effective BSC is $12. CARE customers are automatically to a BSC level according to their account information already submitted. The changes will ensure greater transparency and clarity in your energy bill, so you will know what to expect.	• Explanation of and link to the California State Legislature's AB 205 • Links to SCE and SDG&E's websites and how they are implementing a fixed charge • You can view a sample bill based on a household like yours in your area showing the breakdown of a typical bill before and after the changes have been applied.

Cal Advocates argued that PG&E failed to specify how it will communicate with customers about how to switch assigned tiers and about various rate options to help manage their bills, both of which PG&E is required to include under D.24-05-028.[145] According to Cal Advocates, PG&E should supplement its AL with this information to allow the Commission, other parties, and the IWG the opportunity to review these plans for reasonableness and efficacy.

SEIA argued that PG&E mispresented to customers what costs it would recover through the fixed charge and recommended that the Commission direct PG&E to correct this element of its messaging waterfall[146] for the purpose of accuracy and IOU message alignment. SEIA also recommended that PG&E adopt language that SCE proposed in its AL[147] because PG&E's statement that the fixed charge contains costs for upgrading poles and wires, undergrounding, and wildfire prevention is incorrect. Finally, SEIA recommended that PG&E address customers who will see bill increases due to implementing the flat rate.

In its protest reply, PG&E clarified that the sample messaging shown in AL 7351-E's messaging waterfall was a sample only, and it did not intend for the sample messaging waterfall to appear as if it was the final version.[148] Messaging is still evolving based on continued customer feedback and refinement. While PG&E appreciates SEIA's recommendation to use the same language as SCE, the IOUs' ME&O plans are specific to each IOU's territory and customer base. PG&E indicated it will continue to collaborate with the other IOUs and the IWG and expects that the messaging waterfall will continue to evolve as further customer research may indicate additional modifications, which include correcting for any inaccuracies relative to the approved Base Services Charge construct.

In response to C4AT's protest, we agree with PG&E that its messaging complies with the Decision to use existing processes for enrolled CARE customers. The Commission further discusses C4AT's protest regarding the Large IOUs' tier assignments in Section 9.1 of this Resolution.

Although a sample, the information provided in PG&E's messaging waterfall should be accurate and comply with the requirements in D.24-05-028. The Commission agrees with the recommendations provided by Cal Advocates and SEIA and directs PG&E to

[145] Cal Advocates Protest, at 4.
[146] SEIA Protest, at 5.
[147] SCE AL 5358-E, at 11. "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 proving customer support."
[148] SEIA Protest, at 4-5.

file a Tier 2 AL within 60 days of the issuance of this Resolution that (1) corrects all errors and misleading statements in its sample high-level messaging waterfall; (2) addresses how it will communicate how customers can switch assigned tiers and various rate options for customers to manage their bills, consistent with current outreach IOUs conduct to customers about rate options and bill management.

11.6 Planned Customer Research

PG&E proposed to conduct additional message validation and creative testing using the previous findings as a baseline, while describing the lower initial fixed charge levels and reduced impact on bills.[149] These additional studies, like the previous ones, will engage specifically targeted customers to gain insights for enhanced messaging needs, including low-income/CARE, solar, and those who may see their bills increase over a certain threshold. According to PG&E, the planned studies will likely include:

- Creative and message validation of website copy, fixed-charge visual imagery, sample bills, short articles, notifications, etc. PG&E will use customer feedback to modify the creative before production or publishing. This work is planned for 2024 and 2025, as noted in Figure 3, PG&E's Proposed ME&O Timeline.
- Additional online customer surveys and/or testing to further creative validation and monitor customer engagement. PG&E will use these methods before and/or after the launch.[150]

SEIA recommends that PG&E include a post-launch survey for ME&O, similar to SDG&E and SCE.[151] PG&E responded in its protest reply and indicated it has allotted a research budget of $25,000 in 2026 for potential additional needs not yet scoped. This research budget does not expressly indicate that PG&E will use these 2026 funds for a post-launch ME&O survey, but it can consider doing so if its scope is limited such that it can be accomplished at or below this $25,000 budget.

We agree with SEIA that PG&E should conduct a similar post-launch survey about the performance of the ME&O campaign. We direct PG&E to allocate the $25,000 budget for a research study not scoped in 2026 to conduct a post-launch survey and report the survey findings to the IWG.

[149] PG&E AL 7351-E, at 29.
[150] *Id*.
[151] SEIA Protest, at 7.

11.7 Integrated Campaign Tactics

PG&E proposed its website, pge.com, will serve as the home base for fixed charge education and tools, following the three-phased process of Awareness, Inform, and Engagement.[152] Beginning six months in advance of implementation, in the Awareness phase, pge.com will feature a description and purpose of the fixed charge, visuals including a before and after sample bill comparison, and how the new fixed charge supports the state's goals for equity, affordability, and a clean energy future through electrification/decarbonization. After the first quarter of 2026, PG&E will pivot messaging to support California's clean energy future. Throughout all phases, PG&E will host educational content and a self-service option for customers to self-attest that they live in a DRAH unit as part of the outreach for Tier 2.[153]

PG&E proposed integrating fixed-charge messaging into its channels and targeting customer outreach. Examples of how PG&E plans to incorporate messaging into existing customer communications include: quarterly digital newsletters; Currents or blog posts during each phase; on-bill messaging starts three months in advance and lasts at least 12 billing cycles; monthly on-bill messages that point customers to online resources; and annual residential bill inserts for 2025 and 2026.[154]

PG&E will also incorporate Income Qualified Program communications that include CARE and FERA outreach (welcome campaign, recertification reminders, and post-enrollment verification communications); customized fixed-charge communications to solar customers (welcome guide, solar bill plan on pge.com); and energy management cross-promotion that includes fixed-charge messaging and points to online resources.[155]

PG&E's proposed media will consist of earned media during the Inform phase to address proactive and reactive communication with the press; paid media in the Inform and Engagement phases with fixed rate and electrification education, focusing on low-income and in-language customers; and social media channels such as X, Facebook, Instagram, Nextdoor, and/or YouTube to inform customers about the fixed charge and volumetric rate reduction.[156]

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[152] PG&E AL 7351-E, at 36.
[153] *Id*.
[154] *Id.*
[155] *Id*., at 37.
[156] *Id*., at 38.

11.7.1 Community Engagement and Outreach

PG&E proposed to leverage relationships with CBOs/Advocate Groups to expand awareness and engagement among HTR customers falling in Tiers 1 and 2, which may include CARE outreach contractors and community outreach events held in vulnerable communities throughout PG&E's service territory.[157]

TURN/NRDC recommended the IOUs follow best practices for accessible communications and outreach to HTR customers. PG&E agreed with TURN/NRDC that CBO outreach plans should prioritize segments, including HTR, low-income, and other customers deemed as priorities to receive information about the fixed charge. PG&E shared that it is already actively engaged with CBOs to increase enrollment in CARE and FERA and targeted marketing to HTR customers. While PG&E cannot precisely state how many CBOs it expects to contract with, it will continue to leverage CBOs to educate customers regarding the fixed rate.[158]

Although PG&E indicated its CBO outreach plans will include HTR customers, its ME&O strategy and HTR plan did indicate outreach to Tribal communities. We direct PG&E to include outreach to Tribal communities and to present its plan to target HTR customers to the IWG for feedback at least 60 days prior to initiating communications with customers before implementing the fixed charge. PG&E's plan shall demonstrate how its messaging for all aspects of its campaign follows best practices for accessible communications for feedback from the IWG.

11.7.2 Direct Notifications

PG&E proposed to send up to two notifications directly to residential customers starting approximately 45 days prior to implementation of the new fixed charges. If the customer has an email address with PG&E, the email channel will be the customer's primary source of direct outreach. If the customer does not have an email address on record, a direct mail notification will be sent to alert customers about the upcoming changes with sample bill information, targeted messaging, and available online resources, self-certification for DRAH, and links to use if they believe they were assigned to the wrong tier.[159]

[157] *Id.*, at 38-39.
[158] PG&E Protest Reply, at 23.
[159] PG&E AL 7351-E, at 39.

TURN/NRDC recommended the IOUs should be ordered to align on direct outreach to customers instead of current proposals (SCE's being up to 120 days; SDG&E's at 90 days; PG&E's approximately 45 days) with at least 120 days before implementation.[160] TURN/NRDC also emphasizes the use of direct mail as a preferred channel to notify customers instead of the IOUs' email-first strategy.[161] PG&E disagrees with TURN/NRDC's recommendations and requests the Commission allow the IOUs to choose the timing and method of their respective notifications based on the IOUs' customer base, experience, and date of transition to fixed charges.

In PG&E's protest reply, it clarified it will implement its fixed charge by March 2026 and plans to implement direct messaging in early January 2026. This direct communication is an "inform" notification that does not specifically ask for the customer to take action, though information on how to apply for alternative tier status will be included. Based on PG&E's experience, deployment of its direct notification a full 90 to 120 days in before launch would be too far in advance of March 2026 such that it could be forgotten or overlooked. This is because a 90- to 120-day notification would occur as early as late November to late December when their customers already receive a high volume of messaging from a wide variety of sources leading up to and around the winter holidays. Therefore, PG&E proposed to commence communications in January 2026 to avoid such competing messages, which is a common practice when scheduling outbound customer communications. PG&E requested that the Commission approve is proposed direct notification timing of 45-60 days in advance of the change to the way customers are charged. [162]

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.

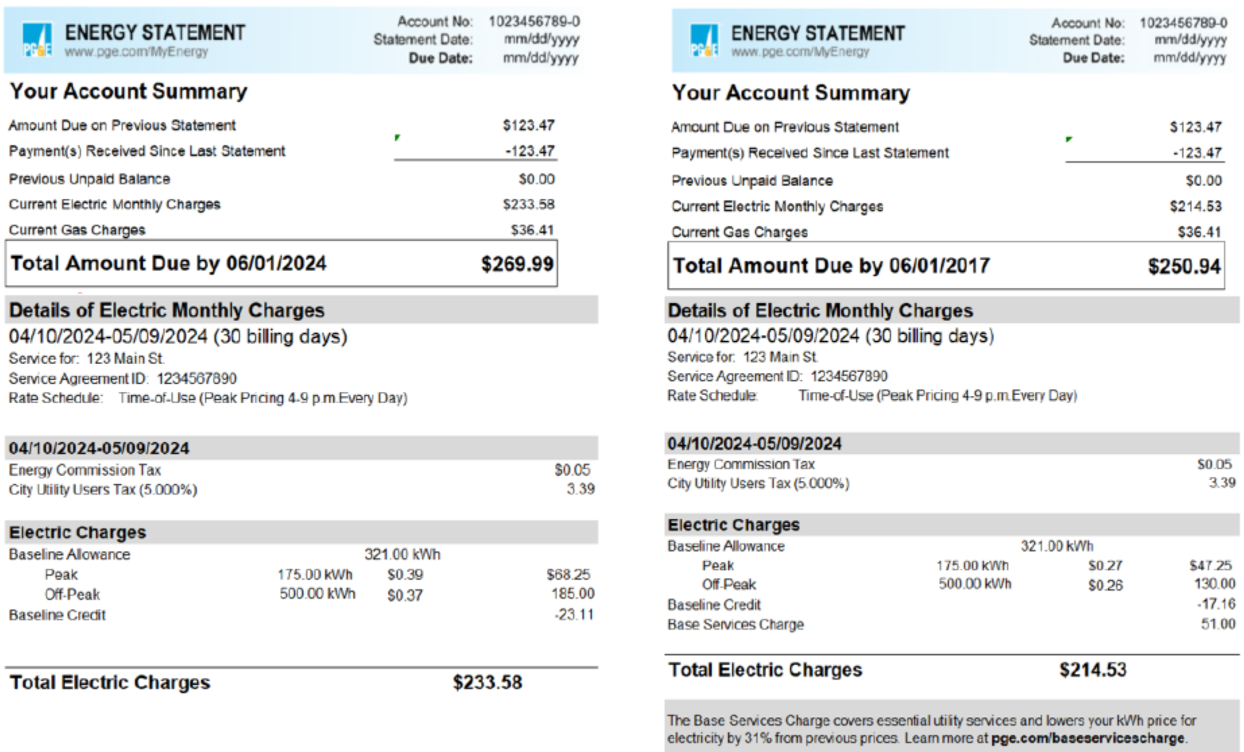
11.8 Sample Bill Impact Templates

In D.24-05-028, the Commission directed the Large Utilities to include sample bill impact templates in their proposed ME&O plan.[163] Figure 2 below provides an example of one of the sample bills, before and after implementation of the fixed charge, that

[160] TURN/NRDC Protest, at 3-4.
[161] *Id*.
[162] PG&E Protest Reply, at 19-20.
[163] D.24-05-028, at 97 and Conclusions of Law 33c.

PG&E tested with various customer segments as part of its Fall 2023 research study. PG&E will continue developing and testing sample bills prior to implementation.

Figure 2: PG&E's Sample Bills[164]



ENERGY STATEMENT
www.pge.com/MyEnergy

Account No: 1023456789-0
Statement Date: mm/dd/yyyy
Due Date: mm/dd/yyyy

Your Account Summary

Amount Due on Previous Statement	$123.47
Payment(s) Received Since Last Statement	-123.47
Previous Unpaid Balance	$0.00
Current Electric Monthly Charges	$233.58
Current Gas Charges	$36.41
Total Amount Due by 06/01/2024	**$269.99**

Details of Electric Monthly Charges
04/10/2024-05/09/2024 (30 billing days)
Service for: 123 Main St
Service Agreement ID: 1234567890
Rate Schedule: Time-of-Use (Peak Pricing 4-9 p.m Every Day)

04/10/2024-05/09/2024

Energy Commission Tax	$0.05
City Utility Users Tax (5.000%)	3.39

Electric Charges

Baseline Allowance		321.00 kWh	
Peak	175.00 kWh	$0.39	$68.25
Off-Peak	500.00 kWh	$0.37	185.00
Baseline Credit			-23.11
Total Electric Charges		**$233.58**	

ENERGY STATEMENT
www.pge.com/MyEnergy

Account No: 1023456789-0
Statement Date: mm/dd/yyyy
Due Date: mm/dd/yyyy

Your Account Summary

Amount Due on Previous Statement	$123.47
Payment(s) Received Since Last Statement	-123.47
Previous Unpaid Balance	$0.00
Current Electric Monthly Charges	$214.53
Current Gas Charges	$36.41
Total Amount Due by 06/01/2017	**$250.94**

Details of Electric Monthly Charges
04/10/2024-05/09/2024 (30 billing days)
Service for: 123 Main St
Service Agreement ID: 1234567890
Rate Schedule: Time-of-Use (Peak Pricing 4-9 p.m Every Day)

04/10/2024-05/09/2024

Energy Commission Tax	$0.05
City Utility Users Tax (5.000%)	3.39

Electric Charges

Baseline Allowance		321.00 kWh	
Peak	175.00 kWh	$0.27	$47.25
Off-Peak	500.00 kWh	$0.26	130.00
Baseline Credit			-17.16
Base Services Charge			51.00
Total Electric Charges		**$214.53**	

The Base Services Charge covers essential utility services and lowers your kWh price for electricity by 31% from previous prices. Learn more at **pge.com/baseservicecharge**.

PG&E requested the Commission reject SEIA's recommendation that PG&E submit a supplemental AL that includes individual bill impacts.[165] PG&E proposed not to include individual bill impacts due to the complexities and potential inaccuracies that may occur before and after the fixed charge implementation. In addition, as PG&E stated in its AL, a survey of PG&E customers showed:

> "Customers would like to see and reacted positively to sample bills that showed how a fixed charge could affect the bill of a household similar to theirs; they also expressed a desire to see others' bills, and information on what the charge covers."[166]

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[164] PG&E A: 7351-E, at 30.
[165] PG&E Protest Reply, at 28.
[166] PG&E AL 7351-E, at 26.

Therefore, PG&E has not proposed resources for providing individual bill impacts, which would add substantial scope, time and costs to implement.

We agree with PG&E that providing individual bill impacts is complex and support the findings from the customer survey on the preference of customers to receive sample bills. We find PG&E's approach to providing sample bills reasonable.

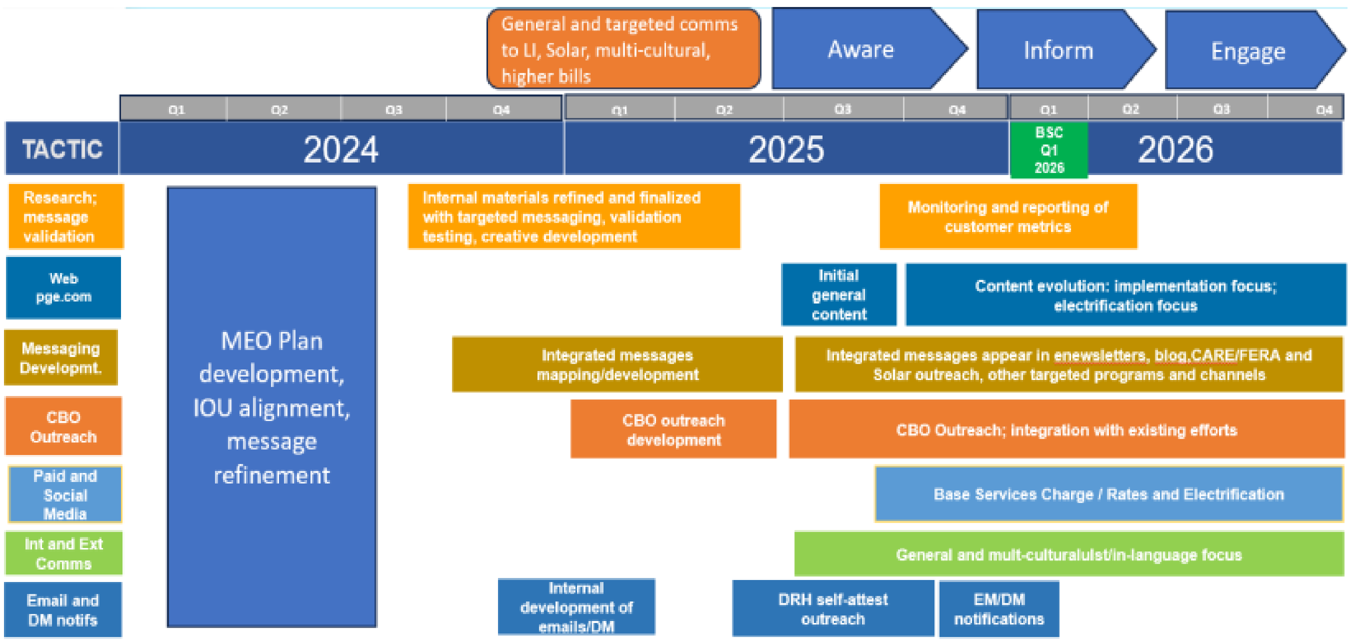
11.9 ME&O Timeline

D.24-05-028 directed PG&E to implement the flat rate in the first quarter of 2026 (between January 1, 2026, and March 31, 2026).[167] PG&E plans to start Phase 1 (Awareness) at least six months in advance of implementing the flat rate in customers' bills; Phase 2 (Inform) no less than four months before implementation in customers' bills; and Phase 3 (Engagement) after initial implementation in customers' bills, expected by the end of the first quarter of 2026.

Starting in 2024 and continuing through 2026, PG&E's outreach on the new fixed charges will progress in the various phases and forms described above. PG&E indicated the timeframes of its proposed ME&O plan depend on two key scheduling assumptions. The first is that PG&E receives a final Resolution approving its AL by the end of January 2025, and the second is that there is no change to PG&E's planned launch deadline at the end of the first quarter of 2026. Figure 3, below, depicts PG&E's approximate proposed ME&O timing. If the timing dependencies assumed above were to change, PG&E would need to reevaluate this proposed ME&O timeline and adjust accordingly.[168]

[167] D.24-04-028, COL 40(d).
[168] *Id.*, at 35.

Figure 3: PG&E's Proposed ME&O Timeline[169]



TURN/NRDC argued the IOUs should be required to implement the flat rate in a timely manner and that PG&E is now estimating that it will not implement the flat charge until the very end of its permitted window in March 2026. PG&E requested that the Commission allow the IOUs to select the timing and method of their respective notifications based on the IOUs' customer base, experience, and transition date to fixed charges and approve PG&E's proposed direct notification timing 45-60 days before implementation.

TURN/NRDC also argued that PG&E should not be allowed to delay the implementation beyond March 2026 and recommend that the Commission establish a failure to implement by the first quarter noncompliance, which could result in disallowing some portion of IGFCMA costs or another form of financial penalty. Because we have already specified a timeline for PG&E to implement the IGFC, and failure to comply with Commission orders renders a utility subject to penalties, we do not see a need to provide additional penalties herein, especially given the complexity of this endeavor.

[169] PG&E AL 7351-E at page 35.

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 PG&E's proposed ME&O Plan reasonable and approves the plan as modified in this Resolution. We direct PG&E to refine aspects of its plan based on feedback from the IWG before implementing the fixed charge and to present its final ME&O Plan to the IWG at least 60 days before initiating direct communications with customers and implementing the fixed charge.

11.10 ME&O Reporting and Metrics

PG&E, with the other IOUs, will provide the proceeding service list a quarterly report on implementation metrics and associated ME&O plans and execution, within 30 days after the end of each calendar quarter starting at the close of the quarter after the Commission adopts the Resolution approving this AL.[170] PG&E will also present metrics and lessons learned to the Implementation Working Group on a quarterly basis. Metrics specific to ME&O include:

Marketing and reporting metrics

a. Number of press article mentions,
b. Impressions and reach of paid media,
c. Number and type of outbound targeted communications and bill messages,
d. Number of related calls and emails received, and
e. ME&O dollars spent.

Campaign tracking (new)

f. Email open rates and click through rates,
g. Number of visits to PG&E's web pages, and
h. Digital performance reporting, if applicable.

PG&E will also report on the following:[171]

i. Number of customers in each tier,
j. Number of customers who change tiers, and
k. Average customer bill impacts for each tier and each baseline territory.

[170] PG&E AL 7351-E, at 31-32.
[171] *Id.*, at 20.

Cal Advocates recommended that the Commission require PG&E to report metrics disaggregated by tier and customer status, such as Non-CARE/FERA, CARE, FERA, Solar, and DRAH. Based on the requirements in D.24-05-028 and each Large IOUs' capabilities as summarized in ALs and summarized from ED's data request[172] in Table 7 below, the Large IOUs are capable of providing 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

[172] Energy Division Data Request: PG&E Response Q.17, SDG&E Response Q.09, and SCE Response Q.09.

			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.

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 confer with one another, the Commission's staff, and the IWG on reporting ME&O metrics. The IWG shall determine when reporting for the fixed charge implementation ends based on each Large IOU's implementation schedule.

11.11 Proposed ME&O Budget

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

In Table 8 below, PG&E proposed a line-item breakdown of ME&O activities and justification for each and provided additional workpapers for Deed Restricted Outreach.[173] PG&E requested the flexibility to use the final approved budget throughout the three-year implementation period (2024 through 2026) acknowledging that spending reflected in each budget year's estimates may not be incurred within the

[173] PG&E AL 7351-E, at Attachment B.

anticipated budget year, such that budget rollover (or pre-spending between years) may be needed. Additionally, PG&E proposed to continue to look for ways to reduce spending by finding additional cost efficiencies as it proceeds to further plan and execute the project.

Table 8: PG&E's Proposed ME&O Budget

Category	2024	2025	2026	Total
Web	$50,000	$50,000	$50,000	$150,000
DRAH Outreach[174]	$0	$191,461	$0	$191,461
Non-Paid Media	$0	$75,000	$75,000	$150,000
Integrated Programs/Channels Outreach	$0	$119,000	$30,000	$149,000
Messaging Research and Development; Research Agency Support	$150,000	$150,000	$25,000	$325,000
Direct Mail	$0	$0	$980,000	$980,000
Emails[175]	$0	$0	$60,000	$60,000
CBO Outreach	$0	$235,000	$235,000	$470,000
Paid Media	$0	$500,000	$500,000	$1,000,000
PG&E Marketing Labor Support	$300,000	$300,000	$300,000	$900,000
Agency Support	$100,000	$300,000	$100,000	$500,000
Total	**$600,000**	**$ 1,920,461**	**$2,355,000**	**$4,875,461**

11.11.1 ME&O Budget Justifications

- **Web:** Web page(s) featuring general customer information about fixed charge, description of program, income brackets/cost; sample bills. Includes labor/design support/periodic updating based on phase of transition). Cost details: 2024: 33% full-time employee (FTE) Digital Strategy internal labor; 2025: 33% FTE Digital Strategy internal labor; and 2026: 33% FTE Digital Strategy internal labor.
- **DRAH Outreach:** Creative development and production for emails and direct mail, data collection forms, interactive voice responses (IVRs) for non-

[174] PG&E AL 7351-E-B increased the 2025 budget from $186,161 to $191,461.
[175] PG&E AL 7351-E-A reduced the budget from $370,000 to $60,000.

responders; does not include additional ongoing costs past 2026. PG&E plans to fund costs beyond 2026 in future GRCs. Cost details: See Attachment B for details (or in this document, see Section A: Tier Assignment, DRAH Implementation).

- **Non-Paid Media**: Internal labor includes messaging and talking points development, responding to media inquiries, coordination across utilities and other stakeholders, writing and publishing content on internal channels (Currents blog; social). Cost details: 2024: 0% FTE internal Communications staff; 2025: 50% FTE internal Communications staff; and 2026: 50% FTE internal Communications staff.
- **Integrated Programs/Channels Outreach:** Integrated outreach for cross-program messaging inclusion across complimentary programs including Solar, CARE, and other customer programs and channels. Internal labor for associated program management staff for coordination, writing, execution for various tactics which could include emails, direct mail, web, digital newsletter content, etc. Cost details: 2025: 33% internal FTE; $10,000 vendor/production costs; and 2026: 10% internal FTE;[176] $10,000 vendor/production costs.
- **Messaging Research and Development/ Research Agency Support:** Messaging research and development for outreach, messaging strategy and validating creative development based on customer feedback. Work may include focus group(s), online panels, and/or other surveys. FTE costs include vendor management, questionnaire writing and reviews, focus group observation, results and reports writing and reviewing, presenting results in various forums. Cost details: 2024: 50% 1 FTE; up to $75,000 for vendor messaging and creative research/customer feedback; 2025: 50% 1 FTE; up to $75,000 for vendor messaging and creative research/customer feedback;[177] and 2026: Funds for optional potential remaining measurement work.
- **Direct Mail:** Notifications: Direct Mail production, postage, reply card response channel for non-email customers. Cost details: 2025: Notifications out-of-pocket costs include direct mail production, postage, reply card response channel offering to an estimated 980,000 customers (20% of 4.8 million total) customers without a valid email on record. Total estimated cost per customer $1.00. Limited direct mail approach helps conserve ratepayer dollars of costly outreach channel and relying on preferred email channel.
- **Emails:** Email production, reminder, additional awareness emails. Cost details: 2026: 3.18 million customers. Vendor email costs (Salesforce).[178]

[176] PG&E AL 7351-E, at 8. PG&E corrected 2026 percentage of internal FTE from 33% to 10%.
[177] PG&E AL 7351-E-A, at 8. PG&E corrected 2025 budget for 1 FTE from $150,000 to $75,000.
[178] PG&E AL 7351-E, at 9. PG&E reduced budget of $370,000 to $60,000.

- **CBO Outreach:** CBO outreach material supply (based on TOU CBO RRRMA costs). Cost details: 2025: 100% 1 FTE; $85,000 for partnership and materials development; and 2026: 1 FTE; $85,000 for post-transition partnership work and message pivot to electrification.
- **Paid Media:** (i.e., digital; print; agency support) (estimate based on post-PG&E TOU Transition Rate Options targeted after-support campaign 2022 RRRMA). Cost details: 2024: Awareness low-level targeted media Q3, Q4; includes paid media and agency labor; and 2025: Awareness and electrification targeted media; includes paid media and agency labor.
- **PG&E Marketing Labor Support:** Internal marketing and project management labor costs for marketing staff of various levels and specialties related to strategy, planning, execution, managing outreach plans, paid media, campaign tracking and analytics, regulatory support. Internal Marketing (based on the default TOU Transition's 2017- 2021 RRRMA costs). Cost details: 2024: 100% 2 FTEs; 2025: 100% 2 FTEs; and 2026: 100% 2 FTEs.
- **Agency Support:** Development of creative will be utilized for customer communication materials including direct mail, email, paid media, digital, print, and other materials. (based on TOU 2017-2018 vendor costs RRRMA). Cost details: 2024: Creative development, vendor support; and 2025: Creative development, vendor support.

Cal Advocates recommended that the Commission reject PG&E's ME&O plan because it fails to meet the Decision's required level of detail on the ME&O budget justification and require PG&E to submit a supplemental AL with adequate detail on its ME&O budget. In its protest reply, PG&E argued its proposed ME&O budget and level of detail complies with the Decision[179] and that it would file a supplemental AL to address corrections to its ME&O budget.[180] PG&E filed AL 7351-E-A to address the corrections to its proposed ME&O budget.

The Commission finds PG&E's proposed ME&O budget of $4,875,461 for 2024-2026 to implement the fixed charge reasonable and approved as specified herein and shown in Table 9. PG&E shall not adjust costs across tactics or shift funding across ME&O categories.

[179] PG&E Protest Reply, at 23-26.
[180] *Id.*, at 2

Table 9: PG&E's ME&O Budget (Approved)

Category	2024	2025	2026	Total
Web	$50,000	$50,000	$50,000	$150,000
DRAH Outreach	$0	$191,461	$0	$191,461
Non-Paid Media	$0	$75,000	$75,000	$150,000
Integrated Programs/Channels Outreach	$0	$119,000	$30,000	$149,000
Messaging Research and Development; Research Agency Support	$150,000	$150,000	$25,000	$325,000
Direct Mail	$0	$0	$980,000	$980,000
Emails	$0	$0	$60,000	$60,000
CBO Outreach	$0	$235,000	$235,000	$470,000
Paid Media	$0	$500,000	$500,000	$1,000,000
PG&E Marketing Labor Support	$300,000	$300,000	$300,000	$900,000
Agency Support	$100,000	$300,000	$100,000	$500,000
Total	**$600,000**	**$ 1,920,461**	**$2,355,000**	**$4,875,461**

12. Facilitation Contractor

In D.24-05-028, the Commission directed PG&E to issue an 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.[181] On July 5, 2024, PG&E initiated the required RFP process and issued the RFP on August 6, 2024, which it aims to conclude selecting a finalist approximately three months before the January 15, 2025, deadline to execute a contract.

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).[182] PG&E requested approval

[181] D.24-05-028, OP 2.
[182] Id.

to record the $250,000 in the IGFCMA and intends to book its portion of these costs into its IGFCMA and eventually recover them through a future IGFCMA cost-recovery application.

Upon further review of AL 7351-E, PG&E discovered an error in the cost recovery requirements for the Facilitation Contractor. In its supplemental AL, PG&E corrected its total cost recovery requirement for the Facilitation Contractor from $250,000 to $130,000 ($50,000 for PG&E's labor costs and $80,000 for PG&E cost-share). PG&E explained it unintentionally used the full $250,000 amount in estimating its total cost recovery requirements instead of $130,000. The correction also changed SCE's and SDG&E's cost-share of the Facilitation Contractor, based on $200,000, from a total of $150,000 to $120,000. Based on the corrections, SCE's cost-share is reduced from $100,000 to $80,000, and SDG&E's cost-share is reduced from $50,000 to $40,000. Table 10 below illustrates the correction requested by PG&E.

Table 10: PG&E's Facilitation Contractor Recovery Cost (Correction)

Item	2024	2025	2026	Total
Project Manager Labor	$25,000	$0	$0	$25,000
Sourcing Labor	$25,000	$0	$0	$25,000
Consultant Contract Budget	$0	$200,000	$0	$200,000
IOU Co-Fund Reimbursements	$0	($120,000)	$0	($120,000)
Total	**$50,000**	**$80,000**	**$0**	**$130,000**

In reply to Ms. Wodtke's protest, PG&E argued it is not proposing accounting methodology changes for the Facilitation Contractor to implement the fixed charge.[183]

The Commission agrees with PG&E's corrections for the Facilitation Contactor and finds PG&E's costs and cost-share reasonable for the Facilitation Contractor. The Commission grants approval for PG&E to record $130,000 record in its IGFCMA.

[183] *Id.*, at 15-16.

13. Total Implementation Budget

13.1. 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 three large IOUs and directed them to propose a plan and budget for customer education and outreach through a Tier 3 AL.[184] Table 11 below provides a breakdown of the activities approved in the Decision. It is important to note that this budget does not include costs for upgrades to PG&E's complex billing system, DRAH implementation for the Tier 2 assignment, the ME&O plan, the Facilitation Contractor, and the Single Family/Multifamily Study.

Table 11: Large Utilities' Approved Implementation Budget in D.24-05-028

Activity	PG&E ($ millions)	SCE ($ millions)	SDG&E ($ millions)	Total
Income Verification[185]	$0	$0	$0	$0
Billing System	$5.745	$2.900	$4.250	$12.895
Customer Rates Tools Updates	$0.674	$0.059	$0.674	$1.407
Customer Support (Contact Center)	$7.304	$9.498	$2.833	$19.635
Program and Product Management	$0.550	$0.550	$0.550	$1.650
Total	**$14.273**	**$13.007**	**$8.307**	**$35.587**

D.24-05-028 directed PG&E to (1) conduct a Single Family/Multifamily Study to collect data to differentiate between customers who live in single or multifamily housing for future versions of the fixed charge[186] and (2) issue an RFP for the income verification Facilitation Contractor.[187] The Commission did not include the budgets for these activities in D.24-05-028 because costs were unknown or unavailable when the Commission issued and adopted the Decision.

[184] *Id.*, at 4.
[185] 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.
[186] D.24-05-028, at 77-80.
[187] D.24-04-028, at 45-58.

D.24-05-028 also directed PG&E to file a Tier 3 AL to implement the fixed charge, which involved submitting proposals to (1) remove bills from residential customer bills (if applicable); (2) assign customers to their fixed charge income tiers, including customers living in DRAH; and launch a ME&O plan to inform, educate and engage customers about the fixed charge.[188] Given additional time was needed for PG&E to develop a budget for upgrades to its Complex Billing System to implement the fixed charge, PG&E included the proposed budget for the Complex Billing System upgrade in the Tier 3 AL as the Commission did not previously approve this budget in the Decision.

In addition to PG&E submitting proposed budgets required for the Tier 3 AL, specifically the Single/Multifamily Study, Facilitation Contractor, Complex Billing System, DRAH Implementation, and ME&O, it also submitted budgets previously approved in D.24-05-028 and requested to revise approved budgets for Customer Support (Contact Center) and Program and Product Management. Table 12 below compares the budgets approved in D.24-05-028 and PG&E's budget requests submitted in its Tier 3 AL, supplements, and Substitute Sheets.[189]

Table 12: PG&E's Requested Budget Estimates and Revisions Presented in Advice Letters[190]

Category	Previously Approved in the Decision ($ millions)	Presented in Advice Letters ($ millions)
DRAH Implementation	$0	$0.965
Facilitation Contractor[191]	$0	$0.130
Mass Market Billing System	$5.745	$5.747
Complex Billing System	$0	$3.498
Customer Rate Tools Updates	$0.674	$0.674

[188] *Id.*, OP 3(c).
[189] Substitute Sheets for AL 7351-E submitted by PG&E revised the approved budgets in D.24-05-028 for the Mass Market Billing System and Customer Support (Contact Center) as shown in Table 10 above
[190] PG&E AL 7351-E, PG&E AL 7351-E-A, and PG&E AL 7351-E-B.
[191] PG&E AL 7351-E-A corrected the budget for the Facilitation Contractor and its cost-share from $200,000 to $130,000.

Customer Support (Contact Center)	$7.304	$3.593
Program and Product Management	$0.550	$2.180
ME&O[192]	$0	$4.875
Single Family/Multifamily Study	$0	$0.250
Total	**$14.273**	**$21.912**

In its response to Protest Parties arguing that PG&E's budget estimates submitted with AL 7351-E go beyond what was authorized by the Commission in the Decision,[193] PG&E clarified that the revised budgets included in the AL 7351-E were not intended to exceed the Commission's authorization in the Decision.[194] Rather, PG&E stated these revisions were made to keep the Commission fully informed of PG&E's updated forecasts for the Decision's implementation, demonstrating PG&E's commitment to transparency. PG&E further emphasized that these revisions do not increase the total expenditures but rather reflect additional activities not captured in Table 7 of the Decision.[195]

We will address PG&E's request to revise budgets previously approved in D.24-04-028, followed by PG&E's budget requests for the additional implementation activities required by the Decision for this Resolution.

G.O. 96-B, General Rule 7.4.2, subdivision 2 provides that appropriate grounds to protest an AL include that the relief requested "would violate . . . a Commission order, or is not authorized by a . . . Commission order on which the utility relies[.]"

We reject PG&E's submission of budgets previously approved in the Decision. These budgets remain approved under D.24-05-028 and are not required for approval in this Resolution.

We will now address PG&E's budget request required for this Resolution. Table 13 below represents PG&E's budget requests for implementation activity required for this

192 PG&E AL 7351-E-B corrected the total ME&O budget from AL 7351-E-A's $4,870,161 to $4,875,461.
193 CEJA Protest, at 2, and Ms. Wodtke Protest, at 4-5.
194 *Id.*
195 PG&E Reply to Protest, at 4.

Resolution, which included the Tier 2 assignment for DRAH Implementation, income verification Facilitation Contractor, Complex Billing System upgrade, ME&O plan, and the Single Family/Multifamily Study. The budget request in Table 12 includes corrections submitted by PG&E in AL 7351-E-A, AL 7351-E-B, and Substitute Sheets for AL 7351-E.

Table 13: PG&E's Proposed Additional Implementation Budget Request

Category	2024	2025	2026	Total
DRAH Implementation	$215,871	$430,852	$ 318,560	$965,283
Facilitation Contractor	$50,000	$80,000	$0	$130,000
Complex Billing System	$1,049,301	$1,923,718	$524,651	$3,497,670
ME&O	$600,000	$1,920,461	$2,355,000	$4,875,461
Single Family/Multifamily Study	$175,000	$75,000	$0	$250,000
Total	**$2,090,172**	**$4,430,031**	**$3,198,211**	**$9,718,414**

TURN/NRDC asserted that the IOUs must demonstrate that implementation costs are reasonable and incremental before seeking recovery of the IGFCMA. PG&E argues its implementation budget is reasonable compared to SCE and SDG&E, as the additional funds requested in the AL only represented the additional costs that were not included in the budgets approved in D.24-05-028.

We reject PG&E's request for a contingency budget for its Complex Billing System upgrade and authorize a budget of $2,967,720, instead of the requested $3,497,670 for the Complex Billing System upgrade. As outlined in Section 8.1, in D.24-05-028, the Commission allowed PG&E to include a specific plan for the Complex Billing System upgrade and budget request. However, PG&E included a contingency line item, citing that the implementation would be uncertain until detailed requirements have been developed months after a Final Decision. The inclusion of a contingency line item does not constitute a specific plan, and therefore, we reject the contingency budget of $529,950 and authorize the other budget items.

Based on this modification and corrections in PG&E AL 7351-E-A and AL 7351-E-B, the Commission finds it reasonable to approve PG&E's additional implementation budget request of $9,188,464, as summarized in Table 14 below.

Table 14: PG&E's Additional Implementation Budget (Authorized)

Category	2024	2025	2026	Total
DRAH Implementation	$215,871	$430,852	$318,560	$965,283
Facilitation Contractor	$50,000	$80,000	$0	$130,000
Complex Billing System	$890,316	$1,632,246	$445,158	$2,967,720
ME&O	$600,000	$1,920,461	$2,355,000	$4,875,461
Single Family/Multifamily Study	$175,000	$75,000	$0	$250,000
Total	**$1,931,187**	**$4,138,559**	**$3,118,718**	**$9,188,464**

13.2. Revised Total Implementation Budget

Table 15 provides previously authorized budgets in D.24-04-028, budgets authorized in this Resolution, which PG&E deemed incremental to its authorized revenue requirement in the most recent GRC[196] and the total revised implementation budget for the fixed charge. PG&E shall not carry over or shift funds between implementation activities or ME&O categories.

Table 15: PG&E's Revised Total Implementation Budget (Authorized)

Activity	Previously Authorized in the Decision ($ millions)	Budgets Authorized in this Resolution ($ millions)	Total Revised Implementation Budget ($ millions)
Income Verification (Facilitation Contractor)	$0	$0.130	$0.130
Mass Market Billing System[197]	$5.745		$5.747
Customer Rates Tools Updates	$0.674		$0.674
Customer Support (Contact Center)	$7.304		$7.304

[196] PG&E AL 7351-E, at 9, 59, 71-72 and PG&E's Protest Reply, at 4, 11-13, 17.

[197] The Total Revised Implementation Budget was corrected in Substitute Sheets for PG&E AL 7351-E, at 8.

Program and Product Management	$0.550		$0.550
DRAH Implementation		$0.965	$0.965
Complex Billing System		$2.968	$2.968
ME&O		$4.875	$4.875
Single Family/ Multifamily Study		$0.250	$0.250
Total	**$14.273**	**$9.188**	**$23.463**

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 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-5354 on January 9, 2025, from PG&E and C4AT regarding (1) rate design, (2) tier assignments, (3) proposed ME&O plan, (4) facilitation contractor, and (5) total implementation budget. We also received comments on various topics on January 9, 2025, from Ms. Wodtke.

PG&E's Comments

Rate Design

PG&E requested the Resolution be modified to require PG&E to submit residential rates with the fixed charge implemented based on the rate levels in effect at the time of submission, which would likely be the January 1, 2026, rates. This is because PG&E normally institutes rate changes on March 1, and will likely not have finalized these rate changes by then given that this is the same day it plans to implement the fixed charge. PG&E suggested the following change to page 67, OP 3:

> "Pacific Gas and Electric Company shall file a Tier 1 Advice Letter at least 30 days before the implementation of the fixed charge in Q1 2026 to finalize the changes to volumetric rate components showing the impact of the fixed charge on the volumetric rate components of all residential tariffs as of the date of submission."

The Commission accepts this suggestion from PG&E.

Implementation Budget
In its comments, PG&E requested that the $529,950 contingency included in the BCS cost estimate be approved instead of being removed as the Draft Resolution orders. PG&E claimed that it is standard practice to include a contingency budget in software IT projects when the full requirements associated with a deployment have not been developed. Additionally, PG&E noted that because fixed charge implementation costs will be funded through a memorandum account process and should any of this contingency amount end up not being fully needed for implementing the fixed charge in the new BCS system, the balance would not be recorded.

We reject this request as PG&E has not provided sufficient justification for this budget request. PG&E's explanation lacks adequate support that including a contingency is a standard practice for IT projects of this type. Additionally, PG&E did not offer detailed analysis or supporting documentation to substantiate the proposed contingency amount as reasonable.

PG&E also requested the proposed Program and Product Management budget of $2,176,040 should not be rejected. PG&E claimed that the requested flexibility to increase Program and Product Management budget will ensure that the actual demands from the Final Decision can be most efficiently handled.

However, in D.24-05-028, the CPUC authorized $550,000 for PG&E's Program and Product Management Budget, comparable to SCE's proposed budget. PG&E did not provide sufficient justification for why the proposed costs are roughly three to four times higher than SCE's proposed costs for the same activities.[198] Additionally, in its comments, PG&E's explanations for the higher costs lacked sufficient detailed analyses to justify and substantiate the necessity of an additional $1.63 million. Furthermore, D.24-05-028 did not allow for modifications to the budgets that were authorized in that Decision through the advice letter process. As a result, PG&E's request for the proposed budget increase is denied.

Proposed ME&O Plan

PG&E requested timing of the initial IWG meeting should be specified as happening in the first quarter of 2025 to allow time to consider feedback on its DRAH notification planned for the second quarter in 2025. PG&E also proposed the Commission adopt a once-quarterly cadence of IWG meetings to review additional direct outreach and ME&O plan aspects to allow for ample review, feedback, and adjustments prior to deploying with customers.[199]

The Commission will strive to accommodate the needs of the implementation plans for all IOUs and BSC IWG members, and we are working to schedule the first IWG meeting in March 2025. We want to maintain flexibility in the cadence of IWG meetings for implementing the fixed charge and addressing the requirements of D.24-05-028. We may consider moving to quarterly meetings later in the process after the BSC IWG has had the opportunity to address implementation issues and requirements of D.24-05-028.

Facilitation Contractor

PG&E requested correction of a typo on page 63, Section 12:

> "PG&E estimated the cost of the Facilitation Contractor is $250,000, which PG&E will initially bear and later partially recover through a co-funding agreement with SCE and ~~PG&E~~ SDG&E."[200]

The typo identified by PG&E on page 63 has been corrected in this Resolution.

[198] D.24-05-028, at 115.
[199] PG&E Comments, at 10.
[200] *Id.*, at 11.

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. [201] C4AT requested that PG&E allow customers to demonstrate that they meet the requirements for these fixed charge tiers if not enrolled in those programs.

As discussed in D.24-05-028 and this Resolution, the process proposed by C4AT 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.

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.[202]

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.

Alexis Wodtke's Comments

Ms. Wodtke provided comments to the Draft Resolution raising a range of issues summarized below alongside the Commission's replies.

Material Disputed Facts

In her comments, Ms. Wodtke argues that SEIA, CEJA and Cal Advocates (protestants to AL 7351-E) raised material issues of disputed facts, necessitating a hearing which has not yet been scheduled. Ms. Wodtke argues that material facts protestants had disputed in the IGFC proceeding were left unaddressed by CPUC Staff in formulating the Draft Resolution. She also argued that Commission Staff should never have accepted an AL

[201] C4AT comments, at 2.
[202] *Id.*, at 4

that raised material issues of disputed fact and that these should be subject to cross-examination.

The Commission notes that none of these parties, all of whom are knowledgeable of Commission procedure, expressed in comments that their concerns represented material issues of disputed facts that necessitated an evidentiary hearing. G.O. 96-B, General Rule 7.4.1. states: "If the protestant believes that the Commission should hold an evidentiary hearing, the protest must expressly request and explain the need for an evidentiary hearing. The explanation must identify material disputed facts and say why a hearing must be held. Any right a protestant may otherwise have to an evidentiary hearing will be waived if the protestant does not follow this procedure for requesting one." The Commission rejects Ms. Wodtke's assertion that questions of fact raised by protests require a hearing.

Amending Commission Decisions Using Advice Letters

Ms. Wodtke argues that D. 24-05-028 and decisions in other cases would never be final if parties were allowed to change the Decision by filing an advice letter at any time. Ms. Wodtke does not believe that the advice letter process was the right channel to change cost estimates first established in D. 24-05-028. She points to a range of areas in which she claims that subsequent ALs were used to correct the Decision. Ms. Wodtke further asserts that allowing utilities to continuously change cost estimates in ALs, as Staff recommends, would encourage unreasonable rate increases. She argues that approving the Draft Resolution would set a precedent to allow IOUs to change rates without asking for Commission approval.

The Commission notes that G.O. 96-B provides clear direction regarding what changes to rates may be permitted pursuant to an AL process. General Rule 5.1 provides that the primary use of the AL process is to "review a utility's request to change its tariff in a manner previously authorized by statute or Commission order, to conform the tariffs to the requirements of a statute or Commission order, or to get Commission authorization to deviate from its tariffs." While Ms. Wodtke asserts that utilities may pursue a variety of nefarious schemes via AL, her comments lack specific evidence of actual malfeasance. When tariff changes are proposed via AL, Ms. Wodtke and other parties would be served with the AL (see e.g., G.O. 96-B, General Rules 3.14, 4.3, 4.4, 4.6 and 7.2.). Ms. Wodtke has availed herself of multiple opportunities to comment at various times in the formal proceeding, contributing to the record that informed the Decision directing the submission of assorted ALs. Consequently, the Commission rejects Ms. Wodtke's assertion that the ALs are used improperly in this proceeding.

Ms. Wodtke also asserts that Staff's Draft Resolution would allow witnesses to lie under oath and that the Commission should not allow witnesses to change their testimony after a decision has been issued. Ms. Wodtke is referencing PG&E's supplemental advice filing to correct the record, and fundamentally misinterprets the purpose and intent of this procedural option. G.O. 96-B states in General Rule 7.5.1: "The utility shall submit a supplement or withdraw the advice letter without prejudice in order to make major revisions or corrections." G.O. 96-B, General Rule 2 also provides that the Commission's Code of Ethics contained in the Commission's Rules of Practice and Procedure apply to the submission of ALs. The Code of Ethics, provided in the Rules of Practice and Procedure in Rule 1.1 states,

> "Any person who signs a pleading or brief, enters an appearance, offers testimony at a hearing, or transacts business with the Commission, by such act represents that he or she is authorized to do so and agrees to comply with the laws of this State; to maintain the respect due to the Commission, members of the Commission and its Administrative Law Judges; and never to mislead the Commission or its staff by an artifice or false statement of fact or law."

Thus, the Commission rejects Ms. Wodtke's assertion because neither the AL process in general nor as applied in this instance allow parties to "lie under oath".

Due Process in Rate Design

Ms. Wodtke argues that it is a denial of due process and the rights of both utilities and the public if the Commission approves rates for which no formula was created after a hearing. She asserts that any change in rates can only take place in a GRC, pursuant to G.O. 96-B. The Commission notes that due process is provided when interested parties receive notice of proposed modifications and an opportunity to comment on such modifications of the status quo.

In this proceeding, parties were given ample opportunity to review and provide input on the elements of the Decision directing these ALs in the formal proceeding. Moreover, the AL in question here was served on interested parties, and a number of parties such as Ms. Wodtke have submitted comments hereupon. As such, a Tier 3 AL is an appropriate method to implement rates when directed by a decision of the Commission, as required in OP 3 of D.24-05-028. G.O. 96-B, Industry Rule 5.3, subdivision (9) lists as matters appropriate to Tier 3 ALs: "A change to a rate or charge pursuant to a methodology approved by the Commission for use in an advice letter... ." Further, contrary to G.O., 96-B, General Rule 7.4.2, subdivision (6) consideration of this issue would "require relitigating a prior order of the Commission[;]" therefore this argument is not an appropriate basis for protest of an AL.

Ms. Wodtke also asserts that Staff does not seem to understand constitutional ratemaking principles has not consulted legal advisors in writing the Draft Resolution. Further, she states that PG&E's AL does not follow the rule established by the California Supreme Court for informal adjustments to rate formulas because the IGFC is not recorded in the utilities' books.

The Commission rejects Ms. Wodtke's assertion. Ms. Wodtke misapplies the holding in *Los Angeles v. Public Utilities Commission* (Cal 1975) 15 Cal.3d 680, 696, which does not affirm her line of argument. Ms. Wodtke improperly implies that the decision rules that informal adjustments of rates may be used by the Commission *only* if application of the formula is simply the application of a mathematical formula to a figure definitively established by reference to the utilities' books. *Los Angeles v. Public Utilities Commission* does not limit informal adjustments of rates to just these circumstances. The Commission has adhered to the ratemaking rules established in this California Supreme Court decision and other relevant legal guidance.

Ms. Wodtke also argues that the Draft Resolution is not compliant with Rule 5 of G.O. 96-B regarding the appropriate use of ALs. She further notes that the "loading order" described in AL 7351-E and the Draft Resolution is not clear in establishing a formula for calculating rates. The Commission rejects this argument and notes that pages 30 through 36 of the Draft Resolution and this Resolution provide a clear description of the proposed rate design formula.

Ms. Wodtke also argued that the order requiring PG&E to file subsequent Tier 2 and Tier 1 ALs to illustrate changes to the volumetric rate components ignores rules in G.O. 96-B because it allows PG&E to avoid specifying its proposed changes in those ALs. Ms. Wodtke urges that the process directed by the Decision directing the subsequent ALs does not provide an index or formula to be used to develop the fixed charge.

The Commission rejects this assertion because the Decision provides substantial guidance regarding how each IOU will incorporate a variety of fixed costs into the utility-specific fixed charge as well as a process for parties to weigh in as progress is made in firming up the future rates. One challenge in broadly modifying utility rates is that each IOU's revenue requirements are very complex, constantly changing, and not entirely consistent with those of the other IOUs. Thus, if the Commission were to direct a very specific approach for all of the IOUs to take in structuring the rates, such a uniform approach, without consideration of each utility's specific fixed cost revenue requirements at the time of implementation, could inadvertently result in a rate design that does not meet the Decision's requirements and recovers improper revenue amounts through the fixed charge.

We anticipate the utilities will provide additional details of IGFC implementation in the subsequent ALs directed by the Decision, each of which is anticipated to provide increasing detail on implementation. If the ALs deviate either from the Decision, relevant statutory provisions or the rules provided in G.O. 96-B, Staff have options to address such situation (See e.g., G.O. 96-B, General Rule 5.3, which permits *inter alia* Staff rejection of an AL that improperly designates the requested authority as subject to Industry Division disposition; and General Rule 7.6.1, which provides in part "The utility's designation [of tier level] is not binding on the reviewing Industry Division.") To the extent that subsequent ALs request approval that is beyond that available via the Tier level directed by the Decision, Staff has the authority to elevate the tier level as needed, or to determine that such issues may need to be addressed via formal proceeding, such as due to the need to address significant factual, legal or policy issues. As such, the Commission rejects Ms. Wodtke's assertion that the use of subsequent Tier 2 and 1 ALs ignores rules in G.O. 96-B and relevant legal requirements.

Privacy Concerns

Ms. Wodtke argued that the Commission must find a better way to alleviate low-income customers' burden of paying unreasonably high rates. Specifically, she argued that ratepayers should not be coerced into forfeiting their right to privacy regarding their income to get lower rates. Further, she argued that PG&E's marketing plan does not address customers' objections to PG&E's alleged invasion of customers' privacy (or other objections that may arise during the IGFC's implementation).

General Rule 7.4.2 provides a list and illustrations of appropriate bases for protests of ALs. Subdivision 6 of General Rule 7.4.2 provides that "a protest may not be made where it would require relitigating a prior order of the Commission." Here, the Decision specifically provided the criteria for customers to request low-income rate treatment. Modification of those criteria is not within the scope of this advice letter and would necessarily relitigate the Decision. A more appropriate way to address such a claim would be to seek review of the Decision.

Accounting Changes
Ms. Wodtke notes that there were several accounting changes in the PG&E AL that Staff did not address: only the comments surrounding a change in the cost of a Facilitation Contractor were addressed. She argues that this will impede the Utility Audits Branch from carrying out their activities.

The Commission rejects this argument as the Resolution does in fact address Ms. Wodtke's other accounting change examples beyond the Facilitation Contractor. For example, the Draft Resolution notes PG&E contention that it has not proposed any changes to its accounting when discussing the implementation of Tier 3 and the CIA at page 27.

Consultations with Cal Advocates
Finally, Ms. Wodtke argues that Staff should not have been able to consult with Cal Advocates throughout the disposition of AL 7351-E as this created a possible conflict of interest. Ms. Wodtke argues Cal Advocates are indirectly advising decision makers through Energy Division Staff. Commission Rules of Practice and Procedure, Article 8 regarding Communications with Decisionmakers and Advisors, does not include Energy Division Staff within the definition of "decisionmakers." Further, Commission Staff are educated in avoiding inappropriately becoming a conduit for arguments between parties and Decisionmakers. Energy Division and Cal Advocates Staff both have readily available access to legal counsel in this proceeding to help avoid potential conflicts in roles among Commission Staff. The Commission firmly rejects Ms. Wodtke's argument and notes that any party can speak with ED Staff, including Ms. Wodtke herself.

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 income-graduated fixed charge for each electric 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.24-05-028 directed Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) (collectively, Large IOUs) to each file a Tier 3 Advice Letter requesting approval to implement the fixed charge for residential customers.
5. PG&E submitted Advice Letter 7351-E on August 13, 2024, Advice Letter 7351-E-A on September 10, 2024, and Advice Letter 7351-E-B on October 4, 2024.
6. D.24-05-028 adopted a three-tier structure for the fixed charges for each Investor-Owned Utility to adopt and set specific rate design guidelines on what revenues can be collected through the fixed charge.
7. PG&E's proposed budget and billing system changes for customers billed on the Advanced Billing System are reasonable, subject to modifications herein.
8. PG&E failed to provide new facts to justify the additional $1.63 million budget request for Program and Product Management.
9. PG&E's proposed budget for the Single Family/Multifamily Study is reasonable.
10. It is reasonable for PG&E to implement the fixed rate charge calculations documented by PG&E in Advice Letter 7351-E, including the cost components designated for collection in each Tier of the Income-Graduated Fixed Charge and the cost layering methodology.
11. It is reasonable for PG&E to update all eligible residential rate schedules (namely (E-1, E-TOU-C, E-TOU-D, EV2-A, ESR, ES and ET) to include Tier 3, Tier 2 and Tier 1 Fixed Charges, as listed in Advice Letter 7351-E. PG&E will also modify the existing fixed charge for E-ELEC.
12. It is reasonable for PG&E to exempt some residential rate schedules from the fixed charge, as listed in Advice Letter 7351-E.
13. It is reasonable for PG&E to reduce residential volumetric rates on an equal cents per kilowatt hour or equal percentage basis for all residential rates, including for adjustments to optional electrification rates and their time-varying distribution rates, as proposed in Advice Letter 7351-E.
14. It is reasonable for PG&E to change its billing system calculations from a "minimum bill" rate structure to the new "fixed charge" rate structure.
15. It is reasonable that PG&E proposes to remove the minimum bill from eligible residential rate schedules.
16. It is reasonable for the Large IOUs to provide options for customers to enroll in CARE and FERA as well as to facilitate other ways to help customers manage energy costs, but D.24-05-028 does not require the fixed charge ME&O plan to increase enrollment in the CARE and FERA programs.

17. PG&E's proposed customer segmentation strategy is reasonable, and the utility should refine its strategy based on feedback from the IWG before initiating communications with customers and implementing the fixed charge.
18. 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.
19. It is reasonable for PG&E's proposed strategy to target hard-to-reach customers to include Tribal communities.
20. PG&E's proposed approach to providing sample bill impacts to customers at this time is reasonable.
21. It is reasonable for PG&E to conduct a post-launch survey about the performance of the ME&O campaign.
22. D.24-05-028 established an Implementation Working Group that will be convened and facilitated by the Commission's staff to assess and evaluate fixed charges. PG&E's ME&O plan and budget are reasonable, but its strategy can be refined based on feedback from the Implementation Working Group.
23. 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.
24. Because the Commission has already specified a timeline for PG&E to implement the IGFC, and failure to comply with Commission orders renders a utility subject to penalties, it is reasonable not to provide additional penalties herein.
25. 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.
26. It is reasonable for the Large IOUs to confer with one another, the Commission's Staff, and the IWG on refining the reporting metrics.
27. PG&E's proposed cost-share of $130,000 for the Facilitation Contractor is reasonable.
28. It is reasonable for the Large IOUs to consider these income-graduated fixed charge implementation costs incremental to their authorized revenue requirement.
29. It is reasonable not to allow the Large IOUs to shift or carry over funds between implementation activities or ME&O categories.
30. It is reasonable to revise the total implementation budget for PG&E from up to $14.273 million, based on D.24-05-028, to up to $23.463 million to include the additional implementation activity as modified herein for PG&E's complex billing system upgrade, DRAH implementation, ME&O, the Facilitation Contractor, and the Single Family/Multifamily Study.

THEREFORE IT IS ORDERED THAT:

1. Pacific Gas and Electric Company's ʹproposal to implement the fixed charge for residential customers as requested in Advice Letter 7351-E, Advice Letter 7351-E-A, Advice Letter 7351-E-B, and Substitute Sheets for Advice Letter 7351-E is approved.
2. Pacific Gas and Electric Company (PG&E) shall file a Tier 2 Advice Letter within 90 days after this Resolution is adopted by the Commission with illustrative redlined changes to the volumetric rate components of all residential tariffs active in 2025 (excluding legacy rates), and must include the following:
    a. Specification of which residential tariffs will receive either an equal cents-per kilowatt hour reduction or an equal percentage-based reduction to distribution volumetric rates, the quantity of this reduction, and the rationale for applying each method.
    b. Specification of the proposed loading order and cost component breakdown for each tier of the fixed charge utilizing the latest revenue requirement data.
    c. An explanation of how PG&E's discount programs (specifically the D-MEDICAL schedule, DAC-GT, and CS-GT programs) would interact with the new residential fixed charges and volumetric rates.
3. Pacific Gas and Electric Company shall file a Tier 1 Advice Letter at least 30 days before the implementation of the fixed charge in Q1 2026 showing the impact of the fixed charge on the volumetric rate components of all residential tariffs as of the date of submission.
4. Pacific Gas and Electric 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. Pacific Gas and Electric Company's marketing, education, and outreach plan and budget of $4,875,461 for 2024-2026 are approved as modified herein.
6. Pacific Gas and Electric Company shall file a Tier 2 advice letter within 60 days of the adoption of this Resolution to:
    a. Correct errors and misleading statements in its sample high-level messaging;
    b. Clarify how it will communicate how customers can switch assigned tiers and different rate options for customers to manage their bills, consistent with current outreach IOUs conduct to customers about the rate options and bill management;

   c. Describe how it will incorporate opportunities to apply for CARE and/or FERA in its enhanced outreach efforts to residents of properties with deed-restricted affordable housing units; and
   d. Confer with Southern California Edison 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.

7. Pacific Gas and Electric Company's proposed outreach strategy to hard-to-reach customers shall include outreach to Tribal communities.
8. Pacific Gas and Electric Company shall present its final marketing, education, and outreach (ME&O) plan to the Implementation Working Group at least 60 days prior to initiating customer communications and implementing the fixed charge to incorporate feedback to improve plans before implementation. PG&E's presentation of its final ME&O plan shall include all aspects of its campaign and final messaging to customers and demonstrate how it will follow best practices for accessible communications.
9. Pacific Gas and Electric Company shall include the following disaggregated metrics for marketing, education, and outreach reporting by tier and customer status: (a) the number and type of outbound targeted communications and bill messages and (b) email open rates.
10. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall confer with one another, Commission staff, and the Implementation Working Group to refine reporting for the implementation of the fixed charge.
11. Pacific Gas and Electric Company shall allocate the $25,000 budget as discussed in its protest reply to the Solar Energy Industry Association (SEIA) for the research study proposed by SEIA to conduct a post-launch survey and report the survey findings to the Implementation Working Group.
12. 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 January 30, 2025; 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

ATTACHMENT 1

Attachment 1: Energy Division's Responses to Ms. Wodtke's Letter

To parties of Rulemaking 22-07-005:

Dear Ms. Wodtke,

I'm responding to your September 17, 2024, email, served on R.22-07-005, requesting information about Pacific Gas and Electric Company's (PG&E) Advice Letter 7351-E-A. The responses to your questions address the procedural process for PG&E's advice letters and do not address issues that require the Commission's deliberation.

14. Is the [Supplemental] Advice Letter filed September 13, 2024 an authorized filing?

The review and approval of Advice Letters generally proceeds under guidance provided in the Commission's General Order (G.O.) 96-B, available at https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M023/K381/23381302.PDF#page=17. Advice Letter 7351-E-A appears to be authorized under G.O. 96-B General Rule 7.5.1 (regarding Additional Information: Supplements) because Cal Advocates and then the Energy Division Staff asked PG&E for additional information to better understand AL 7351-E on August 13,2024. General Rule 7.5.1 provides that "A Supplement shall bear the same identifying number as an Advice Letter, but shall have a letter suffix ("A" for the first supplement, "B" for the second, etc.)"

15. Is PG&E's AL 7351-E-A an "errata" filing or an "amendment"?

Neither. The terminology in the rules does not use the terms "amendment" or "errata;" rather the Rule provides for a "Supplement" to be filed, per G.O. 96-B Rule 7.5.1 cited above.

16. How does the filing of a "Supplemental" Advice Letter affect the timing of the original Advice Letter?

Under G.O. 96-B Rule 7.5.1:

"The filing of a supplement, or of additional information at the request of the reviewing Industry Division, does not automatically continue or reopen the protest period or delay the effective date of the Advice Letter. The reviewing Industry Division [here, the Energy Division], on its own motion or at the request of any person, may issue a notice continuing or reopening the protest period. Any new protest shall be limited to the substance of the supplement or additional information." Energy Division is hereby granting an extension of the comment period on the additional information submitted in the Supplement Advice Letter until October 11, 2024.

17. Does the Supplemental Advice Letter make controversial changes to the original Advice Letter?

PG&E asserts that the supplement does not make controversial changes. You and other parties may comment on whether the contents of the supplement fall outside the scope of issues that may be addressed via Advice Letter under the guidance provided by G.O. 96-B.

18. What changes can be made to an Advice Letter after it has been suspended?

See e.g., G.O. 96-B Rules 7.5.1, 7.5.2, 7.5.3. Also, under Rule 1 of the CPUC's Rules of Practice and Procedure, all investor-owned utilities (IOUs) are required to provide corrections if they subsequently find errors in any filing. Indeed, other IOUs affected by D.24-05-028 have filed supplements to their analogous advice letters.

19. If PG&E's AL-7351-E-A is accepted for filing, when are Protests Due?

See Answer 3 above. Under Rule 7.5.1, you and other interested parties may make a request to the Energy Division if you wish to protest the new information in 7351-E-A. Energy Division is hereby granting an extension of the comment period on the additional information submitted in the Supplemental Advice Letters until October 11, 2024.

ATTACHMENT 2

PACIFIC GAS AND ELECTRIC COMPANY
Advice Letter 7351-E
Data Response

PG&E Data Request No.:	ED _002-01-18		
PG&E File Name:	PGE_AdviceLetter_7351-E_DR_ED_002-Q01-18		
Request Date:	September 20, 2024	Requester DR No.:	001
Date Sent:	October 4, 2024	Requesting Party:	Energy Division
PG&E Witness:	Various	Requester:	Cherie Chan

QUESTION 4

ABS Question
The Decision states "PG&E asserted that it would not be prudent to add additional functions to the old Advanced Billing System until it has been stabilized."
In its Opening Comments on the PD dated January 24, 2024, PG&E states that "PG&E's estimated cost for implementing the Fixed Charge for 98.2 percent of our residential customers in the legacy mass market CC&B billing system is $4.5 million. PG&E's preliminary estimate of the cost for implementing the Fixed Charge for the remaining 1.8 percent (complex billing customers) in PG&E's interim BCS system is about $3.5 million."

(4) Please provide documentation associated with the $3.5 million solution for the 90,000 complex billing customers, including a copy of the response from PG&E's billing system vendor where the vendor itemizes the costs.

To implement the fixed charge for our complex billing customers (currently billed in ABS), PG&E provided a high-level concept estimate based on the requirements known at the time of PG&E's response to the December 2023 ALJ Ruling. This estimate included the required work to be completed mainly by PG&E internal IT resources, along with estimated vendor costs to support the forecasted testing efforts for BCS. Because the depth of work required to complete the implementation would be uncertain until detailed requirements have been developed months after a Final Decision, a (+/-) 25% contingency line item was included -- in the amount of $529,950 -- to cover potential required work that was then unknown. Upon completion, PG&E will follow the standard process of filing an application for cost recovery, subject to reasonableness review, and will provide supporting documentation for the work completed.

Please see attachment PGE_AdviceLetter_7351-E_DR_ED_002-Q04Atch01CONF.

Question 7

Single/Multi Family Study

D.24-05-028 ordered each IOU to prepare a study that identifies a given residential customer lives in single- or multi-family housing (OP5). PG&E is the only IOU that proposed additional budget for the study in the Tier 3 AL. Please explain why additional budget is needed.

Answer 7

This study of how to differentiate between customers who live in single or multi-family housing was a new requirement added by the Decision (pp. 77 – 80). Thus, by definition, PG&E's previous budget estimates for implementing the Decision had not included the costs of this study and workshop, which are near-term as the Decision requires this work to be completed by February 2025. Initial scoping of what analysis and data collection this study will require was the basis for the additional cost. PG&E will need to evaluate the accuracy of existing available data in our billing system and confirm the ability to identify a customer as Single Family or Multi Family. In the event the data is not accurate or does not exist, PG&E may need to purchase the data from an external source. The estimate is for that evaluation and for the potential purchase. In the event, the purchase is not necessary, PG&E will not utilize the full amount of the estimate.