

Decision 18-05-011 May 10, 2018

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of its Residential Rate Design Window Proposals, including to implement a Residential Default Time-Of-Use Rate along with a Menu of Residential Rate Options, followed by addition of a Fixed Charge Component to Residential Rates (U39E).

Application 17-12-011

And Related Matters.

Application 17-12-012

Application 17-12-013

PHASE I DECISION ADDRESSING TIMING OF TRANSITION TO RESIDENTIAL DEFAULT TIME-OF-USE RATES

Summary

This decision authorizes San Diego Gas & Electric Company to begin transitioning eligible residential customers to time-of-use rates beginning March 2019, and authorizes Pacific Gas and Electric Company and Southern California Edison Company to begin transitioning eligible residential customers to time-of-use rates beginning October 2020. These start dates are subject to approval of the utilities' specific rate design proposals and implementation details for the transitions, which will be considered in a subsequent phase of this proceeding.

1. Background and Procedural History

In Decision (D.) 15-07-001 (*Decision on Residential Rate Reform for Pacific Gas and Electric Company, Southern California Edison, and San Diego Gas & Electric and Transition to Time-of-Use Rates*), the Commission set a course for residential rate reform over the next few years and for a transition of most residential customers from a tiered, non-time varying rate to a default time-of-use (TOU) rate.¹

D.15-07-001 directed Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) (collectively, the Investor-Owned Utilities (IOUs)) to each file a residential rate design window (RDW) application no later than January 1, 2018 that proposes a default TOU rate structure to begin in 2019, assuming that statutory requirements are met.²

On December 20, 2017, PG&E filed Application (A.) 17-12-011 for approval of its residential rate design window proposals, including implementation of a residential default TOU rate along with a menu of other residential rate options, followed by addition of a fixed charge component to residential rates. On January 22, 2018, protests were filed by the Office of Ratepayer Advocates (ORA), the Environmental Defense Fund (EDF), The Utility Reform Network (TURN), and jointly by Peninsula Clean Energy (PCE), Silicon Valley Clean Energy (SVCE), Marin Clean Energy (MCE), and Sonoma Clean Power (SCP) (collectively, CCA Parties). Also on January 22, 2018, responses were filed by

¹ A “tiered rate” is a rate schedule on which price varies by the total amount of electricity used in a one-month period. In contrast, under a TOU rate the price varies by when the electricity was used. A default rate is not mandatory; customers are still allowed to opt-in to a different rate.

² D.15-07-001 at 172 and Ordering Paragraphs 9-11.

East Bay Community Energy (EBCE) and the Center for Accessible Technology (CforAT). On February 1, 2018, PG&E filed its reply to the protests and responses.

On December 20, 2017, SDG&E filed A.17-12-013 for authority to update electric rate design regarding residential default TOU rates and fixed charges. On January 22, 2018, protests were filed by ORA, EDF, the Utility Consumers' Action Network (UCAN), and TURN, while CforAT filed a response. On February 1, 2018, SDG&E filed its reply to the protests and responses.

On December 21, 2017, SCE filed A.17-12-012 requesting authorization to implement residential default TOU rates and increase fixed charges. On January 22, 2018, protests were filed by ORA, EDF, TURN, and the California Choice Energy Authority (CCEA), while CforAT filed a response. On February 1, 2018, SCE filed its reply to the protests and responses.

On January 25, 2018, the assigned Administrative Law Judge (ALJ) issued a ruling consolidating A.17-12-011, A.17-12-012, and A.17-12-013. A prehearing conference (PHC) was set by a ruling dated January 26, 2018 and the IOUs were directed to meet and confer with parties and to file a joint PHC statement.

The Solar Energy Industries Association (SEIA) was granted party status in the consolidated proceeding on January 26, 2018 and the Consumer Federation of California (CFC)³ was granted party status on February 5, 2018.

On February 14, 2018, SCE, on behalf of itself, PG&E, SDG&E, ORA, TURN, CforAT, UCAN, CFC, EDF, EBCE, the CCA Parties, CCEA, and SEIA, filed the joint PHC statement.

³ On March 27, 2018, CFC submitted a notice of a name change from the Consumer Federation of California to the Consumer Federation of California Foundation.

On February 21, 2018, the PHC was held to determine parties, discuss the scope, the schedule, and other procedural matters. At the PHC, the pending motion for party status filed by the California Solar & Storage Association (CALSSA) was granted. Parties generally agreed to a three-phased approach in resolving issues in this proceeding. Phase I of the proceeding would resolve threshold timing questions related to the proposed start dates of residential default TOU. Phase II and Phase III would consider issues specifically related to the proposed rate designs.

On March 1, 2018, the assigned Commissioner issued a Scoping Memo and Ruling (Scoping Memo) adopting a scope of issues and schedule for Phase I of this consolidated proceeding. The Scoping Memo determined that the scope of Phase I would include the issue of the IOUs' proposed timings for defaulting customers to TOU, as well as any safety considerations with respect to the proposed timings.

On March 12, 2018, PG&E, SCE, SDG&E, ORA, EDF, and CFC filed opening comments on Phase I issues. On March 19, 2018, PG&E, SCE, SDG&E, EDF, CforAT, CCEA and CCA Parties (jointly), and UCAN filed reply comments.

On April 10, 2018, the assigned Commissioner issued an Amended Scoping Memo and Ruling (Amended Scoping Memo) adopting a scope of issues and schedule for Phases II and III of this proceeding. Phase II will consider the IOUs' specific rate design proposals for default TOU and other rate options, as well as implementation issues for default TOU. Phase II will be bifurcated into Phases IIA and IIB in order to timely resolve issues on a schedule that will enable each IOU to implement residential default TOU on the start date adopted for that utility. Phase III will consider the IOUs' proposals for fixed charges and/or minimum bills.

2. Timeline for Transitions to Default TOU

In D.15-07-001 issued in July 2015, the Commission determined that default TOU rates should begin in 2019 assuming that the findings required by Public Utilities Code Section 745⁴ could be made by that time. In their respective RDW applications, the IOUs propose differing timelines for transitioning eligible customers to default TOU. SDG&E proposes to begin transitioning eligible customers no later than March 2019. SCE proposes to start its transition no earlier than October 2020. PG&E's preferred option is to start its transition no earlier than October 2020 to coincide with SCE's proposed transition. PG&E also presents an alternative scheduling option with a transition start date of November 2019.

Because the Commission previously planned for default TOU to begin in 2019 and the IOUs' RDW applications now propose differing timelines, it is necessary to resolve the threshold issue of when each IOU should begin transitioning to default TOU. Resolution of the different timing proposals is necessary for prioritizing issues and establishing a procedural schedule that will enable the Commission and parties to timely consider the numerous issues raised in the RDW applications. Moreover, customer education and understanding is critical to the success of the default TOU rollout and resolving the timing issues as early as possible will provide the statewide marketing consultant sufficient lead time to plan and implement an effective marketing, education, and outreach (ME&O) campaign.

⁴ Pursuant to Section 745, certain customers must be excluded from default TOU and certain requirements must be met before any residential customers are put on a default TOU rate.

2.1. Party Positions

SDG&E proposes to default its customers beginning in March 2019.

SDG&E argues that it is critical that its transition to mass default TOU occurs in 2019 or risk being delayed for several years due to the planned modernization of its Customer Information System (CIS) platform, which is scheduled to occur in 2020 and 2021.⁵ SDG&E argues that its unique service territory and customer and billing system characteristics are a good match for the start of default TOU in 2019. SDG&E also contends that lessons learned from SDG&E's implementation can be applied, where appropriate, to the subsequent implementation of SCE's and PG&E's default TOU rates. SDG&E asserts that the issue of the timing for transitioning customers to default TOU rates does not raise any safety considerations.

SCE requests authorization to begin defaulting eligible residential customers to TOU no earlier than October 2020. SCE's currently operative billing system, the Customer Service System, is in the process of being replaced with a new system through the Customer Service Re-Platform (CSRP) project.⁶ SCE estimates that it will need the period between Q2 2019 through Q3 2020 to properly develop, launch, and stabilize the CSRP project. SCE contends that any schedule to default eligible residential customers to TOU beginning in 2019 would directly coincide with the CSRP testing, deployment, and stabilization period and would introduce unacceptable risk to both the successful implementation of the CSRP and the successful rollout of default TOU. SCE also

⁵ SDG&E's request for authorization to implement its CIS replacement program is being considered in A.17-04-027.

⁶ The Commission's consideration of SCE's CSRP project is currently pending in SCE's 2018 General Rate Case, A.16-09-001.

contends that a later implementation date will provide the additional benefit of providing more time to integrate the lessons learned through the default TOU pilots into the mass default plans. SCE asserts that the issue of the timing for transitioning customers to default TOU rates does not raise any safety considerations.

PG&E requests authorization to implement default TOU no earlier than October 2020. PG&E argues that an October 2020 start date would: (1) enable PG&E to coordinate with the many community choice aggregation (CCA) providers in PG&E's territory to provide them an opportunity to participate in default TOU; (2) align the roll-out schedules for the two largest utilities in California, which would allow for better coordination of the statewide ME&O campaign in their combined service territories; (3) allow for the final implementation plans to incorporate the full results of the default TOU pilots; (4) enable PG&E to provide customers with a more meaningful menu of rate options when customers receive their default notifications; and (5) allow for a more manageable RDW litigation schedule.

PG&E supports SCE's proposal to begin transitioning its eligible residential customers to TOU no earlier than October 2020 and SDG&E's proposal to begin its transition no later than March 2019. PG&E maintains that there are likely to be benefits for both PG&E's and SCE's rollouts based on SDG&E's experiences.

ORA does not oppose the timelines for default TOU proposed by the IOUs but opposes delaying the TOU default beyond the timeframe contemplated in the IOU proposals. ORA contends that ensuring the success of the default process should be the Commission's priority in determining an appropriate default timeline.

CFC does not object to a TOU rollout no earlier than 2020. CFC argues that, in order for the rollout of default TOU to be as smooth as possible, the schedule should not accelerate the regulatory review process or shorten the time to properly administer the rollout of default TOU. With regard to safety considerations, CFC is concerned about impacts to customers not eligible for support programs such as California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) and argues that these issues should be carefully considered rather than expediting TOU implementation.

EDF argues that the transition to TOU rates should occur as expeditiously as possible for customers who are unlikely to see negative impacts and that these customers should be transitioned to TOU rates in 2019. EDF acknowledges that it may be necessary to delay the transition for vulnerable customers until there is confidence that any negative consequences can be appropriately mitigated.

TURN argues that the Commission cannot reach findings and conclusions regarding the reasonableness of SDG&E's proposal on the timeline proposed by SDG&E and that all 3 applications should be considered on the proposed Phase IIB schedule set forth in the Joint PHC statement,⁷ even if this may result in SDG&E rolling out mass default TOU in 2021. TURN supports SCE's and PG&E's proposals to delay their transitions until October 2020.

If the Commission were to proceed with an expedited review of SDG&E's application, TURN recommends that the SDG&E proceeding be de-consolidated from the two other utilities and that any findings and conclusions regarding

⁷ Joint PHC Statement, Appendix A at A-5 & A-6.

common issues⁸ not be binding on SCE and SDG&E. TURN acknowledges there are some bases for treating SDG&E differently because the economic and environmental impacts of load shifting may be different in SDG&E's service territory due to the lack of customers in its hot climate zone and the fact that its existing tiered rates are already seasonally differentiated.

TURN is unaware of any safety considerations with respect to the Phase I issues except that commencing TOU roll-out just before the summer season risks customers experiencing high summer bills without sufficient time to adjust to TOU rates. TURN comments that this is a lower concern for SDG&E due to reduced bill impacts in its service territory.

CforAT supports a delay in the schedule proposed by SDG&E to allow consideration of all issues and proposals on a timeline that allows more thorough review by all parties and the Commission. To the extent that the Commission proceeds with SDG&E's proposed timeline, CforAT supports TURN's recommendation that any findings and conclusions reached regarding common issues should not be binding on PG&E and SCE. CforAT agrees with TURN that there are unique characteristics of SD&GE's territory and existing rates structure that make its circumstances meaningfully different from those of PG&E and SCE.

CCEA and the CCA Parties express their support for both SCE's and PG&E's proposals to delay their default TOU transitions until October 2020. CCEA and the CCA Parties comment that SCE and PG&E will each have to coordinate with numerous CCA programs and that delaying default TOU until October 2020 will allow ample time for coordination and for working out

⁸ The Joint PHC Statement set forth a list of issues that are common across two or more IOUs. (Joint PHC Statement, Appendix A at A-4.)

implementation details with the CCA programs, which will need to be worked out regardless of whether or not a CCA program chooses to participate in default TOU.

UCAN raises concerns that expedited consideration of SDG&E's application would not give the Commission or parties, especially small intervenors, sufficient time to thoroughly evaluate SDG&E's proposals. UCAN also questions whether the timeline for SDG&E's billing system replacement project requires SDG&E to complete the TOU transition by December 2019.

2.2. Discussion

In D.15-07-001, the Commission found that the benefits of TOU are well-documented and that there are many potential benefits for California if a well-designed default TOU rate is implemented.⁹ TOU rates are better aligned with cost-causation, enable customers to better understand electricity resources and make a positive difference in the environment by adjusting their use, may reduce the cost of infrastructure by reducing the need for peaker plants, and improve grid reliability by flattening the load curve.¹⁰ Therefore, the Commission set a course for the implementation of default TOU to begin in 2019.¹¹

Since the issuance of D.15-07-001, much work has been done to prepare for implementation of default TOU. The IOUs have conducted opt-in TOU pilots and begun their large-scale default TOU pilots. The IOUs have provided regular

⁹ D.15-07-001 at 84.

¹⁰ D.15-07-001 at 84, 129, Findings of Fact 35, 36, 39, 47, 100, 108, 121, 134 & 135.

¹¹ D.15-07-001 at 172, 298-305.

updates on progress toward residential rate reform in their quarterly Progress on Residential Rate Reform Reports.¹²

The Commission has issued two decisions, D.16-09-016 and D.17-09-036, addressing the requirements of Section 745 and adopting the findings required pursuant to that statute. Analysis conducted pursuant to Section 745 identified that economically vulnerable customers in hot climate zones may be more likely than other customers to experience high summer bill impacts on a TOU rate while being unable to shift their energy usage patterns to mitigate these negative bill impacts. In order to ensure that economically vulnerable customers do not experience unreasonable economic hardship on TOU rates, the Commission in D.17-09-036 excluded CARE and FERA eligible customers in hot climate zones from being defaulted to TOU.¹³ Consistent with statute, the Commission also directed the IOUs to provide one year of bill protection to defaulted-customers.

The Commission has also adopted a framework for a statewide ME&O campaign to engage customers on issues related to residential rate reform and the introduction of default TOU rates, as well as approved the IOUs' individual plans for ME&O.¹⁴

Much of the needed study and preparation have been completed and given the potential benefits of TOU, the transition to default TOU should not be unnecessarily delayed. At the same time, we recognize that the success of the default process must be considered in determining an appropriate default

¹² These reports are filed in Rulemaking (R.) 12-06-013.

¹³ D.17-09-036 at 22 & Ordering Paragraphs 1-3.

¹⁴ D.17-12-023; PG&E Advice Letters (ALs) 4949-E and 4949-E-A; SCE ALs 3500-E and 3500-E-A; SDG&E ALs 2992-E and 2992-E-A.

timeline. In order for default TOU to be a success, the rate must be well-designed, statutory requirements and implementation details must have been sufficiently considered, the utilities must be operationally ready, and there must be adequate customer understanding of TOU. There is only one opportunity for a successful roll-out of default TOU rates. If the default process does not run smoothly, there is the potential for negative customer experiences and backlash to TOU rates, which may be challenging to overcome in the future even with additional education and outreach.

Given these considerations, we find that the preferred timeline is for SDG&E to begin its transition to default in March 2019 and for SCE and PG&E to begin their transitions to default TOU in October 2020. This timeline takes into account the unique circumstances of each IOU while giving the Commission and parties adequate time to consider each IOU's rate design proposals and implementation plans for default TOU. This decision authorizes the date in which each IOU must begin transitioning residential customers in its service territory. In a subsequent decision, the Commission will determine implementation details including the completion date of the transition across each IOU's service territory, final determinations of customer exclusions, and final determinations on the transition messaging plan.

2.2.1. Timeline for SDG&E

We find March 2019 to be a reasonable transition start date for SDG&E. This start date is consistent with the timing contemplated by the Commission in D.15-07-001 and the transition to default TOU is expected to be less controversial in SDG&E's territory. The transition should be more manageable given that SDG&E has a smaller customer base. In addition, customer bill impacts are projected to be minimal for most customers due to its milder climate and the fact

that its existing tiered rates are already seasonally differentiated.¹⁵ We also take into consideration that delaying the start date beyond March 2019 would potentially mean a delay until 2021 due to SDG&E's planned upgrade of its CIS platform.

TURN raises concerns that starting the transition just before the summer season would not give customers sufficient time to adjust to TOU rates. However, TURN also comments that this is a lower concern in SDG&E's territory due to lower projected bill impacts.¹⁶ SDG&E's specific migration plan will be considered in a subsequent phase of this proceeding. Under SDG&E's current proposal, SDG&E would migrate customers over a 10-month period starting in March 2019. SDG&E plans to primarily focus on migrating benefitters and neutral benefitters earlier in the migration period and migrating neutral non-benefitters and non-benefitters later in the migration period with non-benefitters being migrated as part of the last customer group in December 2019.¹⁷ In considering the IOUs' migration plans, we aim to ensure that the approved plans are structured so as to enable a smooth roll-out of default TOU and minimize negative customer experiences.

¹⁵ SDG&E Phase I Opening Comments at 2; TURN Phase I Opening Comments at 5 and 10; CforAT Phase I Reply Comments at 2.

¹⁶ TURN Phase I Opening Comments at 12-13.

¹⁷ SDG&E Phase I Reply Comments at 2-3; Prepared Direct Testimony of Christopher Bender, served on December 20, 2017 at CB-3-CB-5. Benefitters are customers expected to save an average of at least \$10/month on their electricity bill, based on the last 12 months of energy consumption. Neutral benefitters are customers expected to save an average of \$0.01/month to \$9.99/month on their electric bill, based on the last 12 months of energy consumption. Neutral non-benefitters are customers expected to experience an average increase of \$0.01/month to \$9.99/month on their electric bill, based on the last 12 months of energy consumption. Non-benefitters are customers expected to experience an average increase of at least \$10/month on their electric bill, based on the last 12 months of energy consumption.

TURN, CFC, CforAT, and UCAN raise concerns regarding the expedited litigation schedule that would be required for SDG&E to commence its roll-out in March 2019. In order for SDG&E to implement default TOU starting in March 2019, a Commission decision approving a default rate and addressing implementation issues related to the roll-out will be required by the end of 2018. Although an aggressive litigation schedule is required, we do not find this schedule to be unreasonable. For example, under the current procedural schedule, intervenors have over 4 months from the date SDG&E's direct testimony is served to the date the intervenors' testimony is due.¹⁸ Moreover, the consideration of PG&E's and SCE's rollout on a later timeline and phasing of the proceeding should alleviate the burden on parties.¹⁹ Under the schedule originally contemplated by the Commission, a decision on all three IOUs' RDW applications would have been required by the end of 2018.

2.2.2. Timeline for SCE and PG&E

We find it reasonable for both SCE and PG&E to begin their transitions in October 2020. According to the timeline provided by SCE, a transition date earlier than October 2020 would coincide with SCE's planned billing system replacement. To properly complete the CSRP project, SCE will require a major system "freeze" that will prevent SCE from undertaking any significant new transactions or otherwise risk system errors and negative customer impacts that

¹⁸ Amended Scoping Memo at 11.

¹⁹ In considering SDG&E's rate design proposals and implementation details, it is not anticipated that the Commission would consider and make findings on issues that would be binding on SCE or PG&E. (See Amended Scoping Memo at 4-5.) Although TURN recommends that the proceedings be de-consolidated, there are still issues common to all three utilities that must be resolved and consolidation allows for coordination in scheduling and more efficient resolution of these issues.

could jeopardize a successful rollout of TOU. A transition start date of October 2020 will enable SCE to develop, launch, and stabilize its CSRP project prior to implementing default TOU.

An October 2020 default date will also provide PG&E and SCE with needed time to coordinate and work out implementation details with CCA programs, as well as give CCA programs the time to take the necessary steps to participate in the transition to default TOU. CCA programs have been rapidly expanding across the state. It is likely that SCE will have to coordinate with nine or more CCA programs in its service territory while PG&E will have to coordinate with ten or more CCA programs.²⁰ PG&E projects that of the 2.7 million customers eligible for residential default TOU in its service territory, about 2.1 million customers will take service from a CCA by 2019.²¹ CCEA and the CCA Parties comment that prior to deciding whether to participate in the default TOU transition, each CCA program will likely want to assess the experiences of PG&E, MCE, and SCP in the default pilot, and that the final customer survey results will not be available until Fall 2019.²²

Furthermore, aligning the start dates for PG&E and SCE will allow for more effective coordination and implementation of the statewide ME&O campaign, especially given that PG&E and SCE are the two largest utilities in California and that portions of their service territories overlap.

²⁰ CCEA and CCA Parties Phase I Reply Comments at 3-4; A.17-12-011 at fn. 33.

²¹ A.17-12-011 at fns. 10 & 34.

²² CCEA and CCA Parties Phase I Reply Comments at 3-4; *see also* PG&E Phase I Opening Comments at 3-4.

With the exception of EDF, no party is opposed to SCE and PG&E delaying their transitions until October 2020. EDF supports a more expedited timeline that is in line with the 2019 start date envisioned in D.15-07-001, at least for those customers that are unlikely to see negative impacts from a transition to TOU rates.

We do not find it reasonable or feasible to proceed with transitioning all three IOUs to default TOU in 2019.²³ When considering the timeline for default in 2015, the Commission did not contemplate SCE's CSR project or the extent of the coordination that would be required with CCA programs. Moreover, in order for the IOUs to implement default TOU in 2019, a Commission decision resolving all three IOUs' TOU rate design proposals and implementation details would be required by the end of this year. Nearly all of the parties argue that this timeline would not give the Commission or parties time to adequately consider all of the issues raised in the three applications. A transition start date of October 2020 for both SCE and PG&E is preferred for the reasons discussed above and will allow for a more manageable procedural schedule that will enable the Commission and parties to more thoughtfully consider and address all three IOUs' rate proposals and implementation plans. Additional time also provides the Commission and parties time to review results from the default pilots, develop strategies to help customers that may experience negative bill impacts under TOU to mitigate those negative impacts, and to implement lessons learned from SDG&E's 2019 transition.

²³ Although the Commission does not require SCE or PG&E to begin migrating residential customers to default TOU in 2019, the Commission will be considering in this proceeding whether default TOU rates should become the "standard turn-on rate" for new customers before mass migration occurs. (Amended Scoping Memo at 7.)

3. Comments on Proposed Decision

Pursuant to Rule 14.6(b) of the Commission's Rules of Practice and Procedure, all parties stipulated to reduce the 30-day public review and comment period required by Section 311 of the Public Utilities Code to 20 days. Pursuant to the parties' stipulation, comments were filed on April 30, 2018 by EDF and UCAN, and reply comments were filed on May 4, 2018 by SDG&E.²⁴ We have carefully reviewed these comments and do not find that any modifications to the proposed decision are warranted. The comments reargue points that were previously considered and do not raise any factual, legal, or technical errors that would warrant modifications to the proposed decision.

4. Assignment of Proceeding

Michael Picker is the assigned Commissioner and S. Pat Tsen and Sophia J. Park are the assigned ALJs in this proceeding.

Findings of Fact

1. In D.15-07-001, the Commission found that there were numerous benefits to default TOU and set a course for the IOUs to implement default TOU rates beginning in 2019.

2. Since the issuance of D.15-07-001, much work has been done to prepare for implementation of default TOU.

²⁴ We accord no weight SDG&E's reply comments which reference extra-record material. (See Rule 14.3(c) & (d) of the Commission's Rules of Practice and Procedure.)

3. In order for all three IOUs to begin their transitions in 2019, a Commission decision approving default TOU rates and addressing implementation details would be required by the end of 2018, which would not give the Commission or parties time to adequately consider each IOU's rate design proposals and implementation plans.

4. The transition to default TOU in SDG&E's territory is projected to result in minimal customer bill impacts for most customers due to SDG&E's milder climate and the fact that its existing tiered rates are already seasonally differentiated.

5. Delaying SDG&E's transition beyond March 2019 would potentially delay default TOU until 2021 due to SDG&E's planned upgrade of its CIS platform.

6. A transition start date earlier than October 2020 would coincide with SCE's planned billing system replacement and jeopardizes a successful rollout of TOU.

7. A 2019 default date would not provide PG&E or SCE sufficient time to coordinate and work out implementation details with CCA programs.

8. Aligning the transition start dates for PG&E and SCE allows for more effective coordination and implementation of the statewide ME&O campaign.

Conclusions of Law

1. The transition to default TOU should not be unnecessarily delayed.

2. The success of the default process must be considered in determining an appropriate timeline for default TOU.

3. It is not reasonable to proceed with transitioning all three IOUs to default TOU in 2019.

4. It is reasonable for SDG&E to begin its transition to default TOU in March 2019.

5. It is reasonable for both SCE and PG&E to begin their transitions to default TOU in October 2020.

6. The transition start dates should be subject to the Commission's approval of each IOU's specific rate design proposals and implementation plans for default TOU in a subsequent phase of this proceeding, which will include consideration of the completion date of the transition across each IOU's service territory, final determinations of customer exclusions, and final determinations on the transition messaging plan.

7. The IOUs' migration plans should be structured so as to enable a smooth roll-out of default TOU and minimize negative customer experiences.

O R D E R

IT IS ORDERED that:

1. Subject to the Commission's approval of a default time-of-use rate and implementation plan, San Diego Gas & Electric Company is authorized to begin transitioning eligible residential customers to default time-of-use rates beginning March 2019.

2. Subject to the Commission's approval of a default time-of-use rate and implementation plan, Southern California Edison Company is authorized to begin transitioning eligible residential customers to default time-of-use rates beginning October 2020.

3. Subject to the Commission's approval of a default time-of-use rate and implementation plan, Pacific Gas & Electric Company is authorized to begin

transitioning eligible residential customers to default time-of-use rates beginning October 2020.

This order is effective today.

Dated May 10, 2018, at Fontana, California.

MICHAEL PICKER

President

CARLA J. PETERMAN

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

Commissioners