December 28, 2018

PG&E Advice Letters 5263-E and 5263-E-A

Erick Jacobson,
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas & Electric Company
77 Beale Street, Mail Code B13U
San Francisco, CA 94177

Subject: Disposition of Pacific Gas and Electric’s Advice Letter Requesting Approval of Revisions to its Marketing, Education and Outreach (ME&O) Plan with respect to Goal Metrics Targets, Community Choice Aggregators Coordination, and Integration with the Statewide ME&O Campaign in Compliance with Resolution E-4882

Dear Mr. Jacobson:

Pacific Gas and Electric Company (PG&E) Advice Letter (AL) 5263-E and supplemental AL 5263-E-A requesting approval of revisions and proposals relating to PG&E’s modified marketing, education and outreach (ME&O) plan for residential default time-of-use (TOU), pursuant to Ordering Paragraph (OP) 7 of Resolution E-4882 (Resolution), are approved with an effective date of April 29, 2018.¹

Background

On December 14, 2017, the California Public Utilities Commission (Commission) issued Resolution (R.) E-4882 which approved, with modifications, PG&E’s TOU ME&O plan for 2017-2019. The Resolution directed PG&E to file a Tier 2 AL to provide proposals and information with respect to its ongoing ME&O efforts related to residential rate reform and the transition to TOU rates. PG&E filed AL 5263-E on March 30, 2018, as directed, and filed AL 5263-E-A on September 5, 2018, as additional information became available regarding statewide TOU ME&O campaign updates, media plan, integration of statewide and PG&E marketing plans, and budget.

PG&E’s TOU ME&O plan is further addressed in its pending application requesting authorization to implement residential default TOU rates (PG&E’s 2018 RDW proceeding).²

¹ Effective date as requested in AL 5263-E and AL 5263-E-A.
² A.17-12-011 filed December 20, 2017.
A timely joint protest to AL 5263-E was filed by Marin Clean Energy, Sonoma Clean Power Authority, Silicon Valley Clean Energy, and Peninsula Clean Energy (collectively, CCA Parties) on April 19, 2018. CCA Parties requested confirmation that the information contained in AL 5263-E is for informational purposes only, and that approval of AL 5263-E would not prejudge litigation of related matters in PG&E’s pending 2018 Rate Design Window proceeding.

In addition, CCA Parties requested that PG&E provide the following to CCAs:

(1) ME&O materials should be provided to CCAs at least 60 days prior to mailing such materials to customers and to coordinate mailing of ME&O materials in a manner that limits negative impacts to CCA program customer service operations.

(2) Any updates to its TOU rates with a 90-day lead time prior to such rates going into effect.

(3) PG&E should integrate CCA rates into a bill comparison tool prior to full default TOU rollout.

**PG&E Reply to CCA Parties’ Protest**

In its reply, PG&E confirmed that the development and cost allocation of the bill comparison tool is being addressed in A.17-12-011:

PG&E agrees with the CCA Parties that development and allocation of the costs of the bill comparison tool for customers served by CCAs will be addressed in Phase II.B. of the consolidated Rate Design Window proceeding A.17-12-011, and approval of AL 5263-E and PG&E’s ME&O Plan will not prejudge that litigation.3

PG&E also addressed the above concerns on TOU transition coordination raised by CCA Parties in their protest, as follows:

(1) PG&E intends to provide its ME&O information and relevant materials to CCAs at least 60 days in advance of mailings to customers. However, PG&E did not indicate a timeframe for providing statewide ME&O materials, as they will be distributed by the statewide marketing firm, DDB. PG&E intends to continue to coordinate with CCAs in the planning and timing for the distribution of relevant default TOU ME&O materials in order to minimize negative impacts to CCA operations while meeting other operational needs.

(2) With respect to the minimum lead time notice in advance of any rate changes, PG&E stated that it typically needs at least six to nine months to implement structural rate changes and plans to provide the CCAs with as much advance notice and lead time as possible under CPUC compliance deadlines.

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3 Pacific Gas and Electric Company’s Reply to the Protest of Advice Letter 5263-E on Residential Rate Reform, at 1-2.
(3) PG&E agrees that coordination with CCAs on development and funding of the bill comparison tool should continue, and recommends that the CCAs and PG&E incorporate the bill comparison tool into the mutual agreement for documenting best practices recommended by PG&E in AL 5263-E.

Supplemental Advice Letter

On September 5, 2018 PG&E filed a supplement to 5263-E. This supplement addressed the requirement from Ordering Paragraph 7 of Resolution E-4882 that PG&E include information on any revisions to its ME&O plan based on integration with the statewide campaign. The supplement addresses all information on the statewide campaign that was not available on the original advice filing date of March 30, 2018 and concludes that no changes are warranted to PG&E’s plan.

Disposition

Energy Division (ED) staff has reviewed PG&E’s AL filings and has concluded that AL 5263-E, as supplemented, is in compliance with the Resolution. ED staff has also reviewed CCA Parties’ protest and has determined that the ME&O concerns raised therein are adequately addressed in AL 5263-E and in PG&E’s reply to the protest. CCA Parties’ request that PG&E integrate CCA rates into a bill comparison tool prior to full default TOU rollout is out of scope of the subject AL, which procedurally implements specific ME&O directives required by the Resolution. In addition, PG&E’s proposal for CCA rate comparison tool options will be addressed in PG&E’s pending 2018 RDW proceeding.

With regard to CCA Parties’ other requests, ED staff finds that PG&E’s proposal to enter into a “best practices” mutual agreement with CCAs participating in default TOU provides an adequate framework for the coordination of ME&O materials and customer communications prior to default TOU roll-out. This proposal is compliant with the Resolution’s directive to reach an agreement on default TOU communication coordination.

Therefore, the protest to PG&E’s AL 5263-E is denied. AL 5263-E and AL 5263-E-A are approved. Please contact Bridget Sieren-Smith at (916) 928-2595 (bss@cpuc.ca.gov) if you have any questions.

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4 See General Order 96-B, Section 7.4.2.
5 The Amended Scoping Memo and Ruling of Assigned Commissioner for Phases II and III of the Proceeding and Joint Ruling with Administrative Law Judges, issued April 10, 2018 in the consolidated Rate Design Window, p. 8, states that Phase II will address, among other matters, “[w]ether PG&E’s and [Southern California Edison’s] respective proposals for CCA rate comparison tool options are reasonable and should be adopted”.
6 Resolution E-4882, p. 34.
Sincerely,

Edward Randolph, Director
Energy Division

cc: Simon Baker, Energy Division
    Bruce Kaneshiro, Energy Division
    Michael Callahan, Marin Clean Energy
    Erica Torgerson, Sonoma Clean Power Authority
    Joseph Wiedman, Peninsula Clean Energy
    Hilary Staver, Silicon Valley Clean Energy
March 30, 2018

Advice 5263-E  
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Residential Rate Reform Advice Letter with PG&E’s targets for adopted goal metrics, CCA coordination plan, and ME&O plan changes based on statewide campaign integration

Purpose

In compliance with Ordering Paragraph 7 of Resolution E-4882, Pacific Gas and Electric Company (PG&E) hereby submits and requests approval of this Tier 2 advice filing containing its targets for the goal metrics adopted by Resolution E-4882, PG&E’s proposal for how it intends to coordinate with the Community Choice Aggregators (CCAs) in its service territory, and revisions to PG&E’s marketing, education and outreach (ME&O) plan based on integration with the statewide campaign and input from the statewide consultant and ME&O Working Group.

Background

On July 3, 2015, the California Public Utilities Commission (Commission or CPUC) issued decision (D) 15-07-001. In compliance with that decision, on November 1, 2016, PG&E filed Advice Letter 4949-E that included a three-year Residential Rate Reform proposal for ME&O efforts to be initiated in 2017 and continue through the default of customers to time-of-use (TOU) rates in 2019. On March 15, 2017, PG&E filed a supplemental Advice Letter to provide additional details as requested by Administrative Law Judge McKinney at the February 6, 2017 Prehearing Conference.

On December 14, 2017, the Commission issued Resolution E-4882 which approved, with modifications, PG&E’s time-of-use (TOU) marketing education and outreach plan for 2017-2019. Resolution E-4882, Ordering Paragraph 7 requires PG&E to file a Tier 2 Advice Letter containing targets for the goal metrics adopted by the Resolution, a proposal on how PG&E intends to coordinate with CCAs in its service territory, and any
revisions to the plan based on integration with the statewide campaign and input from the statewide consultant and ME&O Working Group.¹

Attachment 1 of this filing includes the following sections:

1. **Targets for goal metrics**
   PG&E has consulted with the ME&O Working Group during the process of setting metrics targets. On December 20, 2017 PG&E requested from the Working Group information which could be useful in target-setting. On February 15th, 2018, PG&E presented to the Working Group its recommended initial targets. The feedback PG&E received is reflected in the targets presented in this Advice Letter.

2. **Proposal for coordinating with CCAs in PG&E’s service territory**
   PG&E met with the CCAs in its territory on March 2, 2018 to discuss coordinating effectively in the TOU default (transition) Program. The CCAs' input is incorporated in PG&E’s proposal for coordinating with both participating CCAs and non-participating CCAs, as described in this Advice Letter.

3. **PG&E’s ME&O Plan revisions based on integration with the Statewide ME&O campaign**
   At the time of this Advice Letter filing, sufficient statewide ME&O campaign information is not yet available to make appropriate changes to PG&E’s ME&O plan. PG&E requires information from the blueprint updates and media plans now being developed by the statewide ME&O implementer, DDB, to develop any revisions to PG&E’s ME&O Plan. In a March 1, 2018, discussion with Energy Division staff, PG&E was advised to include in this Advice Letter the current status of statewide ME&O information, and to consider filing a supplemental Advice Letter once sufficient information is available from the statewide ME&O blueprint updates, media plan, and budget. PG&E therefore requests that this Advice Letter be approved, with the provision that PG&E be authorized to submit changes to its ME&O plan, via a supplemental Advice Letter, once additional statewide ME&O information has been received and reflected in PG&E’s ME&O planning.

¹ Based on recommendation of Energy Division staff, PG&E submitted a letter to the Energy Division Director on January 2, 2018 for correction of typographical errors in Resolution E-4882 related to the number of goal metrics that require targets. The revised resolution indicated “We agree with PG&E’s proposed modification stating that only goal metrics will require targets and have adjusted the ordering paragraph accordingly.” (Resolution E-4882, p. 43.) While this language indicates that the Commission clearly intended to modify the relevant ordering paragraphs (OP) to address this matter, OP #4 and #7 still indicate that targets are required for all metrics (goal and tracking). A corrected resolution has not yet been issued, but based on discussions with staff and the clear intent to change the number; PG&E has set initial targets for the 10 goal metrics.
Revisions to Goal Metrics Based on Subsequent Commission Guidance on Default TOU and Other Rate Design Reform Implementation and Cost Recovery

As the Commission noted in Resolution E-4882 (pp. 39-40), the ME&O Plans are starting points and must remain flexible as the Commission and stakeholders move forward with default TOU implementation and other rate design reforms. This flexibility includes revisions to the goal metrics based on subsequent Commission guidance on the required implementation schedule and activities in the utilities' 2018 Rate Design Window proceedings, as well as in other rate design reform proceedings.

In addition, the goal metrics assume Commission decisions approving utility recovery of costs necessary to implement and achieve the goal metrics consistent not only with the budgets approved for 2017-2019 in Resolution E-4882, but also with the scope of ME&O activities approved by the Commission, the working groups, and other stakeholders in current proceedings and for future years beyond 2017. Changes to mandated ME&O activities or cost recovery may require changes to the goal metrics and other elements of PG&E’s approved ME&O Plan.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than Wednesday, April 19, 2018, which is 20 days after the date of this filing. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4th Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to the SGIP PAs either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson  
Director, Regulatory Relations  
c/o Megan Lawson  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B13U  
P.O. Box 770000  
San Francisco, California 94177
Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

**Effective Date**

PG&E requests that this Tier 2 advice filing become effective on regular notice, April 29, 2018 which is 30 calendar days after the date of filing.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for Rulemaking (R.) 12-06-013. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission’s Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: http://www.pge.com/tariffs/.

/\S/  
Erik Jacobson  
Director, Regulatory Relations

Attachments

cc: Service List R.12-06-013
Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 E)**

Utility type:
- ☑ ELC
- ☐ GAS
- ☐ PLC
- ☐ HEAT
- ☐ WATER

Contact Person: **Yvonne Yang**

Phone #: **(415) 973-2094**

E-mail: **QXY1@pge.com and PGETariffs@pge.com**

**EXPLANATION OF UTILITY TYPE**

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

Advice Letter (AL) #: **5263-E**

Tier: **2**

Subject of AL: **Residential Rate Reform Advice Letter with PG&E’s targets for adopted goal metrics, CCA coordination plan, and ME&O plan changes based on statewide campaign integration**

Keywords (choose from CPUC listing): Compliance

AL submittal type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other _____________________________

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: **Resolution E-4882**

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: **No**

Summarize differences between the AL and the prior withdrawn or rejected AL: _____________________________

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: **No**

Confidential information will be made available to those who have executed a nondisclosure agreement: **N/A**

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: _____________________________

Resolution Required? ☐ Yes ☑ No

Requested effective date: **April 29, 2018**

No. of tariff sheets: **N/A**

Estimated system annual revenue effect (%): **N/A**

Estimated system average rate effect (%): **N/A**

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: **N/A**

Service affected and changes proposed: **N/A**

Pending advice letters that revise the same tariff sheets: **N/A**

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

**California Public Utilities Commission**

**Energy Division**

**EDTariffUnit**

**505 Van Ness Ave., 4th Flr.**

**San Francisco, CA 94102**

**E-mail: EDTariffUnit@cpuc.ca.gov**

**Pacific Gas and Electric Company**

**Attn: Erik Jacobson**

**Director, Regulatory Relations**

**c/o Megan Lawson**

**77 Beale Street, Mail Code B13U**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: PGETariffs@pge.com**
Appendix 1

Residential Rates – Metrics Targets, CCA Coordination, ME&O Plan Changes
On December 14, 2017, the Commission issued Resolution E-4882 which approved, with modifications, PG&E’s Residential Rate Reform Marketing, Education, and Outreach (ME&O) plan for 2017-2019. Ordering Paragraph 7 requires that PG&E file, by March 30, 2018 a Tier 2 Advice Letter containing (1) targets for the goal metrics adopted by the Resolution, (2) PG&E’s proposal for coordinating with Community Choice Aggregators (CCAs) in PG&E’s service territory, and (3) any revisions to PG&E’s ME&O Plan based on integration with the Statewide ME&O campaign and input from the Statewide Consultant and ME&O Working Group. PG&E provides details for each of these three requirements below:

I. Targets for Goal Metrics

In accordance with Resolution E-4882, PG&E is providing preliminary targets for the residential Time-of-Use (TOU) Transition Program (Transition or Transition Program) metrics adopted by the Commission. This task is especially challenging without results from the TOU Default Pilot currently in-market. However, the proposed targets herein reflect available utility benchmarking data, insights from PG&E’s Small and Medium Business (SMB) mandatory Time-of-Use transition, and input from the ME&O Working Group. PG&E reserves the right to propose further revisions to the metric targets and the metrics themselves based on future input from the Statewide ME&O campaign and Statewide ME&O implementer, the results of the TOU Default Pilot, and the 2018 Rate Design Window decision, when these become available.

Background

In November 2015, the ME&O Working Group created draft metrics: six “Goal Metrics” and 13 “Tracking Metrics”, plus three additional metrics put forward by ORA. Goal

2 In this advice letter, PG&E uses the terms “Transition” and “Transition Program” to refer to all phases of implementation of the automatic transition of customers to the E-TOU-C rate plan, also sometimes referred to by the Commission as “default TOU.” PG&E may also use the terms “full default TOU” or “Default Program” to reference this same implementation process. The term “transition” is consistent with customer communications tested for the Default Pilot. Transition to the E-TOU-C rate plan was proposed in “A.17-12-011, PG&E Rate Design Window 2018.”
3 “A.17-12-011, PG&E Rate Design Window 2018.”
Metrics will be used to assess customer awareness and understanding of rates relative to desired goals, while Tracking Metrics will measure the extent of PG&E’s customer outreach and the actions taken by customers in response to that outreach.

The consultant, Greenberg, Inc., reviewed the ME&O Working Group’s draft metrics and, in its August 19, 2016 Blueprint, suggested retaining six of them. In addition, Greenberg proposed three separate, high-level “Vision Metrics” which were subsequently refined in the “Decision Addressing Statewide ME&O for Residential Rate Reform,” as an “Engagement” metric, a “Rate Choice” metric, and an “Action” metric. Greenberg suggested that these Vision Metrics represent a “North Star” towards which all ME&O efforts should be directed.

In Resolution E-4882, the Commission approved ten Goal Metrics and two Tracking Metrics for PG&E. These metrics incorporated the original ME&O Working Group draft goal metrics (with modifications), as well as three additional metrics recommended by PG&E to measure customer awareness of TOU and rate choices, and the customer experience of rate reform and the transition to TOU. The Resolution ordered PG&E to provide targets for the approved Goal Metrics, and agreed with PG&E’s proposed modification to the draft resolution that only Goal Metrics would require targets.

PG&E’s ten approved Goal Metrics are listed below:

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5 “RROIR ME&O Blueprint: Integrated Marketing, Measurement, and Alignment Strategic Action Plan for Residential Rate Reform and TOU_V2.” Greenberg, Inc., August 19, 2016, page 319. (ALJ McKinney issued a ruling on October 7, 2016 adding Greenberg’s ME&O Blueprint v.2 into the record for R.12-06-013, for reference purposes. For a copy of the report, please see the link provided in the ALJ’s Ruling.)


7 The Vision Metrics and their sub-metrics are directly linked to PG&E’s Goal Metrics. For example, the Rate Choice Vision Metric incorporates awareness of choices, customers feeling they are on the “right rate,” and satisfaction with the rate, all of which are measured in “PG&E’s ME&O Tracking Study” (Hiner & Partners).

8 In accordance with Ordering Paragraph 5 of E-4882, PG&E has agreed to create a data visualization dashboard containing metrics and tracking data to be updated with the PRRR.

9 Modifications to the metrics include the addition of metric #5 and the addition of terms to metric # 6.

10 Based on recommendation of Energy Division staff, PG&E submitted a letter to the Energy Division Director on January 2, 2018 for correction of typographical errors in Resolution E-4882 related to the number of goal metrics that require targets. The revised resolution indicated “We agree with PG&E’s proposed modification stating that only goal metrics will require targets and have adjusted the ordering paragraph accordingly.” (Resolution E-4882, p. 43.) While this language indicates that the Commission clearly intended to modify the relevant ordering paragraphs (OP) to address this matter, OP #4 and #7 still indicate that targets are required for all metrics (goal and tracking). A corrected resolution has not yet been issued, but based on discussions with staff and the clear intent to change the number; PG&E has set initial targets for the 10 goal metrics.

11 Resolution E-4882, p. 22.
Note that the two additional Tracking Metrics are: “Customers were provided with information and services to help reduce their energy bill”; and “% of customers on opt-in TOU rates”.

### The Challenges of Setting Numeric Targets for Goal Metrics at This Time

In its ME&O Plan of November 2016, PG&E noted that it was premature to state numeric targets for Goal Metrics with confidence until we have been able to review the results from the TOU Default Pilot. PG&E continues to assert that the results are critical to setting numeric targets, since the TOU Default Pilot is the first phase of the transition of eligible customers. Therefore, the targets presented here are preliminary and will require evaluation and validation following the results of the pilot.

There are numerous challenges associated with setting preliminary numeric targets, namely:

1. Because California is unique in size, demographics, and geography, it is impractical to identify solid benchmarking data from analogous TOU default experiences outside of the state. Also, the marketing and outreach approaches used by other utilities are impossible to assess from public data.
2. There is a lack of available benchmarks. In creating specific targets for the metrics in its final Blueprint report, Greenberg reviewed data from utilities that had transitioned customers to TOU and concluded that “for certain metrics” they found “no comparable research in the literature.” Greenberg therefore declined to put forward numeric targets. PG&E has also concluded that there is minimal publicly available customer survey data from other utilities’ TOU default experiences. This is discussed further in the next section.

3. Finally, the residential transition-eligible population is both smaller and different than the residential general population under study in the “Residential Rate Reform ME&O Tracking Study,” most notably in the exclusion of low-income CARE and FERA customers in hot climate zones. The ME&O Tracking Study has been monitoring a “general residential” customer sample based on the 2015 expectation that “all Californians” would be transitioned to a TOU rate. As a result, the baseline for the metrics identified in wave 1 of the tracking study is unlikely to correspond to the baseline of a transition-eligible population. PG&E proposes refining the numeric targets in this Advice Letter once results of the TOU Default Pilot tracking study are available.

**Benchmarking Guidance from Other Utilities**

PG&E has assessed the available TOU default and opt-in examples from other utilities and concurs with Greenberg that there is a lack of reliable benchmarks to be used in setting goal targets. (PG&E’s analysis, largely from Ontario’s Hydro One and Toronto Hydro defaults and PG&E’s Residential Rates Order Instituting Ratemaking (RROIR) Conjoint Study of 2013, are included in Appendix 2.) From the customer survey data available, PG&E has tentatively concluded that:

- High levels of TOU awareness can be achieved with substantial media and outreach (as in the Ontario example).
- Despite high awareness of TOU, customer understanding of the rate may remain low, likely due to the low involvement nature of the category.
- The customer experience in default programs is often negative when compared to an opt-in scenario.

However, Greenberg noted that “there is no substantive data to gauge how customers will respond to affinity, attitude and knowledge metrics for these campaigns,” thus other utility default experiences do not provide guidance for the vast majority of PG&E’s Goal Metrics. (An overview of Greenberg’s and PG&E’s analysis is included in Appendix 2.)

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12 Greenberg, Inc., p. 348.
Benchmark Guidance from PG&E’s Small and Medium Business Time-Varying Pricing Transition

In compliance with D.10-02-032\(^{14}\), PG&E began to transition SMB and Small Agricultural customers to a mandatory TOU rate plan in November 2012, followed by a transition to a Critical Peak Pricing program, “Peak Day Pricing” (PDP). PG&E implemented a communications campaign to inform and educate these customers about their rate and assist them in the transition. As directed in Resolution E-4381\(^{15}\), PG&E set up a tracking study to monitor the effectiveness of the outreach via key metrics.\(^{16}\)\(^{17}\)

PG&E believes that the customer metrics used in the SMB Time-Varying Pricing transition have value for benchmarking Residential Rate Reform. Despite the difference in audiences, several parallels are common to the two transitions:

- **Similar outreach and number of touches**: SMBs received multiple communications that included a rate comparison prior to the transition, plus a Welcome Kit, tips and tools communications and seasonal support post-transition.
- **Similar approach to transition**: Despite a far smaller number of customers in the SMB/Small Agriculture transition, SMBs were transitioned in waves or tranches which are also proposed for the residential customer TOU transition.
- **Similar evaluation metrics**: Many SMB metrics and questions are like those monitored in the Residential Rate Reform ME&O Tracking Study.
- **Similar methodology**: Because Hiner & Partners performed the SMB tracking study and is the research vendor for PG&E’s residential tracking survey, the methodological approaches are very similar.

Given the above, PG&E’s SMB TOU/PDP transition experience provides more comparable data than much of what is publicly available from other residential transition scenarios. (Highlights from comparable SMB metrics are presented in Appendix 2.)

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\(^{16}\) “2014 SMB TOU Experience Survey, Year 2, Tranche 1 and Tranche 2 Defaulters to TOU, Hiner & Partners,” April 2015.

\(^{17}\) Numeric targets for these metrics were set to reach a score of 50% awareness of TOU rates among SMBs, and reach a score greater than 5 on an agree/disagree scale of 1-10 for understanding and knowledge-based metrics.
Despite the fact that SMB customers are a less knowledgeable and engaged audience than PG&E’s current residential customer base, it is the patterns of SMB awareness and understanding build-up from these tracking results that can shed light on expectations for PG&E’s residential transition-eligible customers.

**Metric Target Assumptions**

1. *Customer TOU awareness will build in the 12 months after transition, possibly continuing to increase later*

   After the SMB transition to TOU, the first wave of SMBs to undergo transition showed a steep increase in customer TOU awareness, as well as a slight increase in customer understanding of bill impacts. Awareness of TOU and its subsequent benefits continued to grow, albeit at a slow pace, whereas bill impact understanding fell over time. Also, there was an increase in measured SMB customer satisfaction for up to 2 years after transition, indicating that the actual experience of TOU may be less negative than the prospect of transitioning to TOU. These patterns of SMB customer opinion indicate that favorable residential customer scores should build in the 12 months after transition, with some scores -- such as TOU awareness and customer satisfaction -- peaking later. This assumption will require verification or refinement based on the results of the TOU Default Pilot.

   The above assumption implies that the target audience PG&E will be surveying in terms of these metrics will consist of transitioned residential customers who chose to remain on the TOU rate plan and have therefore received the Welcome letter and seasonal support communications.

2. *The low involvement nature of the category will affect marketing outcomes*

   Energy is a low-involvement category, and there is evidence that approximately one-fifth to one-quarter of PG&E’s residential customers are likely to be unengaged during the TOU transition period. In addition to category engagement limitations, no matter how much outreach and marketing takes place, there will always be customers who disregard the communications they receive. While PG&E’s transition TOU communications have been tested repeatedly and

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18 A.17-12-011, pp. 4-8.

19 PG&E’s mid-2017 TOU acquisition outreach among TOU benefiters resulted in just over one-third of targeted customers recalling the communications, despite the fact that the message was highly beneficial to the customer (i.e. that they were a TOU “winner” and could save money by switching). This indicates how difficult it is even for positive communications to gain the attention of customers. “TOU Acquisition Communications Research”, Hiner & Partners, October 2017

optimized through research\textsuperscript{21}, not until the results of the TOU Default Pilot are in hand will an accurate picture of what to expect, in terms of marketing effectiveness, be available.

3. \textit{The metric targets proposed do not reflect any statewide campaign effect.} The Goal Metric targets proposed herein are based solely on PG&E’s marketing and outreach to customers. They do not include any effects from statewide marketing. PG&E presumes that the statewide marketing campaign will have a positive effect on customers’ responses, particularly their awareness of TOU, awareness of rate choices, and their understanding of the benefits of lowering/shifting energy use. However, PG&E is unable to estimate the effect of the statewide campaign a priori.

4. \textit{The greatest marketing impact is likely to be on awareness, then understanding.} Marketing effectiveness studies suggest that the most direct outcome of PG&E’s TOU marketing will be on consumer awareness, followed by familiarity and understanding. Customer action or engagement will be the most difficult to impact. These diminishing returns on the “awareness – understanding – engagement” chain of customer response have been taken into account in PG&E’s preliminary metric goal estimations.

**Proposed Metric Targets**

PG&E’s proposed metrics are explained below, followed by a summary “Table of Preliminary Goal Metrics and Targets.” PG&E appreciates the valuable feedback and insights provided by the ME&O Working Group\textsuperscript{22} throughout our process of setting the metrics and targets.

**Metric 1: Customers are aware that there are rate plans that may help them mitigate energy expenditures.**

This metric is presented in the form of an awareness question in PG&E’s tracking study questionnaire: “Rate plans are available that may help you better manage any price increases”. With the question framed in this way, it speaks more to price increases, and thus is likely to be received negatively. Indeed, PG&E concludes from the ME&O Tracking Study data that this question is negatively impacted by any price increases, since the percentage of customers aware of rate plans declined at wave 2 (April 2017)

\begin{footnotesize}

\textsuperscript{22} Consumer Federation of California in particular provided a valuable perspective to the proposed metric targets.
\end{footnotesize}
after a winter of significant gas price increases\textsuperscript{23}. The question itself is not strategic since a message of mitigating price increases is not part of PG&E’s marketing. The intent of the metric appears to be more about bill control; therefore, PG&E recommends that the ME&O Working Group reevaluate the wording of this question and proposes to substitute for it in future surveys, “Rate plans are available that give you more control over your bill.” PG&E does not currently put forward a preliminary goal target for Metric 1.

**Metric 2: Customers know where to get more information about how to manage their electricity use.**

Metric 2 is measured in the Tracking Study via the question: “Do you know where to go to get information about rebates, energy savings programs, and tips offered by PG&E?” PG&E was not able to identify any relevant benchmarks for this metric. With just over 6 in 10 customers answering in the affirmative, this metric is already quite high and has been static (with 63%, 63% and 62% at each of the 3 waves, respectively). Since incremental gains are likely to be very difficult to achieve with this metric, PG&E proposes a preliminary goal target of 66% - an increase of 5% over the baseline.

**Metric 3: Customers understand how energy use can impact their bills.**

In the Tracking Study, this metric takes the form of the question: “How well would you say you understand...?” and includes the average rating of two bill impact statements, “How to manage your electric bill using the rate plan you are currently on” and “How changes to your current rate plans mean you could be paying more unless you can adjust your electricity use”. SMB impact data (based on 2 statements) reached a maximum rating of 6.0 immediately after the TOU transition, then proceeded to fall back to 5.6 the longer SMB customers were on TOU\textsuperscript{24}. Among PG&E’s residential customers, scores on this metric have remained relatively static (in the mid-to-high 5’s, similar to SMBs) through 3 waves of the tracking study. For this metric, PG&E proposes a 14% increase over the baseline rating of 5.68 to bring this up to a preliminary target of 6.5 – a rating of moderate understanding.

**Metric 4 and Metric 5: Customers understand the benefits of lowering their electricity use; Customers understand the benefits of shifting their electricity use to non-peak hours.**

\textsuperscript{23} “A.17-12-011, Appendix 4C, Rate Reform ME&O tracking Study, Wave 2,” Hiner & Partners, June 2017.

\textsuperscript{24} “SMB TOU Experience Survey, Year 2, Tranche 1 and Tranche 2 Defaulters to TOU,” Hiner & partners, April 2015; “SMB TOU Awareness Survey Wave 5, Final Scores for TOU Defaulters,” Hiner & Partners, September 2013.
In PG&E’s Tracking Study questionnaire, original Metric 4, about the benefits of TOU, uses the question (agree/disagree on a 10-point scale): “Lowering your electricity use or shifting the time you use it will…?” followed by four benefit statements. Thus, PG&E’s question does not distinguish between lowering and shifting energy, since the benefit statements would be the same for both actions (save money, reduce negative effects on the environment, improve reliability, and help keep price increases manageable). Therefore, the preliminary target put forward below is based on available data for this one compound question. (PG&E will consider whether there are any advantages to separating the current question into its 2 component parts in future tracking study waves.)

In terms of the response pattern observed among PG&E’s SMBs: ratings about the benefits of TOU (a mean of 4 benefit statements) rose from a low baseline of 5.78, during the year after transition, to a rating of 6.22, with the “reliability” benefit – the critical benefit for SMBs – rising to a high of 6.7, one of the highest ratings by SMB customers.25 Because PG&E’s residential customers’ scores on this metric rose between waves 1 and 2 and has remained high, PG&E proposes an increase of 10%, from a baseline rating of 6.54 to a rating of 7.2.

Metric 6: Customers are aware of the rebates, energy efficiency programs, demand response programs, energy management technologies, and tips offered by the utility that can help them manage their electricity bill.

This metric was expanded in Resolution E-4882 from its original version to include mention of demand response programs and energy management technologies. PG&E’s data are based on the original, shorter awareness question. The additions to this metric’s description make the responses to this question incomparable to the version in the prior Tracking Study and add complexity for future waves of the Study, thus making it more challenging for PG&E to propose a goal for this new metric.

A similar, agreement-based question asked of SMBs showed that 41% of customers gave the question a rating of between 6 and 10 out of 10, considerably lower than the majority of residential customers already aware of PG&E’s help with energy management.26 Since this metric already has a majority rating, and is now more complex, PG&E proposes maintaining the target percentage of customers who aware of rebates, programs, technologies and tips at the baseline wave; i.e., 72% (which would actually be an increase over the current wave 3 percentage of 64% customers aware).27

26 Ibid.
27 “Rate Reform ME&O tracking Study, Wave 3,” Hiner & Partners, January 2018
Metric 7: Customers feel that they were provided useful information explaining their bills.
Metric 7 takes the form of the agree/disagree question: “How would you rate the usefulness of the information explaining the impact to your monthly bill from PG&E?” and follows a question asking whether the customer has received information explaining “how rate changes will impact your bill.” A similar question tracked among SMBs indicated that the rating peaked at 5.6. However, PG&E’s baseline rating is already over 6.00, and ratings for the metric have been steadily rising from wave to wave. Therefore, PG&E proposes an 8% increase over the baseline rating of 6.67 to reach a high of 7.2 – a rating of positive agreement.

Metric 8: Customers are aware of TOU rates
Awareness of TOU is the metric supported by the most benchmarking data. The Ontario utilities’ experiences showed that TOU awareness can be driven to very high levels (into the 90% range, albeit with several years of media messages). A steep rise in TOU awareness was seen among PG&E’s SMBs, and despite having a very low baseline (20%), PG&E’s SMB TOU awareness rose by well over 100%; more than half of all SMBs were aware of TOU after transition. PG&E therefore proposes a 25% increase in this critical metric, from a baseline of 55% to a preliminary target of 68.8%; i.e., a majority of PG&E’s transitioned population should become aware of TOU.

Metric 9: Customers are aware of rate choices
Awareness of rate choices is at the center of PG&E’s TOU transition communications strategy. Rate choice awareness is essential to customer understanding and the customer experience, since knowledge of rate options improves the customer experience. There are no available benchmarks for this metric (PG&E’s SMB population was not given a non-time-varying choice). This metric rating has remained static at 38% awareness across each wave of the Tracking Study, in the absence of any significant rate options communications. However, with the effect of the pre-transition 90/60/30-day direct communications, welcome letter, and ongoing TOU support communications, PG&E anticipates that this rating could increase by 25% from a baseline of 38% customers aware of rate choices, to 47.5% aware.

Metric 10: Customers have an optimal experience

It is critical that the experience of the customer throughout the TOU transition be measured and optimized, given that TOU is perceived as punishing the customer during prime “family time”, and promotes feelings of helplessness, worry, and victimization.30 This metric is currently represented in the 10-point scale question: “How would you rate your satisfaction with the products and services offered by PG&E?” Hydro One was given a low satisfaction rating of 37% (top-box rating of 8-10) by its defaulted residential customers, reflecting a negative customer experience.31 PG&E’s SMBs had a different satisfaction question specific to their TOU rate, which cannot be directly compared to PG&E’s residential customer rating. However, SMB satisfaction with TOU rose slightly, post-default, as SMBs became accustomed to TOU.32 PG&E’s residential customer rating baseline was 53% of customers in high agreement (top box); i.e., a mean rating of 7.29, and PG&E is proposing to maintain this rating during the transition. This will be a challenging task, given that this question is very sensitive to pricing increases as well as other non-transition-related influences. Therefore, the results from the TOU Default Pilot will be critical to help refine this Goal Metric target.

32 “SMB TOU Experience Survey, Year 2, Tranche 1 and Tranche 2 Defaulters to TOU,” Hiner & Partners, April 2015.
## Table of Preliminary Goal Metrics and Targets*

<table>
<thead>
<tr>
<th>#</th>
<th>Metric</th>
<th>Baseline Wave 1</th>
<th>Wave 3</th>
<th>% Increase v. Baseline; Goal Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customers are aware that there are rate plans that may help them mitigate energy expenditures</td>
<td>34%</td>
<td>30%</td>
<td>Under review</td>
</tr>
<tr>
<td>2</td>
<td>Customers know where to go to get more information about how to manage their electricity use</td>
<td>63%</td>
<td>62%</td>
<td>+5% to 66%</td>
</tr>
<tr>
<td>3</td>
<td>Customers understand how energy use can impact their bills</td>
<td>5.68 (mean)</td>
<td>5.73 (mean)</td>
<td>+14% to 6.5 (mean)</td>
</tr>
<tr>
<td>4/ 5</td>
<td>Customers understand the benefits of lowering/shifting their electricity use to non-peak hours</td>
<td>6.54 (mean)</td>
<td>7.00 (mean)</td>
<td>+10% to 7.2 (mean)</td>
</tr>
<tr>
<td>6</td>
<td>Customers are aware of rebates, energy efficiency programs, demand response programs, energy management technologies and tips that are offered by the utility that can help them manage their electricity bill</td>
<td>72%</td>
<td>64%</td>
<td>Maintain at 72%</td>
</tr>
<tr>
<td>7</td>
<td>Customers feel they were provided useful information explaining their bills</td>
<td>6.67 (mean)</td>
<td>7.04 (mean)</td>
<td>+8% to 7.2 (mean)</td>
</tr>
<tr>
<td>8</td>
<td>Customers are aware of time-of-use rates</td>
<td>55%</td>
<td>62%</td>
<td>+25% to 68.8%</td>
</tr>
<tr>
<td>9</td>
<td>Customers are aware of rate choices</td>
<td>38%</td>
<td>38%</td>
<td>+25% to 47.5%</td>
</tr>
<tr>
<td>10</td>
<td>Customers have an optimal experience</td>
<td>7.29 (mean at wave 2)</td>
<td>7.47 (mean)</td>
<td>Maintain at 7.3 (mean)</td>
</tr>
</tbody>
</table>

*Notes:*
- Percentage increases are from PG&E’s April baseline for the general residential population. This will be changed to the transitioned population.
- For those metrics which use a 1-10 agree/disagree scale, where results were gathered in terms of both top box (high agreement; i.e., the percentage of customers giving a rating of 8-10 out of 10) as well as a mean score, PG&E proposes using the mean score. (Note that mean score and top box percentage tend to correlate; also SMB targets were set around mean scores for the sake of simplicity.)
- A mean score of 6.5 to 7.0 on a 10-point scale is good agreement.
- PG&E assumes it is more difficult to achieve incremental gains upon an already high result, with the implication that some metrics will be subject to minimal movement, even in the face of significant outreach.

### Metrics Notes
In accordance with Ordering Paragraph 7 of Resolution E-4882, and in collaboration with the ME&O Working Group, PG&E has proposed preliminary Goal Metric targets. Setting targets for these metrics is an ongoing, iterative process, whereby PG&E will
incorporate inputs and benchmarks as they become available. Principal inputs currently used as reference points by PG&E are: a) published data from other utilities, where such survey-based benchmarks exist, and b) data from PG&E’s SMB transition experience. PG&E reserves the right for the preliminary Goal Metric targets being subject to change with input from the anticipated statewide campaign, the expected results of the TOU Default Pilot, and implications from the RDW decision. Indeed, as marketing strategy evolves, the metrics themselves may change as they are subjected to more scrutiny in the light of more data, and the need to ensure that metrics continue to be meaningful, sensitive to change, and accurately determine actual marketing progress.

Additionally, as the Commission noted in Resolution E-4882 (pp. 39-40), the ME&O Plans are starting points and must remain flexible as the Commission and stakeholders move forward with TOU transition implementation and other rate design reforms. This flexibility includes revisions to the Goal Metrics based on subsequent Commission guidance on the required implementation schedule and activities in the utilities’ 2018 Rate Design Window proceedings as well as in other rate design reform proceedings. In addition, the Goal Metrics assume Commission decisions approving utility recovery of costs necessary to implement and achieve the Goal Metrics are consistent not only with the budgets approved for 2017-2019 in Resolution E-4882 but also with the scope of ME&O activities approved by the Commission, the Working Groups, and other stakeholders in current proceedings and for future years beyond 2017. Changes to these mandated ME&O activities or cost recovery may require changes to the Goal Metrics and other elements of PG&E’s approved ME&O Plan.

II. CCA Coordination
PG&E agrees with Resolution E-4882 that coordination with CCAs is an important element of ongoing TOU implementation and transition. As Resolution E-4882 notes, CCAs are serving an increasing number of customers within PG&E’s service territory, and therefore PG&E and the CCAs should enter into agreements on “best practices” for coordination with CCA customers in order to minimize customer confusion to the extent possible regarding PG&E and CCA rates and services. PG&E has been in active communication with the CCAs in its service territory on TOU implementation, and recently met with the CCAs on March 2, 2018 to share with them further information.

34 “A.17-12-011, PG&E Rate Design Window 2018.”
35 As Greenberg stated in the Blueprint, “We expect these metrics to evolve as the strategy evolves, and as each entity designs and delivers their marketing.” “RROIR ME&O Blueprint: Integrated Marketing, Measurement, and Alignment Strategic Action Plan for Residential Rate Reform and TOU_V2,” Greenberg, Inc., August 19, 2016, p. 293.
about the Transition Phase I (TOU Default Pilot), the 2018 RDW filing, and the development of this Advice Letter. During that meeting, PG&E solicited input from the CCA parties on how to coordinate effectively on the TOU transition program, and incorporates that input into this Advice Letter.\(^{36}\)

PG&E intends to continue to hold regular meetings with the CCA parties on planning for the TOU transition. In our March 2 meeting, Marin Clean Energy (MCE) and Sonoma Clean Power (SCP) indicated that coordination on Transition Phase I was going well, and all agreed that a good plan for going forward would be to adapt the coordination practices that have been working well on Phase I, while continually improving those practices based on the experience and lessons from Transition Phase I. In addition, PG&E intends to build on other areas of active PG&E-CCA mutual coordination and collaboration, such as in PG&E’s implementation of EV infrastructure programs that benefit both CCA and PG&E customers.

For all CCAs, PG&E intends to begin a defined cadence of meetings and regular communications. PG&E will dedicate resources to the effort of coordinating with CCAs on the transition. Topics already identified for these meetings include: overview of the 2018 RDW filing; overview of proposed optional rates and how the bill impact analysis impacts the customer; and real-time discussion of lessons learned from the Transition Phase I at key milestones. PG&E commits to open communication, keeping CCAs abreast of developments that may impact the transition and coordination efforts. PG&E will also strive to provide CCAs with changes to rate structure and values as early as possible, so that they have adequate time to program these rates in their systems.

For each CCA that agrees to participate in the Transition Program, PG&E proposes to enter into a “best practices” mutual agreement to coordinate directly on communications with our respective customers on our respective roll-outs of the transition. Such an agreement would be in the form of a collaborative “best efforts” agreement rather than a formal services agreement, and would likely include elements such as: roles and responsibilities; processes and timelines for approval of communication pieces; key milestones; and an agreed-upon dispute resolution process. As noted by MCE and SCP, one key to a successful coordination is to start as early as possible on coordination and be aware of the long lead time and details of the timelines involved in developing joint communication materials. Another area of importance is for PG&E to regularly share information about the statewide ME&O effort, including when and where specific campaigns may go live, as well as information about PG&E media and

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customer outreach efforts. Other key elements of the mutual agreements, such as
details on providing customers with rate comparison information, would be included in
this agreement and subject to any necessary approval by the CPUC.

PG&E and the CCAs also discussed ideas for coordination with any CCA that might
decide not to participate in the Transition Program. Suggestions for coordination with
these non-participating CCAs around the Transition Program include making sure that
opt-in TOU rates are available to CCA customers who may wish to opt in to that rate,
and making sure that customer-facing representatives (e.g. contact centers and local
offices for both PG&E and non-participating CCAs) are well-trained and able to respond
to questions from customers served by non-participating CCAs (particularly questions
about rate recommendations). PG&E would also share with non-participating CCAs the
high-level details of PG&E’s communication plans, and develop mitigations, as needed,
to avoid confusion on the part of residential customers taking service from a non-
participating CCA.

PG&E intends to coordinate closely with the CCAs, and has already begun this process.
PG&E plans to leverage the positive experience of coordinating with MCE and SCP on
the Transition Phase I and will continue to solicit input and feedback from the CCAs as it
refines its coordination plans.

III. PG&E ME&O Plan Changes Based on Statewide Campaign Plans
At the time of this Advice Letter filing, statewide ME&O campaign information is not
available as is necessary to allow for thoughtful consideration for changes to PG&E’s
ME&O plan. PG&E will need the information from both the Statewide ME&O blueprint
updates and the media plans being developed by DDB San Francisco (DDB) in order to
consider any revisions. In a March 1 discussion with Energy Division staff, PG&E was
advised to indicate the current status in this advice letter and consider filing a
supplemental Advice Letter once PG&E has sufficient information from the Blueprint
updates, media plan, and budget for the efforts to be conducted at the statewide level.

Current Status of Statewide Rates Efforts
D. 17-12-02337 provided a set of requirements for complying with Appendix A and set
forth a schedule for completion of those activities to occur. The current status of the
deliverables and timing related to Statewide Rates Related outreach include:

• In compliance with Ordering Paragraph 3 of D. 17-12-02338, PG&E filed a Tier 1
  Advice Letter39 on January 18, 2018 to amend the existing Statewide ME&O

37 “D. 17-12-023, Decision Addressing Statewide Marketing, Education, and Outreach for Residential
Rate Reform.” December 14, 2017.
38 Ibid.
contract with DDB to include the scope of work and budget for the strategy and content development set forth in Appendix A.

- Per Ordering Paragraph 440, after contract completion, DDB began the work necessary to update the Blueprint (Deliverable 1 of the Strategy and Content Development Work) which is to be filed as a Tier 1 Advice Letter at a date determined by the Energy Division staff.

- DDB is currently evaluating and making revisions to the ME&O Blueprint and has been provided some preliminary information during two conference calls with the IOUs, Energy Division staff, and the Statewide Consultant on February 23 and 26. During these meetings, DDB provided details of high-level Blueprint assumptions and indications of areas it expects to update. The timing of the filing of the Tier 1 Advice Letter with the completed Blueprint update is still to be determined by the Energy Division staff. However, The Statewide Consultant has advised that DDB expects to provide the final Blueprint on April 20, 2018.

- The Statewide Consultant has worked with both DDB and the IOUs to set up bi-weekly discussions beginning in March to gain alignment among the statewide and IOU marketing plans.

Once PG&E has the information necessary from the updated Blueprint and the media plan and associated budget, PG&E will be able to thoughtfully consider what changes should be made to PG&E ME&O Plan and will file a supplemental Advice Letter with any plan revisions.

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Appendix 2

Goal Metrics Appendix
Specific Details from Greenberg Findings

- There were no available data with regard to customers’ understanding of TOU benefits; for example, the percentage of customers agreeing that peak load reduction is beneficial to them.\(^1\) This is one of the metrics that both statewide and PG&E marketing and outreach will impact.

- Retention rates are identified in some of the available data. Greenberg found that opt-in retention rates varied between 63% and 96%, and retention rates dropped to 60.42 – 78.20% two years after transition (default), with opt-in customers more likely to stay on a rate that they have chosen and presumably understand.\(^2\) (However, a retention metric is not one of the 10 approved Goal Metrics.)

- Greenberg also reported on programs that gave information on taking action after rate adoption; however, specific actions are not part of PG&E’s approved Goal Metrics (but sustained action is part of the Vision Metrics).

Specific Details from Review of Utility Transition Scenarios

- **TOU Awareness:** There is some evidence that high levels of TOU awareness can be achieved with substantial media and outreach. Hiner’s RROIR Conjoint Study of 2013 showed that 90% of Hydro One customers (1.2 million customers defaulted) were aware of TOU rates\(^3\) and Toronto Hydro (580,000 defaulted) reports a 98% awareness of TOU (there is no explanation of how the latter was measured). Note that these customers experienced several years of extensive, multi-touch marketing as smart meters were being installed in advance of default. Arizona Public Service (APS) took 30 years to achieve over 50% opt-in penetration (over half a million customers at a rate of 2% new customers per year). Eighty-five percent (85%) of APS’ TOU customers were “aware of TOU rates” and 64% believed they were on a TOU, which point to the fact that even customers who have made a conscious choice to opt into TOU rates can be confused about which rate they actually are on. In Italy, where 25 million customers were defaulted to a TOU in 2010, it was reported that most customers were unaware that they were on a TOU rate plan.

- **Customer Knowledge and Understanding:** There are indications that despite a high level of TOU awareness, customer knowledge and understanding during default can remain low. According to a conversation with Hydro One, as reported by Greenberg in its Blueprint, the utility “began TOU marketing three billing cycles before default.

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\(^2\) Ibid, page 353.
\(^3\) “RROIR Conjoint Study,” Hiner & Partners, August 2013,
and the event was barely noticeable to customers.” Indeed, there is research evidence to suggest a low level of customer knowledge after default.

- **Customer Awareness of Rate Choices:** Default scenarios do not allow for customer rate choice, but opt-in scenarios do, and evidence suggests that customer choice helps elevate the customer experience. APS’ customers were satisfied (63%) with “the availability of meaningful rate plan options”5, whereas less than a quarter of Hydro One’s customers in the same survey were satisfied with their options. To PG&E’s knowledge, there are no reported data pertaining to straightforward customer awareness of rate options (one of PG&E’s Approved Goal Metrics).

- **Customer Satisfaction:** Among APS’ opt-in base, high satisfaction was reported among 76% of customers, whereas only 37% of Hydro One’s customers reported that they were highly satisfied with their utility6. These findings point to the fact that default is a more negative experience for the customer, which is reflected in customer satisfaction, with the implication that avoiding a decrease in customer satisfaction in a default scenario is a challenge for the outreach.

**Specific Details from PG&E’s Small and Medium Business (SMB) mandatory TOU transition**

Highlights from PG&E’s SMB “tranche 1” (the first wave of SMBs transitioned to TOU) metrics7, are comparable to PG&E’s residential transition TOU Goal Metrics, unless otherwise noted.

- **TOU awareness increased rapidly at transition:** Immediately after transition, TOU awareness rose from a baseline of 20% in May of 2011, to 52% by December 2012 (just after transition). It continued to rise, much more gradually, to a peak of 57% by November 2014 (after 2 years on the plan).

- **Transition awareness remained low:** Only 37% SMBs were aware that they had transitioned to TOU by 2013/14. Transition awareness peaked immediately after the event. A year after transition, 52% did not recall any information sources about TOU (which was consistent with their awareness).

- **Understanding of TOU benefits continued to increase after transition:** The SMB tracking survey used 4 statements, rated on a scale of 1-10, to ask customers about TOU benefits; i.e., that time-varying pricing: i) increases reliability, ii) helps the environment, iii) reduces the need for new power plants, and iv) better reflects the true cost of energy. Customer understanding of these benefits did not increase immediately after transition (from an average baseline score of 5.78 (out of 10) to a score of 5.65), but gradually increased during the year after transition to a peak of 6.22, with the reliability statement—the critical benefit message for SMB customers—rising to 6.7.

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4 ME&O Blueprint, Strategic Inputs and Desk Research, Greenberg, July 13, 2016, p. 37.
5 "RROIR Conjoint Study," Hiner & Partners, August 2013,
6 Ibid.
7 “2014 SMB TOU Experience Survey, Year 2, Tranche 1 and Tranche 2 Defaulters to TOU,” Hiner & Partners, April 2015.
• **Understanding of TOU bill impacts increased for one statement and quickly fell away:** PG&E’s SMB measures of customer understanding of TOU, in terms of bill impacts, has two questions comparable to those asked of residential customers: understanding i) how your company’s monthly bill is impacted by a TOU rate, and ii) how your company needs to manage electricity differently on a TOU rate. Scores on the former question peaked at transition (from 5.2 to 6.3), but on the latter question stayed the same (from 5.7 to 5.6), with both scores declining during the 2 years after transition.

• Awareness of rebates, energy efficiency programs, and tips stood at 40% (customers who scored 6-10 on a 10-point agree/disagree scale) one year after transition, and did not increase beyond that.

• **SMB customer satisfaction with TOU (a different question than in the residential customer tracking survey) increased over the course of transition:** Satisfaction rose to 30% immediately post-transition (8-10 on a 1-10 scale) and continued to rise to a peak of 32% two years after transition.
AT&T
Albion Power Company
Alcanter & Kahl LLP
Anderson & Poole
Atlas ReFuel
BART
Barkovich & Yap, Inc.
Braun Blaising Smith Wynne P.C.
CalCom Solar
California Cotton Ginners & Growers Assn
California Energy Commission
California Public Utilities Commission
California State Association of Counties
Calpine
Casner, Steve
Cenergy Power
Center for Biological Diversity
City of Palo Alto
City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
County of Tehama - Department of Public Works
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy
Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell
Downey & Brand
Ellison Schneider & Harris LLP
Energy Management Service
Evaluation + Strategy for Social Innovation
GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Charge Networks
Green Power Institute
Hanna & Morton
ICF
International Power Technology
Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Keys & Fox LLP
Leviton Manufacturing Co., Inc.
Linde
Los Angeles County Integrated Waste Management Task Force
Los Angeles Dept of Water & Power
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McKenzie & Associates
Modesto Irrigation District
Morgan Stanley
NLine Energy, Inc.
NRG Solar
Office of Ratepayer Advocates
OnGrid Solar
Pacific Gas and Electric Company
Pioneer Community Energy
Praxair
Regulatory & Cogeneration Service, Inc.
SCD Energy Solutions
SCE
SDG&E and SoCalGas
SPURR
San Francisco Water Power and Sewer
Seattle City Light
Sempra Utilities
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.
TransCanada
Troutman Sanders LLP
Utility Cost Management
Utility Power Solutions
Utility Specialists
Verizon
Water and Energy Consulting
Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
Yep Energy