

PUBLIC UTILITIES COMMISSION  
505 Van Ness Avenue  
San Francisco CA 94102-3298



**Pacific Gas & Electric Company**  
**ELC (Corp ID 39)**  
**Status of Advice Letter 7351 -E/E-A/E-B**  
**As of September 8, 2025**

Subject: Implementation of PG&E's Fixed Charge Pursuant to D.24-05-028

Division Assigned: Energy

Date Filed: 08-13-2024

Date to Calendar: 08-16-2024

Authorizing Documents: D2405028

|                        |                   |
|------------------------|-------------------|
| <b>Disposition:</b>    | <b>Signed</b>     |
| <b>Effective Date:</b> | <b>01-30-2025</b> |

Resolution Required: Yes

**Resolution Number: E-5354**

Commission Meeting Date: 01-30-2025

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**PUBLIC UTILITIES COMMISSION**  
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To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

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August 13, 2024

**Advice 7351-E**

(Pacific Gas and Electric Company ID U 39 E)

**Subject: Implementation of PG&E's Fixed Charge Pursuant to D.24-05-028****1. Purpose**

Pursuant to Ordering Paragraph (OP) 3 of Decision (D.)24-05-028 (the Decision), Pacific Gas and Electric Company (PG&E) hereby submits to the California Public Utilities Commission (Commission or CPUC) this Tier 3 Advice Letter (AL) that provides PG&E's implementation plans, including: changes to reflect the Decision's reductions to PG&E's proposed income-graduated fixed charge levels,<sup>1</sup> the removal of the minimum bill line item from bills for PG&E's residential customers (where applicable), and proposal of an updated marketing, education, and outreach plan, and implementation budget.<sup>2</sup> Additionally, this Advice Letter presents PG&E's request to record costs related to the Facilitation Contractor in the Income Graduated Fixed Charge Memorandum Account (IGFCMA).

This Advice Letter is organized as follows. First, in Section 2, we present some contextual background on the DFOIR,<sup>3</sup> with particular focus on Track A Phase 1 of this

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<sup>1</sup> In its Decision on Track A of Phase 1 of the Demand Flexibility Order Instituting Rulemaking (DFOIR) proceeding (D.24-05-028), the Commission authorized all six investor-owned electric utilities (IOUs), who provide CPUC-regulated service to Californians, to change the structure of their affected residential customer rates, in compliance with Assembly Bill (AB) 205 (Stats; 2022, Ch. 61). Specifically, the CPUC ordered the electric IOUs to shift recovery of a portion of their fixed costs away from volumetric rates and onto a separate billing line item that will reflect one of three adopted income-graduated fixed charge levels without changing the total costs currently being recovered from customers. The Decision's adopted initial fixed charge levels for the three large electric IOUs are: Tier 1 (CARE), ~\$6/month; Tier 2 (FERA/Affordable Housing), ~\$12/month; and, Tier 3 (everyone else not in CARE/FERA or in deed-restricted affordable housing), of \$24.15/ month, all three of which combine to allow a reduction to the volumetric price of electricity for that IOU's residential customers. Each IOU was ordered to file a Tier 3 Advice Letter to implement any elements of the initial fixed charge that were not finalized in D.24-05-028. Use of the terms "fixed charge" or "fixed charges" in this Advice Letter refers to the initial fixed charge levels and related activities that the Decision adopted for PG&E.

<sup>2</sup> D.24-05-028, p. 162, OP 3.

<sup>3</sup> R.22-07-005.

proceeding, including the CPUC's final decision (the "Decision") on the IOUs' initial fixed charge rate restructuring. Then, in Section 3, this Advice Letter describes PG&E's billing system changes and other implementation activities necessary to carry out D.24-05-028. Next, in Section 4, this Advice Letter sets forth PG&E's final plans for marketing education and outreach ("ME&O"), followed by Section 5, which present how PG&E proposes to assign each residential customer on an affected rate<sup>4</sup> into one of the three adopted initial income-graduated fixed charge (fixed charge) tiers. Then, in Section 6, PG&E describes the process for selecting and hiring a Facilitation Contractor to support the efforts of the Process Working Group, which was ordered to take place during Phase 2 of the DFOIR. Section 7 provides PG&E's total estimated budget for implementing the initial fixed charge adopted in D.24-05-028. In Section 8 of this Advice Letter, PG&E summarizes its compliant rate design, and then in Section 9 we provide a description of revisions to PG&E's tariffs that will be required to implement D.24-05-028. In Section 10, we present a summary of the associated revenue requirements and bill impacts. Finally, Section 12 of this Advice Letter sets forth PG&E's requested findings, as well as information on submittal of protests and responses. Several public attachments, listed in Section 11 of the Advice Letter, provide supporting information.

## **2. Background**

On July 14, 2022 the Commission initiated Rulemaking (R.)22-07-005 to establish demand flexibility policies and modify electric rates to advance the following objectives: (a) enhance the reliability of California's electric system; (b) make electric bills more affordable and equitable; (c) reduce the curtailment of renewable energy and greenhouse gas (GHG) emissions associated with meeting the state's future system load; (d) enable widespread electrification of buildings and transportation to meet the state's climate goals; (e) reduce long-term system costs through more efficient pricing of electricity; and (f) enable participation in demand flexibility by both bundled and unbundled customers in accordance with Assembly Bill 205, Stats. 2022, Ch. 61 ("AB 205").<sup>5</sup> Track A of the Rulemaking addresses setting a fixed charge for residential rates for all investor-owned

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<sup>4</sup> The revised residential billing structure adopted in Track A of Phase I of the DFOIR proceeding applies to almost all of the electric IOUs' residential rates, with a few narrow exceptions: (1) master-metered rates that are not sub-metered, (2) separately-metered electric vehicle rates for customers whose primary meter has an income-graduated fixed charge, and (3) all residential tariffs scheduled to be eliminated by the second quarter of 2026. (D.24-05-028, p. 4.) See Table 2 in Section 3.3.1 below for a complete list of PG&E's specific exempted rate schedules.

<sup>5</sup> R.22-07-005, p. 1.

electric utilities which is the subject of this Advice Letter.<sup>6</sup> On May 15, 2024, the Commission issued D.24-05-028 in Track A of Phase I regarding the initial fixed charge as well as plans for DFOIR Track A Phase II in which the CPUC will continue down its envisioned implementation pathway for considering options for improving on D.24-05-028's initial income graduated fixed charges and alternative solutions.

As directed by AB 205, the Decision authorizes all investor-owned electric IOUs to change the structure of their current residential customer bills by shifting the recovery of a portion of fixed costs from volumetric rates to a separate fixed amount on bills, without changing the total costs that utilities may recover from customers.<sup>7</sup> As a result, the Decision reduces the volumetric price of electricity (in cents per kilowatt hour) for all residential customers of IOUs relative to what those volumetric rates would have been without the initial fixed charge.<sup>8</sup>

Additionally, the Decision adopts an incremental approach to implementing AB 205's fixed charge provisions. As stated in the Decision, the billing structure adopted in Track A of Phase I will offer discounts on the initial fixed charge using the existing income-verification processes for the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs, coupled with a new process that would place customers into an appropriate discounted fixed charge based on a state list of those qualified for deed-restricted affordable housing.<sup>9</sup>

In the Decision, the Commission authorized PG&E to begin applying the adopted initial changes to residential customers' bills during the first quarter of 2026 after approval of this Tier 3 Advice Letter for implementation of the following adopted billing structure changes:<sup>10</sup>

- a. **Tier 1:** Customers enrolled in the CARE program shall automatically pay the lowest discounted fixed amount (approximately \$6 per month).

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<sup>6</sup> Track B aims to streamline and expedite the adoption of demand flexibility rates for large investor-owned electric utilities. Track B will also consider expansion of existing dynamic rate pilots as a near-term solution for supporting system reliability. Assigned Commissioner's Phase 1 Scoping Memo and Ruling (November 2, 2022), pp. 4-6.

<sup>7</sup> D.24-05-028, p. 2.

<sup>8</sup> D.24-05-028, p. 2.

<sup>9</sup> D.24-05-028, pp. 3-4.

<sup>10</sup> D.24-05-028, pp. 3-4.

b. **Tier 2:** Customers enrolled in the FERA program or who appear on a State list of deed-restricted affordable housing whose residents have incomes at or below 80 percent of Area Median Income, shall pay a somewhat discounted fixed amount (approximately \$12 per month).

c. **Tier 3:** All other customers will pay a fixed amount of \$24.15 per month, using the Sacramento Municipal Utility District's current default fixed charge as a comparison point for establishing the initial income-graduated fixed charge levels for the large electric IOUs.<sup>11</sup>

The Decision states that the revenues from the initial fixed charges will be used to (a) ensure that a low-income customer with average electricity usage will realize bill savings in each baseline territory without changes to usage, and (b) reduce volumetric rates for all residential customers, equally across all time-of-use (TOU) periods.<sup>12</sup> The Decision states that its revised new rate structure shall apply to almost all of the electric IOUs' residential rates, except for: master-metered rates that are not sub-metered, separately-metered electric vehicle rates for customers whose primary meter has an income-graduated fixed charge, and rate schedules that are scheduled to be eliminated by the second quarter of 2026.<sup>13</sup>

Additionally, the Decision approves an aggregate total of up to \$35.6 million for the implementation costs of the three large electric IOUs, and directs each of the three large utilities to propose its updated plan and budget for customer education and outreach through its own Tier 3 AL, to be filed within 90-days of the date D.24-05-028 was issued.<sup>14</sup>

The Decision also adjusts the methodology for calculating the large utilities' average effective discount for CARE in accordance with Assembly Bill 205.<sup>15</sup>

### **3. Billing System Changes and Other Implementation Activities**

This section outlines the implementation activities and costs associated with changes to PG&E's billing systems, other implementation activities related to the rate changes adopted in Track A of Phase I of the DFOIR, as well as the ordered Phase II study to

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<sup>11</sup> D.24-05-028, p. 63.

<sup>12</sup> D.24-05-028, p. 4.

<sup>13</sup> D.24-05-028, p. 4.

<sup>14</sup> D.24-05-028, p. 4.

<sup>15</sup> D.24-05-028, p. 5.

assess methods of potentially differentiating between single-family and multi-family residential accounts.

### **3.1. Compliance with D.24-05-028 Requirements for Fixed Charge Implementation**

This sub-section (3.1) discusses the requirements pertinent to PG&E's activities for timely and successfully implementing D.24-05-028's initial fixed charge rate restructuring, broken down into the following two major categories:

- **Requirements Related to Rate and Billing System Changes:** The Decision requires PG&E to file this Tier 3 Advice Letter to implement income-graduated fixed charges and remove minimum bills from residential customers' rates.<sup>16</sup> It specifies that, between January 1, 2026 and March 31, 2026, PG&E shall begin to apply the initial fixed charges to residential customers' applicable rates.<sup>17</sup> The fixed charge applied to a given customer will depend on which of the Decision's three income-qualified initial fixed charge Tiers each affected residential customer is assigned.
- **Requirements Related to the Single/Multi-Family Study:** As part of Phase II, the Decision also requires PG&E to prepare a study on the collection and use of data that can potentially identify whether a given residential customer lives in single- or multi-family housing, including: (1) the feasibility and cost of collecting such data, (2) the timeline for data collection, (3) the reliability of the data, (4) the difference(s) in the costs of service for the different customer types, and (5) any other information that will help inform the design of potential improvements to the initial income-graduated fixed charges to allow differentiation between single- and multi-family households, if found reasonable. The Decision directed PG&E to jointly host a workshop with Southern California Edison Company (SCE) and San Diego Gas and Electric Company (SDG&E) to present study findings by the end of February 2025; and then file a report (Single/Multi-Family Study) that incorporates any feedback gathered from participating parties within 90-days of that workshop.<sup>18</sup>

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<sup>16</sup> D.24-05-028, OP 3(c), pp. 162-163.

<sup>17</sup> D.24-05-028, Conclusion of Law (COL) 40, pp. 155-156.

<sup>18</sup> D.24-05-028, OP 5, p. 163.

### 3.2. Overview and Summary of Budget Estimate

This section describes the various program activities that will be required for PG&E to implement its initial fixed charges on the prescribed timeline, including: (a) modifications to PG&E's billing system, (b) updates to PG&E's customer rate tools, (c) training and mobilization of PG&E's contact center personnel, and (d) program and product management activities. This section also presents PG&E's proposed approach and budget estimate for PG&E to carry out the Decision's required Single/Multi-Family Study.

PG&E's total estimated budget for the necessary activities to implement the Decision is \$15.94 million as summarized in Table 1 below (see also Sections 3.3 through 3.7 for detailed description). This amount, \$15.94 million, is higher than the \$14.27 million that was adopted for PG&E in the Decision,<sup>19</sup> because it reflects the additional costs associated with implementing the fixed charge in PG&E's complex billing system. The Decision allows PG&E to "propose a billing system solution and implementation costs" for customers currently billed in PG&E's Advanced Billing System (ABS) that handles more complex rate calculations.<sup>20</sup> The Commission recognized that, at the time of the Decision, PG&E needed additional time to consider options for implementing initial fixed charges for its customers on rates billed through ABS, due to PG&E's ongoing efforts to modernize its billing systems.<sup>21</sup> The additional costs associated with implementing the fixed charge for ABS-billed customers are offset in part by reductions to the estimated budget amounts for Customer Support through PG&E's Contact Center. PG&E expects lower estimated call volume than was assumed in PG&E's prior showings due to the adopted fixed charge levels being lower than had been proposed by PG&E. This lower call volume should result in lower costs for the Customer Support (Contact Center) work activity, as discussed further in Section 3.5, below.

Here in Section 3, PG&E describes our revised estimates for spending between different categories of implementation activities that were approved in the Decision.<sup>22</sup> In Table 1, PG&E briefly outlines the rationale for the revised budget, which is explained in more detail in the remainder of Section 3. PG&E seeks to implement the initial fixed charge as efficiently as possible and is not seeking to exceed the Decision's approved total budget for key implementation activities. We are, however, presenting revised

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<sup>19</sup> D.24-05-028, p. 115, Table 7.

<sup>20</sup> D.24-05-028, p. 156, COL 42.

<sup>21</sup> D.24-05-028, p. 111 and 112.

<sup>22</sup> D.24-05-028, p. 115, Table 7

estimates for the budget allocation across these activities, specifically, to allocate more budget for “Program and Product Management” due to the reduced expected budget for customer support through PG&E’s Contact Center, enabled by the Decision’s significantly lower initial fixed charge levels. The Decision’s previous budget levels for the work activity “Program and Product Management” is likely to jeopardize PG&E’s ability to transition its residential customers to rates with fixed charges in a way that ensures a smooth customer experience. Thus, a reallocation of the existing budget from one category to another, without exceeding the total approved budget (outside of work activities for which PG&E specifically was allowed to request additional funding through this Advice Letter) is appropriate, to position PG&E to successfully implement the Decision. For transparency, this Advice Letter provides revised budget estimates by work activity, but does not seek CPUC approval of the spending across work activities at this time; rather, PG&E will do so when we file an application to recover the actual costs recorded into the IGFCMA, which was authorized under the Decision.

The key implementation activities for which PG&E is providing updated budget estimates mirror those reflected in Table 7 of the Decision (shown below),<sup>23</sup> with adjustments stemming from the Decision’s new requirements, as clarified in this Advice Letter. The key implementation activities listed in Table 7 of the Decision were:

1. Income Verification
2. Billing System Changes
3. Customer Rates Tool Updates
4. Customer Support (Contact Center)
5. Program and Product Management

In this Advice Letter, PG&E will discuss Income Verification activities related to assigning customers to different fixed charge Tiers in Section 5. In the remainder of this section (3) PG&E describes PG&E’s plans and budget needs related to work activities 2-5 above, and adds a new budget category for the Decision’s newly-required Single/Multi-Family Study, that will support one of the workstreams created for the Decision’s new Phase II of DFOIR Track A. Additionally, this Advice Letter provides compliance clarifications to the implementation activity previously entitled “Program and Product Management” which will now need to include new reporting activities established in the Decision.

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<sup>23</sup> D.24-05-028, p. 115.

**Table 1. PG&E's Estimated Budget for Billing Changes and Other Implementation Activities (Not including Marketing Education and Outreach, Income Tier Assignment, or Facilitation Contractor Estimated Budget Information, which are provided in Sections 4-6 of this Advice Letter)**

| Activity   | Cost (In \$ Millions)                               |         |                  | Reason for Change   |
|--|---|---------|------------------|---|
|  | Approved in Decision                                | Change  | Revised Estimate |   |
| Billing IT Implementation<br><br>(Mass Market CC&B System and Updates to associated billing products such as Your Account) | 5.745   | -0.002  | 5.747            | No change.  |
| Billing IT Implementation<br><br>(Complex Billing BCS System which is replacing ABS System)                                | 0<br>(indicated should be submitted in this filing) | + 3.498 | 3.498            | The Decision recognized that PG&E would need more time than the other two large electric IOUs to establish the path forward for customers who are currently billed through PG&E's legacy billing system for complex customer billing (ABS) because of PG&E's ongoing billing system modernization initiative. PG&E's additional costs associated with implementing the initial fixed charges for customers billed in ABS by Q1 2026, pursuant to the Decision, are estimated at \$3.5M. |
| Updates to Customer Rate Tools   | 0.674   | 0       | 0.674            | No change.  |
| Customer Support (Contact Center)  | 7.304   | - 3.711 | 3.593            | The Decision adopted significantly lower fixed charge levels than proposed by PG&E (through testimony presented as part of the Joint IOUs' filings). These lower initial fixed charge levels are expected to result in a significant reduction in call volume, allowing PG&E's originally-proposed budget estimate for contact center costs to be reduced by about \$3.7M.  |

| Activity                           | Cost (In \$ Millions)                          |               |                  | Reason for Change  |
|------------------------------------|--|---------------|------------------|--|
|                                    | Approved in Decision                           | Change        | Revised Estimate |  |
| Program and Product Mgt, Reporting | 0.550<br><br>(Based on SCE's estimated budget) | +1.626        | 2.176            | Given the above-stated reduction of about \$3.7M to the original Customer Support (Contact Center) budget estimate, PG&E reallocates an incremental amount of about \$1.6M to Program and Product Management, which is reasonable because:<br>1) among other things, PG&E will need to add a new fixed charge line item, remove fixed costs covered by the fixed charge from the volumetric rate, and eliminate the prior Minimum Bill line item on seven of our residential rates; these efforts significantly increase the scope of PG&E's required billing system work, in comparison to SCE whose billing system already accommodates fixed charges for all its residential rates.<br>2) PG&E does not have GRC funding for this activity, whereas SCE will be leveraging GRC funding for a portion of their implementation costs. However, because PG&E's most recent GRC Phase 1 forecast was submitted <sup>24</sup> to the CPUC in June 2021, prior to July 2022 (when AB 205 was signed into law), PG&E's forecast had not anticipated the residential fixed charge implementation costs associated with the Commission's approach for complying with AB 205's requirements. On the other hand, SCE filed its 2025 GRC forecast, in May 2023 over 10 months after Governor Newsom signed AB 205 into law. |
| Single Family/Multi Family Study   | 0  | +0.250        | 0.250            | The Single/Multi-Family Study is a new activity not known until it was ordered in the Decision. The \$0.25M estimated incremental cost for this new Study has been included in the additional estimated budget that PG&E now presents in this Advice Letter.   |
| <b>Total</b>                       | <b>14.27</b>                                   | <b>+1.664</b> | <b>15.937</b>    | Overall PG&E's original budget had to be increased to account for the billing system implementation costs for PG&E's ABS-billed customers and the unanticipated requirement in the CPUC's final decision on the initial fixed  |

<sup>24</sup> 2023-2026 GRC I Application (A.21-06-021)

| Activity | Cost (In \$ Millions) |        |                  | Reason for Change  |
|----------|-----------------------|--------|------------------|--|
|          | Approved in Decision  | Change | Revised Estimate |  |
|          |                       |        |                  | charge to conduct the Single/Multi-Family study. Although the Decision's lower fixed charge levels allow about a \$3.7M reduction to PG&E's original budget estimate for Customer Support (Contact Center), these savings do not fully offset the above-referenced required additional budget amounts for: (a) timely implementing the initial fixed charge for PG&E's customers billed in ABS (which adds an estimated \$3.5M, the majority of the increased estimated budget costs), (b) the cost for PG&E to carry out the newly required Single/Multi-Family Study (which adds about \$250,000 to PG&E's original budget). Additionally, a portion of the reduced Customer Support budget will need to be leveraged for the Program and Product Management work activity at PG&E for the initial fixed charge (which adds about \$1.6M), and (c) The net increase of just over \$1.66M is appropriate to support timely and successful implementation of all of the Decision's requirements. |

### 3.3. Billing System Changes

To implement the Residential fixed charges, PG&E will need to restructure how residential rates will be calculated in PG&E's two billing systems (mass-market and complex billing systems). Changes will also need to be made in how rate calculations are presented to customers on their bills, in bill messages, and in PG&E's Your Account online platform. PG&E will also need to store a new customer characteristic that identifies a customer's income tier in our customer relationship management system (Energy Insights).

#### 3.3.1. Rate Calculation Changes

In accordance with the Decision, PG&E will need to implement a fixed charge for seven residential rates (E-1, E-TOU-C, E-TOU-D, EV2-A, ESR, ES and ET) and modify the existing fixed charge for E-ELEC. Table 2 shows which residential rates will have, and which are exempt from, the fixed charges authorized by the Decision.

**Table 2**

#### Fixed Charge Exemption Status for PG&E's Residential Rate Schedules

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

The Decision's adopted initial fixed charges will replace the prior Minimum Bill calculations, which involves significant changes to how PG&E's bills are calculated and is not as simple as merely adding a fixed charge line item with no other changes. Additionally, about twenty combinations of rates and rate modifiers will need to be coded and tested. For each combination, the billing system must have the ability and logic built to correctly assign, calculate, and maintain a current and historical record of the appropriate fixed charge and total bill for every applicable customer and premise.

To demonstrate how changing billing calculations from a "minimum bill" rate structure to the new "fixed charge" rate structure alters billing calculation requirements, we provide a high-level description of how NEM customers' billing calculations will need to be changed. For NEM customers, the amount they are charged at their annual True-Up is determined by minimum bill charges for a significant portion of NEM customers who net out their electric charges through export credits over the course of the year. For NEM2 customers, the amount owed at True-Up is a function of the maximum of their net electricity charges, their Non-Bypassable Charges (NBCs), and their minimum charges. At a high level, the NEM calculation looks like:

$$\text{Annual True-Up Amount} = \text{MAX} (\text{Net Electricity Charges}, \text{NBCs}, \text{Min Charges})$$

With a fixed charge, the calculation would be:

$$\text{True-Up Amount} = \text{MAX} (\text{Net Electricity Charges}, \text{NBCs}) + \text{Fixed Charge}$$

Thus, instituting a fixed charge requires coding and testing of different calculations than those currently in PG&E's billing systems. Furthermore, rate modifiers such as CARE discounts, Medical Baseline, the multiple variations of NEM (e.g., NEM Aggregation, NEM2 Aggregation, NEM-Paired Storage, NEM2-Paired Storage, etc.), and other modifiers that can be combined with any or many different residential rates, increase the permutations required for testing. In other words, calculations of a new rate element for each rate must be tested in combination with each given modifier to ensure accurate billing calculations.

### **3.3.2. Changes to PG&E's Energy Statements**

PG&E will need to change bill presentment on PG&E's Energy Statements (customer bills) to show the new fixed charge in the Energy Statement's "Details of Electric Charges" section and remove references to the Minimum Bill charge. A new fixed charge definition also needs to be added to the back of the bill (page 2 of the Energy Statement).

### **3.3.3. Treatment of NEM Customers During the Transition**

Additionally, during the transition to the initial fixed charge rates, PG&E will develop billing system code and bill presentment changes to ensure that NEM customers do not lose the bill credits they have accumulated on the current residential rates (that have a minimum charge) within their annual True-Up period. This adds complexity to the transition to the initial fixed charge billing revisions for NEM customers.

### **3.3.4. Updates to Your Account, Bill Messages, Energy Insight Platform**

In addition to changing affected customers' bills to reflect the revisions stemming from the new initial fixed charge, PG&E will need to update our "Your Account" platform that enables our customers to examine their rates and energy charges, and also provides billing details (which currently reference the monthly Minimum Bill charge and need to be changed to describe the fixed charge). PG&E also plans to provide bill messages leading up to, and for one year after, the launch of the new rates with fixed charges.

PG&E must also make changes to add to its billing and customer relationship management systems to add a new customer characteristic to reflect the customer's fixed charge Tier assignment. To comply with the Decision's directive, PG&E will assign customers to Tier 2 who are determined to live at a premise that is designated as deed-restricted affordable housing (as is explained in more detail in Section 5, below). PG&E must change our Energy Insight<sup>25</sup> data platform to allow PG&E to record whether a customer lives at a qualified DRH premise and is thus deemed eligible for the Tier 2 discounted fixed charge. The Energy Insight data platform must then be able to interface with PG&E's billing systems to record the appropriate fixed charge and distribute targeted customer communications based on a customers' tier assignment.

### **3.3.5. Plans for Implementing Fixed Charge-related Bill Restructuring in PG&E's Legacy ABS Billing System**

In compliance with the Decision, PG&E includes in this Advice Letter our plans for implementing the initial fixed charge rate restructuring requirements into PG&E's legacy billing system for customers with complex bills (ABS).<sup>26</sup> PG&E must implement the initial fixed charge for two groups of customers: (1) about 98% of our residential customers who are billed in PG&E's "mass market" CC&B system, and (2) about 2% of our residential

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<sup>25</sup> Energy Insight is PG&E's in-house Customer Relationship Management (CRM) database.

<sup>26</sup> D.24-05-028, COL 42 at p. 156.

customers who are billed through PG&E's "complex billing" ABS system. PG&E's ABS system bills customers with specialized metering requirements and who are on tariffs that involve calculations supported by usage data from multiple meters – namely NEM Paired Storage, Virtual Net Metering, and NEM Aggregation. These customers are billed on most<sup>27</sup> of PG&E's residential rates in combinations with these modifiers.

The legacy ABS system, which is over thirty years old, is in the process of being replaced with PG&E's Billing Cloud System (BCS). The appropriate fixed charge implementation approach for ABS-billed customers was uncertain at the time PG&E responded to the Administrative Law Judge's (ALJ) Ruling on Implementation Budget and Timing Issues.<sup>28</sup> PG&E now has greater clarity that we will be able to implement the initial residential fixed charges in BCS on the same timeline we plan to implement the initial fixed charge in CC&B – by the end of Q1 2026. Current plans for the new BCS system call for it to be deployed for all PG&E residential rates in June 2025 and be configured with existing residential rates that do *not* currently have a fixed charge (almost all of PG&E's current residential rates). As an additional step, thereafter (by Q1 2026), PG&E will also need to program BCS to bill customers on residential rates *with* fixed charges that reflect the Decision's requirements.

While it might seem prudent to consider delaying BCS deployment to wait to program the new fixed charge residential rates – rather than having to build residential rates "twice" in BCS (once with the current residential rates and again for rates with the new fixed charge changes) –, the approach of launching BCS first in June 2025 with current residential rates and then building the rates with fixed charges by March 2026 is, in fact, the more appropriate course of action here, for the following reasons:

1. ABS is over thirty years old, and the volume of accounts managed on this system has already stressed its capacity; PG&E cannot risk the potentially severe negative impacts of any further delays to the ongoing ABS replacement project;
2. Many other rate deployments are dependent on the transition to BCS (i.e., are in the process of being built in BCS);

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<sup>27</sup> All PG&E's residential rates are programmed into ABS except for E-ELEC.

<sup>28</sup> Opening Comments of Pacific Gas and Electric Company (U 39 E), San Diego Gas & Electric Company (U902-E). and Southern California Edison Company (U388-E) in Response to Administrative Law Judge's Ruling on Implementation Budget and Timing Issues (Track A) (January 24, 2024), Appendix A – Attachment 1. pp. 38-43.

3. The BCS project is well under way and many of PG&E's residential rates as they exist today have already been programmed into BCS;
4. When transitioning to a new billing system, it is helpful to test the new billing calculations and processes in BCS against the rates in the ABS system that is being replaced. This ensures that there is a "source of truth" in ABS against which to assess and validate billing results from the new BCS system. Because the ABS system only reflects current rates (without fixed charges), it is useful to also build these same current rates into the new BCS platform, to allow BCS to be tested against ABS billing results. Current rates share many of the features that the residential rates with fixed charges will also have, such as volumetric TOU pricing, which will be tested in the new BCS system prior to implementation of the new rate structures that include the initial fixed charge rate restructuring.

PG&E appreciates this opportunity to submit its budget request to enable timely billing of the Decision's initial fixed charge rate changes for customers currently billed in ABS. In this Advice Letter, PG&E requests approval of an additional \$3.498 million in budget for implementation in BCS on top of the \$4.452 million approved for implementation in CC&B in the Decision.<sup>29</sup> The new total for implementation of the fixed charge in PG&E's billing systems is \$9.245 million which includes the CC&B costs, BCS costs, and updates to billing-related products such as Your Account (lines 3, 6, and 8 in the Workpaper "Fixed Charge Proposed Budget for Billing System and Other Implementation Activities" (see Attachment A's "Summary" Worksheet).

### **3.4. Customer Rate Tools Updates**

PG&E currently offers several online tools that involve rate calculations made outside of PG&E's billing system; these tools will also need to be updated to reflect the Decision's initial fixed charge changes to PG&E's affected residential rate schedules. Specifically, PG&E makes available to our customers a "Bill Comparison Tool," through our pge.com website's "Your Account" service. The Bill Comparison Tool provides residential customers with an analysis of what their annual bills would have been on a different rate given their last 12 months of electric usage. This tool is designed to help customers determine whether they are on the best rate for them, given their electricity usage patterns in the prior year. Also, by the end of Q1 2025, PG&E plans to launch a new "Clean Energy Calculator" designed to help residential customers determine what their bills could be

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<sup>29</sup> D.24-05-028, p. 115, Table 7

under different Distributed Energy Resource (DER) investment scenarios (such as if they added solar photovoltaic, with or without battery storage). Finally, as part of PG&E's "Home Energy Reports" (HER) energy savings tool, customers can view estimated bills based on "what if" scenarios that illustrate potential bill savings customers could realize if they were to apply various energy savings tips in the future. All three of these online customer tools will need to be modified to reflect the changes resulting from the initial fixed charge rate restructuring adopted for PG&E in the Decision.

These three online tools for customers (the Bill Comparison Tool, DER calculator, and HER) are driven by a common rate engine. The cost to update that rate engine to reflect calculations needed under the CPUC's initial fixed charge Decision, as well as to update the user interfaces in each of PG&E's three customer online tools (the Bill Comparison Tool, DER Calculator, and HER), continues to be estimated at \$674,000, with no change needed to PG&E's previously proposed budget for updates to customer online rate tools.<sup>30</sup> See Attachment A "Summary" Worksheet line 11.

### **3.5. Customer Support – Contact Center**

PG&E's Contact Center responds to customer inquiries about their PG&E electric and gas service. In 2023, PG&E's Contact Center received over 6.4 million calls. PG&E anticipates that the introduction of the bill revisions necessary to comply with the CPUC's Decision on initial fixed charge rate restructuring will add incremental calls to PG&E's Contact Center. However, PG&E's previously-submitted budget estimates (provided in Opening Testimony and updated in response to the Administrative Law Judge's (ALJ) Ruling on Implementation Budget and Timing Issues)<sup>31</sup> had assumed adoption of the Joint IOUs' proposed initial fixed charge levels, which were between two and four times higher (depending on the Tier) than the initial fixed charge levels ultimately approved in the Commission's Decision.<sup>32</sup> PG&E expects the Decision's lower adopted fixed charge levels will result in fewer calls to our Contact Center than had been assumed in our previous showings. For this Advice Letter, PG&E has updated our prior analysis of expected Contact Center costs to reflect a significant reduction in expected call volume due to the Decision's lower initial fixed charge levels.

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<sup>30</sup> D.24.05-028, Table 6, p. 110.

<sup>31</sup> See Exhibit (PG&E-01-E), p. 2-3, Table 2-1.

<sup>32</sup> See the Joint IOUs Opening Testimony, PG&E-Specific Implementation of Income Graduated Fixed Charge Supplemental Testimony from April 7, 2023 at p.1-3.

PG&E will modify and leverage its Interactive Voice Recognition (IVR) software to better enable customers who call into the Contact Center to, as much as possible, self-serve to resolve their fixed charge-related inquiries. However, even with the IVR self-service option and lower initial fixed charge levels, PG&E anticipates that a significant number of customer inquiries related to the fixed charge transition will still require support from our Contact Center personnel. PG&E plans to prepare our Contact Center Customer Service Representatives (CSRs) to assist customers with their fixed charge-related inquiries, by providing the CSRs various communication and training activities, along with job aid resources.

PG&E's original estimates for incremental call volume associated with the transition to rates with fixed charges had assumed approximately 10 percent of affected customers would need CSR assistance. However, the Decision gave guidance that PG&E's revised Contact Center estimates should instead reflect an assumed 3.2 percent incremental fixed charge-related call rate during the transition, based on the call rate PG&E experienced during the transition of Residential customers to default Time-of-Use rates in 2020-2023.<sup>33</sup> Specifically, the revised budget estimate provided here applies the Decision's 3.2 percent assumption, under which, in total, approximately 168,000 customers are expected to require fixed charge-related assistance from our Contact Center personnel in 2025 and 2026 (compared to our pre-Decision estimate of 500,000 calls under our prior 10 percent assumption, as provided in response to the ALJ's Ruling on Implementation Budget and Timing Issues).<sup>34</sup>

Further, PG&E's revised analysis for this Advice Letter reflects a change to the Decision's assumption that such calls would last 8 minutes per call (the average call length for PG&E's billing related calls). An 8-minute assumed call length is too low because PG&E's current average billing call length reflects CSRs addressing concerns regarding *existing* rates, while for fixed charge transition calls, representatives will have to explain a *new, multifaceted* rate structure, which we anticipate will take longer. Instead of an average of 8 minutes per call, PG&E's revised budget estimate assumes a call length of 9.2 minutes per call, which was the average call length experienced during PG&E's TOU transition and represents a more appropriate benchmark for new rate structure changes.

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<sup>33</sup> D.24.05-028, pp. 112, 113.

<sup>34</sup> See the PG&E-specific responses to the ALJ's Ruling on Implementation Budget and Timing Issues (DFOIR Track A), Appendix A, revised in PG&E's Amended Appendix A submitted on April 16, 2024.

In addition, PG&E expects that incremental calls will also be generated because the Decision added a new directive to include in Tier 2 customers who live in a deed-restricted affordable housing (DRH) unit. This is a new concept for our customers and is likely to result in an incremental increase in our previous estimates for Contact Center call length. These incremental calls are expected to come from customers seeking assistance with completing a self-attestation form to establish that they live in affordable housing (as described in Section 5). These additional DRH-related calls are likely to last longer than the 9.2-minute average cited above because these customers will be seeking enrollment support under a new and untested eligibility criterion for receiving the discounted Tier 2 fixed charge. PG&E estimates that the population of customers (associated with DRH properties from the Decision's designated California Housing Partnership, or CHP, list) who are likely to pursue affordable housing self-attestation is approximately 37,000. From this total group, PG&E estimates approximately 30% would call the Contact Center, with a call length of 10 minutes to assist them with understanding and filling out their self-attestation form.<sup>35</sup> PG&E's revisions also include additional Contact Center budget to train our CSRs to assist customers with questions relating to the new affordable housing qualification for the Tier 2 discounted fixed charge and self-attestation forms. The total revised estimated budget, that reflects PG&E's updated Contact Center-related activities to carry out what the CPUC approved in the Decision, is now \$3.593 million, which is \$3.711 million lower than the amount adopted in the Decision.<sup>36</sup> (Table 1 and "Contact Center" Worksheet in Attachment A).

### **3.6. Program and Product Management**

To implement the adopted changes resulting from the initial fixed charge Decision, PG&E will rely on Program Management staff or contractors to coordinate and oversee implementation among the many internal teams affected by these rate changes. PG&E will also rely on Product Management staff or contractors who define and test business requirements for changes to billing calculations and presentment and other customer-facing materials and resources. Additionally, analysts support both Program and Product Management activities.

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<sup>35</sup> The average call length of CARE support calls in 2024 was 10 minutes. The CARE Program observes an average response rate of 56 percent for recertification and 34 percent for post-enrollment verification. For more information, refer to the PG&E ESA/CARE/FERA Annual Report for Program Year 2023: CARE Table 6 - CARE Recertification Results and CARE Table 3 – CARE Post-Enrollment Verification Results.

<sup>36</sup> Attachment A Fixed Charge Proposed Budget for Billing System and Other Implementation Activities, Summary Worksheet, line 16.

Program Managers ensure consistent understanding of the fixed charge rates and implementation approach, through project and change management tactics and activities. Program Managers coordinate project dependencies among staff working in PG&E functional areas such as:

- Billing IT – Program Managers ensure that billing IT has required information and support from product managers to execute the billing change requirements
- Billing Operations – Program Managers promote understanding of the fixed charge rates to minimize billing exceptions (errors) and expeditiously resolve them.
- Digital Strategies – Program Managers collaborate to ensure that web materials, including PG&E’s customer-facing online account, provide accurate information about the fixed charge.
- Reporting – Program Managers work with analysts to ensure that PG&E is able to collect, record, and tabulate the needed information to report on the requirements in the Decision, and can assess trends to potentially improve future iterations of the fixed charge.
- Customer Contact Centers – Program Managers support creation of training materials, training activities, and resources to equip PG&E’s call centers with the information needed to have efficient customer conversations regarding the fixed charge.

Program Managers communicate implementation strategy and provide the right information to the appropriate groups at the appropriate time, to ensure a smooth deployment and customer experience. This can be done through coordination calls, presentations, workshops, and other regular activities appropriate for the task and group. Program Managers also manage the overall implementation budget, identify key processes required for coordinated implementation, and seek to minimize costs by cost-effectively automating those processes. Program Managers must also coordinate and partner with the twelve Community Choice Aggregators (CCAs) in PG&E’s service area on the changes to billing and the CCA customer experience. PG&E will also need to regularly provide CCAs with not only CARE/FERA enrollment updates, but Tier 2 DRH assignment information, in compliance with the Decision.<sup>37</sup> PG&E will continue to

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<sup>37</sup> D.24-05-028, COL 20

collaborate with the CCAs in PG&E's service area to provide customer-level data and will amend reporting requirements to include Tier 2 deed restricted housing assignments.

Product Managers define business requirements for the billing IT project (including rate calculation logic, operational automation, bill presentment, bill messages, and PG&E's personalized "Your Account" online interface) through a series of collaborative workshops with internal stakeholders and through documentation of business requirements. The Product Managers then review and test those products to ensure that requirements are met.

Analysts will compile fixed charge data to deliver on the metrics related to fixed charge implementation and ME&O efforts. Within 30 days of each calendar quarter, reports will be provided to the service list of R.22-07-005, and PG&E will present those metrics to the Implementation Working Group quarterly, as required by the Decision.<sup>38</sup> To comply with this requirement, new reporting capability must be built to capture the data related to the fixed charge implementation and subsequent operations. PG&E will seek to understand and report on opportunities relating to implementation, operational efficiencies, and the customer experience to influence future versions of the fixed charges. As described in the Decision, PG&E will prepare to report on:

- a) Number of customers in each tier;
- b) Number of customers who change tiers;
- c) Average customer bill impacts for each tier and each baseline territory;
- d) Number of press article mentions;
- e) Impressions and reach of paid media;
- f) Number and type of outbound targeted communications and bill messages;
- g) Number of related calls or emails received;
- h) ME&O dollars spent;
- i) Number of customers who were asked to verify their incomes through the CARE and FERA programs; and
- j) Number of customers who successfully verified their incomes through the CARE and FERA programs.

In the Workpaper "Fixed Charge Proposed Budget for Billing System and Other Implementation Activities" (Attachment A), the worksheet "Program and Product Management" shows the estimated Analyst, Program and Product Management Full Time

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<sup>38</sup> D.24-05-028, OP 7.

Employees (FTEs) and contract costs needed to implement the fixed charge rate. The total amount estimated by PG&E is \$2.176 million (Attachment A, Summary Worksheet, Line 20).

As described in Table 1 above, PG&E has revised downward our previous budget estimate for Customer Support (Contact Center) work activities; this then creates headroom in the total implementation funding to allow coverage for our Program and Product Management (PPM) work activities. The Decision had approved \$0.550 million for PPM activities, under the assumption that PG&E's needs should be the same as what SCE requested (\$0.550M). As noted in the Joint IOUs' comments on the Proposed Decision, there are reasonable explanations for why PG&E's PPM estimated budget is considerably higher than SCE's.<sup>39</sup> First, PG&E must adjust seven residential rates to remove calculations associated with a minimum bill and replace those with calculations and bill presentment to reflect the fixed charge rates, whereas SCE already has a residential fixed charge programmed into all SCE residential rates. Thus, SCE likely needs fewer resources to develop business requirements and test billing changes associated with implementing the fixed charge. Second, PG&E is unable to leverage GRC-funded resources. This is because PG&E filed its 2023 GRC I application on June 30, 2021,<sup>40</sup> prior to July 2022 when the Legislature passed AB 205, and Governor Newsom signed it into law. Therefore PG&E's GRC filing did not reflect the costs to implement a new residential fixed charge since the statute had not yet been passed requiring that the CPUC authorize an AB 205-compliant initial fixed charge billing revision. In contrast, PG&E understands that SCE is able to leverage some GRC-funded resources to implement the fixed charge because SCE included resources for new rate implementation in its 2025 GRC forecast filed in May 2023, over ten months after AB 205 was signed into law.

PG&E stresses the importance of having adequate PPM resources to implement the initial fixed charges in a manner that facilitates both a timely and smooth customer experience for this new rate restructuring, which is critical to meeting California's affordability and decarbonization objectives. Insufficient funding for PPM is likely to lead to project delays, rework, or errors in billing implementation that would, in turn, result in customer confusion and frustration.

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<sup>39</sup> Opening Comments of the Joint IOUs on Proposed Decision Addressing Assembly Bill 205 Requirements for Electric Utilities, pp.11-12.

<sup>40</sup> PG&E filed its 2023-2026 GRC Application (A.21-06-021) on June 30, 2021.

PG&E's revised estimates reflect that \$1.626 million from the budget savings associated with reduced Contact Center Customer Support will be needed to supplement the \$0.550 million that the Decision had assumed for the PPM work activity (Table 1).

### **3.7. Single Family/Multi-Family Study**

In Ordering Paragraph 5, the Decision directs each of the Large Utilities to prepare a study on the collection and use of data that identifies whether a given residential customer lives in single- or multi-family housing – including the feasibility and cost of collecting such data, the timeline for data collection, the reliability of the data, and the difference in cost of serving single- family versus multi-family premises.<sup>41</sup> The large Utilities are required to present their Studies' respective findings at a public workshop to take place by February 2025, then, within 90-days after the workshop, each large utility must file a report that incorporates any feedback gathered at the workshop. To comply with these requirements in the Decision, PG&E will need to evaluate the level of accuracy of its current process of collecting this information and what it would take to create billing quality data to support potential separate fixed charge levels for customers in single-family versus multi-family residences. PG&E will need incremental resources to perform this study, including resources to procure new data from an external party if needed. PG&E currently estimates that the cost to complete this Study should be \$0.25 million (Attachment A, Summary Worksheet, line 22).

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<sup>41</sup> D.24-05-028, OP 5.

#### **4. Marketing, Education & Outreach**

##### **4.1. Compliance with D.24-05-028 Requirements for ME&O**

The Decision requires PG&E to develop a marketing, education, and outreach (ME&O) plan through the following process:

- a) Meet and confer with the other IOUs and the Commission's staff to strive to develop consistent proposed terminology, high-level messages, and metrics.
- b) Invite parties to this proceeding to a workshop, consult with the Commission's staff to plan the workshop, and jointly host a public workshop to discuss each utility's ME&O plan and proposed terminology, high-level messages, and metrics.
- c) Propose an individual ME&O plan in a Tier 3 implementation advice letter with the following components: proposed terminology and high-level messages; sample bill impact templates; consistent ME&O metrics; and a proposed ME&O implementation budget, with a line-item breakdown and justifications for the proposed cost of each individual line-item.<sup>42</sup>

The submitted ME&O plan should address the following topics:

- a) When the new fixed charge will be applied;
- b) Why and how the new fixed charge will reduce volumetric rates;
- c) The amount of the fixed charge and how the fixed charge will affect customers' bills;
- d) How tiers will be assigned and how to move to a different income tier;
- e) Different rate options and rate comparison tools;
- f) Options to enroll in CARE or FERA and other ways to manage energy costs;
- g) Assure CARE and FERA customers that their assistance program discounts will not be affected by the fixed charge and that they may see lower bills under the new fixed charge rate restructuring; and,

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<sup>42</sup> D.24-05-028, COL 33.

- h) Why and how the fixed charge will encourage the adoption of electrification technologies and associated reduced use of fossil fuels and how customers can find rebates to electrify.<sup>43</sup>

This section (Section 4) of the Advice Letter presents PG&E's ME&O plan, consistent with the requirements of the CPUC's May 2024 initial fixed charge Decision.

#### **4.2. Introduction**

While many aspects of PG&E's originally-proposed fixed charge concepts have evolved since the initial Joint IOU filings in April 2023,<sup>44</sup> the foundational ME&O Plan remains consistent. Based on learnings from the large electric IOUs' successful transition to default Time-of-Use, as adjusted for efficiencies, PG&E's main over-arching ME&O approach and tactics can be used to achieve effective and affordable outreach of the Decision. For example, PG&E has found budget efficiencies in some project scopes, labor line items, and has reduced the proposed paid media spend from what was initially filed. Additionally, while our original overarching approach and tactics continue to apply to the proposals in this Advice Letter, the Decision did require certain adjustments, as described below.

#### **4.3. Over-Arching ME&O Approach**

As outlined in the ME&O proposal in the Joint IOUs' initial filing,<sup>45</sup> an umbrella approach to guide the phases of outreach remains a valid and useful glidepath for how and when to message a fixed charge. This umbrella approach to implementation includes the following phases:

**Phase 1 – Awareness:** This phase sets the context for what the fixed charge is, why it is being implemented, when it will take effect; tactics and messaging are general and conceptual. Customers are given broad information and informed that more actionable and personalized information will follow when implementation is closer. Timeframe: starting at least 6 months in advance of implementation in customers' bills.

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<sup>43</sup> D.24-05-028, COL 32.

<sup>44</sup> See Joint IOU Testimony filed April 7, 2023, Exhibit 1. Section V. Marketing Education and Outreach.

<sup>45</sup> See Joint IOU Testimony filed April 7, 2023, Exhibit 1. Section V. Marketing Education and Outreach, Section G Rollout and Implementation, pages 118-120. April 7, 2023.

**Phase 2 – Inform:** Further information on the initial fixed charges, including the fixed charge amount, the related reduction in per kilowatt-hour (kWh) charges, as illustrated in representative sample bills, will be provided in direct customer communications as well as integrated communications, as appropriate. Materials will also reinforce available online resources where customers can get more information, such as visuals to further explain how bills will be changing through example bills. Communications will emphasize the “why” behind the Decision’s changes to the structure of affected residential bills – to make customers’ bills more transparent and to encourage customer evolution to electrification in place of fossil fuel use, to support California’s clean energy and climate action goals. Timeframe: no less than 4 months prior to implementation in customers’ bills.

**Phase 3 – Engagement:** After the fixed charge is implemented, outreach will focus on ongoing bill and rate education including how a fixed charge helps to move the state towards electrification and will reinforce the actions that support the state’s decarbonization goals, the journey to electrification, the environmental and cost-saving benefits of shifting usage out of higher cost and higher emission peak times, as well as promote other bill management solutions. Timeframe: after initial implementation in PG&E’s bills, expected by the end of Q1 2026 (funding requested through the end of 2026).

#### **4.4. Overview of Customer Research Studies Already Completed**

As of July 2024, PG&E has conducted two significant rounds of customer focus groups that have provided important feedback on how to most simply and effectively communicate the purposes behind the CPUC’s Decision to change residential rate structures to accommodate the initial fixed charge. PG&E’s two studies, conducted in Fall 2022 and Fall 2023, provided clear input guiding how to evolve messaging and outreach to maximize clarity, understanding and acceptance. It is important to note that the fixed charge levels tested in both PG&E studies were higher than the initial fixed charge dollar amounts approved by the Commission, as well as the resulting bill impacts for all affected residential customer segments. Now that the CPUC has adopted a significantly lower set of initial fixed charges for PG&E, it will be necessary to re-test to validate previous messaging plans and fine tune outreach before ME&O roll-out.

Key findings from PG&E’s two prior customer studies include:

- Customers understand the basic concept of a fixed charge, but on a deeper level want to know what the charge is funding and how it will affect their bills.

- Customers from all income groups expect an increase in their bills even when told their bills will be reduced.
- Some customers worry that a fixed charge will not incentivize conservation and may be unfair to those who try to minimize their energy use.
- A general income-based structure is not favored by customers, though many middle- and higher-income customers support lower income customers having a lesser charge.
- Customers desire straightforward communication three or more months in advance of the change on their bills.
- Customers would like to see and reacted positively to sample bills that showed how a fixed charge could affect the bill of a household similar to theirs; they also expressed a desire to see others' bills, and information on what the charge covers.
- Direct communication via email and on-bill messaging are the most preferred channels.

#### 4.5. Naming Study and Proposed Terminology

PG&E's 2022 Messaging Research surveyed customers on potential names for the expected new residential charge, giving the options stated below, in addition to the term "Fixed Charge," to gauge reaction as to which one was most understandably descriptive:

- Basic Services Charge
- Customer Services Charge
- Base Charge
- Standard Charge
- Shared Services Charge

From these potential options, most customers most preferred the name "Basic Services Charge," followed by "Base Charge." The terms "Basic" and "Base" help customers identify that the charge represents the foundational costs to maintain and operate the electric grid that delivers electricity to them which is separate from the commodity cost for the electricity that they use. The terms "Basic Services Charge" or "Base Charge" also help customers understand that almost all residential customers will be experiencing this bill restructuring.

Because the term **Base Services Charge** most accurately describes the charge, resonates well with customers, and aligns with other Joint IOU naming research findings

as shared in the ME&O Workshop,<sup>46</sup> PG&E plans to use this name instead of calling it a “Fixed Charge.” This Advice Letter will still utilize the term “fixed charge” to stay consistent with that placeholder term as used in the DFOIR proceeding to date. All customer-facing communications going forward will use the term **Base Services Charge**. PG&E is currently using the name Basic Services Charge for the fixed charge the CPUC had already approved for use in our Electric Home rate plan (Schedule E-ELEC).

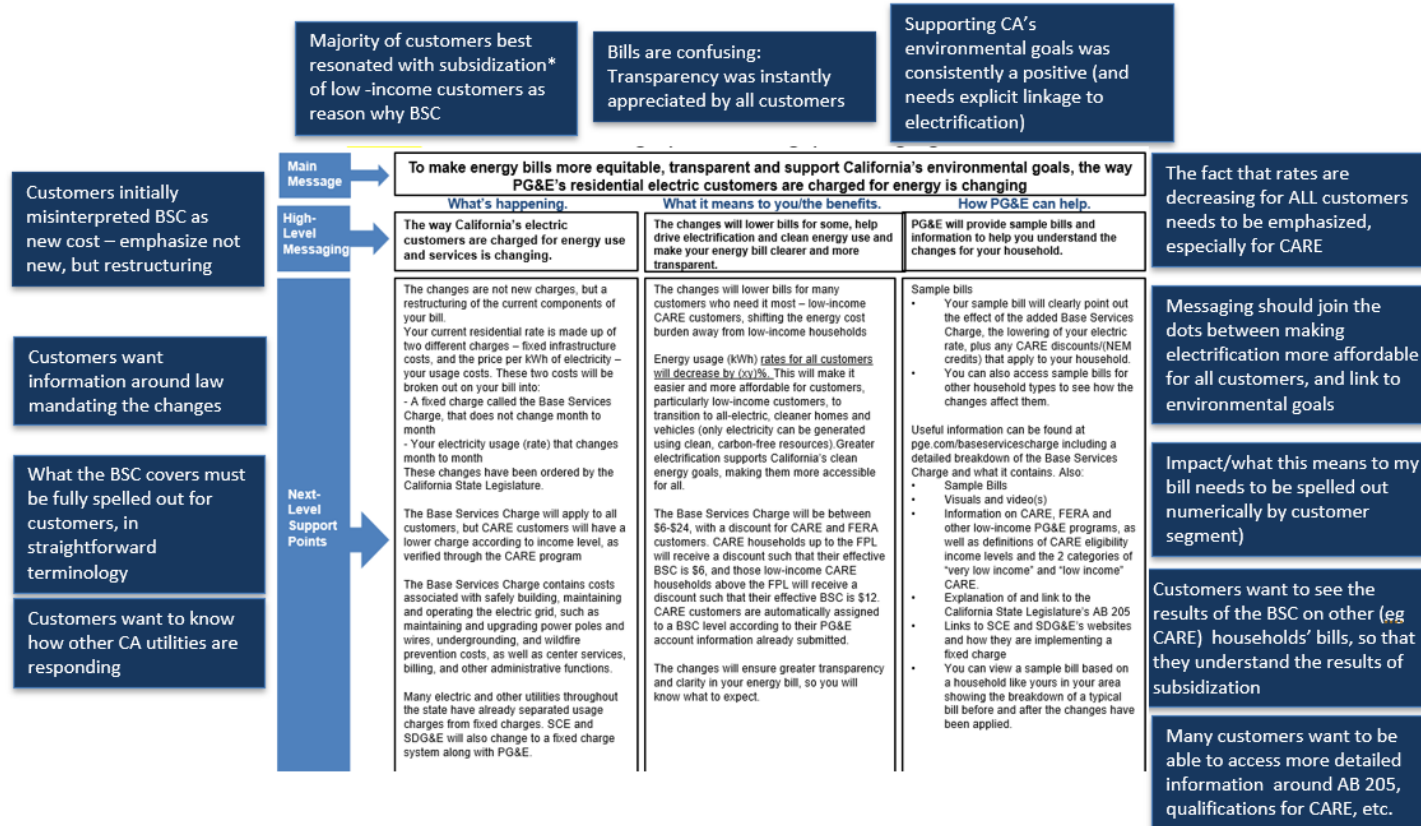
#### **4.6. High-level Messages**

Additionally, PG&E’s research to date has pointed to specific words and phrases that will best help customers become informed, understand, and accept a fixed charge. These messages were tested and modified based on feedback from customer groups including those with lower versus medium versus high incomes, those with Solar, those enrolled in CARE, and those in PG&E’s inland versus coastal areas. This messaging “waterfall” shows the key messages and more detailed support points that PG&E will use to develop customer presentment materials for further testing validation in 2024 and 2025.

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<sup>46</sup> Joint IOU ME&O Workshop (July 10, 2024).

## Figure 1 Base Services Charge (BSC) (Fixed Charge) Messaging Waterfall and research support points (SAMPLE ONLY)



#### **4.7. Newly Planned Customer Research Studies**

While PG&E's prior two studies, described above, were thorough and provided many key findings, the initial fixed charges adopted by the Decision were significantly lower than PG&E's proposed initial fixed charges that were tested. A significantly lower initial fixed charge is expected to land differently with customers. Therefore, PG&E now plans to conduct additional message validation and creative testing, using the previous findings as a baseline, while describing the lower initial fixed charge levels and reduced impact on bills under the Decision. These additional studies, like the previous ones, will engage specifically targeted customers to gain insights for enhanced messaging needs including Low-Income/CARE, Solar, and those who may see their bills increase over a certain threshold. The studies now being planned are likely to include:

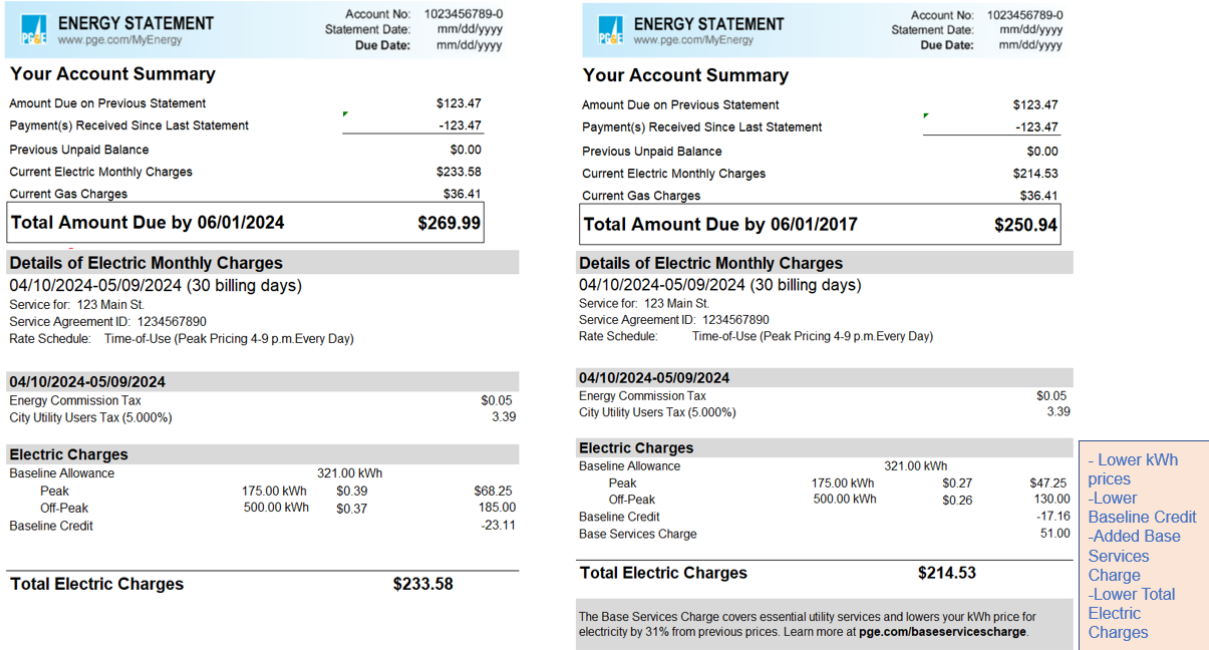
- Creative and message validation of items like web site copy, fixed charge visual imagery and sample bills, short articles, notifications, etc. Feedback from customers will be used to modify the creative prior to production or publishing. This work is planned for 2024 and 2025 as indicated in Figure 5.
- Additional online customer surveys and/or testing to do additional creative validation and monitor customer engagement as needed pre-and/or-post launch.

#### **4.8. Sample Bills**

Sample bills that show a before and after example of how representative customer groups' bills will change once the initial fixed charge Decision's results are applied will play an integral role in helping maximize customers' understanding and acceptance of the new, initial fixed charges the CPUC adopted for PG&E. PG&E tested some early draft sample bills with various residential customer segments as part of our Fall 2023 research study. Customers said they understood the "before and after" concept, felt satisfied with a sample bill similar to their household level of information to understand how the bill structure change could affect a household similar to theirs, and also stated they would like to be able to view other levels of sample bills to help them better understand how the wider range of residential customers would be affected by the changes. Figure 2 provides an example of one of the sample bills that PG&E tested.

**Figure 2**

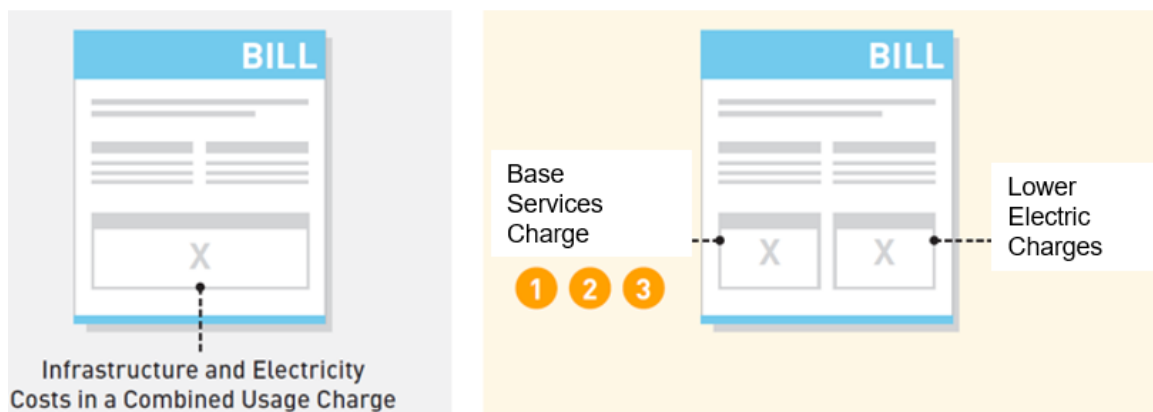
**Before / After Base Services Charge Sample Bills**



In Figure 3 below, PG&E presents an early depiction illustrative version of the general structure of our planned “before and after” sample bills for representative customer segments, to be provided to the customers in that segment. PG&E will continue developing and testing such sample bills prior to implementation.

**Figure 3**  
**Sample Bill Illustrative Example**

**Before and after sample bill illustrative examples will help communicate the change and what it means for energy bills**



#### 4.9. Measurement & Evaluation

The Decision states that “[t]he Large Utilities’ individual ME&O plans should include one or more surveys to assess the effectiveness of ME&O.”<sup>47</sup> In accordance with the Decision, PG&E’s ME&O plan includes a survey to assess the effectiveness of ME&O through creative and message validation testing as described above in Section 4.7.

#### 4.10. Metrics

Tracking metrics for PG&E’s proposed implementation plans will include ME&O-specific metrics. PG&E, with the other IOUs, will provide to this proceeding’s service list a quarterly report on implementation metrics and associated ME&O plans and execution, within 30-days after the end of each calendar quarter starting at the close of the first quarter after the CPUC issues its Resolution approving this Advice Letter. Additionally,

<sup>47</sup> D.24-05-028, p. 155, COL 39.

PG&E will also present such metrics and lessons learned to the Implementation Working Group on a quarterly basis.

Metrics specific to ME&O include:

**Marketing Reporting & Metrics** (as outlined in the Track A Phase I Decision)

- Number of press article mentions
- Impressions and reach of paid media
- Number and type of outbound targeted communications and bill messages
- Number of related calls or emails received
- ME&O dollars spent

**Campaign Tracking** (new)

- Email Open Rates and Click Through Rates (CTR)
- Number of visits to utility web pages
- Digital performance reporting, if applicable

**4.11. Objectives and Outreach Strategy**

In order to engage and educate customers about the adopted residential fixed charges and bill restructuring, the expected impact of the associated changes on their total bills, and why this bill restructuring was adopted, PG&E will use a multi-channel, multi-faceted approach that includes communications that are clear and transparent to: (1) build customer awareness (notify them), (2) create understanding (educate them), and (3) increase customer engagement (to help them be prepared) for the adopted change in billing structure.

To achieve the objectives of our ME&O plan, marketing strategies will include:

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

- Leveraging CBOs to notify and educate hard-to-reach customers
- Incorporating electrification educational messaging into currently planned communications to encourage customers to use more clean energy during low-cost hours when renewables are more plentiful, adopt electrification technologies to replace current reliance on fossil fuels, shift their electric usage away from higher cost hours when cleaner energy is less plentiful.

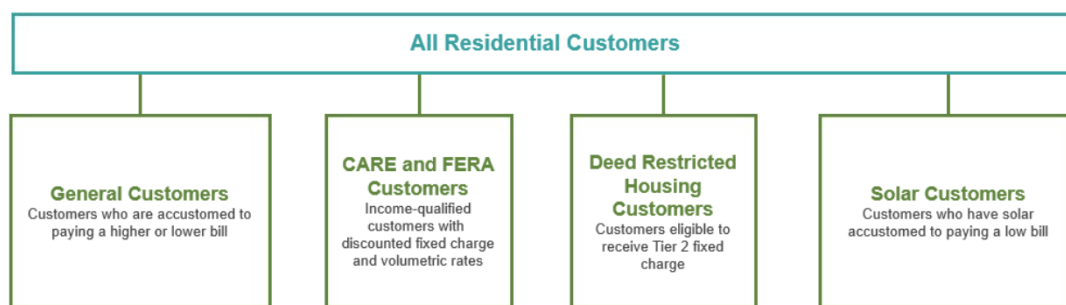
PG&E will leverage both general and targeted outreach tactics to achieve the ME&O objectives summarized above, as detailed in Section 4.12, below.

#### 4.12. Targeted Customer Segments and Messaging

PG&E has identified four key customer segments that will benefit from more targeted and tailored messaging to address their specific needs, in combination with more broad, general messaging about the fixed charge.

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

**Figure 4  
Target Customer Segments**



#### 4.13. Outreach tactics and timing

Starting in 2024 and continuing through 2026, PG&E’s outreach on the new fixed charges will proceed in the various phases and forms described above. PG&E’s proposed ME&O plan’s timeframes depend on two key scheduling assumptions. The first is that

PG&E receives a final Resolution approving this Advice Letter by the end of January 2025 and the second is that there is no change to PG&E's planned launch deadline at the end of Q1 2026. Figure 5, below, depicts PG&E's approximate proposed ME&O timing. If the timing dependencies assumed above were to change, this proposed ME&O timeline would need to be re-evaluated and adjusted accordingly. The nature and timing of our customer outreach will become more solidified as tactics are more specifically refined, and messaging is integrated, for ME&O activities in 2025 and 2026. Additional details of PG&E's ME&O timeline will be shared at future Workshops as they are identified and developed.



#### **4.13.1. Web-based ME&O**

Pge.com will serve as the home base for fixed charge education and tools, following a three-phased process of “Awareness, Inform, Engagement,” with the featured content evolving as those three phases progress. Specifically, beginning approximately six months in advance of implementation, in the Awareness phase, pge.com will feature a description of, and purposes for, the new residential initial fixed charge. This early web-based outreach will be supported by visuals including an example of a “before and after” sample bill comparison, as well as general descriptions to begin introducing to customers how this newly adopted bill restructuring helps support our state’s goals for equity and affordability as well as a clean energy future through increased electrification/decarbonization. Then, during the Inform phase, as we move closer to implementation in bills, our website will be modified to present enhanced tools along with more detailed messaging. Finally, after we have completed our Q1 2026 rollout of the new restructured rates, the messaging focus will pivot to more strongly emphasize electrification and how to support California’s clean energy future. Throughout all phases, PG&E’s website will host educational content and a self-service option for qualified customers who wish to self-attest that they live in a deed-restricted affordable housing unit (DRH), as part of outreach on this new feature of Tier 2 fixed charge eligibility, as separately discussed in Section 4.16, below.

#### **4.13.2. Integrated Programs and Channel Outreach**

There will also be opportunities to integrate fixed charge messaging into PG&E-owned channels and targeted customer outreach. Below are examples of how we plan to incorporate this messaging into various existing customer communications:

- Digital newsletters: PG&E’s residential newsletter, which is distributed quarterly via e-mail to roughly million PG&E customers, will feature fixed charge information that drives customers on-line to learn more. Content for each over-arching phase will be created and published within a corresponding quarterly issue.
- Currents: Blog posts will be published during each phase featuring more in-depth information about various aspects of the fixed charge.
- On-bill messaging: Starting 3 months in advance and lasting for at least 12 billing cycles, monthly on-bill messaging will feature quick information on the fixed charge and point customers to online resources for more information.
- Bill inserts: Information on the fixed charge will be communicated through the annual residential rates bill insert for 2025 and 2026.

- Income Qualified Program communications<sup>48</sup>: Targeted income qualified communications, including CARE and FERA outreach, will feature the fixed charge and point to more in-depth resources for information.
  - There are several existing CARE/FERA retention campaigns into which messages can be integrated to inform customers about the initial fixed charge rate restructuring, and what to expect.<sup>49</sup> Paired with the monthly CARE or FERA discount, the lower fixed charge tier associated with program enrollment provides qualified customers with an additional incentive to maintain their enrollment in the CARE or FERA programs. The following planned communications may be tailored to clarify that enrolled customers' existing percentage level of CARE or FERA program discounts will not be reduced because of the fixed charge, but rather they will receive an extra benefit if they are assigned to a Tier 1 or 2 discounted fixed charge, pointing them to resources for learning more about how the Tier 1 and Tier 2 discounted fixed charges may result in lower bills.
    - CARE/FERA Welcome campaign
    - Recertification reminders
    - Post-Enrollment Verification (PEV) communications
- Solar: As of July 2024, PG&E serves approximately 800,000 solar customers, a number which will continue to grow. These customers will receive customized fixed charge language through the following communications:
  - The Solar Billing Plan Welcome Guide: this document will incorporate a mention of fixed charge as a portion of the bill and reference the web to learn more.
  - The Solar Billing Plan section of pge.com will reference the new residential fixed charge and how it applies to solar billing, including where the restructured funding goes and why it is essential that solar customers more fully contribute to these infrastructure costs, which are shared by all.

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<sup>48</sup> This portion discusses only the CARE/FERA aspects of Tier 1 and Tier 2 communications, while the new DRH category is discussed in Section 5, below.

<sup>49</sup> 19-11-003, et al, Pacific Gas and Electric Company Energy Savings Assistance Program, California Alternate Rates for Energy Program, and Family Electric Rate Assistance Program Annual Report for 2023, pp. 83-84 (May 1, 2024).

- Energy Management Cross-Promotion:<sup>50</sup> Targeted residential programmatic messaging will include fixed charge messaging and point to online resources. Some examples of such outreach may include to customers interested in: a Home Energy Check-up, the SmartRate program, PG&E's Electric Home rate option (or otherwise receiving Electrification outreach and education), or receiving other PG&E communications about rate options and programs.

#### 4.14. Media

**Earned Media:** Proactive and reactive communications with the media and other channels will support educating media outlets and combatting inaccurate reporting. Additional special emphasis will be given to in-language outreach. Most of these activities will occur in the Inform phase of outreach.

**Paid Media:** Modeled after PG&E's efficient and effective "Rate Options" campaign, PG&E will support the Inform and Engagement phases with fixed charge education and then move to rate and electrification education. PG&E plans to incorporate highly targeted digital and print advertising with emphasis on low-income and in-language customers while also exploring other potential media channels in the planning phase.

**Social Media:** Channels for social media, such as X/Twitter, Facebook, Instagram, Nextdoor, and/or YouTube, will be leveraged to inform customers about new residential fixed charges and associated volumetric rate reduction. Posts will be brief, clear, and will guide customers to obtain more information online via direct links. Social media may also be paired with highly targeted paid media.

##### 4.14.1. Community-Based Organizations (CBO)/Advocate Group Marketing, Education, and Outreach Engagement

To expand awareness and engagement among hard-to-reach customers and in communities with larger populations of customers with incomes falling in Tiers 1 and 2, PG&E plans to leverage relationships with CBO/Advocate Groups. CBO/Advocate Groups offer opportunity for direct engagement and in-depth conversations to effectively educate customers and guide them through complicated topics, such as how the fixed charge tiers are determined. Alignment with CBO/Advocate Groups will help address key

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<sup>50</sup> D.24-05-028, p. 153, COL 32(e) Different rate options and rate comparison tools.

concerns of trust, while leveraging a knowledgeable point person to help achieve an enhanced customer experience. CBO/Advocate Group outreach may include:

1. CARE Outreach Contractors (COC): PG&E can leverage dozens of COC's to spread awareness about the impact of the fixed charge on California Alternative Rates Energy (CARE) customers. PG&E COC's support income qualified residential customers through their PG&E CARE energy discount enrollment journey. They may highlight the discounted fixed charge under Tier 1 as an added benefit of CARE enrollment. PG&E can provide COC's access to self-serve educational rate information and outreach resources for fixed charge, which can be shared with customers as CARE energy discount enrollment is initiated.

2. Community Outreach Events: PG&E's knowledgeable customer service representatives participate in community engagement events throughout PG&E's service territory, many of which are organized and hosted by local CBO's or Advocacy Groups in collaboration with PG&E. These events are targeted within vulnerable communities to support disadvantaged customers, and the audience served include residential customers that are eligible for enrollment in PG&E's energy discount programs like CARE/FERA, fixed charge Tier 1 and 2 qualifiers. During community outreach events, PG&E's customer service representatives will be equipped to educate eligible customers on fixed charge tiers that may apply to their energy account.

#### **4.15. Direct Notifications**

PG&E plans to send up to two notifications directly to affected residential customers, starting approximately 45-days prior to implementation of the new fixed charge rate restructuring into bills (by the end of Q1 2026). If a customer has an email address with PG&E, the email channel will be their primary source of direct outreach. If a customer does not have email address on-record with PG&E, or has opted out of email communications, a direct mail notification will be sent. These direct notifications will provide an alert to customers about the upcoming changes to the way residential billing charges are structured, with sample bill information and feature targeted messaging, if applicable (i.e., solar or low-income customer segments). The direct notifications will provide customers with online resources where they can get additional information, including about the low-income tier requirements and links to self-certify if they reside in a Deed-Restricted Affordable Housing unit, as well as links to use if they believe they were assigned to the incorrect tier. These direct customer notifications will apply to all affected residential customers, although special outreach for customers who are believed

to live in a Deed-Restricted Affordable Housing unit is separately described in Section 4.16, below.

#### **4.16. Deed-Restricted Affordable Housing Outreach**

Customers are eligible to receive the discounted Tier 2 fixed charge of about \$12 per month, if: (1) their premise address is included in the California Housing Partnership (CHP) list of deed-restricted affordable housing (DRH), as defined in the Decision, and (2) for CHP multi-family properties lacking a DRH designation for any of its units, if the customer shows they qualify through a self-certification application process.<sup>51</sup> The DRH category for Tier 2 qualification was newly added in the CPUC's Decision, and had not been part of the IOUs' prior fixed charge implementation proposals.

PG&E does not currently track DRH status among customers. If a property on the CHP list does not show whether any of its units are DRH designated, a customer in such an undesignated unit would need to take action and self-attest that they qualify for placement onto PG&E's Tier 2 discounted fixed charge. The process PG&E will use to identify and place customers into Tier 2 is described in Section 5, below. That plan entails defaulting onto Tier 2 a majority of customers living at premises listed on the CHP list of DRH units, which, for PG&E's service territory, currently includes approximately 3,000 properties with approximately 237,000 units, out of which approximately 217,000 are categorized as DRH. Because the CHP list does not provide complete information to reflect whether a specific unit at that property is Deed-Restricted Affordable Housing, PG&E will deploy targeted marketing to such customers – called the “Self-Attestation Segment.” Based on the early 2024 refreshed CHP DRH list PG&E preliminarily reviewed, the Self-Attestation Segment would currently be composed of approximately 11,000 multifamily units that are not DRH designated, and approximately 300 properties currently on the CHP list that contain DRH-designated units which could not be conclusively matched against our customer service account information.<sup>52</sup>

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<sup>51</sup> Deed Restricted Housing (DRH) refers to the description of Tier-2 eligible customers on pp. 57-58 of D. 24-05-028, as being customers who “(i) live in an affordable rental home that is restricted by the rules of federal or state subsidies to residents who have incomes at or below 80 percent of Area Median Income and (ii) are not enrolled in CARE” will be referred to as Deed-Restricted Housing Residents, or DRH Residents. PG&E intends to operationalize the Decision's guidance for placement of DRH customers onto Tier 2 by establishing an initial placement procedure based on a third-party dataset (CHP), followed by annual refreshes.

<sup>52</sup> These DRH criteria, including CARE and FERA screening, master-meter screening, and a defaulting plan based on properties containing 80 percent or more DRH units, are described in Section 5.

The planned Q2-Q3 2025 timing for PG&E's DRH outreach is designed to provide these customers with the opportunity to complete the necessary self-attestation or to enroll in CARE or FERA in advance of PG&E's other pre-launch customer Tier placement notifications, as customer premises not listed on the state list who do not apply for self-attestation before the initial deadline (or for Tier re-assignments done each year thereafter) would otherwise have to be defaulted to Tier 3.

PG&E plans to send initial direct mail and email to DRH customers in Q2 2025, and then send a second touch approximately four to six weeks later to customers who had not yet responded.

Messaging will alert such customers to the upcoming changes and include a call to action to complete one of three actions to be placed into the appropriate tier:

- 1) complete a CARE/FERA application with a deed-restricted housing flag,
- 2) if they do not qualify for CARE or FERA, but qualify for Tier 2 by living in DRH, complete a self-attestation form, or
- 3) take no further action and be placed in Tier 3.

PG&E plans to prioritize customers from the self-attestation segment for additional outreach tactics. Customers with a high CARE or FERA eligibility score, for whom PG&E has contact information, will receive a live follow-up call approximately one month after the second direct marketing touch if they have not responded.<sup>53</sup>

For the approximately 300 properties that currently represent 10 percent of all DRH properties in PG&E's service territory (for which PG&E anticipates there may not be a clear match to PG&E's customer service account information), PG&E will attempt to contact the property owners. A direct mail package that includes information about the fixed charge rate changes, along with self-attestation applications, will be sent to property owners to pass on to their tenants living in deed-restricted units.

After the initial launch, PG&E will annually pull the then-current CHP list of DRH properties and expects to conduct outreach as needed to customers and property owners newly identified as Deed Restricted. PG&E will strive to leverage similar types of DRH

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<sup>53</sup> The CARE and FERA "Eligibility Score" is a tool developed to refine targeting. The Eligibility Score uses Acxiom and Athens data to identify customers who are more likely or more unlikely to qualify for CARE or FERA based on their household income and household size data. For customers without complete Acxiom data, Zip code level Athens Eligibility Rates are used for scoring. Level 1 or 2 means a customer is more likely to be eligible for CARE or FERA.

outreach and communications that it plans to use before the fixed charge launch, and refine our approaches based on lessons learned.

#### **4.17. Estimated ME&O Budget**

Pursuant to the Decision, PG&E provides a line-item breakdown of ME&O activities and justification for each.<sup>54</sup> PG&E has also provided additional workpapers for Deed Restricted Outreach as Attachment B. PG&E requests the flexibility to use the final approved budget throughout the three-year implementation period (2024 – 2026) acknowledging that spending reflected in each budget year's estimates may not be incurred within the anticipated budget year, such that budget rollover (or pre-spending between years) may be needed. Additionally, PG&E will continue to look for ways to reduce spending by finding additional cost efficiencies as we proceed to further plan and execute the project.

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<sup>54</sup> D.24-05-028, pp. 153-154, COL 33.

**Table 3  
PG&E’s Revised Fixed Charge ME&O Budget Estimates (for Budget Years 2024 – 2026)**

| Col  | A                                | E  | B           | C           | D                 |
|------|----------------------------------|--|-------------|-------------|-------------------|
| Line | Channel                          | Details  | 2024 Budget | 2025 Budget | 2026 Budget       |
|      |                                  | Note: Internal Labor definition: using an estimation of one PG&E staff member’s time (1 FTE) to approximately equate work to one, less than one, or multiple people on a project in a year.  |             |             | Launch in Q1 2026 |
| 1    | Web                              | <b>Work description:</b> Web page(s) featuring general customer information about fixed charge, description of program, income brackets/cost; sample bills. Includes labor/design support/periodic updating based on phase of transition).<br><b>Cost details:</b><br>2024: 33% FTE Digital Strategy internal labor<br>2025: 33% FTE Digital Strategy internal labor<br>2026: 33% FTE Digital Strategy internal labor.           | \$50,000    | \$50,000    | \$50,000          |
| 2    | Deed Restricted Housing Outreach | <b>Work description:</b> Creative development and production for emails and direct mail, data collection forms, IVRs for non-responders; does not include additional ongoing costs past 2026<br><b>Cost details:</b> See Attachment B for details.   | \$0         | \$186,161   | \$0 <sup>55</sup> |
| 3    | Non-Paid Media                   | <b>Work description:</b> Internal labor includes messaging and talking points development, responding to media inquiries, coordination across utilities and other stakeholders, writing and publishing content on internal channels (Currents blog; social).<br><b>Cost details:</b><br>2024: 0% FTE internal Communications staff<br>2025: 50% FTE internal Communications staff<br>2026: 50% FTE internal Communications staff | \$0         | \$75,000    | \$75,000          |

<sup>55</sup> Any continuing outreach for DRH customer assignments to Tier 2 beyond 2025 will be supported by other budget sources.

|   |   |  |           |           |           |
|---|---|--|-----------|-----------|-----------|
| 4 | Integrated Programs/Channels Outreach                       | <p><b>Work description:</b> Integrated Outreach for cross-program messaging inclusion across complimentary programs including Solar, CARE, and other customer programs and channels. Internal labor for associated program management staff for coordination, writing, execution for various tactics which could include emails, direct mail, web, digital newsletter content, etc.</p> <p><b>Cost details:</b><br/>                 2025: 33% internal FTE; \$10,000 vendor/production costs<br/>                 2026: 33% internal FTE; \$10,000 vendor/production costs</p>  | \$0       | \$119,000 | \$30,000  |
| 5 | Messaging research and development; research agency support | <p><b>Work description:</b> Messaging research and development for outreach, messaging strategy and validating creative development based on customer feedback. Work may include focus group(s), online panels, and/or other surveys. FTE costs include vendor management, questionnaire writing and reviews, focus group observation, results and reports writing and reviewing, presenting results in various forums.</p> <p><b>Cost details:</b><br/>                 2024: 50% 1 FTE; up to \$75,000 for vendor messaging and creative research/customer feedback<br/>                 2025: 50% 1 FTE; up to \$150,000 for vendor messaging and creative research/customer feedback.<br/>                 2026: Funds for optional potential remaining measurement work</p> | \$150,000 | \$150,000 | \$25,000  |
| 6 | Direct Mail   | <p><b>Work description:</b> Notifications: Direct Mail production, postage, reply card response channel for non-email customers.</p> <p><b>Cost details:</b><br/>                 2025: Notifications out of pocket costs include direct mail production, postage, reply card response channel offering to an estimated 980,000 customers (20% of 4.8MM total) customers without a valid email on record. Total estimated cost per customer \$1.00. Limited direct mail approach helps conserve rate payer dollars of costly outreach channel and relying on preferred email channel.</p>  | -         | -         | \$980,000 |
| 7 | Emails  | <p><b>Work description:</b> Notifications: Email production, reminder, additional awareness emails.</p> <p><b>Cost details:</b><br/>                 2026: 3.18MM customers at \$0.10 per customer for email series; vendor costs (i.e., Salesforce).</p>  | -         | \$0       | \$370,000 |

|    |                              |   |                    |                    |                    |
|----|------------------------------|---|--------------------|--------------------|--------------------|
| 8  | CBO Outreach                 | <p><b>Work description:</b> CBO outreach material supply (based on TOU Community Based Organization Residential Rate Reform Memo Account (RRRMA) costs).</p> <p><b>Cost details:</b><br/>                 2025: 100% 1 FTE; \$85,000 for partnership and materials development<br/>                 2026: 1FTE; \$85,000 for post-transition partnership work and message pivot to electrification</p>  | \$0                | \$235,000          | \$235,000          |
| 9  | Paid Media                   | <p><b>Work description:</b> Paid Media (i.e., digital; print; agency support) (estimate based on post-PG&amp;E TOU transition Rate Options targeted after-support campaign 2022 RRRMA).</p> <p><b>Cost details:</b><br/>                 2024: Awareness low-level targeted media Q3, Q4; includes paid media and agency labor<br/>                 2025: Awareness and electrification targeted media; includes paid media and agency labor.</p>   | \$0                | \$500,000          | \$500,000          |
| 10 | PG&E Marketing Labor Support | <p><b>Work description:</b> Internal marketing and project management labor costs for marketing staff of various levels and specialties related to strategy, planning, execution, managing outreach plans, paid media, campaign tracking and analytics, regulatory support. Internal Marketing (based on the default TOU transition's 2017- 2021 RRRMA costs).</p> <p><b>Cost details:</b><br/>                 2024: 100% 2 FTEs<br/>                 2025: 100% 2 FTEs<br/>                 2026: 100% 2 FTEs</p> | \$300,000          | \$300,000          | \$300,000          |
| 11 | Agency Support               | <p><b>Work description:</b> Development of creative utilized for customer communication materials including direct mail, email, paid media, digital, print, other materials. (based on TOU 2017-2018 vendor costs RRRMA).</p> <p><b>Cost details:</b><br/>                 2024: Creative development, vendor support<br/>                 2025: Creative development, vendor support.</p>  | \$100,000          | \$300,000          | \$100,000          |
| 12 | <b>Year Total</b>            |   | <b>\$600,000</b>   | <b>\$1,915,161</b> | <b>\$2,665,000</b> |
|    | <b>Project Total</b>         |   | <b>\$5,180,161</b> |                    |                    |

#### **4.18. ME&O Plan Process**

In compliance with the Decision, the Joint IOUs held a Meet and Confer with Commission staff on June 24, 2024, to discuss plans for the required ME&O workshop. On June 25, 2024, and again on July 10, 2024, the Joint IOUs served notice to the R.22-07-005 service list regarding the ME&O Workshop, which was held later in the day on July 10, 2024. The purpose of that ME&O Workshop was to review and obtain feedback on the IOU ME&O plans, proposed terminology, high-level messages, and metrics. Going forward, PG&E plans to share ongoing planning, research, creative, messaging, and other tactical developments during subsequent Working Group sessions with stakeholders, to obtain comments and feedback on how we plan to communicate with customers about the Decision's initial fixed charge rate restructuring.

### **5. Tier Assignment**

#### **5.1. Compliance with D.24-05-028's Tier Assignment Requirements**

The Decision designates three tiers of income-graduated fixed charges, using existing income verification processes:<sup>56</sup>

- Tier 1: Customers enrolled in the CARE program will automatically be assigned to pay the lowest discounted fixed charge amount of approximately \$6 per month for PG&E.
- Tier 2: Customers enrolled in the FERA program or who are demonstrated to live in affordable housing restricted to residents with incomes at or below 80 percent of Area Median Income,<sup>57</sup> will be assigned to pay a discounted fixed charge amount of approximately \$12 per month for PG&E.
- Tier 3: All other customers (not qualified for either Tier 1 or Tier 2) will be assigned to pay the initial fixed charge amount of approximately \$24.15 per month, for PG&E.

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<sup>56</sup> D.24-05-028, pp. 3-4.

<sup>57</sup> D. 24-05-028 provides that non-FERA customers will also be assigned to Tier 2 if they: both (i) live in an affordable rental home that is restricted by the rules of federal or state subsidies to residents who have incomes at or below 80 percent of Area Median Income, and (ii) are not enrolled in CARE. Such customers are referred to as Deed-Restricted Housing Residents, or DRH Residents (D.24-05-028, pp. 57-58).

As to assignment of these three tiers, the Decision specifies that the large electric IOUs will:

- a) Assign to Tier 1 all customers enrolled in CARE, without the need for the customer to take any action;
- b) Assign to Tier 2 all customers enrolled in FERA, without the need for the customer to take any action;
- c) Assign to Tier 2 all customers who both (i) live in an affordable rental home that is restricted by the rules of federal or state subsidies to residents who have incomes at or below 80 percent of Area Median Income and (ii) are not enrolled in CARE, either automatically based on the statewide database of the DRH property addresses maintained by the California Housing Partnership (CHP)<sup>58</sup>, or through a self-attestation process if the CHP database lacked the necessary designation or could not be matched to PG&E's service account list; and
- d) Utilities will assign all other customers to Tier 3.<sup>59</sup>

The Decision directs PG&E to propose (a) how to assign to Tier 2 eligible customers who live in a deed-restricted affordable rental housing unit, and (b) how to share Tier 2 assignment information with CCAs in their Tier 3 advice letters to implement the fixed charges.<sup>60</sup>

This section of the Advice Letter (Section 5) describes PG&E's proposed processes for assigning each applicable customer on an affected rate into one of the three initial fixed charge Tiers approved in the Decision. This section also addresses customer identification, data tracking, and reporting specific information to Community Choice Aggregators (CCAs).

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<sup>58</sup> The CHP list, which is maintained by an external 3<sup>rd</sup> party (California Housing Partnership), reflects properties that the CHP finds qualify as deed-restricted affordable housing. This CHP list includes property name, address, number of affordable units and total number of units. From PG&E's preliminary analysis of a CHP list refreshed in early 2024, it appears the CHP list included data gaps where some units were not designated precisely as DRH. PG&E currently estimates 10 percent of properties will require significant incremental efforts to match to PG&E customer service accounts (where utility account premise is associated with unit address), and may not be possible to successfully match at all.

<sup>59</sup> D.24-05-028, p. 150, COL 19.

<sup>60</sup> D.24-05-028, p. 150, COL 20.

## **5.2. Tier Assignment Methodology**

### **5.2.1. Tier 1 Placement**

In establishing the thresholds for Tier 1 eligibility, the Decision requires PG&E to “assign all customers enrolled in CARE to Tier 1 without the need for the customer to take any action.”<sup>61</sup> Therefore, PG&E will automatically default all customers into Tier 1 who are already enrolled in the CARE Program at the time the initial fixed charge Tier assignment process is finalized. Customers identified as CARE-enrolled will be notified of their discounted Base Services Charge at least 45-days before PG&E launches our newly restructured rates.

Customers who enroll in CARE after the fixed charge implementation will be automatically assigned to the Tier 1 fixed charge, with the same effective date as the CARE discount. In Section 5.4, PG&E describes how other scenarios will be addressed, such as when customers are disenrolled from CARE.

### **5.2.2. Tier 2 Placement**

Under D.24-05-028's initial fixed charge rate restructuring, Tier 2 covers both customers who are enrolled in FERA as well as a new addition – DRH residents who are not enrolled in CARE. This requires PG&E to: (1) review the CHP list and delineate which customers live in a DRH unit and then (2) identify whether those DRH customers are also enrolled in either the CARE or FERA program, or (3) identify all remaining customers who appear on the CHP list but do not satisfy any of the requirements for a discounted fixed charge (are not listed as being in a DRH unit, and are not enrolled on CARE or FERA). These distinctions are needed to appropriately perform Tier assignments in all cases, including to confirm that a DRH customer who is also CARE-enrolled has been and remains assigned to Tier 1. Thus, the Decision's addition of the DRH category makes the process for placing a customer into Tier 2 significantly more complex, as it requires additional manual steps that are not needed for either Tier 1 or 3 placement.

#### **Tier 2 – FERA-Enrolled Customers**

The first group of customers to be placed into Tier 2 will be assigned automatically if they are enrolled in FERA at the time of the initial Tier assignments before fixed charge implementation. Customers who enroll in FERA after the fixed charge implementation will

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<sup>61</sup> D.24-05-028, p. 150, OP 19.

be automatically assigned the Tier 2 fixed charge with the same effective date as the FERA discount (like the Tier 1 placement process described above).

In addition, PG&E proposes to collect information from customers regarding DRH status through CARE and FERA applications. The intent is to improve data collection regarding Deed-Restricted Housing as PG&E currently does not collect or maintain this information. At this time, some manual efforts are necessary as it is not appropriate to automatically place customers into Tier 2 based solely on the DRH indicator, as discussed below.

PG&E does not anticipate any significant variations in the fixed charge Tier placement approach used for assigning enrollees in the CARE program versus the FERA program, other than that CARE enrollees be automatically placed into Tier 1, and FERA enrollees will automatically be placed into Tier 2.

### **Tier 2 – Customers Residing in Deed-Restricted Affordable Housing (DRH)**

After the Decision added a new group called DRH customers to Tier 2, PG&E conducted an initial evaluation which determined that this new DRH group will be more difficult to identify than it might seem at first glance. PG&E does not currently have a system in place to track whether a given customer or premise has DRH status. To address this data gap, PG&E will need to integrate untested external data from the CHP list and create a new administrative process for PG&E to seek clarification about whether a given PG&E premise is deemed a CHP DRH unit, and, if not established, to allow affordable housing customers who live within a CHP-listed DRH multi-family property, to self-certify they live in a qualified DRH unit. This complex new process for DRH Tier 2 qualification carries a high degree of uncertainty compared with the other two placement methods which use long-established CARE and FERA enrollment processes. PG&E will seek to establish a new customer-centric process aimed at accomplishing the CPUC's required addition of DRH customers to Tier 2 eligibility, while balancing trade-offs with accuracy and cost as best as possible, and then, over time, improving this new DRH Tier 2 assignment process based on lessons learned.

The following overview describes PG&E's planned steps regarding the new DRH Tier 2 fixed charge assignment process, though it is subject to change as more is learned through continued progress.<sup>62</sup>

- Step 1: PG&E will need to annually obtain the most recent CHP dataset of properties with DRH units within PG&E's service territory. During the limited time since the Decision was issued, PG&E has been able to determine that approximately 3,000 properties listed on a CHP database pull (refreshed in early 2024) appear to be located in PG&E's service territory. According to that CHP list, these 3,000 properties include multi-family buildings that consist of over 237,000 separate housing units (in total), of which the CHP has only designated roughly 217,000 units to DRH status, by unit. However, PG&E notes that once PG&E applies the criteria to identify Tier 2 eligible customers, the total number of customers placed on Tier 2 will not equate to 217,000 units, because many of the customers residing in these units are also likely to be enrolled on CARE and should thus remain assigned to Tier 1 – whereas if a DRH-qualified customer is not CARE-enrolled they will be defaulted to Tier 2 (including for CHP properties with over an 80 percent concentration of units specifically designated as DRH). Further, PG&E anticipates a portion of the properties on the CHP list will be difficult to match to PG&E Customer Service Account information and will require special attention (see Step 8). The estimated quantities referenced below are illustrative (based on the 2024 CHP list), and will be updated next year when the then-available CHP dataset is pulled, in advance of PG&E's rollout of the new three-tiered fixed charges in Q1 2026.<sup>63</sup>

#### **Customers with Master Meters:**

- Step 2: Using the total population of CHP properties and units, PG&E will screen out those PG&E identifies as containing master-meters without

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<sup>62</sup> All numbers reflect preliminary analysis and are subject to change pending further analysis proposed in this advice letter.

<sup>63</sup> PG&E conducted analysis on a sample of 600 CHP properties with nearly 29,000 units. Based on the analysis, PG&E anticipates being able to match approximately 90 percent of the units to PG&E customer service accounts. If unable to identify specific customers within the property's units, PG&E will instead contact the property owners.

submeters, as they are exempted from the initial fixed charge.<sup>64</sup> After this exclusion, currently about 220,000 units from the CHP list remain.

- Step 3: Next, PG&E will identify all units from the CHP dataset that are master-metered premises with submeters. PG&E currently estimates about 2,700 units meet this criterion and will be defaulted to Tier 2, unless already enrolled in CARE, in which case they would be assigned to Tier 1.<sup>65</sup>

### **Customers without Master Meters:**

- Step 4: After addressing master metered customers, the remaining group of non-master-metered units is approximately 218,000. Based on a preliminary analysis of the CHP dataset, PG&E estimates approximately 153,000 of the 218,000 remaining units will already be enrolled in CARE or FERA, and thus will be placed on Tier 1 or Tier 2 respectively.<sup>66</sup>
- Step 5: After CARE and FERA enrollees are placed, approximately 65,000 units from the CHP list remain. It is important to note that the CHP database allows PG&E to identify which properties (buildings or building complexes) have DRH units (to the degree the data is accurate). The CHP database also includes the total number of units at a given property and the number of those units that are DRH. The database does not, however, identify which specific units within a property are DRH (any given property can have both DRH and market rate units). PG&E must thus create a process to assign units at a given property to the Tier 2 fixed charge while balancing accuracy against cost. PG&E proposes to default to Tier 2 all units within a property on the CHP list

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<sup>64</sup> Based on preliminary analysis, PG&E estimates approximately 6 percent of properties are master-metered (1 percent with submeters and 5 percent without).

<sup>65</sup> Customer service accounts with master-meter and submeters are organized differently than those without. PG&E intends to default all customers in the master-meter with submeters group to Tier 2 due to the cost and complexity of updating its databases to manage multiple rates per unit (i.e. CARE, FERA, Tier 1, Tier 2, Tier 3). Furthermore, most master-meter with submeter properties contain a high concentration of units with DRH status, according to the CHP list analyzed in 2024. The 80 percent criteria, applicable to non-master-metered properties and discussed further in Step 5, will not be applied to the master meter with submeters group. PG&E found that the potential cost shift from defaulting all of the roughly 2,700 units, rather than requiring approximately 350 to self-attest if the 80 percent rule was applied, would be far less than the cost required for PG&E to manage tier placement differently for two segments within the submeter group.

<sup>66</sup> Based on preliminary analysis, PG&E estimates 70 percent of customers on the CHP list currently appear to be enrolled in CARE, and 0.3 percent appear to be enrolled in FERA.

where 80 percent or more of the property's units are DRH.<sup>67</sup> PG&E estimates that approximately 2,700 properties appeared to meet this criterion, from which roughly 54,000 individual units would be defaulted to Tier 2, after steps 1-4 are applied, if Tier assignment were being done now.<sup>68</sup>

- Step 6 is to provide all customers who are being defaulted onto either Tier 2 or, for CARE enrollees, Tier 1, with: (1) messaging from PG&E notifying them of their tier placement prior to initial roll-out in their bills, and (2) information about how they can take action to request an update if they believe their pre-implementation notice's tier assignment was for some demonstrable reason incorrect.

#### **Customers Required to Self-Attest (“Self-Attestation Segment”):<sup>69</sup>**

- Step 7: This step focuses on follow-up efforts needed for customers from the CHP list that are found to: (a) not be master-metered, (b) not be enrolled in either the CARE or FERA program, and (c) reside in a CHP-listed DRH multi-family property at which less than 80 percent of its individual units are listed as meeting the DRH criteria. For this group, currently estimated at approximately 11,000, PG&E will conduct outreach to seek self-attestation of unit-level customer DRH status. PG&E plans to conduct two rounds of outreach to provide customers an opportunity to self-attest that they reside in a DRH unit within a CHP-listed property (outreach described above, in Section 4.16).
- Step 8: Steps 1-7, above, depend on PG&E's ability to achieve a clear match between the CHP dataset and PG&E's customer service account information. PG&E estimates 10 percent of the total CHP dataset (currently 300 properties, as of an early 2024 data pull), are unlikely to clearly match to PG&E's Customer

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<sup>67</sup> The CPUC has used an 80 percent threshold in the past to designate an entire multi-family property as being eligible for enrollment in the Energy Savings Assistance Programs (ESA). Specifically, in D.01-03-028 the IOUs were authorized to enroll into their respective ESA programs all units within a multi-family property in which at least 80 percent of its units are occupied by income-qualified households. In D.17-12-009, the CPUC expanded upon this guidance to include low-income affordable housing as an alternative to household-level eligibility verification.

<sup>68</sup> PG&E will not collect detailed, unit-specific DRH self-attestation from DRH customers who are defaulted to Tier 2 as part of launching the three-tiered initial fixed charge. Then when the next CARE and FERA recertification is performed (which generally takes place every two years relative to the customer's enrollment date), PG&E proposes to update our CARE/FERA application to also collect up-to-date DRH self-certification status.

<sup>69</sup> Customers in the self-attestation segment must live in a property on the CHP list to be eligible for Tier 2 placement.

Service Account information.<sup>70</sup> For these “inconclusive” properties, PG&E will contact each property owner, providing information about the fixed charge transition and request their support to inform their DRH residents how to receive the appropriate fixed charge. At any point, these customers may enroll in CARE or FERA or may provide the necessary self-attestation information. The customer may self-attest in one of three ways: (1) through PG&E’s Contact Center, or (2) at the pge.com website, or (3) by mailing in the relevant DRH self-certification form.

- Step 9: Customers who do not respond to PG&E’s outreach within the annual timeframes specified in the ME&O section will be notified that they were defaulted to Tier 3.

PG&E believes this proposed process best balances cost, accuracy, and equity. As the Decision acknowledged, the CHP database does not identify which specific unit numbers within each multi-family property have been qualified as DRH, and which specific unit numbers are not DRH qualified.<sup>71</sup> Therefore, PG&E must conduct some level of self-attestation to verify which specific units from the CHP’s list of properties should be placed into Tier 2. The properties with 80 percent or more units identified as deed restricted, represent over 90 percent of the units on the CHP list, and defaulting all units in these properties would enable PG&E to place the vast majority of DRH-qualified customers into the appropriate tier. Additionally, contacting only those CHP properties with fewer than 80 percent of deed restricted units, reduces the total estimated cost for conducting PG&E’s planned pre-launch DRH-placement efforts from approximately \$1.8 million to \$1.6 million. These cost estimates include both DRH Implementation activities (see Section 5.5 and Attachment C) and DRH-related ME&O activities (see Section 4.16 and Attachment B).

Furthermore, defaulting customers who are highly likely to reside in DRH units supports equity by ensuring that these vulnerable customers are placed in Tier 2, without

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<sup>70</sup> As preliminary estimates, the “inconclusive” matching rate is not currently factored into the estimated unit counts detailed in Steps 1-7. Challenges for matching can result from differences in address or unit information between the CHP dataset and PG&E’s customer service account information, or differences between the number of units CHP identifies at a property and the number of customer service accounts PG&E finds at a matched property, among other reasons.

<sup>71</sup> D.24-05-028, p. 52, “In opening comments on the proposed decision, the Large Utilities argued that the California Housing Partnership’s database of affordable housing does not contain data about which individual units within a multi-family property are affordable if a property contains both affordable and market rate units.”

requiring them to take additional action or respond to outreach efforts. Keeping this in mind, PG&E designed its proposed methodology for defaulting DRH-qualified customers, as well as allowing for customers to self-attest to being DRH-qualified, to perform the necessary assignments into Tier 2.<sup>72</sup>

The success of this proposed new DRH methodology can be maximized where it is possible to match the property addresses from the CHP dataset to PG&E's own customer lists, to default them to Tier 2 (assuming they are not CARE-enrolled, thus eligible for automatic default to Tier 1, instead). Additional matching efforts are important for properties where the units shown in the CHP dataset do not initially match a customer service account because, if successful, it provides a greater level of certainty that PG&E would be likely to reach that customer, if DRH self-attestation is needed. Unit-level matching is critically important to the defaulting method, as PG&E needs to know which PG&E customer service accounts are eligible for Tier 2 placement. In essence, the fewer matches, the fewer customers can be defaulted to Tier 2, and the less effective PG&E's future outreach would be for reaching the customer of record within any CHP-listed multi-family property that lacks accurate unit-specific DRH designations.

The dataset maintained by CHP is sourced differently than the information PG&E receives from customers upon registration for account services, resulting in challenges matching certain CHP properties to PG&E's customer service accounts.<sup>73</sup> However, PG&E's implementation plan seeks to maximize our success rate for CHP dataset matching using a combination of existing capabilities and external support. First, PG&E proposes to add incremental processes that build upon customer targeting efforts already initiated for ESA's multi-family income-qualified offerings. Specifically, for ESA, PG&E already receives support services from an analytics firm that employs geospatial and address information along with geospatial PG&E account information to maximize matching of multi-family units to PG&E service accounts and meters. Second, PG&E's building energy benchmarking program enables property owners to request aggregated energy usage data for their multi-family or commercial properties and report such data to the California Energy Commission per the requirements of Assembly Bill (AB) 802.<sup>74</sup> This

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<sup>72</sup> As summarized in D.24-05-028, pp. 45-52.

<sup>73</sup> As already mentioned, PG&E's preliminary analysis of a CHP list refreshed in early 2024 found that significant incremental efforts appear to be needed to match approximately 10% percent of the properties and units listed the CHP dataset to PG&E's list of customer service accounts.

<sup>74</sup> Information about these requirements available at: <https://www.energy.ca.gov/programs-and-topics/programs/building-energy-benchmarking-program>

benchmarking program can be leveraged to increase unit-level matching for the property addresses listed in the CHP dataset where there is already reported benchmarking data generated from PG&E's previous efforts. Finally, PG&E will collaborate with the CHP to supplement its property data where initial efforts at matching with PG&E's customer data are inconclusive. PG&E anticipates our proposed initial DRH identification methodology should result in about a 90 percent initial match rate between the CHP property address database and PG&E's service account records, which could be increased over time based on lessons learned and further collaboration with CHP.

## **Tier 2 - Incorporation of DRH Status into Data Tracking and Reporting**

Data resulting from the tier placement workflows described above will be captured via CARE/FERA Program applications (to be amended), paper and online self-attestation form (new material), or by PG&E customer service call centers (new training and forms required). The data will ultimately be stored in PG&E's customer account system of record, known as Customer Care and Billing (CC&B). CC&B will track two critical data points: 1) tier placement will be tracked relative to the customer's account profile and 2) deed-restricted housing status will be tracked relative to the unit premise (the account associated with the dwelling, inclusive of all active and inactive service agreements). Delineating the data in this way allows PG&E to keep customers on the appropriate fixed charge rate when they relocate and maintains CARE or FERA enrollment. It also allows PG&E to more appropriately designate a fixed charge rate when customers relocate to or from a deed-restricted unit.

### **5.2.3. Tier 3 Placement**

Customers who do not qualify for either Tier 1 or Tier 2 will be automatically placed into Tier 3 for the initial implementation of residential fixed charges into restructured rates for affected customers. Customers who wish to protest their placement in Tier 3, and wish to instead be placed in Tier 1 or Tier 2 will be required to complete the application process for either the CARE or FERA program to be moved to Tiers 1 or 2. Customers who wish to protest their placement in Tier 3 because they live in housing that should be qualified based on the definition of Tier 2 eligibility in the Decision, can act in one of several ways to request Tier 2 placement: (1) apply for the FERA program on the PG&E website, (2) complete an online form to attest that they live in a DRH unit within the CHP database,<sup>75</sup> or (3) contact the PG&E customer service call center for assistance, including requesting

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<sup>75</sup> PG&E will attempt, with supporting information provided by the customer, to match the customer to the CHP database to validate their request.

paper and accessible forms be mailed to them.<sup>76</sup> This is an incremental process that PG&E's call center will need to support for fixed charge implementation and will need incremental funding. PG&E requests to record these costs in the IGFCMA.

### **5.3. Communication of Tier Placement to CCAs**

The Decision also directed each Large Utility's Tier 3 Advice Letters to include a proposed process for sharing fixed charge tier assignment information with CCAs, giving special attention to indicating on what basis each customer was assigned to Tier 2.<sup>77</sup> The following section briefly describes this process, with clarification of the additional information to be provided to CCAs associated with Tier 2 placement.

Each year after PG&E's initial tier assignment process, PG&E will continue to utilize our then-current CARE and FERA enrollment list, developed using the results of that year's CARE/FERA application process, as well as using a refreshed CHP dataset on deed-restricted housing status, to annually update our billing system's database to reflect any updates to customers' assignments to the appropriate fixed charge Tier.

PG&E's proposal, which is based on its existing, overarching framework for reporting relevant billing information to CCAs, will use the same regular reporting procedures that currently govern our communication with CCAs about other rate changes. These procedures will be expanded to apply to reporting rate changes associated with Tier 1, 2 and 3 fixed charge placements, as described above. Under the existing procedures, a CCA would, for instance, be informed if one of its unbundled customers migrated off PG&E's Schedule E-1 tiered non-TOU electric rate plan to opt into one of our time-of-use rate plans, or when one of its unbundled customers successfully enrolls in either the CARE or FERA discount programs, thereby impacting the rates reflected on that customer's bill. After PG&E implements the initial fixed charge-related bill restructuring for affected residential rates, PG&E plans to amend its existing reporting database to provide two new reporting fields to CCAs: fixed charge rate tier, and DRH indicator.

As outlined above, PG&E will expand its existing process to report to CCAs on these two new reporting fields through the existing weekly confidential reports PG&E transmits

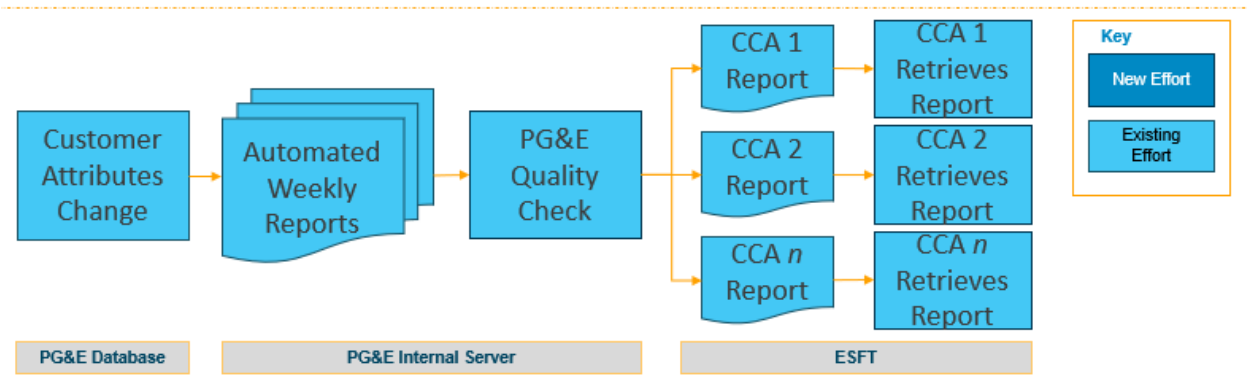
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<sup>76</sup> PG&E intends to follow a similar process as used with CARE and FERA application requests, including accessible versions.

<sup>77</sup> D.24-05-028, p. 54.

to authorized recipients at each CCA via an electronic secure file transfer (ESFT) portal.<sup>78</sup> This process is illustrated below:

**Figure 6: Proposed Expanded Reporting to CCAs to Include Fixed Charge**



**Rate Tier as well as DRH Indicator**

PG&E estimates the cost for initiating this expanded reporting activity to be approximately \$9,000, to be incurred prior to our initial fixed charge implementation in Q1 2026, so as to allow the new variables to be reported in the next reporting period after PG&E updates its CC&B database. This cost includes development and testing of revised reporting logic but does not include costs for running weekly reports because the addition of these data fields will not significantly alter the existing process flow. PG&E also anticipates there will be no significant cost to CCAs for retrieving the expanded data reporting because it will utilize existing reporting procedures.

PG&E evaluated this approach against a potential alternative approach that would instead utilize an established Electronic Data Interchange (EDI) to report to CCAs our current information on the new fixed charge rate Tier and DRH Indicator status. While the EDI process is also currently used by PG&E and CCAs to share certain data, the option of updating the established EDI would require more significant up-front costs for PG&E, as well as require the CCAs who participate in the EDI to modify their systems to accommodate these two added reporting categories. Therefore, PG&E selected the

<sup>78</sup> PG&E administers procedures to ensure only pre-approved individuals may access customer confidential information also known as personal identification information (PII), and that the recipient has all the necessary data security protocols in place to safeguard the data. Authorized recipients include CCAs which have met PG&E protocols. PG&E limits data transfer to only the customers served by each authorized recipient CCA.

approach of expanding our existing CCA rate reporting process as it is the least costly and least complex means of complying with the Decision.

#### **5.4. Process for Managing Change in Status**

PG&E plans to conduct the Tier placement process during initial fixed charge implementation, and to update the Tier 2 placement effort with a refreshed CHP deed restricted list annually. PG&E intends to maintain the 80 percent DRH threshold for defaulting during the annual refresh, meaning that if a property's proportion of DRH units fall below 80 percent by the time of the refresh, after having all units initially defaulted to Tier 2, then the units within the property will be requested to self-attest. However, PG&E does not expect this to be a common occurrence, as currently only approximately 2 percent of properties on the CHP list straddle the 80 percent threshold,<sup>79</sup> and the vast majority of DRH units are in properties with 94% or more DRH units. Additionally, during the annual refresh, new properties added to the CHP list in subsequent years will be subject to the same procedures outlined in Section 5.2.2; properties removed from the CHP list will no longer be subject to these procedures.

PG&E does not intend to require the approximately 11,000 customers in the self-attestation segment to re-submit self-attestation during the annual refresh. Instead, PG&E will maintain the customer's DRH designation at the premise level within PG&E's CC&B database.<sup>80</sup> In the interim period, based on PG&E's experience in managing CARE and FERA enrollment, it is reasonable to expect some customers may disenroll from these programs. PG&E also assumes DRH status may change, albeit at a less certain rate since PG&E makes this assumption based on PG&E's knowledge that CHP updates their database annually, and changes are typically related to new construction. Except in cases where customers dispute tier assignment, PG&E does not intend to perform interim tier reassignment specifically triggered by CARE/FERA disenrollment or DRH status. Currently, PG&E lacks granular, unit-level DRH status, and intends to begin collecting DRH information through the self-attestation and CARE/FERA enrollment processes (as described above). As such, PG&E will begin to build a database of DRH status by Customer Service Account; however, the information will not be complete enough to reliably place customers in the correct tiers after CARE or FERA disenrollment. Instead,

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<sup>79</sup> Upon initial assessment, PG&E found that 10 properties contained between 72-77 percent DRH units, 28 contained 77-83 percent DRH units, and 26 contained 83-88 percent DRH units.

<sup>80</sup> PG&E proposes to utilize available data, such as updated CHP datasets and customer account information (e.g., changes to customer of record/closure of service) to perform periodic review of DRH placement, and to adjust this approach as new information is received.

PG&E will perform more comprehensive tier reassignments on the proposed annual refresh cycle. PG&E will continue to place customers in the appropriate tiers after customers complete CARE and FERA enrollment in this interim period.

In cases where customers dispute their assignment, and PG&E finds the dispute valid, PG&E will initiate bill corrections up to the effective date of the most recent DRH defaulting implementation. PG&E intends to define an effective date within a reasonable timeframe after receipt of the DRH dataset from CHP, accounting for the time necessary for PG&E to analyze and validate the CHP data against PG&E Customer Service Account information. PG&E anticipates the CHP list will be available by the end of the first quarter of each year, and the matching refresh will occur throughout the second quarter.

### **5.5. Estimated Budget for Tier Assignment**

The costs described in PG&E's proposal to assign customers to Tiers 1, 2 and 3 are incremental and were not requested or approved in the Decision. PG&E intends to record costs to the IGFCMA for cost recovery via reasonableness review in a future application. These costs are summarized below and detailed in Attachment C of this Advice Letter.

**Table 4: PG&E's Estimated Budget for Fixed Charge Tier Assignment**

| Year  | Implementation Costs |
|-------|----------------------|
| 2024  | \$ 215,871           |
| 2025  | \$ 430,852           |
| 2026  | \$ 318,560           |
| TOTAL | \$ 965,283           |

## **6. Facilitation Contractor**

### **6.1. Compliance with the Decision's Facilitation Contractor Requirements**

The Decision requires PG&E to issue a request for proposals and, within eight months of the Decision's issuance date, enter a contract with a Facilitation Contractor

that has expertise in implementing voluntary income verification processes.<sup>81</sup> The scope of work for the Facilitation Contractor was required to include the following items:

- a) Organize and facilitate Process Working Group meetings to develop consensus on working group issues to the extent feasible;
- b) Research and draft an overview of existing income verification processes and alternatives to income verification used for moderate- and higher-income customers in California and other states;
- c) Research and draft an assessment of existing and potential data sources for assigning customers to income Tiers;
- d) Research and draft estimated costs of the proposed income verification processes; and
- e) Draft the Process Working Group Proposal, incorporate input from Process Working Group members, and serve the final proposal to the assigned ALJ within one year of entering a contract with PG&E.<sup>82</sup>

## 6.2. Discussion

The cost associated with this previously unanticipated workstream is expected to be approximately \$250,000.<sup>83</sup> This cost will initially be borne by PG&E, but later partially recovered by PG&E through a co-funding agreement with SCE and SDG&E. PG&E proposes to use the same cost-share allocations as the Commission adopted when it approved the Joint IOUs' motion to establish memorandum accounts for costs to develop the fixed charge public tool, dated December 9, 2022 – namely: PG&E 40%, SCE 40%, and SDG&E 20%. PG&E intends to book its portion of these costs into its IGFCMA to eventually be recovered through a future IGFCMA cost-recovery application.

PG&E will administer the required RFP as well as the resulting contract, incorporating the scope of work described in the Decision, and including input from the CPUC's Energy Division. On July 5, 2024, PG&E initiated the required RFP process which PG&E aims to conclude with the selection of a finalist approximately three months before the January 15, 2025, deadline to enter a contract.<sup>84</sup> This timeline is intended to provide sufficient time

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<sup>81</sup> D.24-05-028, p. 152.

<sup>82</sup> D.24-05-028, COL15, 17.

<sup>83</sup> PG&E has estimated this cost by comparing the scope of work described in the Decision with similar contracts administered by PG&E.

<sup>84</sup> PG&E was directed to enter into a contract within 8 months of the issuance of the Decision, May 15, 2024.

for the finalist to complete onboarding tasks, such as receiving data security and privacy assessments, before commencing work with the Process Working Group.

## 7. Total Estimated Budget

PG&E seeks to implement the Decision's new fixed charge residential rates in a manner that appropriately balances cost-efficiency with the resources needed to promote customer understanding and enable as smooth a customer experience as possible. Table 5 below provides a summary view of PG&E's total estimated costs to conduct all necessary activities, as described in Sections 3 through 6 above, for fully implementing the initial fixed charge rate restructuring approved in the Commission's Decision.

**Table 5**

### **Estimated PG&E Costs to Implement Fixed Charge Decision, by Work Activity**

| <b>Implementation Activity Category</b>   | <b>Activity</b>  | <b>Capital (\$ millions)</b> | <b>Expense (\$ millions)</b> | <b>Total Budget Estimated by PG&amp;E (\$ millions)</b> |
|---|--|------------------------------|------------------------------|---|
| <b>Billing Systems and other Implementation Activities</b><br><br>(Covered in Section 3 of this filing) | Billing IT Implementation<br><br>(Customers billed in Mass Market CC&B System and Updates to associated billing products such as Your Account) | 4.10                         | 1.65                         | 5.75  |
|   | Billing IT Implementation<br><br>(Customers currently billed in ABS system)  | 3.20                         | 0.30                         | 3.50  |
|   | Updates to Customer Rate Tools   | 0                            | 0.67                         | 0.67  |
|   | Contact Center   | 0                            | 3.59                         | 3.59  |
|   | Program and Product Mgt, Reporting   | 0                            | 2.18                         | 2.18  |
|   | Single Family/Multi Family Study   | 0                            | 0.25                         | 0.25  |

| <b>Implementation Activity Category</b> | <b>Activity</b>  | <b>Capital (\$ millions)</b> | <b>Expense (\$ millions)</b> | <b>Total Budget Estimated by PG&amp;E (\$ millions)</b> |
|---|--|------------------------------|------------------------------|---|
|   | Sub-Total  | 7.30                         | 8.64                         | 15.94   |
|   | <b>Marketing, Education and Outreach (Section 4 of this filing)</b>                  | 0                            | 5.18                         | 5.18  |
|   | <b>Tier Assignment and Facilitation Contractor (Sections 5 and 6 of this filing)</b> | 0                            | 1.22                         | 1.22  |
|   | <b>Total Estimated Implementation Budget<sup>85</sup></b>                            | <b>7.3</b>                   | <b>15.04</b>                 | <b>22.34</b>  |

## 8. Rate Design

### 8.1. Compliance with D.24-05-028 Requirements for Rate Design

The Commission's decision provides guidelines for PG&E to propose in this Tier 3 Advice Letter its illustrative income-graduated fixed charge levels.<sup>86</sup> Specifically, these illustrative rates are to be designed based on the most recently adopted revenue requirements that meet all of the following requirements:<sup>87</sup>

- (a) The fixed charges shall recover 100 percent of Marginal Customer Access Costs;
- (b) The fixed charges shall recover up to 100 percent of the following fixed cost categories: Public Purpose Program non-bypassable charges, New System Generation or Local Generation charges as applicable, and Nuclear Decommissioning non-bypassable charges;
- (c) The fixed cost and fixed charge calculations shall use the latest Commission-approved revenue requirements and billing determinants;

<sup>85</sup> Inclusive of the \$14.27 million approved in D.24-05-028, Table 7 on p. 115.

<sup>86</sup> D.24-05-028, p. 151, COL 23.

<sup>87</sup> PG&E will be implementing the actual fixed charges (and associated lower volumetric energy charges) sometime during the first quarter of 2026, based on the Commission-approved levels of PG&E's billing determinants and revenue requirements in effect at that time.

- (d) The Tier 1 fixed charge shall be \$6.00, provided that the fixed charge shall be reduced if necessary to comply with the Section 739.9(e)(1) requirement for CARE-eligible customers to realize average monthly bill savings in all baseline territories without changes to usage based on an updated customer bill impact assessment;
- (e) The Tier 2 fixed charge shall be \$12.08; and
- (f) The Tier 3 fixed charge shall be \$24.15, provided that the Tier 3 fixed charge shall be reduced if 100 percent recovery of each of the authorized fixed cost categories through the income-graduated fixed charge is not sufficient to produce a Tier 3 fixed charge of \$24.15 while also complying with the remaining requirements listed here and the AB 205 requirements for the CARE discount.<sup>88</sup>

In this section (Section 8), PG&E describes how its illustrative rates were designed in conformance with the above requirements. In Attachment D, PG&E also provides a red-lined version of a residential rate schedule, showing how our tariff sheets would change to account for our proposed initial fixed charge implementation into rates.

## **8.2. Discussion**

To comply with the requirements listed above, PG&E proposes the following changes to its rate designs on its affected residential rate schedules. First, the Decision specifies the precise values at which each of the three tiers of fixed charges are to be set, subject to potential later reduction if warranted under the provisos described above in items (d) and (f) of the requirements listed above for Tier 1 and 3 fixed charges:

- Tier 1: \$6.00 per customer-month;
- Tier 2: \$12.08 per customer-month; and
- Tier 3: \$24.15 per customer-month.

Second, PG&E will develop forecasts of the residential billing determinants. This process is similar to how PG&E develops billing determinants today, but will now require that total residential customer-months be allocated to each of the three fixed charge tiers.

Third, PG&E will calculate how much revenue would be collected at the capped fixed charge amounts by multiplying those amounts by the billing determinants described in

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<sup>88</sup> D.24-05-028, p. 151, COL 23.

step two. This will establish the constraint against which eligible revenue requirement categories will be compared.

Fourth, PG&E will compare the sum of revenue from eligible revenue requirement categories (Distribution MCAC, PPP, NSGC, and ND) to the revenue estimate calculated in step three. This will determine if the capped amounts are binding (in which case PG&E must only collect a portion of the eligible RRQ categories) or if the fixed charge cannot be at the capped levels. At present, PG&E finds that the cap is binding, and therefore would only propose to collect a portion of the eligible revenue requirement. In this situation, the Decision prescribes that the fixed charge shall recover 100% of MCAC without qualification, while saying it “shall recover up to 100% of [the other categories].” Under this language, it would seem the fixed charge should always collect the full distribution/MCAC category. However, the Decision was silent as to how the other three categories should be reduced. Therefore, PG&E proposes the following process:

1. Any negative RRQs should remain as a volumetric rate. This is likely to be a moot point when the fixed charge is actually implemented, but avoids complications in treatment of the CARE discount.<sup>89</sup>
2. The first category to be reduced should be the CARE exempt portion of PPP, as doing so allows the fixed charge to reduce rate components paid by all customers. With current revenue requirements, reducing the fixed charge recovery of CARE exempt PPP charges alone is sufficient to reduce collected revenue to the cap.
3. In the event reductions to CARE exempt PPP collection is insufficient to adequately reduce collected revenue to the capped revenues, PG&E proposes to reduce collection of the remaining categories, with the exact details determined as appropriate at that time.

Fifth, PG&E must establish the RRQ component level make-up of each fixed charge tier. Much like CARE works today, PG&E proposes to use the distribution component to establish the fixed charge discounts after application of CARE exempt components. Table 6, below, provides an illustrative build up based on current revenue requirements. On the tariff, all distribution components will be combined; these separate line items are provided to illustrate the underlying calculation. Tier 1 (CARE) fixed charges first are built up by first removing CARE exempt PPP from the tier 3 fixed charge amount. This is then

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<sup>89</sup> Nuclear Decommissioning is currently negative, but this is due to a temporary refund that will expire by March 1, 2026.

multiplied by the CARE discount percentage (currently 35% for PG&E) to determine the CARE portion of the fixed charge discount. An additional distribution adjustment is then applied to ensure the total Tier 1 fixed charge is \$6/month. For Tier 2 (FERA and Deed Restricted Housing) the entirety of the discount is provided through this residual calculation such that the sum of it, MCAC, and the other components adds up to the \$12.08/month cap. Tier 3's distribution residual becomes a positive amount to fund the discounted fixed charge levels adopted for the other two tiers, beyond the discounts already provided to customers enrolled in the CARE. Please note that this methodology is intended to mirror the way PG&E currently accounts for the CARE discount; the other IOUs may use a different methodology that arrives at the same result due to differing back-end accounting methods.

**Table 6.**

**RRQ Component Level Breakdown of Illustrative Fixed Charges, Based on  
7/1/2024 Rates**

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

Sixth, PG&E calculates the impact of the fixed charge on volumetric rates. Non-distribution rate components are reduced in proportion to what portion of those costs are being collected through the fixed charge. For example, since 100% of NSGC is being collected through the fixed charge, the volumetric NSGC line item will be reduced to \$0/kWh. Distribution rates are slightly more complex due to interactions with the CARE discount; however, the net result is that the total distribution revenue to be collected through volumetric rates is reduced by the amount collected through the fixed charge. While distribution rates are time-differentiated on some residential rates, the reduction will

be calculated on an equal-cents-per kWh basis, per the decision's requirements. PG&E's tiered rates will be adjusted through the Conservation Incentive Adjustment (CIA) component so as to maintain a 1.25-to-1 ratio between the nominal Tier 2 and Tier 1 energy charges.<sup>90</sup>

Before finalizing the rates, these initial fixed charge values will be tested to ensure that PG&E meets the statute's requirement to ensure that the average customer in the lowest income tier (Tier 1) will see bill savings due to implementation of the initial fixed charge rate restructuring, without changing their usage patterns. To satisfy this requirement, PG&E will run bill comparisons for our CARE-enrolled customers (who will be automatically defaulted to Tier 1), to ensure that the volumetric rate reduction they receive is sufficiently large to offset the new \$6.00 fixed charge they will be paying, such that the average bill in each climate zone decreases (assuming no changes in usage). If that is not the case, then PG&E will adjust the adopted \$6 Tier 1 fixed charge level downward until this requirement is met.

To ensure the requirement that the fixed charge does not collect more than 100% the eligible revenue requirement categories, PG&E will check to make sure that the total fixed charge revenue does not exceed 100 percent of the authorized categories.<sup>91</sup> If that is not the case, then PG&E will adjust the adopted \$24.15 Tier 3 fixed charge downward until requirement (f) is met.

### **8.3 Interactions with other Discount Programs**

D.24-05-028 does not directly comment on how the fixed charge would interact with other programs that provide rate discounts, but appears to prescribe that the fixed charges for each of the three Tiers must be at the levels determined by the Decision, except in the circumstances where the underlying costs and statutory compliance would require a lower fixed charge.<sup>92</sup> PG&E has identified three line-item discount programs that are ambiguous regarding their interactions with the initial residential fixed charge. The

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<sup>90</sup> This requirement to maintain a constant ratio between the Tier 2 and Tier 1 energy charges means that both energy charges must decrease by the same proportion. In turn, that means that the gap between the two energy charges will narrow on a cents-per-kWh basis, since the Tier 2 energy charge will decrease by more than the Tier 1 energy charge does.

<sup>91</sup> These authorized fixed cost categories include (a) marginal customer access costs (for which 100 percent of costs should be collected) and (b) public purpose program costs, new system generation costs, and nuclear decommissioning costs (for which up to 100 percent of costs may be collected).

<sup>92</sup> D.24-05-028, COL 23.

first is PG&E's D-MEDICAL tariff, which provides a 12% line-item discount on rates without tiers to approximate the effective discount provided through the medical baseline on tiered rates. Given that the new residential fixed charges will not be discounted on tiered rates for customers receiving additional baseline allocations under the medical baseline program, PG&E does not believe it makes sense to apply this line-item discount to the Decision's adopted residential fixed charges.

The second and third examples are PG&E's DAC-GT and CS-GT programs, which each provide a 20% line-item discount to participating customers as established in D.18-06-027. The language of that decision requires the 20% discount to be applied to the customer's "total bill." However, this decision predates the addition of any fixed charges to any of PG&E's residential rate schedules and the overall discounts provided by the initial fixed charges adopted in D.24-05-028 are higher than the overall discount received on volumetric rates for DAC-GT/CS-GT CARE and FERA customers (75% vs. 48% and 50% vs. 34%, respectively). While D.24-05-028 did not expressly state it was overruling the Commission's 2018 DAC-GT and CS-GT decision, because the recent fixed charge decision dictates specific fixed charge levels except under specifically-identified circumstances (which did not include DAC-GT/CS-GT interactions), PG&E recommends these two decisions be harmonized by assuming the DAC-GT/CS-GT discounts would continue to apply to residential volumetric rate components, but not apply to the newly-adopted fixed charge.

## **9. Tariff Revisions**

Implementing the Decision's adopted residential fixed charges requires substantial revisions to several components of PG&E's affected residential rate tariffs. Since PG&E's implementation of initial fixed charge levels into affected customers' bill is not required to take place until the end Q1 2026, the tariff sheets presented here are not proposed for immediate replacement, but are included now as illustrative of the changes that will be made for the scheduled March 1, 2026 rate change. PG&E plans to submit a Tier 2 Advice Letter prior to implementation that will include our final revisions to all affected residential tariff sheets, along with illustrative rates. This advice letter will be followed by a Tier 1 Advice Letter shortly before the scheduled March 1, 2026 implementation that will contain the actual rates to be implemented. PG&E will work with Energy Division to determine a suitable filing date for the Tier 2 Advice Letter to ensure it can be resolved ahead of the scheduled implementation date. While a redlined version of the proposed mark-ups is only included in this Advice Letter for the E-1 tariff, in Attachment D, the following PG&E tariffs will require similar changes.

- ELECTRIC SCHEDULE E-1 (redline example included as Attachment D)
- ELECTRIC SCHEDULE E-TOU-C - RESIDENTIAL TIME-OF-USE (PEAK PRICING 4 - 9 p.m. EVERY DAY)
- ELECTRIC SCHEDULE D-CARE - LINE-ITEM DISCOUNT FOR CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) CUSTOMERS
- ELECTRIC SCHEDULE E-CARE
- ELECTRIC SCHEDULE E-ELEC – RESIDENTIAL TIME-OF-USE (ELECTRIC HOME) SERVICE FOR CUSTOMERS WITH QUALIFYING ELECTRIC TECHNOLOGIES
- ELECTRIC SCHEDULE ES – MULTIFAMILY SERVICE
- ELECTRIC SCHEDULE ESR - RESIDENTIAL RV PARK AND RESIDENTIAL MARINA SERVICE
- ELECTRIC SCHEDULE ET - MOBILEHOME PARK SERVICE
- ELECTRIC SCHEDULE E-TOU-D - RESIDENTIAL TIME-OF-USE PEAK PRICING 5 - 8 p.m. NON-HOLIDAY WEEKDAYS
- ELECTRIC SCHEDULE EV - RESIDENTIAL TIME-OF-USE - SERVICE FOR PLUG-IN ELECTRIC VEHICLE CUSTOMERS
- ELECTRIC SCHEDULE EV2 - RESIDENTIAL TIME-OF-USE - SERVICE FOR PLUG-IN ELECTRIC VEHICLE CUSTOMERS
- ELECTRIC SCHEDULE NEM - NET ENERGY METERING SERVICE
- ELECTRIC SCHEDULE NEM2 - NET ENERGY METERING SERVICE
- ELECTRIC SCHEDULE NEM2V - VIRTUAL NET ENERGY METERING SERVICE
- ELECTRIC SCHEDULE NEM2VMASH - VIRTUAL NET ENERGY METERING FOR MULTIFAMILY - AFFORDABLE HOUSING (MASH/NSHP) WITH SOLAR GENERATOR(S)
- ELECTRIC SCHEDULE NEM2VSOM - VIRTUAL NET ENERGY METERING SOLAR ON MULTIFAMILY - AFFORDABLE HOUSING (SOMAH) PROPERTIES
- ELECTRIC SCHEDULE NEMBIO - NET ENERGY METERING SERVICE FOR BIOGAS CUSTOMER-GENERATOR
- ELECTRIC SCHEDULE NEMCCSF - NET ENERGY METERING SERVICE FOR CITY AND COUNTY OF SAN FRANCISCO MUNICIPAL LOAD SERVED BY - HETCH HETCHY AT-SITE PHOTOVOLTAIC GENERATING FACILITIES
- ELECTRIC SCHEDULE NEMFC - NET ENERGY METERING SERVICE FOR FUEL CELL CUSTOMER-GENERATORS
- ELECTRIC SCHEDULE NEMV - VIRTUAL NET METERING FOR A MULTI-TENANT OR MULTI-METER - PROPERTY SERVED AT THE SAME SERVICE DELIVERY POINT

- ELECTRIC SCHEDULE NEMVMASH - VIRTUAL NET ENERGY METERING FOR MULTIFAMILY - AFFORDABLE HOUSING (MASH/NSHP) WITH SOLAR GENERATOR(S)

## 10. Total Revenue Requirements, and Bill Impacts

This section (Section 10) addresses the anticipated revenue requirements in Table 7 below regarding impacts from PG&E's planned implementation of the Commission's initial fixed charge Decision. To develop an estimate of the currently-anticipated ratepayer impacts from PG&E's proposed activities required to implement the initial residential fixed charge Decision, PG&E converted the expenditures into a revenue requirement. PG&E revenue requirement calculations have factored in cost of capital, depreciation, and other parameters forecasted through 2026. PG&E estimates a total revenue requirement of approximately \$17.9M for the fixed charge implementation period from 2024 through 2026, associated with the \$14.9M O&M expenses and \$7.3M capital expenditures, described above in Section 7 Table 5, to be recovered via the Public Purpose Program.

In Table 7, below, PG&E summarizes our estimated forecast revenue requirement by year for the period 2024 through 2026 that stem from our proposed activities to implement the Decision's fixed charge requirements.

**Table 7**  
**REVENUE REQUIREMENT (2024 - 2026)**  
**(thousands of dollars)**

| Line<br>No. |                                  | 2024         | 2025         | 2026         | Total         |
|-------------|----------------------------------|--------------|--------------|--------------|---------------|
| 1           | Expense Revenue Requirement      | 2,555        | 6,927        | 5,501        | 14,983        |
| 2           | Capital Revenue Requirement      | 197          | 990          | 1,766        | 2,953         |
| 3           | <b>Total Revenue Requirement</b> | <b>2,752</b> | <b>7,917</b> | <b>7,267</b> | <b>17,936</b> |

In Table 8, PG&E provides the rate impact estimates that result from this estimated revenue requirement request, based on costs in the peak year (2025). As shown below, the rate impact is well below the 1% threshold that would require calculation of additional affordability impact metrics.

**Table 8**  
**Illustrative Electric Revenue Increase and Class Average Rates**  
**Fixed Charge: 2025 (Highest Year Revenue Requirement)**

| Line No.  | Customer Class    | Proposed Revenue Increase<br>(000's) | Present Rates<br>(\$/kWh) | Proposed Rates<br>(\$/kWh) | Percentage Change | Line No. |
|---|-------------------|--------------------------------------|---------------------------|----------------------------|-------------------|----------|
| <b>Bundled Service*</b>   |                   |                                      |                           |                            |                   |          |
| 1   | Residential       | \$ 1,214                             | \$ 0.34814                | \$ 0.34825                 | 0.03%             | 1        |
| 2   | Small Commercial  | \$ 402                               | \$ 0.41032                | \$ 0.41046                 | 0.03%             | 2        |
| 3   | Medium Commercial | \$ 305                               | \$ 0.36959                | \$ 0.36971                 | 0.03%             | 3        |
| 4   | Large Commercial  | \$ 375                               | \$ 0.31789                | \$ 0.31799                 | 0.03%             | 4        |
| 5   | Streetlights      | \$ 11                                | \$ 0.44829                | \$ 0.44844                 | 0.03%             | 5        |
| 6   | Standby           | \$ 28                                | \$ 0.21316                | \$ 0.21323                 | 0.03%             | 6        |
| 7   | Agriculture       | \$ 488                               | \$ 0.36708                | \$ 0.36720                 | 0.03%             | 7        |
| 8   | Industrial        | \$ <u>288</u>                        | \$ <u>0.22790</u>         | \$ <u>0.22797</u>          | <u>0.03%</u>      | 8        |
| 9   | Total             | \$ 3,111                             | \$ 0.33730                | \$ 0.33740                 | 0.03%             | 9        |
| <b>Direct Access and Community Choice Aggregation Service**</b> |                   |                                      |                           |                            |                   |          |
| 10  | Residential       | \$ 1,808                             | \$ 0.22490                | \$ 0.22501                 | 0.05%             | 10       |
| 11  | Small Commercial  | \$ 678                               | \$ 0.26976                | \$ 0.26989                 | 0.05%             | 11       |
| 12  | Medium Commercial | \$ 650                               | \$ 0.21344                | \$ 0.21356                 | 0.06%             | 12       |
| 13  | Large Commercial  | \$ 1,099                             | \$ 0.17366                | \$ 0.17377                 | 0.06%             | 13       |
| 14  | Streetlights      | \$ 26                                | \$ 0.27485                | \$ 0.27500                 | 0.05%             | 14       |
| 15  | Standby           | \$ 10                                | \$ 0.12363                | \$ 0.12371                 | 0.06%             | 15       |
| 16  | Agriculture       | \$ 185                               | \$ 0.21837                | \$ 0.21850                 | 0.06%             | 16       |
| 17  | Industrial        | \$ <u>792</u>                        | \$ <u>0.10996</u>         | \$ <u>0.11004</u>          | <u>0.07%</u>      | 17       |
| 18  | Total             | \$ 5,248                             | \$ 0.19274                | \$ 0.19285                 | 0.06%             | 18       |
| <b>Departing Load***</b>  |                   |                                      |                           |                            |                   |          |
| 19  | Residential       | \$ 0                                 |                           |                            | 0.06%             | 19       |
| 20  | Small Commercial  | \$ 1                                 |                           |                            | 0.32%             | 20       |
| 21  | Medium Commercial | \$ 8                                 |                           |                            | 0.40%             | 21       |
| 22  | Large Commercial  | \$ 8                                 |                           |                            | 0.28%             | 22       |
| 23  | Streetlights      | \$ -                                 |                           |                            | 0.00%             | 23       |
| 24  | Standby           | \$ -                                 |                           |                            | 0.00%             | 24       |
| 25  | Agriculture       | \$ 3                                 |                           |                            | 0.37%             | 25       |
| 26  | Industrial        | \$ 103                               |                           |                            | 0.28%             | 26       |

- \* Customers who receive electric generation as well as transmission and distribution service from PG&E.
- \*\* Customers who purchase energy from non-PG&E suppliers.
- \*\*\* Customers who purchase their electricity from a non-utility supplier and receive transmission and distribution service from a publicly owned utility or municipality. A rate comparison cannot be provided for Departed Load as the applicable rates vary by specific departed load customer categories and any average rate that could be derived, would not be representative of any particular departed load category.

**11. Table of Attachments**

| Attachment | Description   | Public or Confidential |
|------------|---|------------------------|
| A          | Fixed Charge Proposed Budget for Billing System and Other Implementation Activities | Public                 |
| B          | Fixed Charge Deed Restricted Housing Outreach Cost Assumptions                      | Public                 |
| C          | Fixed Charge Proposed Budget for Deed Restricted Housing                            | Public                 |
| D          | Residential Rate Tariff Examples in Redlines  | Public                 |

**12. Requested Findings**

For the foregoing reasons, and in furtherance of D.24-05-028, PG&E requests that the Commission issue the following specific findings in its Resolution on this Advice Letter:

**Billing System Changes**

1. PG&E’s proposed budget of \$3.498 million for the costs of implementing the fixed charge in its forthcoming Billing Cloud System (BCS) is reasonable and is estimated to be largely offset by reductions to PG&E’s estimated budget for customer support implementation activities, for the reasons described above in Section 3 of this Advice Letter.
2. PG&E’s estimated budget of \$9.245 million for the total incremental costs of implementing the initial fixed charge-related rate restructuring into PG&E’s billing

systems (including the new \$3.498 million required for implementation in BCS) is reasonable, for the reasons described above in Section 3.3.5 of this Advice Letter.

### **Program and Product Management**

3. PG&E has adequately demonstrated that, to comply with D.24-05-028's requirements for regular reporting of metrics related to fixed charge implementation and Marketing, Education and Outreach (ME&O) efforts, PG&E will need to build new data reporting capabilities, for the reasons described above in Section 3.6.

### **Single-Family/Multi-Family Study**

4. For PG&E to comply with D.24-05-028's requirements that each IOU prepare its own study on data collection to identify single- and multi-family customers, it is reasonable for PG&E to hire a vendor and potentially procure data from an external party, for the reasons described in Section 3.7.
5. PG&E's budget estimate of \$0.25 million for the Decision's newly required single-family/multi-family Study is reasonable, for the reasons described in Section 3.7.

### **Compliance with D.24-05-028 Requirements for ME&O**

6. PG&E's overarching three-phased ME&O approach proceeding from customer: (1) Awareness, (2) Information, (3) Engagement, is a reasonable framework for communicating the Decision's initial fixed charges to customers, for the reasons described above in Section 4.3.
7. It is reasonable for PG&E to conduct additional messaging validation and testing based on the Decision's adoption of a lower fixed charge than had been assumed in PG&E's previous two customer focus group studies, while using previous research findings as a baseline, in order to gain additional messaging insights to fully comply with D.24-05-028's requirement that PG&E's ME&O plan include one or more surveys to assess the effectiveness of its planned ME&O, for the reasons described above in Section 4.7.
8. PG&E's metric tracking and reporting plan, described above in Sections 3.6 and 4.10 of this Advice Letter, includes metrics associated with PG&E's ME&O efforts that should be found to reasonably comply with the requirements of D.24-05-028.
9. PG&E's marketing and outreach strategy for implementation of the Decision's adopted initial fixed charge bill restructuring, using a multi-stage, multi-faceted approach that includes methods to build customer awareness, educate customers, and foster engagement so that customers are prepared for the change should be found reasonable, for the reasons as described above in Section 4.11.

10. The specific timing of PG&E's outreach related to the Decision's adopted initial fixed charge rate restructuring is calculated in reference to an assumed implementation into affected customers' bills by March 31, 2026, and is therefore subject to change and refinement as implementation progresses, for the reasons described above in Section 4.13.
11. PG&E's proposed budget for ME&O activities of \$4.875 million, which is comprised of the following annual budget estimates: \$600,000 (2024), \$1.915 million (2025), and \$2.665 million (2026), and PG&E's proposed plans for outreach and messaging activities are reasonable in light of the objectives expressed in D.24-05-028, for the reasons described above in Section 4.17, Table 3.

### **Tier Assignment**

12. PG&E's plan to default to Tier 1 all customers enrolled in its CARE program at the time its initial Tier assignment process is conducted, and to automatically enroll new CARE enrollees in Tier 1 on an ongoing basis, is reasonable and complies with D.24-05-028, for the reasons described above in Section 5.2.1.
13. PG&E's proposed methodology for placement of qualified customers into Tier 2 is reasonable even though it is more complex than for Tier 1 or 3 placement, because the Decision's Tier 2 placement parameters require PG&E to differentiate between customers who will be defaulted to Tier 2 because they are enrolled in FERA, from customers who qualify for Tier 2 because they are found to reside in Deed Restricted Affordable Housing identified in the California Housing Partnership (CHP) database but are not enrolled on CARE, from those customers who meet none of these criteria, for the reasons described above in Section 5.2.2.
14. PG&E's proposal to create a new process for identifying customers who live in deed-restricted affordable housing using the CHP database along with customer self-attestation where matching efforts are inconclusive strikes a reasonable balance between the goals of accuracy, cost, and equity, by identifying as DRH qualified customers residing in multi-family properties for which the CHP dataset shows over 80 percent of its component units are designated as deed-restricted housing. It is reasonable for PG&E to rely on the CHP dataset to annually identify DRH units in its territory, and then screen out properties and units that contain master-meters *without* submeters, and default to Tier 2 all customers found to reside in the DRH properties with 80 percent of its units identified as DRH by the CHP list. It is also reasonable for PG&E to default to Tier 2 all master-metered customers *with* submeters, regardless of what proportion of each CHP property's units are designated as deed-restricted housing, for the reasons described above in Section 5.2.2.

15. PG&E's proposal for outreach to residents of properties that are not master-metered, are not enrolled in CARE or FERA, and have less than an 80 percent proportion of DRH, to provide them with opportunities to self-attest, is reasonable. PG&E's plan to attempt to make contact through the owner of each multifamily CHP dataset property for which attempts at matching with PG&E customer service account information are inconclusive, is also reasonable. PG&E's overall self-attestation proposal for qualified DRH customers, to establish their eligibility for assignment to Tier 2, is reasonable, for the reasons described above in Section 5.2.2.
16. PG&E's proposal to place automatically into Tier 3 customers who do not qualify for Tiers 1 or 2 under its proposals for those Tiers is reasonable, for the reasons described in Section 5.2.3.
17. PG&E's proposed process for customers to protest their initial Tier placement if they believe it to be incorrect is also reasonable, for the reasons described above in Section 5.2.3.
18. PG&E's proposed activities and budget for sharing fixed charge Tier assignment information with Community Choice Aggregators (CCAs) is reasonable, including PG&E's decision to leverage and expand the existing reporting framework that PG&E already uses to regularly communicate with CCAs about rate changes, for the reasons described above in Section 5.3.
19. PG&E's proposed process for managing changes in Tier status is reasonable, for the reasons described above in Section 5.4.
20. PG&E's plan to perform comprehensive Tier reassignments on an annual refresh cycle strikes a reasonable balance between the goals of accuracy and equity as well as affordability. PG&E's proposal to include a process for customers to dispute their initial Tier assignment is also reasonable, for the reasons described above in Section 5.4.
21. Costs associated with PG&E's Tier assignment proposals are incremental as they were not addressed in D.24-05-028. PG&E will record such actual costs in its IGFCMA that has already been approved by the Commission. PG&E's total budget estimate of \$965,283 for implementing its Tier assignment proposals is reasonable, and should be approved, subject to future reasonableness review under PG&E's future application for recovery of its actual costs recorded into the IGFCMA, for the reasons described above in Section 5.5.

### **Facilitation Contractor**

22. PG&E proposed process for hiring the facilitation contractor required in D.24-05-028 is reasonable, for the reasons described above in Section 6.2.
23. It is reasonable for PG&E's estimated total cost of \$250,000 for hiring this facilitation contractor to initially be borne by PG&E and then subject to partial recovery from SCE and SDG&E through a co-funding agreement calling for the following to the cost sharing proportions the Commission previously for development of the DFOIR's fixed charge Public Tool, namely: PG&E 40%, SCE 40%, and SDG&E 20%. It is reasonable for PG&E to recover its portion of these costs through an application for recovery of the costs recorded in its IGFCMA, for the reasons described above in Section 6.2.

### **Rate Design**

24. PG&E illustrative rate designs and rate design process set forth in Section 8.2, above, should be found to reasonably conform with the requirements of D.24-05-028, for the reasons described in that same section, above.
25. Before finalizing its rates before roll-out by the end of March 2026, it is reasonable for PG&E to test the Decision's adopted fixed charge and volumetric rate values to confirm that they comply with D.24-05-028's requirements, for the reasons described above in Section 8.2.
26. PG&E's proposal for how the authorized revenue requirement categories are to be collected through the fixed charge, as described in Section 8.2, above, is reasonable and complies with D.24-05-028.
27. It is reasonable not to apply the D-MEDICAL tariff discount to the fixed charge because it is intended to provide a similar discount as the Medical Baseline on tiered rates, which does not discount the fixed charge. It is also reasonable for DAC-GT and CS-GT discounts to continue to apply to volumetric rate components, but not to the newly adopted fixed charge rate components. Treating these other discounts in such a manner should be found to reasonably achieve the goals of the Legislature in passing AB 205 and requiring the CPUC to authorize compliant fixed charges, for the reasons described above in Section 8.3.

### **Tariff Revisions**

28. Implementing the initial residential fixed charge rate restructuring adopted in D.24-05-028 will require substantial revisions to PG&E's affected residential rate tariffs, for the reasons described above in Section 9.

29. PG&E's illustrative tariff sheets, shown in Attachment D, reflect the types of tariff changes that will need to be made before the March 2026 deadline for PG&E to implement its fixed charge-related rate change, consistent with the goals of D.24-05-028. PG&E will submit a future Tier 2 Advice Letter, prior to implementation, that will reflect the necessary revisions to all affected residential tariffs, as outlined above in Section 9.

### **Total Revenue Requirements and Bill Impacts**

30. To develop an estimate of the ratepayer impact of PG&E's fixed charge implementation activities, PG&E converted its estimated expenditures into a revenue requirement using the various proposed implementation parameters discussed above. Factoring in cost of capital, depreciation, and other parameters in the revenue requirement calculation from 2024 through 2026, PG&E has estimated a total revenue requirement of approximately \$17.9M through 2026, associated with the \$14.9M O&M expenses and \$7.3M capital expenditures, to be recovered via Public Purpose Program, as described above in Section 7, Table 5. PG&E's ratepayer impact estimates are reasonable for the reasons described above in Section 10.

This submittal does not, by itself increase any current rate or charge, cause the withdrawal of service, or conflict with any adopted rate schedule or rule.

### **13. Protests**

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than September 3, 2024, which is 21 days<sup>93</sup> after the date of this submittal. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to PG&E via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

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<sup>93</sup> The 20-day protest period concludes on a holiday, therefore, PG&E is moving this date to the following business day.

Sidney Bob Dietz II  
Director, Regulatory Relations  
c/o Megan Lawson  
E-mail: PGETariffs@pge.com

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 and 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).

#### **14. Effective Date**

Pursuant to General Order (GO) 96-B, Rule 5.3, (and various Ordering Paragraphs in D.24-05-028), this Advice Letter is submitted with a Tier 3 designation. PG&E requests that this Tier 3 advice submittal become effective upon the Commission's adoption of a Resolution that approves these requests, which are necessary for PG&E to comply with the requirements and goals of D.24-05-028 as well as AB 205.

#### **15. Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically to parties shown on the attached list and the parties on the service list for R.22-07-005. 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 submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

\_\_\_\_\_  
/S/

Sidney Bob Dietz II  
Director, Regulatory Relations  
CPUC Communications

Attachments

cc: Ankit Jain, [Ankit.Jain@cpuc.ca.gov](mailto:Ankit.Jain@cpuc.ca.gov)  
Service List R.22-07-005



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39 E)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Kimberly Loo

Phone #: (279)789-6209

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
 PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 7351-E

Tier Designation: 3

Subject of AL: Implementation of PG&E's Fixed Charge Pursuant to D.24-05-028

Keywords (choose from CPUC listing): Compliance

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.24-05-028

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:

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes  No

Requested effective date:

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:

Service affected and changes proposed<sup>1</sup>: N/A

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

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and correspondence regarding this AL are to be sent via email and 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 Tariff Unit Email:  
[EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Contact Name: Sidnev Bob Dietz II. c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility/Entity Name: Pacific Gas and Electric Company  
  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email: PGETariffs@pge.com

Contact Name:  
Title:  
Utility/Entity Name:  
  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

CPUC  
Energy Division Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Clear Form

## **Attachment A**

**Fixed Charge Proposed Budget for Billing System and  
Other Implementation Activities**

\*

**PACIFIC GAS AND ELECTRIC COMPANY**  
**Demand Flexibility OIR Track A - Electric Fixed Charge R.22-07-005**  
**DETAILED COST SUMMARY**  
**WORKPAPER SUPPORTING DFOIR TRACK A IMPLEMENTATION ADVICE LETTER**

**Fixed Charge Proposed Budget for Billing System and Other Implementation Activities (Section 3)**

Worksheet: Connecting to Table 1 in AL

| Activity   | Cost (In \$ Millions)             |                                    |                  |
|--|-----------------------------------|------------------------------------|------------------|
|  | Approved in Decision<br>(Table 7) | Change (Revised minus<br>Approved) | Revised Estimate |
| Billing IT Implementation<br>(Mass Market CC&B System and Updates to associated billing products such as Your Account) | 5.745                             | 0                                  | 5.747            |
| Billing IT Implementation<br>(Complex Billing BCS System which is replacing ABS System)                                | 0                                 | 3.498                              | 3.498            |
| <i>Total for Billing IT</i>  | 5.745                             | 3.500                              | 9.245            |
| Updates to Customer Rate Tools   | 0.674                             | 0                                  | 0.674            |
| Contact Center   | 7.304                             | -3.711                             | 3.593            |
| Program and Product Mgt, Reporting   | 0.550                             | 1.626                              | 2.176            |
| Single Family/Multi Family Study   | 0                                 | 0.250                              | 0.250            |
| <b>Total</b>   | <b>14.273</b>                     | <b>1.664</b>                       | <b>15.937</b>    |

\*

**PACIFIC GAS AND ELECTRIC COMPANY**  
**Demand Flexibility OIR Track A - Electric Fixed Charge R.22-07-005**  
**DETAILED COST SUMMARY**  
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**Fixed Charge Proposed Budget for Billing System and Other Implementation Activities (Section 3)**

Worksheet: Summary

Assumes Implementation in March 2026

| <b>Income Graduated Fixed Charge Implementation</b>  |  |                     |                     |                     |                  |       |                   |
|--|--|---------------------|---------------------|---------------------|------------------|-------|-------------------|
| (Nominal \$ -)   |  |                     |                     |                     |                  |       |                   |
| Cost Area Category   | Year-->  | 2024                | 2025                | 2026                | 2027             | TOTAL |                   |
| <b>Billing Information Technology (IT) System Changes (Implementation Costs) - Capital</b>     |  |                     |                     |                     |                  |       |                   |
| Line No. 1   | Build in PG&E's legacy mass market billing system (CC&B)   | \$ 1,231,470        | \$ 2,257,695        | \$ 615,735          |                  | \$    | 4,104,900         |
| Line No. 2   | Build in PG&E's new complex billing system (BCS)   | \$ 953,910          | \$ 1,748,835        | \$ 476,955          |                  | \$    | 3,179,700         |
| Line No. 3   | <b>Total Cost</b>  | <b>\$ 2,185,380</b> | <b>\$ 4,006,530</b> | <b>\$ 1,092,690</b> | \$ -             | \$    | <b>7,284,600</b>  |
| <b>Billing Information Technology (IT) System Changes (Project Management Costs) - Expense</b> |  |                     |                     |                     |                  |       |                   |
| Line No. 4   | Project Management - Build in PG&E's legacy mass market billing system (CC&B)                        | \$ 123,147          | \$ 225,770          | \$ 61,574           |                  | \$    | 410,490           |
| Line No. 5   | Project Management - Build in PG&E's new complex billing system (BCS)                                | \$ 95,391           | \$ 174,884          | \$ 47,696           |                  | \$    | 317,970           |
| Line No. 6   | <b>Total Cost</b>  | <b>\$ 218,538</b>   | <b>\$ 400,653</b>   | <b>\$ 109,269</b>   | \$ -             | \$    | <b>728,460</b>    |
| <b>Updates to Your Account, Bill Notifications, Energy Insights Platform - Expense</b>         |  |                     |                     |                     |                  |       |                   |
| Line No. 7   | Updates to YourAccount, Bill Messages, Salesforce Platform   | \$ 369,441          | \$ 677,309          | \$ 184,721          |                  | \$    | 1,231,470         |
| Line No. 8   | <b>Total Cost</b>  | <b>\$ 369,441</b>   | <b>\$ 677,309</b>   | <b>\$ 184,721</b>   | \$ -             | \$    | <b>1,231,470</b>  |
| <b>Updates to Customer Rate Tools - Expense</b>  |  |                     |                     |                     |                  |       |                   |
| Line No. 9   | PG&E's Online Rate Analysis Tools  |                     | \$ 596,500          |                     |                  | \$    | 596,500           |
| Line No. 10  | Project Management   |                     | \$ 77,500           |                     |                  | \$    | 77,500            |
| Line No. 11  | <b>Total Cost</b>  | <b>\$ -</b>         | <b>\$ 674,000</b>   | <b>\$ -</b>         | \$ -             | \$    | <b>674,000</b>    |
| <b>Customer Support through Contact Center (Call Center) - Expense</b>                         |  |                     |                     |                     |                  |       |                   |
| Line No. 12  | Cost to train contact center represenatives about new rate structure and income verification process |                     | \$ 485,850          |                     |                  | \$    | 485,850           |
| Line No. 13  | Cost for Interactive Voice Recognition (IVR) Software  |                     | \$ 238,000          |                     |                  | \$    | 238,000           |
| Line No. 14  | Cost of Developing Conversation Guides and Training Materials  |                     | \$ 113,000          |                     |                  | \$    | 113,000           |
| Line No. 15  | Cost of Incremental Calls to the Contact Center  | \$ -                | \$ 918,607          | \$ 1,837,255        | \$ -             | \$    | 2,755,862         |
| Line No. 16  | <b>Total Cost</b>  | <b>\$ -</b>         | <b>\$ 1,755,458</b> | <b>\$ 1,837,255</b> | \$ -             | \$    | <b>3,592,712</b>  |
| <b>Program and Product Management - Expense</b>  |  |                     |                     |                     |                  |       |                   |
| Line No. 17  | Program Management   | \$ 616,250          | \$ 239,475          | \$ 147,996          | \$ 42,343        | \$    | 1,046,064         |
| Line No. 18  | Product Management   | \$ 271,250          | \$ 558,775          | \$ 123,330          | \$ -             | \$    | 953,355           |
| Line No. 19  | Analytical Support   | \$ 38,750           | \$ 79,825           | \$ 41,110           | \$ 16,937        | \$    | 176,622           |
| Line No. 20  | <b>Total Cost</b>  | <b>\$ 926,250</b>   | <b>\$ 878,075</b>   | <b>\$ 312,435</b>   | <b>\$ 59,280</b> | \$    | <b>2,176,040</b>  |
| <b>Single Family/Multi Family Indicator Study - Expense</b>                                    |  |                     |                     |                     |                  |       |                   |
| Line No. 21  | Contract costs with vendor who will perform study  | \$ 175,000          | \$ 75,000           | \$ -                |                  | \$    | 250,000           |
| Line No. 22  | <b>Total Cost</b>  | <b>\$ 175,000</b>   | <b>\$ 75,000</b>    | <b>\$ -</b>         | \$ -             | \$    | <b>250,000</b>    |
| Line No. 23  | <b>Total Costs</b>   | <b>\$ 3,874,609</b> | <b>\$ 8,467,024</b> | <b>\$ 3,536,369</b> | <b>\$ 59,280</b> | \$    | <b>15,937,283</b> |

**PACIFIC GAS AND ELECTRIC COMPANY**  
**Demand Flexibility OIR Track A - Electric Fixed Charge R.22-07-005**  
**DETAILED COST SUMMARY**  
**WORKPAPER SUPPORTING DFOIR TRACK A IMPLEMENTATION ADVICE LETTER**

**Fixed Charge Proposed Budget for Billing System and Other Implementation Activities (Section 3)**

Worksheet: General Assumptions

**Macroeconomics**

|                  |    |
|------------------|----|
| Annual Inflation | 3% |
|------------------|----|

**PACIFIC GAS AND ELECTRIC COMPANY**  
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**Fixed Charge Proposed Budget for Billing System and Other Implementation Activities (Section 3)**

Worksheet: Contact Center

**IGFC Implementation Cost Assumptions:**

**Residential Customer Population**

*Total Service Agreements*      4,900,000

**Contact Center Costs of Managing Fixed Charge -Related Calls**

Establishing incremental calls due to IGFC

Assumes March 2026 fixed charge deployment in billing systems

**General Inquiries from customers**

Residential customer population  
 Percent of general customer population likely to call  
 Number of general inquiries

|   | 2024 | 2025      | 2026      | 2027 | Total   |
|---|------|-----------|-----------|------|---------|
| Residential customer population                       | -    | 4,900,000 | 4,900,000 | -    | n/a     |
| Percent of general customer population likely to call | -    | 1.0%      | 2.2%      | -    | 3.2%    |
| Number of general inquiries                           | -    | 49,000    | 107,800   | -    | 156,800 |

**Incremental Inquiries from customers in deed-restricted housing**

Residential customer population in deed restricted housing who are predicted to self attest  
 Percent of customers who need to self-attest who are predicted to call  
 Number of inquiries from customers in deed-restricted housing who will need to self attest

|   | 2024 | 2025   | 2026   | 2027 | Total  |
|---|------|--------|--------|------|--------|
| Residential customer population in deed restricted housing who are predicted to self attest | -    | 25,641 | 10,989 | -    | 36,630 |
| Percent of customers who need to self-attest who are predicted to call                      | -    | 30.0%  | 30.0%  | -    | n/a    |
| Number of inquiries from customers in deed-restricted housing who will need to self attest  | -    | 7,692  | 3,297  | -    | 10,989 |

Total Customer Calls

|                      | 2024 | 2025   | 2026    | 2027 | Total   |
|----------------------|------|--------|---------|------|---------|
| Total Customer Calls | -    | 56,692 | 111,097 | -    | 167,789 |

**Call Management Assumptions**

Current cost per minute  
 Minutes per call - General Inquiries  
 Minutes per call - Self Attestation

|                                      | 2024   | 2025   | 2026   | 2027   |  |
|--------------------------------------|--------|--------|--------|--------|--|
| Current cost per minute              | \$1.69 | \$1.74 | \$1.79 | \$1.85 |  |
| Minutes per call - General Inquiries | 9.2    | 9.2    | 9.2    | 9.2    |  |
| Minutes per call - Self Attestation  | 10.0   | 10.0   | 10.0   | 10.0   |  |

Total Costs from Incremental Calls due to IGFC

|  | 2024 | 2025      | 2026        | 2027 | Total       |
|--|------|-----------|-------------|------|-------------|
| Total Costs from Incremental Calls due to IGFC | \$0  | \$918,607 | \$1,837,255 | \$0  | \$2,755,862 |

**Check**

Annual calls to PG&E's contact center 2023

6,460,078

Percentage increase in calls over 2023

|  | 2024 | 2025 | 2026 | 2027 | Total |
|--|------|------|------|------|-------|
| Percentage increase in calls over 2023 | 0.0% | 0.9% | 1.7% | 0.0% | 2.6%  |

**Contact Center Representatives Training**

**Existing CCO Representatives**

|                            |           |  |
|----------------------------|-----------|--|
| Hours of training          | 8         | Increased due to need to train on self-attestation process |
| All in labor cost per hour | \$84.84   |  |
| Number of reps 2023        | 716       |  |
| Training Cost              | \$485,850 |  |

**IVR Cost**

**Interactive Voice Recognition Software**

|  |           |
|--|-----------|
| Interactive Voice Recognition Software | \$238,000 |
|--|-----------|

**CCO Materials**

**Conversation Guides and Training Materials**

|  |           |  |
|--|-----------|--|
| Conversation Guides and Training Materials | \$113,000 | Increased due to need to train on CHP/DRH self-attestation process |
|--|-----------|--|

**Total**

|              |                    |
|--------------|--------------------|
| <b>Total</b> | <b>\$3,592,712</b> |
|--------------|--------------------|

**PACIFIC GAS AND ELECTRIC COMPANY**  
**Demand Flexibility OIR Track A - Electric Fixed Charge R.22-07-005**  
**DETAILED COST SUMMARY**  
**WORKPAPER SUPPORTING DFOIR TRACK A IMPLEMENTATION ADVICE LETTER**

**Fixed Charge Proposed Budget for Billing System and Other Implementation Activities (Section 3)**

Worksheet: Prog and Prod Mgt

**Labor Requirement (Percent Full Time Employees)**

| Role                                 | Responsibilities   | 2024        | 2025        | 2026        | 2027       |
|--------------------------------------|--|-------------|-------------|-------------|------------|
| Program Manager - Project Management | Coordinate overall rate implementation program and ensure compliance with regulatory requirements                        | 38%         | 75%         | 50%         | 25%        |
| Program Manager - Change Management  | Develop and implement internal and external (CCAs, vendors) stakeholder communication plan                               | 38%         | 75%         | 40%         | 0%         |
| Analytical Support                   | Data pulls and analysis to inform and enable billing testing and reporting   | 25%         | 50%         | 25%         | 10%        |
| Product Managers                     | Develop IT Requirements for Billing Implementation , Bill Presentment, Bill Messages, YourAccount) and Test for Accuracy | 175%        | 350%        | 75%         | 0%         |
| <b>Total</b>                         |  | <b>275%</b> | <b>550%</b> | <b>190%</b> | <b>35%</b> |

| Cost per FTE |
|--------------|
| \$155,000    |

| Change Management Contractor Costs in 2024 |
|--|
| \$500,000                                  |

**Labor and Contractor Costs (\$)**

| Year-->                                | Responsibilities   | 2024             | 2025             | 2026             | 2027            |
|--|--|------------------|------------------|------------------|-----------------|
| Program Manager - Project Management   | Coordinate overall rate implementation program and ensure compliance with regulatory requirements                        | \$58,125         | \$119,738        | \$82,220         | \$42,343        |
| Change Management Staff and Contractor | Develop and implement internal and external (CCAs, vendors) stakeholder communication plan                               | \$558,125        | \$119,738        | \$65,776         | \$0             |
| Analytical Support                     | Data pulls and analysis to inform and enable billing testing and reporting   | \$38,750         | \$79,825         | \$41,110         | \$16,937        |
| Product Managers                       | Develop IT Requirements for Billing Implementation , Bill Presentment, Bill Messages, YourAccount) and Test for Accuracy | \$271,250        | \$558,775        | \$123,330        | \$0             |
| <b>Total</b>                           |  | <b>\$926,250</b> | <b>\$878,075</b> | <b>\$312,435</b> | <b>\$59,280</b> |

**Total over all years \$ 2,176,040**

**PACIFIC GAS AND ELECTRIC COMPANY**  
**Demand Flexibility OIR Track A - Electric Fixed Charge R.22-07-005**  
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**Fixed Charge Proposed Budget for Billing System and Other Implementation Activities (Section 3)**

Worksheet: Online Tools

| 2026 Suite of Tools   | One Time Cost | Cost Per Rate | # of Rates                                   | Total Cost |
|---|---------------|---------------|--|------------|
| Underlying rate engine that calculates customer bills under different rate options (Bill Comparison), Home Energy Reports (HER) savings tool, and Clean Energy Calculator tool. | n/a           | \$30,000      | 5  | \$150,000  |
| Bill Comparison Tool and HER User Interface   | \$100,000     | \$55,000      | 5  | \$375,000  |
| Clean Energy Calculator Interface   | \$71,500      | n/a           | n/a  | \$71,500   |
|   |               |               |  | \$596,500  |
|   |               |               | +0.5 FTE for Contract and Product Management | \$77,500   |
|   |               |               |  | \$674,000  |

## **Attachment B**

### **Fixed Charge Deed Restricted Housing Outreach Cost Assumptions**

### Assumptions

# Requiring New Outreach: 192 properties (25,816 units)

Of the 25,816 we would be able to match ~15K to individual units for self-attestation

Individual Unit addresses would be available for direct mail 15000

Email available for ~60% of customers 9000

Creative developed as bilingual English/Spanish

New Self-Attestation form development required in English/Spanish, English Large Print and Braille

Return postage for any CARE/FERA application forms is covered under CARE/FERA operations budget

If the assumption is a 30% response rate 4500

Non-Responders 10500

Priority segment for additional outreach tactics - Non-Responders with Eligibility score of 1-3 (assume 20%) 2100

### Cost assumptions - Self Attestation and Property Manager Outreach

#### 1. New creative development

Self-attestation form \$ 5,300.00

Direct Mail package (Letter, #10 envelope, CARE/FERA application with Business Reply Envelope) - 2 versions \$ 59,090.67

Email - 1 new version (Customer direct only) \$ 19,966.00

#### 2. Self-Attestation: Two touch acquisition campaign using Direct Mail and email

Direct Mail - printing, lettershop, postage \$ 45,000.00

Email - Labor, deployment, Do Not Call list processing \$ 5,548.96

#### 3. Additional outreach to priority customers who are non-responders (Top Eligibility Score)

Option 1 - Live OB call \$50,000 Assumes small portion of original audience will be contacted via phone (~5K)

Option 2 - Interactive Voice Response (IVR) pre-recorded message \$ 1,000.00 internal labor charges only for IVR recorded call

#### 4. Property Manager targeted Mailing (307)

Direct Mail package - printing, lettershop, postage \$ 1,372.29

5. Access Functional Needs (AFN) - additional formats for Self-Attestation Form - English Large Print and Braille \$ 4,183.33

**Total costs \$ 186,161.25**

Used previous project estimate as comparative for creative costs

Direct mail package included Letter, outer envelope, application (tri-fold application with Business Reply Mail return permit indicia)

Print cost assumption below assumes a self-mailer for the application form. Costs will vary depending on whether we include paper forms or just drive customers online to complete attestation and/or CARE/FERA application.

**Creative Development**

|  |                           |                         |                   |                            |
|--|---------------------------|-------------------------|-------------------|----------------------------|
| Comparative estimate costs                           |                           | Direct Mail Development | Email Development |                            |
|  |                           | \$ 14,178               | \$ 5,282          |                            |
|  |                           | \$ 12,360               | \$ 3,090          |                            |
|  |                           | \$ 12,900               | \$ 3,870          |                            |
|  |                           | \$ 9,964                | \$ 2,544          |                            |
|  |                           | \$ 9,964                | \$ 2,120          |                            |
|  |                           | \$ 11,550               | \$ 2,310          |                            |
|  |                           | \$ 14,720               | \$ -              |                            |
| Translations   |                           | \$ 3,000                | \$ 750            | Total Creative Development |
| <b>Assumes 2 versions for direct mail Production</b> |                           | \$ 59,090.67            | \$ 19,966.00      | \$ 79,056.67               |
| Self-Attestation                                     | Print/lettershop (\$1.15) | \$ 34,500.00            |                   |                            |
|  | Postage (\$.35)           | \$ 10,500.00            |                   |                            |
| Property Manager                                     | Print/lettershop (\$3.52) | \$ 1,080.64             |                   |                            |
|  | Postage (\$.95)           | \$ 291.65               |                   |                            |

|                            |                          |                        |               |
|----------------------------|--------------------------|------------------------|---------------|
| Submeter Mass Mailing 2023 | 10 applications/envelope | Applications processed | Response Rate |
| 1,006 mailed               | 10060                    | 630                    | 6.26%         |

We migrated SubMeter application to Energy Insights form in April 2022. 2023 would be the full year of Sub Meter processed through the Energy Insights online form.

| Years              | MM         | (blank)       | Grand Total   | MM %         |
|--------------------|------------|---------------|---------------|--------------|
| 2022               | 98         | 9,000         | 9,098         | 1.10%        |
| 2023               | 630        | 9,191         | 9,821         | 6.40%        |
| 2024               | 44         | 6,811         | 6,855         | 0.60%        |
| <b>Grand Total</b> | <b>772</b> | <b>25,002</b> | <b>25,774</b> | <b>3.00%</b> |

**Self-attestation form -**

|  |             |   |
|--|-------------|---|
| New form development (includes design, translations, creation of Large Print layout and ADA remediation) | \$ 5,300.00 | Used PEV new zero income affidavit estimate from Studio 19 as comparative |
| Braille - development and printing   | \$ 3,433.33 | Used project estimate for CARE/FERA/ESA collateral as a basis             |
| Large Print - Printing   | \$ 750.00   | Assumes quantity of 1,500   |

## **Attachment C**

**Fixed Charge Proposed Budget for Deed Restricted  
Housing**

**PACIFIC GAS AND ELECTRIC COMPANY**  
**Demand Flexibility OIR Track A - Electric Fixed Charge R.22-07-005**  
**DETAILED COST SUMMARY**  
**WORKPAPER SUPPORTING DFOIR TRACK A IMPLEMENTATION ADVICE LETTER**

**Fixed Charge Proposed Budget for Deed Restricted Housing (DRH)**

| Item  | Assumptions   | 2024              | 2025              | 2026              | TOTAL               |
|---|---|-------------------|-------------------|-------------------|---------------------|
| <b>Deed Restricted Housing</b>                        |   |                   |                   |                   |                     |
| Vendor cost - analysis for DRH placement              | Processing the CHP list for matching, \$128K in 2024. \$20k for future data refresh (annually)  | \$ 128,371        | \$ 20,000         | \$ 20,000         | \$ 168,371          |
| Vendor cost - CHP mapping effort                      | Data pull. One time payment in 2024   | \$ 10,000         |                   |                   | \$ 10,000           |
| IT - EI and website development for DRH               | Forecast is based on development of DRH customer characteristic/indicator in EI, and web interface for self attest  |                   | \$ 148,350        | \$ -              | \$ 148,350          |
| DRH Self-Attestation Processing - IT                  | New work associated with self-attestation processing. Add DRH to CC&B   |                   | \$ 79,200         |                   | \$ 79,200           |
| DRH Self-Attestation Processing - CARE Op/vendor cost | New work associated with:<br>Self-attestation processing (Assuming 27,000 responses from matched and unmatched): 25 apps per hour = 1,080 hours x \$28 (contractor) = \$30,240 spread over 2025-2026<br>Processing disputes/corrections (Assuming 17,000): 4 per hour = 4,250 hours x \$28 (contractor) = \$119,000 occurring in 2026 |                   | \$ 15,120         | \$ 134,120        | \$ 149,240          |
| DRH communication to CCAs                             | Update reporting to notify CCAs. 4,017 report (CCA) update = \$8.5K   |                   | \$ 8,532          | \$ -              | \$ 8,532            |
| Project Manager Labor                                 | Labor for project manager to support initial DRH Tier Assignment implementation, WG facilitation, and coordinate other DRH-related efforts by other teams; used labor rate of \$155k/year, and assumed 0.5 FTE in 2024 and 1 FTE annually in 2025-2026.   | \$ 77,500         | \$ 159,650        | \$ 164,440        | \$ 401,590          |
| <b>Sub-Total 1</b>                                    |   | <b>\$ 215,871</b> | <b>\$ 430,852</b> | <b>\$ 318,560</b> | <b>\$ 965,283</b>   |
| <b>Consultant RFP for Working Group Facilitation</b>  |   |                   |                   |                   |                     |
| Project Manager Labor                                 | Use labor rate of \$155k/year, assume 0.16 FTE to assist with RFP in 2024   | \$ 25,000         | \$ -              | \$ -              | \$ 25,000           |
| Sourcing Labor  | Use labor rate of \$155k/year, assume 0.16 FTE to assist with RFP in 2024   | \$ 25,000         | \$ -              | \$ -              | \$ 25,000           |
| Consultant Contract Budget                            | Vendor cost for Working Group facilitation  | \$ -              | \$ 200,000        | \$ -              | \$ 200,000          |
| <b>Sub-Total 2</b>                                    |   | <b>\$ 50,000</b>  | <b>\$ 200,000</b> | <b>\$ -</b>       | <b>\$ 250,000</b>   |
| <b>TOTAL</b>  |   | <b>\$ 265,871</b> | <b>\$ 630,852</b> | <b>\$ 318,560</b> | <b>\$ 1,215,283</b> |

Notes:

D.24-05-028, COL 20, p. 150: It is reasonable to direct the Large Utilities to propose in their Tier 3 advice letters for implementing the fixed charges (a) how to assign eligible customers who live in deed-restricted affordable rental homes to Tier 2, and (b) how to share Tier 2 assignment information with CCAs in their Tier 3 advice letters to implement the fixed charges.

Use \$155k per FTE for annual labor rate in 2024 with 3% escalation for 2025 and 2026.

**Deed Restricted Housing - IT EI Estimate**

| Action Items   | Effort (Low- Weeks) | Effort (High- Weeks) | Resource           |  | Cost (Low-- \$\$) | Cost (High-- \$\$) |
|--|---------------------|----------------------|--------------------|--|-------------------|--------------------|
| Requirement Documentation  | 2                   | 3                    | BA                 |  | 10,000            | 15,000             |
| Technical Design/TRB - Review  | 2                   | 2                    | Tech Lead          |  | 10,000            | 10,000             |
| 1. Dev & Unit Test<br>2. Pre-filled form<br>3. Teleium<br>4. Captcha<br>5. Styling<br>6. PostMessage<br>7. FileUploads<br>8. Language<br>9. Search Tab - changes front end and backend<br>Batch job for processing | 6                   | 10                   | Dev                |  | 9,450             | 15,750             |
| Code Review / Deployment Time  | 3                   | 5                    | Tech Lead          |  | 15,000            | 25,000             |
| Internal QA  | 4                   | 6                    | Tester             |  | 5,040             | 7,560              |
| QA External(End to End if postMessage)   | 2                   | 4                    | Tester             |  | 2,520             | 5,040              |
| Approval(Cyber & ADA) / Potential Rework   | 2                   | 3                    | Tech Lead + BA     |  | 10,000            | 15,000             |
| Pen Test / Potential Rework  | 1                   | 3                    | Tech Lead + BA     |  | 5,000             | 15,000             |
| UAT  | 2                   | 4                    | PO (PG&E Employee) |  | -                 | -                  |
| Proj Management  | 5                   | 8                    |                    |  | 24,000            | 40,000             |
|  | <b>24</b>           | <b>40</b>            |                    |  | <b>91,010</b>     | <b>148,350</b>     |

**Income Graduated Fixed Charges (IGFC) Proposed vs. Approved Implementation Budgets**

| Activity                          | PG&E Proposed Budget (\$ millions) | PG&E Approved Budget (\$ millions) | Variance (\$ millions) | Decision 24-05-028  |
|-----------------------------------|------------------------------------|------------------------------------|------------------------|---|
| Income Verification               | 4.452                              | 0                                  | -4.452                 | The latter category of costs (related to the Large Utilities' proposal to create two income tiers for CARE customers) is no longer relevant because the Decision approved only one income tier for CARE-eligible customers. Accordingly, the Decision <b>did not approve</b> additional funding for income verification by the CARE and FERA programs or increased call center volume for the CARE and FERA programs. (D.24-05-028, p. 111.)  |
| Billing System                    | 9.245                              | 5.745                              | -3.5                   | PG&E's proposed billing system upgrade costs are substantially higher because they include \$3.5 million for the potential costs of implementing a temporary solution for customers on the old Advanced Billing System. Since PG&E needs additional time to propose a solution for customers on the old Advanced Billing System, we will not approve the estimated costs for that component of the billing system upgrades at this time. It is reasonable for PG&E to propose a billing system solution and implementation costs for addressing the Advanced Billing System in its Tier 3 implementation advice letter or in a future application for billing system upgrade costs. (D.24-05-028, p. 111-112) |
| Customer Rates Tools Updates      | 0.674                              | 0.674                              | 0                      |   |
| Customer Support (Contact Center) | 11.895                             | 7.304                              | -4.591                 | Each of the Large Utilities proposed large budgets for incremental costs of customer support through call centers. The decision adjusted the budget for PG&E's call center costs to allow for up to 3.2 percent of residential customers to call about the income-graduated fixed charges during the initial roll out period and spend an average of 8 minutes on these calls. (D.24-05-028, pp. 112-113.)  |
| Program and Product Management    | 2.445                              | 0.55                               | -1.895                 | SCE proposed a budget of \$550,000 for program and product management. The Decision adjusted each of PG&E's and SDG&E's budgets for program and product management to match SCE's proposed budget. (D.24-05-028, p. 115.)   |
| <b>Total</b>                      | <b>28.711</b>                      | <b>14.273</b>                      | <b>-14.438</b>         |   |

**Table 6: Large Utilities' Revised Budget Proposals<sup>224</sup>**

<sup>222</sup> The Large Utilities' reply brief.

<sup>223</sup> The Large Utilities provided updated budget estimates in their opening comments on the Budget and Timing Ruling. Generally, the Large Utilities provided estimated costs for large categories (such as income verification) without specific budget breakdowns by sub-tasks or estimated staff hours or contractor hours for each budget category.

<sup>224</sup> The Large Utilities' opening comments on the Budget and Timing Ruling.

R.22-07-005 ALJ/SW9/sgu

| Activity                          | PG&E (\$ millions) | SCE (\$ millions) | SDG&E (\$ millions) |
|-----------------------------------|--------------------|-------------------|---------------------|
| Income Verification               | \$4.452            | \$1.898           | \$2.630             |
| Billing System                    | \$9.245            | \$2.900           | \$4.250             |
| Customer Rates Tools Updates      | \$0.674            | \$0.059           | \$1.200             |
| Customer Support (Contact Center) | \$11.895           | \$16.191          | \$5.930             |
| Program and Product Management    | \$2.445            | \$0.550           | \$1.560             |
| <b>Total</b>                      | <b>\$28.711</b>    | <b>\$21.598</b>   | <b>\$15.570</b>     |

**Table 7: Large Utilities' Approved Implementation Budgets**

| Activity                          | PG&E (\$ millions) | SCE (\$ millions) | SDG&E (\$ millions) |
|-----------------------------------|--------------------|-------------------|---------------------|
| Income Verification               | \$0                | \$0               | \$0                 |
| Billing System                    | \$5.745            | \$2.900           | \$4.250             |
| Customer Rates Tools Updates      | \$0.674            | \$0.059           | \$0.674             |
| Customer Support (Contact Center) | \$7.304            | \$9.498           | \$2.833             |
| Program and Product Management    | \$0.550            | \$0.550           | \$0.550             |
| <b>Total</b>                      | <b>\$14.273</b>    | <b>\$13.007</b>   | <b>\$8.307</b>      |

## **Attachment D**

### **Residential Rate Tariff Examples in Redlines**



**ELECTRIC SCHEDULE E-1  
RESIDENTIAL SERVICES**

Sheet 1

**APPLICABILITY:** This schedule is applicable to single-phase and polyphase residential service in single-family dwellings and in flats and apartments separately metered by PG&E; to single-phase and polyphase service in common areas in a multifamily complex (see Special Condition 8); and to all single-phase and polyphase farm service on the premises operated by the person whose residence is supplied through the same meter.

The provisions of Schedule S—Standby Service Special Conditions 1 through 6 shall also apply to customers whose premises are regularly supplied in part (but not in whole) by electric energy from a nonutility source of supply. These customers will pay monthly reservation charges as specified under Section 1 of Schedule S, in addition to all applicable Schedule E-1 charges. See Special Conditions 11 and 12 of this rate schedule for exemptions to standby charges.

**TERRITORY:** This rate schedule applies everywhere PG&E provides electric service.

**RATES:** Total bundled service charges are calculated using the total rates below. Customers on this schedule will pay a monthly base services charge, with the base services charge revenue used to reduce their \$ per kWh energy rates. For the purposes of assessing the base services charge, customers are assigned to one of the following income tiers and pay the associated monthly base services charge amount for their tier: are subject to the delivery minimum bill amount shown below applied to the delivery portion of the bill (i.e. to all rate components other than the generation rate). In addition, total bundled charges will include applicable generation charges per kWh for all kWh usage.

- Income Tier 1: Customers with incomes of 0 to 200 percent of the Federal Poverty Guideline levels applicable to household taking service on PG&E's California Alternate Rates for Energy (CARE) program;
- Income Tier 2: Customers either (a) with incomes above 200 percent and below 250 percent of the Federal Poverty Guideline levels applicable to households who taking service on PG&E's Family Electric Rate Assistance (FERA) program or (b) who live in an affordable rental unit within a property listed in the California Housing Partnership's database that is restricted by the rules of federal or state subsidies to residents who have incomes at or below 80 percent of Area Median Income;<sup>2</sup> and,
- Income Tier 3: Customers who do not qualify for Tier 1 or Tier 2.

Customers receiving a medical baseline allowance shall pay for all usage based on the rates shown below, and shall not pay the Wildfire Fund Charge. Customers receiving a medical baseline allowance shall also receive a 50 percent discount on the delivery minimum bill amount shown below.

Direct Access (DA) and Community Choice Aggregation (CCA) charges shall be calculated in accordance with the paragraph in this rate schedule titled Billing.

**TOTAL BUNDLED RATES**

Total Energy Rates (\$ per kWh)

|  |                                    |
|--|------------------------------------|
| Tier 1 Usage (0% - 100% of Baseline)                               | \$0. <del>xxxxx</del> <b>42676</b> |
|  | (l)                                |
| Tier 2 Usage ( <del>101% - Over 400</del> <b>100%</b> of Baseline) | \$0. <del>xxxxx</del> <b>53406</b> |
|  | (l)                                |
| <del>Tier 2 Usage Continued (Over 400% of Baseline)</del>          | <del>\$053406</del> (l)            |

(Continued)



**ELECTRIC SCHEDULE E-1  
RESIDENTIAL SERVICES**

Sheet 1

Base Services Charge Rates (\$ per customer per day)

|                      |                  |
|----------------------|------------------|
| <u>Income Tier 1</u> | <u>\$0.19713</u> |
| <u>Income Tier 2</u> | <u>\$0.39688</u> |
| <u>Income Tier 3</u> | <u>\$0.79343</u> |

California Climate Credit (per household, per semi-annual payment occurring in the April and October bill cycles)

(\$55.17)

(Continued)

Advice Decision 7227-E

Issued by  
**Shilpa Ramaiya**  
Vice President  
Regulatory Proceedings and Rates

|            |                |
|------------|----------------|
| Submitted  | March 28, 2024 |
| Effective  | April 1, 2024  |
| Resolution |                |



**ELECTRIC SCHEDULE E-1  
RESIDENTIAL SERVICES**

Sheet 2

RATES:  
(Cont'd.)  
(Cont'd.)

Total bundled service charges shown on customers' bills are unbundled according to the component rates shown below. ~~Where the delivery minimum bill amount applies, the customer's bill will equal the sum of (1) the delivery minimum bill amount plus (2) for bundled service, the generation rate times the number of kWh used. For revenue accounting purposes, the revenues from the delivery minimum bill amount will be assigned to the Transmission, Transmission Rate Adjustments, Reliability Services, Public Purpose Programs, Nuclear Decommissioning, Competition Transition Charges, Energy Cost Recovery Amount, Wildfire Fund Charge, and New System Generation charges based on kWh usage times the corresponding unbundled rate component per kWh, with any residual revenue assigned to Distribution.\*\*\*~~

**UNBUNDLING OF TOTAL RATES**

~~Energy Rates by Component (\$ per kWh)  
Energy Rates by Component (\$ per kWh)~~

|  |  |     |
|--|--|-----|
| <b>Generation:</b>   | \$0.16890                                    |     |
| <b>Distribution**:</b>   | <del>\$0.20429</del><br><del>\$0.XXXXX</del> | (+) |
| <b>Conservation Incentive Adjustment:</b>                                |  |     |
| Tier 1 Usage (0% - 100% of Baseline)                                     | <del>(\$0.04023X</del><br><del>XXXX)</del>   | (+) |
| Tier 2 Usage ( <del>101%—400%</del> <u>Over 100%</u> of Baseline)        | <del>\$0.06707</del><br><del>\$0.XXXXX</del> | (+) |
| <del>Tier 2 Usage Continued (Over 400% of</del><br><del>—Baseline)</del> | <del>\$0.06707</del>                         | (+) |
| <b>Transmission*</b> (all usage)   | \$0.04715                                    |     |
| <b>Transmission Rate Adjustments*</b> (all usage)                        | (\$0.00160)                                  |     |
| <b>Reliability Services*</b> (all usage)                                 | \$0.00012                                    |     |
| <b>Public Purpose Programs</b> (all usage)                               | <del>\$0.02649</del><br><del>\$0.XXXXX</del> | (R) |
| <b>Nuclear Decommissioning</b> (all usage)                               | <del>(\$0.00259)X</del><br><del>XXXX</del>   |     |
| <b>Competition Transition Charges</b> (all usage)                        | \$0.00101                                    |     |
| <b>Energy Cost Recovery Amount</b> (all usage)                           | (\$0.00003)                                  |     |
| <b>Wildfire Fund Charge</b> (all usage)                                  | \$0.00561<br><del>\$0.00759</del>            |     |
| <b>New System Generation Charge</b> (all usage)**                        | <del>\$0.XXXXX</del>                         |     |
| <b>Wildfire Hardening Charge</b> (all usage)                             | \$0.00207                                    |     |
| <b>Recovery Bond Charge</b> (all usage)                                  | \$0.00597                                    |     |
| <b>Recovery Bond Credit</b> (all usage)                                  | (\$0.00597)                                  |     |
| <b>Bundled Power Charge Indifference Adjustment</b> (all usage)****      | \$0.00798                                    |     |

Base Services Charge Rates by Component (\$ per customer per day)

|                                     | <u>Tier 1</u>          | <u>Tier 2</u>          | <u>Tier 3</u>        |
|-------------------------------------|------------------------|------------------------|----------------------|
| <u>Distribution</u>                 | <del>(\$0.06469)</del> | <del>(\$0.10180)</del> | <del>\$0.29480</del> |
| <u>Public Purpose Programs</u>      | <del>\$0.14643</del>   | <del>\$0.38332</del>   | <del>\$0.38332</del> |
| <u>Nuclear Decommissioning</u>      | <del>\$0.00000</del>   | <del>\$0.00000</del>   | <del>\$0.00000</del> |
| <u>New System Generation Charge</u> | <del>\$0.11540</del>   | <del>\$0.11540</del>   | <del>\$0.11540</del> |

(Continued)



**ELECTRIC SCHEDULE E-1  
RESIDENTIAL SERVICES**

Sheet 2

- \* Transmission, Transmission Rate Adjustments, and Reliability Service charges are combined for presentation on customer bills.
- \*\* Distribution and New System Generation Charges are combined for presentation on customer bills.
- \*\*\* This same assignment of revenues applies to direct access and community choice aggregation customers.
- \*\*\*\* Direct access, Community Choice Aggregation and Transitional Bundled Service Customers pay the applicable Vintaged Power Charge Indifference Adjustment. Generation and Bundled PCIA are combined for presentation on bundled customer bills.

(Continued)

Advice 7227-E  
Decision

Issued by  
**Shilpa Ramaiya**  
Vice President

Regulatory Proceedings and Rates

Submitted  
Effective  
Resolution

March 28, 2024  
April 1, 2024

**PG&E Gas and Electric  
Advice Submittal List  
General Order 96-B, Section IV**

|   |  |  |
|---|--|--|
| AT&T  | East Bay Community Energy                | Pacific Gas and Electric Company                           |
| Albion Power Company  | Ellison Schneider & Harris LLP           | Peninsula Clean Energy                                     |
| Alta Power Group, LLC   | Electrical Power Systems, Inc.<br>Fresno | Pioneer Community Energy                                   |
| Anderson & Poole  | Engineers and Scientists of California   | Public Advocates Office                                    |
| Atlas ReFuel BART   |  | Redwood Coast Energy Authority                             |
|   | GenOn Energy, Inc.                       | Regulatory & Cogeneration Service, Inc.                    |
| BART  | Green Power Institute                    | Resource Innovations                                       |
| Buchalter   | Hanna & Morton LLP                       | Rockpoint Gas Storage                                      |
| Barkovich & Yap, Inc.   |  | San Diego Gas & Electric Company                           |
| Braun Blaising Smith Wynne, P.C.  | ICF consulting<br>iCommLaw               | SPURR  |
| California Community Choice Association                                       | International Power Technology           | San Francisco Water Power and Sewer                        |
| California Cotton Ginners & Growers Association                               |  | Sempra Utilities   |
| California Energy Commission  | Intertie                                 | Sierra Telephone Company, Inc.                             |
| California Hub for Energy Efficiency  | Intestate Gas Services, Inc.             | Southern California Edison Company                         |
| California Alternative Energy and Advanced Transportation Financing Authority |  | Southern California Gas Company                            |
| California Public Utilities Commission  | Kelly Group                              | Spark Energy   |
| Calpine   | Ken Bohn Consulting                      | Sun Light & Power  |
| Cameron-Daniel, P.C.  | Keyes & Fox LLP                          | Sunshine Design  |
| Casner, Steve   |  | Stoel Rives LLP  |
| Center for Biological Diversity   | Leviton Manufacturing Co., Inc.          | Tecogen, Inc.  |
| Chevron Pipeline and Power City of Palo Alto                                  | Los Angeles County Integrated            | TerraVerde Renewable Partners                              |
| City of San Jose  | Waste Management Task Force              | Tiger Natural Gas, Inc.                                    |
| Clean Power Research  |  | TransCanada  |
| Coast Economic Consulting   | MRW & Associates                         | Utility Cost Management                                    |
| Commercial Energy   | Manatt Phelps Phillips                   | Utility Power Solutions                                    |
| Crossborder Energy  | Marin Energy Authority                   |  |
| Crown Road Energy, LLC  | McClintock IP                            |  |
| Communities Association (WMA)   | McKenzie & Associates                    | Water and Energy Consulting                                |
|   | Modesto Irrigation District              | Wellhead Electric Company                                  |
| Davis Wright Tremaine LLP   |  | Western Manufactured Housing Communities Association (WMA) |
|   | NOSSAMAN LLP                             |  |
| Day Carter Murphy   | NRG Solar                                | Yep Energy   |
| Dept of General Services  |  |  |
| Douglass & Liddell  | OnGrid Solar                             |  |
| Downey Brand LLP  |  |  |
| Dish Wireless L.L.C.  |  |  |