

Application No: A. 13-08-_____
Exhibit No.: _____
Date: August 1, 2013
Witness: Rick Janke

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Application of San Diego Gas & Electric Company))
(U 902 E) to Return Revenues from the Sale of))
Greenhouse Gas Allowances and to Recover))
Forecasted Costs Associated with California's))
Greenhouse Gas Emissions Reduction Program for))
2013 and 2014.))
_____))

Application 13-08-_____
(Filed August 1, 2013)

PREPARED DIRECT TESTIMONY OF
RICK JANKE
SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

August 1, 2013

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1 The Commission also directed the investor-owned utilities to hire “a firm with marketing
2 and public relations expertise” to “evaluate the feasibility and benefit of the use of a third-party
3 administrator for customer outreach and education activities going forward.”⁵ As directed, the
4 investor-owned utilities retained Targetbase, a marketing services firm, to independently assess
5 the outreach and education needs pertaining to this project. Targetbase gathered available market
6 data, surveys, and qualitative research by evaluating the audience (utilities customers within
7 California), various messaging options, and creative approaches. On July 1, 2013, Targetbase
8 released a report of its findings, a number of recommendations and a suggested approach to
9 communicating with customers about GHG and the return of cap-and-trade auction revenues to
10 customers. One of their key recommendations is “to equate the CA Climate Dividend with a
11 positive sign of cleaner air.”⁶ The focus of the recommended strategic roadmap mainly involves
12 communicating the overall benefit of cleaner air and climate change mitigation without inundating
13 customers with details of cap-and-trade or revenue allocation. The projected cost of the effort
14 outlined by Targetbase is \$62 million for two years.

15 While Targetbase’s report appears to be well-intentioned and thorough, implementation of
16 Targetbase’s recommendations would require a much larger monetary investment and expand the
17 scope of outreach messaging to include broader environmental and societal issues that extend well
18 beyond the specifics of the return of cap-and-trade auction revenues to customers. The estimated
19 cost of implementing Targetbase’s recommendations, approximately \$62 million for two years,
20 would reduce the benefit of the GHG allowance revenues to be returned to customers.⁷ SDG&E
21 proposes to spend much less than it would under Targetbase’s recommendation. SDG&E’s

⁵ *Id.* at 211 (Ordering Paragraph No. 12).

⁶ July 1, 2013, California Climate Dividend Public Outreach Program, Report & Strategic Road Map, Targetbase page 6.

⁷ The Commission determined that “[i]t is reasonable to focus our efforts on maximizing the amount, and therefore, benefit, of GHG allowance revenue returned to [Energy Intensive and Trade Exposed], small business and residential customers.” Accordingly, “[c]ustomer outreach and education expenditures should be evaluated against achievement of this programmatic goal.” D.12-12-033 at 193 (Conclusion of Law No. 18).

1 proposal would provide for a positive education and outreach program, while maximizing the
2 benefit to customers of the allowance revenue return.

3 Furthermore, SDG&E recommends that the investor-owned utilities, in collaboration with
4 Energy Division and other interested parties, serve as the communications administrators in their
5 respective service areas. The three investor-owned utilities, Southern California Edison Company
6 (SCE), Pacific Gas and Electric Company (PG&E), and SDG&E, have had ongoing conversations
7 about the project to share information, discuss options, coordinate messaging, and develop
8 consistency overall. The utilities are in a unique position to communicate with a wide range of
9 customers efficiently and effectively about bill-related items. Since GHG revenues will be
10 credited as a line item on the bill, communications from the investor-owned utilities could provide
11 efficient coordination of the delivery of the messages at the same time as the billing. The
12 solicitation and incorporation of input from interested parties, such as energy service providers,
13 can validate the competitive neutrality of these messages without greatly increasing administrative
14 costs.

15 SDG&E's proposal calls for the use of low-cost and no-cost communications channels,
16 such as news releases, videos, bill inserts, utility website, e-mails, social media, and flyers, to
17 educate and inform customers about the climate dividend. The messaging will be sent twice a
18 year to coincide with the timing of the return of GHG auction revenues. These communications
19 will address SDG&E's general customer audience, as well as hard-to-reach master-metered,
20 ethnic, senior, and low income customers.⁸ SDG&E believes this approach balances the cost with
21 the awareness created while maximizing the benefit of the dividend provided to customers.

22 SDG&E will use a "grassroots" outreach approach to help increase public awareness of the
23 return of cap-and-trade auction revenues. SDG&E will partner with internal and external
24 stakeholders to leverage existing relationships, including, but not limited to:

- 25 • Community-Based Organizations (CBOs)

⁸ To reach diverse communities in the San Diego region, some targeted ethnic newspaper advertising, in languages other than English, can be used at low cost.

- 1 • Economic Development Organizations
- 2 • Environmental Education
- 3 • K-12 Leadership Development
- 4 • Faith-Based Organizations
- 5 • Senior Organizations
- 6 • Safety Organizations
- 7 • Health Organizations

8 SDG&E will also coordinate with activities undertaken in other programs to help carry the
9 message directly to communities and coordinate this message with other supportive messaging,
10 such as energy efficiency and environmental activities.

11 In addition, messaging will be coordinated with the other investor-owned utilities and
12 reviewed by the Energy Division and direct access provider trade associations before use, to
13 validate competitive neutrality. Draft messaging has already been shared and initial comments
14 have been received. Based on the Commission's guidance in a final decision, the messaging will
15 be revised and finalized.

16 **III. OUTREACH AND EDUCATION BUDGET**

17 As explained in the Direct Testimony of David T. Barker, in D.12-12-033, the Commission
18 directs the investor-owned utilities to set aside GHG revenues to cover customer outreach and
19 education efforts in advance of distributing remaining GHG revenues to emissions-intensive and
20 trade-exposed (EITE), small business, and residential customers.⁹ Any remaining customer
21 outreach and education funds at the end of the calendar year will be rolled over for use in
22 subsequent years.

23 SDG&E proposes authorization to spend an estimated \$175,000 on education and outreach
24 activities beginning in the calendar year 2014.¹⁰ The project was originally planned to begin in

⁹ D.12-12-033 at 187 (Finding of Fact No. 155).

¹⁰ SDG&E has not recorded billing or education and outreach costs in 2013 thus far. SDG&E is awaiting the billing amount of SDG&E's share of the costs for Targetbase's services, \$500,000 total to be split among the three investor-owned utilities.

2013; however, due to delays in other areas of the project, communications was also delayed so no costs were incurred in 2013. The initial estimate of \$750,000 submitted by SDG&E for 2013 was based on a larger-scale implementation effort.¹¹ SDG&E notes that based on further evaluation, most activities proposed under the implementation plan can be achieved at a modest cost, allowing SDG&E to return maximum revenue to customers. This is due both to SDG&E’s ability to leverage existing marketing and outreach activities, as well as the focused approach pursued (*e.g.*, not overwhelming customers with duplicative messaging through multiple inserts or e-mails). Accordingly, under this proposed plan, SDG&E’s budget would be reduced by approximately \$575,000 per year, as compared to the original forecast.

There will be additional costs to cover SDG&E’s share of Targetbase’s \$500,000 fee, to be divided among the three utilities, potentially in a similar fashion to typical statewide efforts. SDG&E proposes to use retail sales for bundled and direct access customers from the California Energy Commission (“CEC”) report, as the allocator, currently estimated at 10.5% or \$52,500 for SDG&E.¹²

GWh (Bundled and Direct Access)	Allocation	Targetbase share
SDG&E: 20,025	10.5%	\$52,500
PG&E: 83,927	44.1%	\$220,500
SCE: 86,555	45.4%	\$227,000

SDG&E requests that its share of Targetbase costs be added to the final requested amount, to offset the allowance revenues returned to customers.

IV. BILLING AND ONGOING ADMINISTRATIVE COSTS BUDGET

The 2013 costs estimated in the Joint Comments of SCE, PG&E and SDG&E on Administrative Law Judge’s Ruling Requiring Supplemental Filings Related to Utility

¹¹ Ordering Paragraph 14 of D.12-12-033 authorizes SDG&E to spend \$750,000 on customer outreach and education activities in 2013 and does not include the costs to hire the marketing and public relations firm (\$500,000) in Ordering Paragraph 13.

¹² California Energy Demand 2014-2024 Preliminary Forecast, Form 1.1c – Statewide: Electricity Deliveries to End Users by Agency (GWH), 6/17/2013.

1 Implementation Reports filed in this Rulemaking on June 19, 2013, captures the upfront costs of
2 configuring the SDG&E Billing system for GHG processing. The changes to the billing system
3 will be designed and implemented to help minimize ongoing future administrative costs. The
4 costs are forecasted to be between \$350,000 and \$500,000, and reflect all of the required
5 Information Technology (IT) costs associated with the billing system changes. This figure
6 includes the following upgrades to SDG&E's billing system:

- 7 • Creation of new billing system calculations, messages and line items;
- 8 • Eligibility verification and creation of the upload process;
- 9 • Initial price uploads;
- 10 • Automation of special handling for Net Energy Metering customers;
- 11 • Automation of rollover processing;
- 12 • Revenue reporting; and
- 13 • System testing and quality assurance.

14 SDG&E expects the majority of the activities and costs related to billing system changes to
15 be incurred in 2013, as the revenue return is currently planned to begin in February 2014. While
16 these costs are expected to be incurred in 2013, depending upon the timing of the approved
17 decision, these costs could be delayed until 2014.

18 After the initial implementation, SDG&E anticipates the need to budget for on-going
19 administrative costs. SDG&E currently projects these costs will be approximately \$12,500 per
20 year. This reflects the direct labor costs associated with the following administrative activities:

- 21 • Subsequent pricing and credit updates into the billing system;
- 22 • Customer eligibility review and verification processes;
- 23 • Manual set-up and maintenance required for the identified and qualifying
24 EITE customers; and
- 25 • Monitoring of check cutting activities related to Net Energy Metering
26 customers.

1 This projection of \$12,500 is based upon the estimated number of labor hours required for each of
2 these tasks, multiplied by the average hourly rate of an analyst in SDG&E's Billing Department,
3 and does not include any ongoing administrative costs related to expanding EITE revenue return to
4 customers with less than 10,000 MT of direct emissions.

5 **V. QUALIFICATIONS**

6 My name is Rick Janke. I am employed by SDG&E as the web and communications
7 manager. My business address is 8306 Century Park Court, CP-41F, San Diego, California,
8 92111.

9 I graduated from Colorado State University in 1980 with a Bachelor of Arts degree in
10 Journalism. I have over 35 years of experience working in communications, marketing and
11 advertising in various industries. I have worked in energy related companies for over 27 years,
12 always in the communications area.

13 I have been employed by SDG&E as the web and communications manager since March,
14 2010. In this position, my responsibilities include overseeing customer communications, the
15 teams working on the company's information website (www.sdge.com), and the display aspects of
16 the transactional website (myaccount.sdge.com)

17 Prior to my current role at SDG&E, I served as a Communications Manager at Sempra
18 Energy. Throughout my career, my roles have included copywriter, communications advisor,
19 advertising manager and marketing communications manager. I have worked at Murlin/Dila (an
20 advertising agency), Sharp HealthCare, SDG&E, Sempra Energy and Sempra Energy Solutions.

21 I have not previously testified before the California Public Utilities Commission.

22 This concludes my Prepared Direct Testimony.