

**UCAN DATA REQUEST – 03**  
**UCAN Data Request in A.17-12-013**  
**(SDG&E’s 2018 RDW Application)**  
**Date Received: April 12, 2018**  
**Date Submitted: April 26, 2018**

**Question 1:**

The testimony of Ms. Fang states, “SDG&E’s proposed Mass TOU Default rate will be a tiered TOU rate, which is intended to limit the bill impact of defaulting to TOU.” (CF-13)

- a. Please provide the results of any supporting analysis that shows that defaulting to a tiered TOU rate as opposed to a non-tiered TOU rate has lower bill impacts.
- b. Please provide illustrative rates that would use the same TOU periods as SDG&E’s proposed three-period and two-period TOU rates but would not be tiered or include any increases in fixed charges or minimum bill.

**SDG&E Response to Question 1:**

- a. Please see the attachment provided in response to Question 4.
- b. Please see the table below, which contains illustrative rates for both a 3-period and a 2-period rate.

| <b>3-Period Default TOU<br/>Un-tiered</b>               | <b>2-Period Opt-Out TOU<br/>Un-tiered</b> |
|---|---|
| <b>Minimum Bill</b>                                     | <b>Minimum Bill</b>                       |
| \$0.329/day   | \$0.329/day                               |
| <b>Summer Energy Rates (cents/kWh)</b>                  | <b>Summer Energy Rates (cents/kWh)</b>    |
| On-Peak: 55.0<br>Off-Peak: 28.7<br>Super Off-Peak: 22.7 | On-Peak: 51.4<br>Off-Peak: 27.8           |
| <b>Winter Energy Rates (cents/kWh)</b>                  | <b>Winter Energy Rates (cents/kWh)</b>    |
| On-Peak: 28.2<br>Off-Peak: 27.3<br>Super Off-Peak: 26.2 | On-Peak: 28.2<br>Off-Peak: 26.8           |

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**Question 2:**

Please provide a revised version of Attachment C to the testimony of Mr. Shaughnessy that includes an additional column on all pages that shows the typical charges for customers if they took service under SDG&E's proposed 2019 two-period TOU rate.

**SDG&E Response to Question 2:**

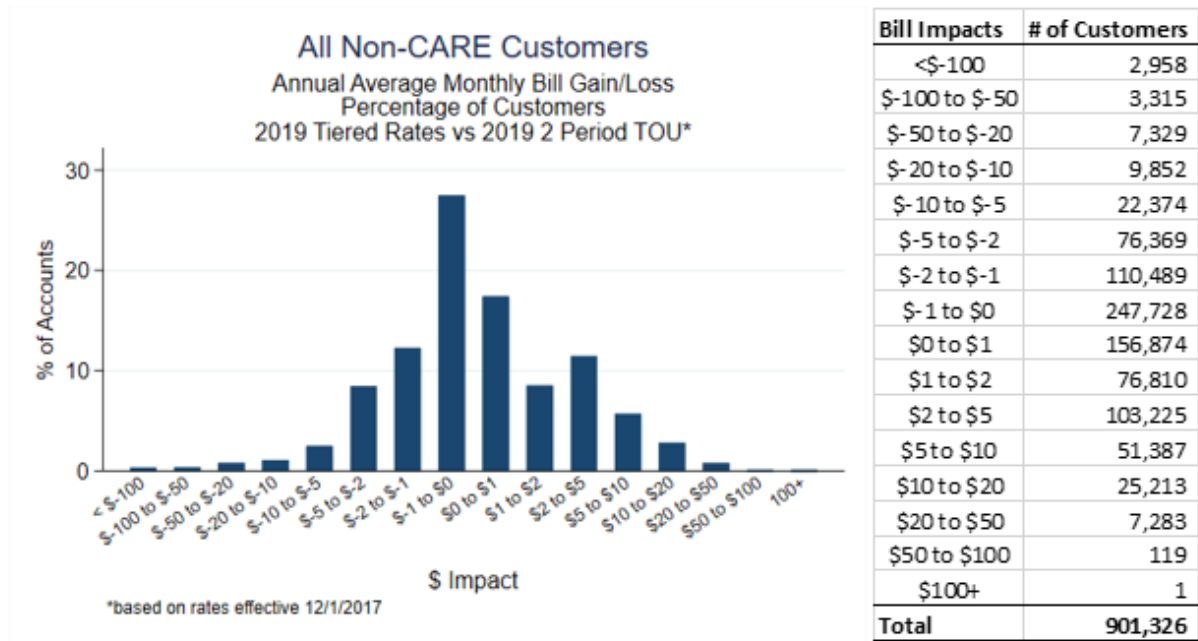
Please see the attached document titled "UCAN Dr-003 Q2."

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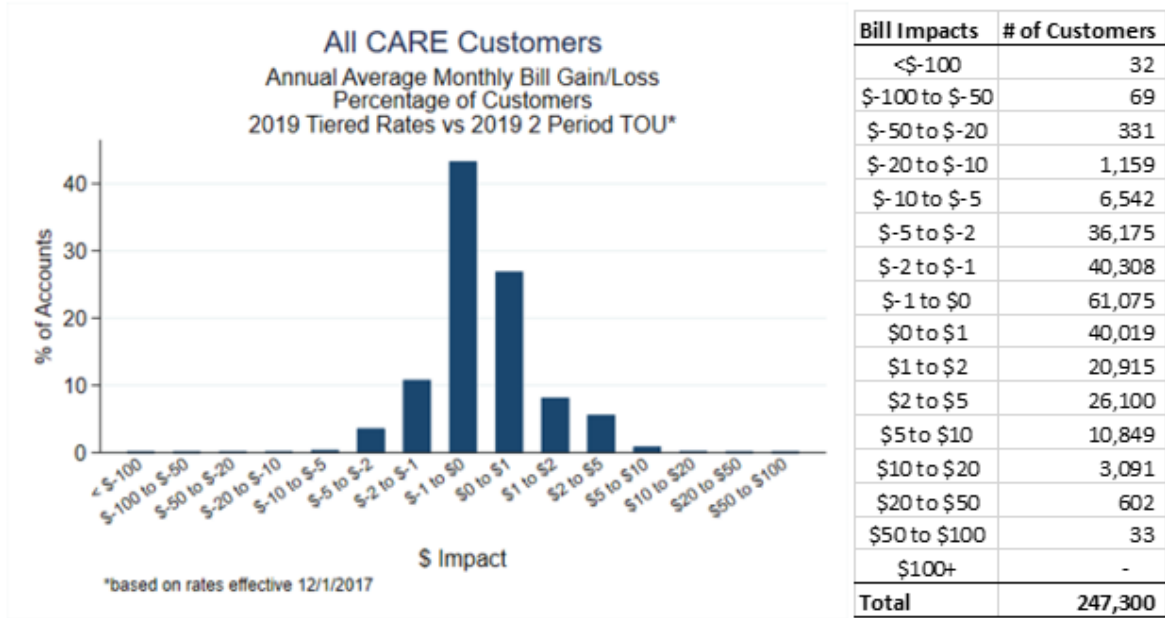
**Question 3:**

Please provide a revised version of Ms. Fang’s Charts 2 and 3 showing 2019 tiered rates compared to SDG&E’s proposed 2019 two-period time of use rate.

**SDG&E Response to Question 3:**



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**Question 4:**

Please provide a revised version of Attachment C to the testimony of Mr. Shaughnessy that shows the typical charges for customers if they were on rates with the same TOU periods as SDG&E's proposed three-period and two-period TOU rates but without tiers or any increases in fixed charges or minimum bill.

**SDG&E Response to Question 4:**

Please see the attached files titled "2019\_Tiered vs UCAN\_DR3\_2PER" and "2019\_Tiered vs UCAN\_DR3\_3PER."

Please note, variance in customer counts compared to those seen in SDG&E's original Attachment C is due to changes in customer status since the time of filing.

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**Question 5:**

The testimony of Ms. Fang states, “SDG&E proposes that residential customers defaulting to TOU will receive bill protection.” (CF-13) According to SDG&E’s response to ORA-SDGE-002, only customers defaulting to or opting for TOU-DR-1 will receive bill protection.

- a. Please define bill protection.
- b. Why will customers taking service under TOU-DR-2 not be provided bill protection?

**SDG&E Response to Question 5:**

- a. Per A.17-12-03, CB-6, lines 1-3, “Bill protection will be applied to a customer’s bill after remaining on the default TOU rate (TOU-DR-1) for 12 months or within the first 12 months of service upon closing of their account, transferring service to a different location, or changing their rate option. For added clarity, the responses to ORA-SDGE-002 were based on the following bill protection logic.
  - Bill protection only applies to existing non-TOU customers (who started service on/before 12/31/18)
  - Bill protection only applies to TOU-DR-1 (not TOU-DR-2)
  - Eligible early opt-in customers will receive bill protection on TOU-DR-1
  - NEM-ST customers will not receive bill protection
- b. Bill protection is not offered to TOU-DR-2 because customers are NOT being defaulted onto that rate, it is an elective TOU pricing plan. Additionally, TOU-DR-2 has more muted price differentials and is a less complex pricing plan compared to TOU-DR-1.

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**Question 6:**

The testimony of Ms. Fang states that a 3-period TOU rate is “more cost-based.” (CF-14)

- a. What is the cost basis advantage for the volumetric rates in SDG&E’s proposed default 3-period TOU rate compared to the two-period opt out rate?
- b. Which TOU periods, if any, are designed to have volumetric rates equal to marginal costs?
- c. Please provide all analysis showing the cost basis of each of SDG&E’s proposed TOU rates for residential customers.

**SDG&E Response to Question 6:**

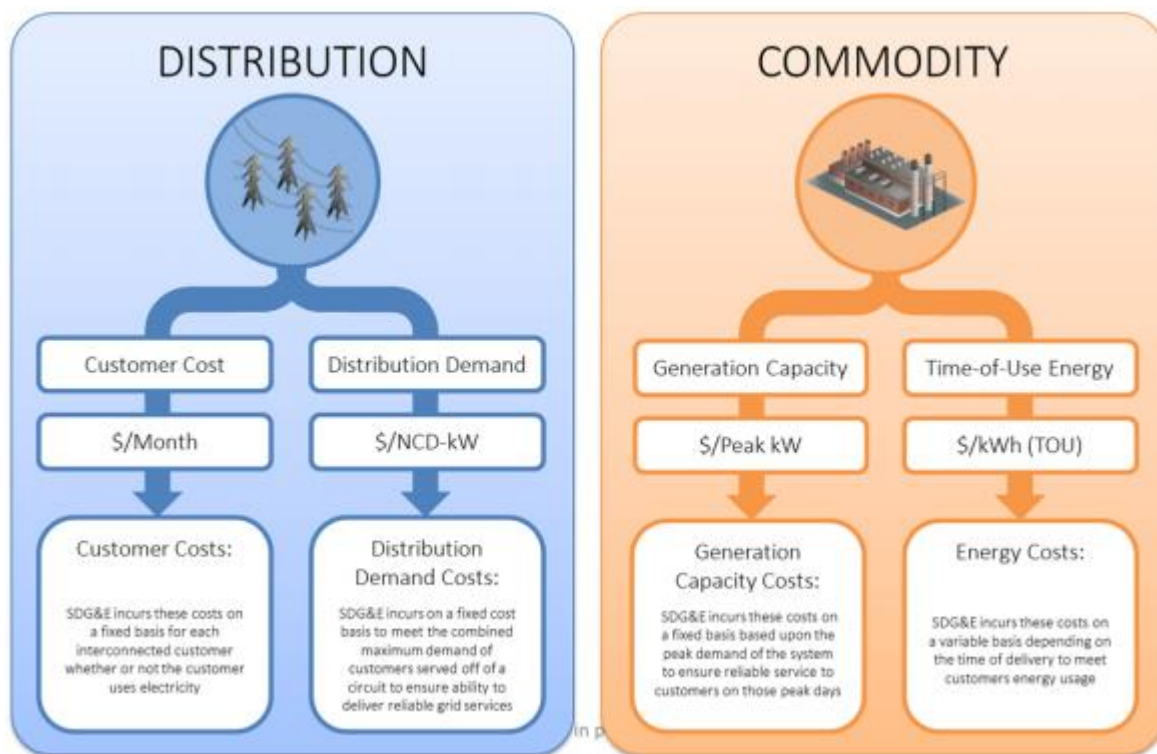
- a. Compared to the proposed two-period opt-out rate, SDG&E’s proposed three-period default rate provides customers with price signals that better align with overall system conditions. A three-period TOU rate allows for the lowest-cost hours to be isolated from the mid-cost hours in the super off-peak period. This results in lower super off-peak rates, compared to the off-peak rates of the two-period rate, which provide customers with an opportunity to save if they are able to shift their usage to the super off-peak hours. A comparison of SDG&E’s illustrative proposed three-period and two-period rates can be seen in the testimony of Jeffrey Shaughnessy, Table 3.<sup>1</sup> This table shows a super off-peak rate in the three-period proposed rate which is lower than the off-peak rate found within the two-period rate.
- b. None of the proposed TOU periods result in volumetric rates that are equal to marginal costs, however the Commodity rates are based on the marginal cost relationship between TOU period prices, and then scaled to reflect authorized revenue requirements.
- c. The following diagram and language describes the cost basis for electric rates, and can also be found in the Direct Testimony of Cynthia Fang, within SDG&E’s 2016 General Rate Case Phase 2 proceeding<sup>2</sup>.

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<sup>1</sup> Testimony of Jeffrey Shaughnessy, page JS-8.

<sup>2</sup> A. 15-04-012, Second Amended Application, Prepared Direct Testimony of Cynthia Fang, pages CF-13 through CF-16.

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Under SDG&E’s current rate design, the standard rate structure differs according to customer class.

- 1) Residential: receive service under a fully bundled energy rate for the recovery of all rate components. The rate structure is tiered (currently 3-tiers) and differs by season.
- 2) Small Commercial: receive service under a partially unbundled rate structure that has a reduced monthly service fee (\$/month) for partial recovery of customer-related distribution costs that varies by demand, while all remaining costs are recovered through energy rates with commodity rates that differ by season and time-of-use (“TOU”) period.
- 3) Medium and Large Commercial and Industrial (“M/L C&I”): receive service under an unbundled rate structure that has: (1) distribution costs recovered through a monthly service fee and demand charges, excluding program costs; (2) transmission costs recovered through demand charges including Reliability Services (“RS”); (3) commodity costs recovered through a peak demand charge and TOU energy rates; and (4) all other costs recovered through energy rates.
- 4) Agricultural: receive service under a partially unbundled rate structure that has a reduced monthly service fee (\$/month) for partial recovery of customer-related



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distribution costs that varies by demand, with all remaining costs recovered through energy rates and commodity rates that differ by season and TOU period. Includes optional rate that has an unbundled rate structure much like M/L C&I.

5) Streetlighting: billed on a monthly per lamp basis.

Thus, there is little consistency in how costs are recovered from each customer class, notwithstanding the fact that they are incurred in the same manner by each customer class. In addition, costs may not be recovered in a way that reflects the manner in which they were incurred (this is particularly true with residential rates). In order to be truly cost-based, a typical electric rate would have to reflect the following structure:

- Customer Costs – SDG&E incurs these costs on a fixed basis for each interconnected customer whether or not the customer uses electricity; therefore, customer costs should be recovered in a fixed or monthly charge (\$/month).
- Distribution Demand Costs – SDG&E incurs these costs independent of energy usage. These costs are incurred on the basis of local capacity needs to meet the combined maximum demand of customers served off of a given circuit. These costs are best recovered based on non-coincident demand (“NCD”), and therefore should be recovered in a NCD charge (\$/NCD – kW).
- Generation Capacity Costs – SDG&E does not incur these costs on the basis of energy usage, but rather on the basis of meeting net peak capacity needs of the system; therefore, system capacity costs should be recovered in a demand charge consistent with the time period in which those costs occur, which is demand at the time of net system peak when SDG&E may require additional capacity (\$/peak-kW).
- Commodity Energy Costs – SDG&E incurs these on a variable basis (based on energy usage) and the cost depends on the time of delivery. Therefore, these costs should be recovered in an energy charge (\$/kWh) that varies by time period.

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**Question 7:**

Please provide the energy, generation capacity, distribution, and transmission marginal costs associated with each of the TOU periods in SDG&E’s 2-period and 3-period TOU rate proposals along with the source for these marginal costs, specifying whether they have been adopted in a prior proceeding. If these costs were not adopted in a prior proceeding, please provide all workpapers demonstrating the derivation of these costs.

**SDG&E Response to Question 7:**

The generation energy, generation capacity, and distribution marginal costs used in the development of SDG&E’s 2-period and 3-period TOU rate proposals reflect the marginal costs from SDG&E’s 2016 General Rate Case (GRC) Phase 2 Application (A.15-04-012), as implemented in SDG&E’s current electric rates<sup>3</sup> pursuant to Decision (D.) 17-08-030.<sup>4</sup> D.17-08-030 also requires SDG&E to conduct cost studies in its 2019 GRC Phase 2<sup>5</sup> to examine the appropriate allocation of distribution costs between non-coincident and on-peak demand charges (Ordering Paragraph (OP) 33) and the appropriate allocation of generation capacity costs between volumetric and on-peak demand charges (OP 35).

The transmission rates in SDG&E’s 2-period and 3-period TOU rate proposals reflect the 2018 transmission costs and resulting rates<sup>6</sup> adopted for SDG&E by the Federal Energy Regulatory Commission (FERC).<sup>7</sup> While SDG&E’s transmission rates are not currently based on a marginal cost study, D.17-08-030 requires SDG&E to conduct a cost study in its 2019 GRC Phase 2 Application to examine the appropriate allocation of transmission costs between non-coincident and on-peak demand charges (OP 34).

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<sup>3</sup> Current electric rates effective January 1, 2018 per SDG&E Advice Letter (AL) 3167-E.

<sup>4</sup> D.17-08-030 adopted revenue allocation and rate design in SDG&E’s 2016 GRC Phase 2 (A.15-04-012).

<sup>5</sup> SDG&E’s 2019 GRC Phase 2 is scheduled to be filed by December 1, 2018.

<sup>6</sup> Current electric rates effective January 1, 2018 per AL 3167-E.

<sup>7</sup> SDG&E’s 2018 approved FERC rates consist of: (a) Base Transmission Revenue Requirements (BTRR) rates in Docket No. ER18-358-000; (b) Reliability Services (RS) rates in Docket No. ER18-488-000; (c) Transmission Access Charge Balancing Account Adjustment (TACBAA) rate in Docket No. ER18-416-000; and (d) Transmission Revenue Balancing Account Adjustment (TRBAA) rate in Docket No. ER18-211-000.

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Please see the attached workpapers labeled “(CONFIDENTIAL) 2016 GRC P2 Commodity Allocation and EPMC Workpaper.”, “(CONFIDENTIAL) 2016 GRC P2 MEC Workpaper MEC” and “(CONDIFENTIAL) 2016 GRCV P2 MGCC Allocation Workpaper” which are consistent with those provided in SDG&E's 2016 GRC Phase 2 (A.15-04-012), updated for the TOU periods approved in D.17-08-030. *Please note that these workpapers contain confidential information being delivered to UCAN under the Non-disclosure Agreement signed on April 11, 2018.*

**Please contact Michelle Somerville (msomerville@semprautilities.com)**

Additionally, please refer to the response to Question 6c.

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**Question 8:**

Under SDG&E's proposal will all residential customers have the option to opt out into a non-tiered TOU rate without a high fixed charge before 2020? If so, please provide a summary of this rate design option. If not, why not?

**SDG&E Response to Question 8:**

In this application<sup>8</sup>, SDG&E proposes to consolidate its existing un-tiered residential rate schedules (Schedules DR-SES and EV-TOU-2) into a single un-tiered TOU rate schedule with expanded applicability, which would be available all residential customers.

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<sup>8</sup> Direct Testimony of Cynthia Fang, page CF-18, lines 11-15.

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**Question 9:**

The testimony of Mr. Bender states, “Holding the control group until the end will enable load and behavioral analytics to be performed against the original Default TOU Pilot participants, throughout the Mass TOU Default transition period.”

- a. How were control group participants selected?
- b. Are control group participants allowed to opt out of the control group at any time in order to enroll on a different rate schedule? If not, please specify the limitations on rate switching for control group participants.
- c. What benefits will the referenced load and behavioral analytics provide that are not expected to be provided by the analytics of the Default TOU Pilot prior to March 2019?
- d. For control group participants who would benefit under TOU rates and whose enrollment onto TOU rates would be delayed on account of their participation in the control group, do the benefits to these customers of the additional analytics that SDG&E would obtain during the Mass TOU Default transition period offset the rate impacts of their delay in TOU enrollment? If not, do the benefits to the system from these additional analytics outweigh the customer harm? Please explain, specifying any benefits to control group participants and/or to the system that SDG&E anticipates from the additional analytics that would be obtained during the Mass TOU Default transition period.
- e. What specific questions does SDG&E seek to answer from data that will be obtained through the pilot study during the Mass TOU Default transition period?

**SDG&E Response to Question 9:**

- a. The control group sample was pulled at the same time the Default TOU Pilot treatment group was pulled. Both were randomly selected.
- b. Yes. The control group customers are free to select any rate for which they are eligible at any time. Customers are unaware that they are in a control group, and are like any standard customer who hasn't been defaulted to TOU pricing yet.
- c. The control group for the default pilot will also be utilized for SDG&E's residential default rollout load impact study. The study is expected to be provided on April 1, 2020. However, if the control customers want to opt onto TOU pricing they may do so at any time.
- d. Yes, it is important for load impact analysis purposes. There is a relatively small number of benefiteres that are being held (3,000 of the 15,000 Benefiteres).

There is nothing that prevents these customers from opting into TOU pricing early. Since there is nothing preventing early opt in, these customers may choose to start participating in TOU at any time and begin realizing the TOU-related benefits.

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The Default TOU pilot will help shape the strategy and changes that will be implemented in Mass TOU Default. SDG&E must perform analysis to determine if the messaging and operational plans resulted in the expected customer behaviors, load impact and general outcomes.

SDG&E does not envision TOU pricing to be an experiment that goes away after IDTM. Because of TOU's importance to California's energy future, the additional insight and data from this population of Benefitters (4% of the IDTM population) could be very impactful.

- e. SDG&E is required to conduct both ex post and ex ante load impact analysis on its newly defaulted residential TOU customers, per CPUC D.08-04-050 Attachment A, Chapter 5 Ex Post Evaluation For Non-Event Resources. SDG&E doesn't anticipate that the structural benefitters from the control group on their own will provide system benefits at a significant level.

SDG&E's load impact evaluation plan outlines how SDG&E will measure whether specific treatments will provide statistically significant load impacts for different after care treatments. The residential Mass TOU Default will benefit from the results of the load impact evaluation from the residential Default TOU Pilot in terms of whether targeted communication is more effective and whether educational treatments encourages load reduction. It is important that load impacts can be estimated from a representative control group; therefore, ensuring internal validity. SDG&E intends to utilize the same or a subset of the same control group for its Mass TOU Default load impact study.

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**Question 10:**

The testimony of Mr. Bender lists customers that will be excluded from default TOU rates on page CB-6. Which excluded customers will still have the ability to opt into TOU rates under SDG&E’s proposal and how will such options be communicated to these customers?

**SDG&E Response to Question 10:**

The following customers “excluded from default TOU rates on page CB-6” are eligible to opt into a TOU pricing plan:

- Medical Baseline Customers
- CARE/FERA eligible customers in Mountain and Desert climate zones
- Customers requiring an in-person visit prior to disconnection (includes medical baseline)
- Customers requesting third party notification
- Customers with less than 12 months of interval data

As stated in Mr. Tantum’s testimony, page HT-9, SDG&E “plans to extend ME&O to customers in the exclusion categories with the goal of helping to increase their awareness and understanding of energy management tools and programs to help them better manage electricity use and costs. The primary messaging for ME&O directed towards excluded customers is to help them understand that they too have choice, control and options for their energy behavior and bills, and to encourage engagement with the resources available to them.”

As an example, SDG&E is currently planning two targeted outreach campaigns in 2018 which will include customers “excluded” from the default process as listed on page CB-6 of Mr. Bender’s testimony. The first campaign is a “HUC to TOU” campaign in which customers who have/will be affected by the High Usage Charge (HUC) in the summer months will be educated about TOU (through direct mail/email) and how they could be better off if they transitioned to a TOU pricing plan. The second campaign is a “benefiter” campaign in which customers will be educated about TOU and how transitioning to a TOU pricing plan would be more beneficial to them given their historical energy use patterns. SDG&E will continue to analyze results of these types of campaigns to refine and revise SDG&E’s ME&O plan for default in 2019.

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**Question 11:**

The testimony of Mr. Bender states, “Based on the CIS replacement schedule, it is critical that the Mass TOU Default transition is completed by December 2019, to ensure there is no overlap into the design phase.” (p. CB-15) Based on SDG&E’s response to SDGE\_ED\_02, UCAN understands Mr. Bender intended to say test phase instead of design phase.

- a. What is the current expected start date of the test phase?
- b. If the test phase is unexpectedly delayed before the start of customer outreach for the Mass TOU Default, will SDG&E delay implementation of Mass TOU Default to provide more opportunity to prepare customers for the change? If not, why not?
- c. What are the specific consequences of not completing the Mass TOU Default transition before the CIS test phase?

**SDG&E Response to Question 11:**

- a. The CIS Replacement Test Phase will begin in Q1 2020. Specific dates are still being planned.
- b. SDG&E currently has no plans to delay the implementation of Mass TOU Default. Given the schedule contemplated in the recent scoping memo<sup>9</sup> and the proposed decision issued for RDW Phase 1 A.17-12-013,<sup>10</sup> which authorizes SDG&E to begin transitioning eligible residential customers to time-of-use (TOU) pricing plans beginning March 2019 as requested, SDG&E is comfortable moving forward with Mass TOU Default as planned pending a final decision by the Commission expected May 10, 2018.
- c. This question was addressed in SDGE\_ED\_02 and is reiterated below:

There are two key risks that make it unwise for SDG&E to extend the major<sup>11</sup> part of Mass TOU Default transitions into Q1 2020.

1. The first risk is that the Mass TOU Default transition would overlap with the CIS Test Phase that is scheduled to begin early in Q1 2020. During the Test phase, SDG&E will be performing extensive testing of its new SAP system, including a detailed review of customer bills through a bill comparison process. The bill comparison process will consist of comparing actual bills generated in SDG&E’s legacy CIS and using the same data to generate corresponding bills in the new SAP system. The bill comparison process will not be effective if a significant number of

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<sup>9</sup> Amended Scoping Memo and Ruling of Assigned Commissioner for Phases II and III of the Proceeding and Joint Ruling with Administrative Law Judges issued in A.17-12-011 on April 10, 2018.

<sup>10</sup> Phase I Proposed Decision Addressing Timing of Transition to Residential Default Time-of-Use Rates in A.17-12-011 issued April 20, 2018.

<sup>11</sup> Major is defined as the TOU transition of approximately 750,000 eligible residential customers between March 2019 and December 2019.



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rate changes occur during the process. The bill comparison process is critical, as it will identify any discrepancies with calculations or line items, and thus help to ensure the new SAP system is configured correctly when it goes live in January 2021.

2. The second risk is insufficient resourcing for SDG&E during 2020. Throughout 2020, SDG&E's Customer Service and IT employees will be receiving extensive training on the new SAP system to properly prepare for when the system goes live. This process will occur in waves so that the existing operations are not impacted due to employees being pulled off line for training. This training process is critical to the success of the new SAP implementation and will require that employees are available and not pulled off to support other key initiatives, such as necessary tasks to implement mass default TOU rates.

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**Question 12:**

The testimony of Mr. Bender states, “the Mass TOU Migration Plan will migrate approximately 750,000 eligible residential customers onto TOU pricing over a ten-month period between March 2019 and December 2019.” (CB-2)

- a. Why is SDG&E proposing a ten-month migration period instead of a shorter or longer period?
- b. What is the shortest period of time in which SDG&E could feasibly transition all eligible residential ratepayers to default TOU rates?
- c. What are the benefits of lengthening the transition period beyond the shortest feasible transition period?
- d. Would it be feasible to transition customers to TOU rates in a two-month period beginning September 2019 instead of a ten-month period? If so, why is SDG&E proposing a ten-month period? If not, why not?
- e. Does SDG&E have any evidence of the impacts of a rolling enrollment period (in which not all customers are enrolled at once) on customer understanding of rate changes, including potential confusion regarding the implementation timing or a customer’s implementation status?
- f. In enrolling commercial and industrial customer classes onto mandatory TOU rates, did SDG&E use rolling enrollment periods? If not, why does SDG&E propose to do so for residential customers?

**SDG&E Response to Question 12:**

- a. SDG&E did not propose a longer migration because Mass TOU Default should begin after the TOU Default Pilot and end by the CIS Replacement Test Phase. These milestones prevent a longer proposed transition period.

A shorter period would not ensure system stability, operational effectiveness and resources dedicated for a positive customer experiences. Due to these constraints, along with Greenberg’s recommendation to implement a rolling launch versus a big-bang launch, SDG&E did not propose a shorter period.<sup>12</sup>

- b. This schedule was developed to optimize system stability, operational effectiveness, and the overall customer experience. A shorter transition was not considered because it would risk such optimization.

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<sup>12</sup> RROIR MEO Blueprint. Integrated Marketing, Measurement and Alignment. Strategic Action Plan for Residential Rate Reform and Default TOU\_v2. Greenberg. August 19, 2016.

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- c. For the same reason provided in 12b, the schedule proposed in A.17-12-013 is optimized and therefore the most beneficial schedule.
- d. No. A two-month period would jeopardize system stability, operational effectiveness and possibly the overall customer experience.
- e. As noted in a. above, Greenberg, the consultant hired to design the initial blueprint for the TOU transition, recommended a rolling launch versus a big-bang launch.
- f. Yes, SDG&E utilized a rolling enrollment period, between November 2015-April 2016 for its approximately 124,000 SMB customers.

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**Question 13:**

The testimony of Mr. Tantum states, “Messages and tips will encourage reducing energy use during peak periods.” (HT-4)

- a. Please provide examples on the tips that will be provided on how to reduce energy use during peak periods.
- b. Will such tips include estimates of the cost and cost savings of doing a load of laundry and running a dishwasher during peak hours and off-peak hours? If not, why not? If so, when and how will this information be provided to customers?
- c. Will customers be provided information on how smart thermostats and other smart home devices can help control energy-consuming devices such that they run during off-peak periods? If not, why not? If so, when and how will this information be provided to customers?

**SDG&E Response to Question 13:**

- a. Examples of some of the tips that will be provided to help customers reduce energy use during peak periods include:
  - Run your higher use electric appliances, like air conditioners and pool pumps, during off-peak periods
  - Run your washer and dryer during off-peak hours and do multiple loads
  - Set a programmable thermostat to turn off or adjust by a few degrees during on-peak hours
  - Turn off your dishwasher after the wash cycle and let your dishes air-dry

Customers will also be encouraged to get more personalized, energy-saving recommendations for their home through the Energy Management Tool on My Account.

- b. SDG&E is currently testing the use of providing cost estimates and cost savings through its Customer Contact Center. Energy Savings Specialists will be provided talking points so that they can have more informed conversations on how much one can save from shifting outside peak hours. SDG&E will be evaluating this method during the 2018 default period.
- c. SDG&E will encourage customers to use innovative ways to save, including encouraging them to visit SDG&E’s Marketplace ([marketplace.sdge.com](http://marketplace.sdge.com)) where they can get detailed product information about smart home devices. Customers will also be included in the promotion of SDG&E’s smart thermostat rebate program where customers will be able to receive a significant instant rebate when they purchase qualifying smart thermostats in-store or online. Promotional strategies include email campaigns, social media and online advertising and paid search. Smart home education will also be included in bill package messaging and through [sdge.com](http://sdge.com).

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**Question 14:**

What rate options will be available to electric vehicle owners, and how will such customers be informed of the benefits of charging vehicles in off-peak or super off-peak hours?

**SDG&E Response to Question 14:**

Under SDG&E’s proposal, all of SDG&E’s existing rate options that are applicable to residential EV customers will remain available, assuming that applicability criteria are met. This includes SDG&E’s existing Schedule EV-TOU, applicable to separately metered electric vehicle charging, and SDG&E’s proposed Schedule TOU-D, discussed in the response to Question 8. Additionally, any of SDG&E’s existing rate schedules which are available to residential customers will remain available, regardless of whether the customer owns an electric vehicle.

SDG&E regularly provides its electric vehicle driver audience with resources and tips through its dedicated EV web pages ([sdge.com/ev](http://sdge.com/ev)), bill package, email, social media and various community outreach events. Specific EV messages such as EV rates, EV rebates and the Climate Credit are promoted through these tactics. SDG&E will continue to include helpful information within all of its EV-targeted tactics, such as charging tips and rate information.

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**Question 15:**

Will SDG&E’s outreach materials include information about the benefits of west-facing solar panels for maximizing solar energy production during evening hours? If so, what materials will be provided and when? If not, why not?

**SDG&E Response to Question 15:**

SDG&E does not plan to include information about west-facing solar panels in customer materials. Although west-facing panels may be appropriate for a certain subset of customers who are considering solar installations, SDG&E believes that discussion should be had on an individual level with a solar installer, and/or by reviewing that and other solar considerations on SDG&E’s website at [sdge.com/solar](http://sdge.com/solar).

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**Question 16:**

Regarding the Rate Comparison Mailer Campaigns discussed in the testimony of Mr. Tatum on page HT-18:

- a. Please provide a sample mailer that shows what type of information will be provided to customers. If available, please also show how the information will be presented to customers.
- b. How soon before a customer's rate transition date will the mailer be provided? (If all mailers are to be sent at the same time, please specify when this mailing would be scheduled.)
- c. Will the rate comparison mailer be provided to all residential customers? If not, which customers will be excluded and why?

**SDG&E Response to Question 16:**

- a. Examples of SDG&E's pre-default (PD) 60 and 30 day mailers, as well as the Welcome Brochure are attached. All three mailers illustrate how pricing plan comparisons will be shown and will be provided in English or Spanish based on the customer's preference as noted in their SDG&E account.
- b. The PD60 and PD30 mailers will be mailed 60 and 30 days prior to the customer's TOU transition date, respectively. The Welcome Brochure will be sent 0-15 days after the customer's rate change.
- c. Rate comparisons will be provided to all TOU-eligible customers as part of the pre-default communications and as part of the welcome materials. Customers who are excluded from the TOU default will not be sent these specific materials. However, as noted by Mr. Tatum on page HT-9, SDG&E will extend ME&O to excluded customers to help increase their understanding of the choices, control and options they have for their energy behavior and use.

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**Question 17:**

The testimony of Mr. Tantum states, “SDG&E will launch a comprehensive local campaign to address the negatively impacted customers with personalized information and solutions that are critical to mitigating potential negative bill impacts.” Please provide specific information about who will be contacted in this campaign, what personalized information will be provided, and how customers will be contacted.

**SDG&E Response to Question 17:**

SDG&E defines the “most negatively impacted” customers as those customers who we refer to as Non-Benefiters, i.e. those customers expected to experience an average increase of \$10/month or more on their electric bill.

During its Default TOU Pilot in 2018, SDG&E is testing an outbound calling campaign to this customer segment which will provide us with an opportunity to make a more personal, customized and interactive connection with specific customers. SDG&E intends to assess the effectiveness of this campaign and then tailor it further for the 2019 Default launch.

In the 2018 campaign, SDG&E conducted outbound calls in Q1 of 2018 to customers in the default pilot population who were estimated to see an increase of \$10+/month or 10% or more on their energy bill. The 4,185 pilot customers in this group represent approximately 3% of the pilot population and are comprised of 5% CARE, FERA or Medical Baseline customers. SDG&E’s Energy Savings Specialists (ESS) conducted approximately 6,000 live calls to pilot customers with the following results:

- 38% of customers were successfully reached by an ESS
- 11% of customers made the decision to try a default TOU pricing plan
- On average, it took almost two calls for the ESS to contact the customer

The Q1 call campaign provided the following customer sentiment metrics:

- 71% of customers had a positive/neutral view of TOU
- 7% of customers had a negative view of TOU
- 17% of customers chose to disconnect before the call was completed

Effectiveness will be determined by our ability to engage customers directly, gather their input, and apply key learnings and insights that help refine messaging and strategies for



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mass TOU rollout in 2019. Because the number of “most negatively impacted” customers in the general default population will be higher, SDG&E may need to redefine the threshold, criteria and/or timing for those that receive outbound calls, based on findings from the default pilot.

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**Question 18:**

The testimony of Mr. Tantum states, “These materials will also direct customers to utilize online, self-service options to either enroll or opt out of their respective TOU pricing plan.”

- a. Will the only way to opt out of TOU pricing be through an online web portal? If not, what other means will be available?
- b. Will a dedicated phone line be made available for people to ask questions and opt out into a different rate if desired? If not, why not?

**SDG&E Response to Question 18:**

- a. No, choosing a pricing plan online is not the only way for SDG&E customers to opt out of TOU pricing. Customers always have the option to call SDG&E and speak to an Energy Service Specialist (ESS) directly to choose a pricing plan. Also, as part of the default TOU pilot, SDG&E is also testing the effectiveness of a business reply card that can be used to make a selection (i.e., opt in or out) by mail.
- b. No, a dedicated phone line will not be available. Currently, customers who call SDG&E’s general phone line will have the opportunity to select from a menu of automated voice prompts (IVR) directing them to “billing and payment” matters and “other payment options.” From there, they can connect to an ESS who can answer their questions and assist with selecting a pricing plan. SDG&E is also in the process of gathering requirements to implement an automated, self-serve opt-in/opt-out option using IVR to launch later in 2018.

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**Question 19:**

The testimony of Mr. Tantum states, “Direct mail and email will be used throughout the four phases. SDG&E is planning at least four touch-points: 60 days prior to default, 30 days prior to default, at the time of default and post-default, which may include after care and/or end of bill protection communications” (HT-19). For each of these touchpoints, please specify which customers will receive direct mail, which customers will receive e-mail, and which customers will receive both direct mail and e-mail.

**SDG&E Response to Question 19:**

SDG&E is testing ME&O options in the default TOU pilot that vary with respect to communication channel, content, frequency, and other factors. ME&O options, including email (EM) and direct mail (DM), are being tested at predetermined stages (e.g., at 30/60/90 days, at the time of default and at post-default) and each option is being measured for effectiveness amongst different test groups. Other than a segment of pilot customers receiving both direct mail and email messages as part of the default TOU pilot, it is not SDG&E’s intention to send both versions to customers defaulting after the conclusion of the pilot. In other words, customers in the email track will not receive direct mail communications and vice versa. Awareness and action will be tested, and final decisions will be made for mass default ME&O based on key learnings from the pilot. SDG&E has email addresses for slightly more than half of its residential population, meaning a relatively even split between those customers receiving email and those receiving direct mail.

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**Question 20:**

The testimony of Mr. Tantum states, “Others, such as those who are positively impacted by TOU rates, may need fewer touchpoints.”

- a. What is the minimum number of (i) direct mail and (ii) e-mail touchpoints SDG&E will use?
- b. How can customers contact SDG&E to notify it that they are aware of the impending rate change and no longer wish to receive notifications?

**SDG&E Response to Question 20:**

- a. SDG&E plans to use a minimum of five touchpoints via email or direct mail regardless of whether a customer is positive, neutral or negatively impacted by TOU. These touchpoints have been previously described as those occurring at 90/60/30 days, at the time of default and post-default. At this time, SDG&E is also planning to do a seasonal communication to provide solutions specific to the summer and winter periods. If a customer makes a choice early in the process (i.e., to opt-in to TOU ahead of their scheduled default date or opt-out of TOU to another eligible pricing plan, including their current rate) they will receive fewer than five touchpoints depending on when that action is taken.
- b. Customers can go online to make a selection or contact the Customer Care Center to discuss pricing plan options. Because these notifications affect a customer’s bill, the first four touchpoints are being considered transactional in nature and therefore will not be able to be cancelled. Aside from making a choice and selecting a pricing plan early in the process, the only exceptions are the post-default and seasonal notifications. A customer may request to no longer receive TOU communications after their welcome materials since these “after care” touchpoints are being considered promotional in nature, rather than transactional.

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**Question 21:**

What restrictions, if any, is SDG&E planning to place on a residential customer's ability to switch between different rate tariffs (including any restrictions on the number of times per year that a customer may switch tariffs)? Please specify how these restrictions will differ during and after the bill protection period, and please explain the reason for these restrictions, including any statutory or regulatory requirements.

**SDG&E Response to Question 21:**

In SDG&E's proposal, TOU-DR-1 will be the default rate during Mass TOU Default and therefore if customers that are defaulted to TOU-DR-1 during the mass transition may request to transfer from TOU-DR-1 to any other rate the customer is eligible for at any time after they are defaulted. However, if a customer opts into TOU-DR-1 or TOU-DR-2 early, Rule 12<sup>13</sup> applies, and they may not come off their selected rate for 12 months.

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<sup>13</sup> SDG&E Rule 12. [https://www.sdge.com/sites/default/files/elec\\_elec-rules\\_erule12.pdf](https://www.sdge.com/sites/default/files/elec_elec-rules_erule12.pdf)

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**Question 22:**

In regard to the bill impact analysis in Attachment C to the testimony of Mr. Shaughnessy and the Bill Impact Calculator workbook sent in response to ORA-DR05 (assuming the Bill Impact Calculator is set to estimate bills based on 2019 rates), please answer the following:

- a. The referenced Attachment C refers to “energy charges”. Please define what is meant by energy charges and whether and how these differ from the charges estimated in the Bill Impact Calculator workbook.
- b. Please explain the differences in estimated bills and bill impacts between the two analyses for customers with less than 50 kWh of energy consumption.
- c. Page 1 of Attachment C shows lower energy charges for the group of customers consuming 25-50 kWh compared to customers consuming less than 25 kWh. Why is that the case?

**SDG&E Response to Question 22:**

- a. The phrase “energy charges” refers to all charges related to electric service.
- b. Differences between the estimated bills and bill impacts seen in Attachment C and in the response to ORA-DR5 are due to the fact that NEM customers were included in the analysis found in Attachment C, but excluded in the analysis included in the response to ORA-DR5. As a result, Attachment C includes some customers with negative net usage, but a positive bill due to the Minimum Bill.
- c. As noted in the response to Question 22b, the inclusion of NEM customers in Attachment C results in some instances of negative average usage within certain usage buckets. This, in combination with the existence of the Minimum Bill (\$10 for Non-CARE customers, \$5 for CARE customers) results in the apparent discrepancy between customers within the <25kWh and 25-50kWh usage buckets seen on Attachment C, page 1.