

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of San Diego Gas & Electric
Company (U 902 E) for Authority to Update
Electric Rate Design Regarding Residential
Default Time-of-Use Rates and Fixed Charges.

Application 17-12-____

**PREPARED DIRECT TESTIMONY OF
HORACE TANTUM IV
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

CHAPTER 7

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

December 20, 2017



TABLE OF CONTENTS

I.	Background/Summary	1
II.	Key Learnings and Insights	2
	A. Survey Findings	2
	B. Opt-in TOU Pilot Results.....	4
	C. Default TOU Pilot.....	5
III.	Market Overview	7
	A. Residential Customer Demographics.....	7
	B. Target Audiences	8
	C. Exclusions.....	8
IV.	STATEWIDE Marketing, Education and Outreach	9
	A. Goals and Objectives	9
	B. Statewide Campaign Integration.....	10
	1. Energy Upgrade California Campaign.....	10
	2. Messaging Direction and Positioning	10
	3. Timing.....	11
	4. Target Audience.....	11
	5. Messaging Coordination	12
V.	LOCAL Marketing, Education and Outreach Plan.....	12
	A. Goals and Objectives	12
	B. Strategies.....	13
	1. Customer Journey	13
	2. Integrated ME&O Strategies.....	15
	C. Messaging	15
	D. Tactics.....	17
	E. Integration.....	20

1.	Local Campaign Integration	20
VI.	Outreach and Community Engagement Strategy.....	22
A.	Community Partner Network	23
B.	Educational Events, Presentations and Workshops	25
C.	Multicultural/Multilingual Outreach.....	25
D.	SDG&E Customer-Facing Groups Integration.....	26
E.	Public Relations/Media Strategy.....	26
VII.	Fixed charge ME&O.....	26
VIII.	Metrics, Measurement and Research	29
A.	Quarterly Tracking Metrics.....	29
B.	Customer Surveys	30
IX.	Timing.....	31
X.	WITNESS QUALIFICATIONS:.....	32

1 **PREPARED DIRECT TESTIMONY OF**

2 **HORACE TANTUM IV**

3 **CHAPTER 7**

4 **I. BACKGROUND/SUMMARY**

5 In its Residential Rate Reform Decision (“D.” 15-07-001), the California Public Utilities
6 Commission (“CPUC” or “Commission”) emphasized the importance of providing adequate
7 marketing, education and outreach (“ME&O”) in order to enhance customer understanding and
8 acceptance of new rates, including new time-of-use (“TOU”) rates. The development and
9 implementation of a comprehensive default ME&O plan is critical to helping customers
10 understand what TOU means for them and how to be successful under the new rate structure.

11 San Diego Gas & Electric (“SDG&E”) believes that effective ME&O across all
12 residential customer segments will help them understand the reasons for moving to TOU rates,
13 motivate them to embrace TOU rates, and support them with relevant tools and solutions, such as
14 enabling technologies that allow them to better manage energy habits and conserve or shift their
15 energy use. SDG&E’s ability to achieve these goals will be enhanced by learnings from its Opt-
16 In TOU Pilot conducted in 2016-2017 and Default TOU Pilot, launching in 2018. It is expected
17 that both pilots will provide valuable insight regarding effective ME&O strategies and tactics
18 that can be applied to the mass TOU default initiatives beginning in 2019. By measuring the
19 value of these efforts via key milestones and understanding customer engagement from each
20 activity, SDG&E will continue to refine its default ME&O plan (originally detailed in AL 2992-
21 E, filed November 1, 2016 and pending approval) as it approaches the larger default transition.

1 **II. KEY LEARNINGS AND INSIGHTS**

2 **A. Survey Findings**

3 As summarized below, SDG&E’s Baseline Rate Reform ME&O Tracking Survey¹
4 results from March 2016 (“pre-Opt-In TOU Pilot”), provided the following benchmarks about
5 customers’ understanding of rates and rate structures:

- 6 • 52% of residential customers said they’d heard of TOU, and 34% had heard about
7 upcoming rate plan changes.
- 8 • 30% said they were aware that rate plans are available that may help them better
9 manage price increases.
- 10 • 36% had a high understanding of “how to manage your electric bill using the rate
11 plan you are currently on” and 33% on “how changes to current rate plans mean
12 you could be paying more unless you can adjust your electricity use.”
- 13 • 30% said they were aware of the reasons for the TOU transition, though the top
14 reason cited (increased revenue to SDG&E) suggested that further education on
15 this is needed.
- 16 • Residential customers had relatively high knowledge of the impacts of reducing
17 or shifting their electricity use, with high agreement (ranging from 37% to 50%)
18 that those actions will: save money, reduce bills, improve reliability, help the
19 environment, and help manage price increases.
- 20 • 27% said they had received information about how upcoming rate changes would
21 impact their monthly bill, and almost half of those (43% rating 8-10) said the
22 information was very useful.

¹ Rate Reform MEO Tracking Survey Report: Baseline, Hiner & Partners, Inc., March 31, 2016

- 68% were aware that SDG&E provides rebates, energy efficiency programs, and tips to help save energy and money on their bill, though much fewer (29%) said they had recently received information about it.
- 64% said they know where to get this type of information (most mentioned sdge.com) while only 13% said they'd acted because of upcoming changes.

More recently, SDG&E's Q2 2017 Residential Customer Opinion Survey ("COS")² results indicated the following:

- General awareness of "upcoming changes to the current electricity rate structure" had been trending down over the past year, and is now at 43% - from 48% at the end 2016.
- Customers who were aware of the changes reported hearing about them primarily from various media sources, or from their SDG&E bill.
- Based on the messages recalled, customers have become almost singularly focused on rate increases.
- Those aware of rate reform changes gave significantly lower favorability ratings than those not aware (34% for those aware vs. 51% for those unaware).
- Awareness continued to be highest for SDG&E's tiered rate plan (62%), representing erosion from the 70% level reported in Q3 2016.
- Awareness of TOU (49%) remained down after dropping from 59% in Q3 to 53% in Q4 of 2016, but is still broadly known.

² SDG&E Customer Opinion Survey – General Residential Customers, Q2 2017, Travis Research, July 25, 2017

- Awareness of Net Energy Metering (33%) and Electric Vehicle plans³ (25%) was unchanged, but far below the top two.

B. Opt-in TOU Pilot Results

As recommended by the TOU Working Group, a consultant was hired to design, implement and evaluate two customer surveys to measure the primary objectives of the Opt-in TOU Pilot. Research Into Action (“RIA”), in partnership with Washington State University’s Social and Economic Sciences Research Center, conducted the research which began in October 2016, through online, mail-in and phone surveys.

RIA and Nexant delivered a first evaluation report on April 11, 2017, which summarized all IOU results and detailed SDG&E-specific results.⁴ Due to the timing of the interim report, the evaluation covered only the summer months, shortly after customers were enrolled onto the new rates in June and July of 2016.

Directional ME&O strategies, in response to initial survey findings, are focusing on several key areas, including:

Load Impacts

- Messages and tips will encourage reducing energy use during peak periods.
- SDG&E will offer customer education and messaging to help the customer achieve the largest possible load reduction.
- SDG&E will customize and prioritize messaging based on load impact, geography and other factors.

³ The Net Energy Metering plan, is a rate plan for customers who generate their own energy through a renewable source. The Electric Vehicle plan is for electric vehicle drivers and has lower prices from 11 p.m. to 7 a.m. when demand is lowest, making this the best time to charge a vehicle.

⁴ California Statewide Opt-in Time-of-Use Pricing Pilot Interim Evaluation, Nexant, Inc. and Research Into Action, April 11, 2017.

1 **Bill Impacts**

- 2 • SDG&E will develop messaging based on expected degree of bill impact and
3 ensure the shift message is clear, particularly during the high-use, summer
4 months.
- 5 • Based on results from the Default TOU Pilot, SDG&E plans to send
6 communications to promote tools and solutions to help customers manage
7 seasonal bill volatility.

8 **Customer Attrition**

- 9 • SDG&E will continue to improve upon educational messaging by incorporating
10 learnings from the TOU Pilots to help minimize confusion and reduce attrition.

11 **Survey Impacts**

- 12 • SDG&E will continue to test and refine its ME&O communications to help drive
13 the highest possible level of understanding and acceptance.
- 14 • Educational campaigns will use results to target gaps in the understanding of the
15 pricing structures and what actions can be taken to be as successful as possible.
- 16 • SDG&E will provide additional education and outreach to address differences in
17 pricing options for CARE/FERA and other excluded customer groups.

18 **C. Default TOU Pilot**

19 In March of 2018, SDG&E will transition a minimum of 100,000 customers to one of
20 two TOU pricing plans as part of the Default TOU Pilot.⁵ SDG&E will assess which messages
21 resonate most effectively with customers, what motivates them to make changes to their energy
22 behavior, and how best to instill a sense of TOU advocacy by the end of the pilot.

⁵ AL 3020-E at I-6.

1 To help develop ME&O materials for the Default TOU Pilot, SDG&E conducted
2 customer focus groups to get initial impressions of various informational pieces and themes that
3 best help convey the TOU message. In addition to general residential customers, focus groups
4 were held for CARE/FERA customers, as well as groups including seniors. The primary
5 research objective was to determine if the language used was clearly communicating the
6 intended message and identify areas of potential confusion that may need further clarification.

7 As with all test and learn activities, SDG&E will be taking customer feedback and
8 research results gained from the Default TOU Pilot into consideration to enhance messaging
9 content and materials for mass default. SDG&E is looking to specifically gain insights into the
10 following:

- 11 1. Determine how best to maximize customer awareness of TOU and the fact that
12 they will soon be transitioned onto a TOU pricing plan.
- 13 2. Help customers understand their choices by providing tools and analysis to make
14 informed decisions about choosing the pricing plan that works best for them.
- 15 3. Determine the most cost-effective method to educate customers on how to
16 manage their energy use with relevant programs and solutions once enrolled on a
17 TOU pricing plan.
- 18 4. Support TOU customer retention by helping customers shift use away from peak
19 hours and manage seasonal bill volatility.⁶

⁶ Resolution E-4848 at 18 (internal citation omitted).

1 **III. MARKET OVERVIEW**

2 **A. Residential Customer Demographics**

3 SDG&E’s residential customer population consists of a diverse mix of social,
4 demographic and economic attributes with characteristics that vary widely by factors such as
5 age, ethnicity, residence type, income, employment and household composition.⁷ SDG&E
6 serves approximately 1.3 million residential customers with various electric rates, as illustrated
7 in Table 1 below.

8 **Table 1: SDG&E Residential Customer Population by Rate Category⁸**

Residential Electric Rate	Accounts (rounded to nearest hundred)
Standard two-tier with High Usage Charge rate	892,400
CARE	262,600
Current TOU Customers	8,400
Electric Vehicles (EV) Rates	8,100
Multifamily Rates	3,600
Opt-in TOU Pilot	10,900
Default TOU Pilot (est.)	100,000
Total	1,286,000

⁷ San Diego Association of Governments (SANDAG), Regional Growth Forecast, October 2013.

⁸ SDG&E Customer Data Warehouse active accounts as of 10/8/17.

1 The service area consists of four geographic zones: coastal, inland, desert and mountain,
2 with temperature differences that can influence the amount of energy used by the customers in
3 each zone.

4 **Table 2: SDG&E Residential Customer Population by Climate Zone⁹**

Zone	Accounts (rounded to nearest hundredth)	%
Coastal Zone	728,200	56.6
Inland Zone	540,200	42.0
Desert Zone	3,000	0.2
Mountain Zone	14,600	1.1
Total	1,286,000	100

5 **B. Target Audiences**

6 Roughly 90 days prior to the start of full TOU rollout, in Q4 of 2018, SDG&E plans to
7 send default notification awareness postcards and/or email to approximately 725,000 remaining
8 TOU-eligible customers. Beginning in March 2019, approximately 100,000 customers will be
9 transitioned in each of the first three monthly waves (March-May) and the last three waves
10 (October-December). SDG&E will transition significantly fewer customers in the warmer
11 summer months (June-September), totaling slightly over 100,000 over that four-month period.
12 Customers in each wave will be selected based on their financial impact (benefiters, neutral and
13 non-benefiters), as defined in the Direct Testimony of Chris Bender.

14 **C. Exclusions**

15 SDG&E is planning to exclude certain customers from 2019 mass default, as defined in
16 the Direct Testimony of Chris Bender. Pursuant to California Public Utilities Code § 745(c)(1),

⁹ SDG&E Customer Data Warehouse active accounts as of 10/8/17.

1 residential customers receiving a medical baseline allowance, customers receiving third-party
2 notification service, and customers who cannot be disconnected from service without an in-
3 person visit from a utility representative shall not be subject to default TOU rates without the
4 customer's affirmative consent. During Q4 2018, SDG&E will send separate messaging around
5 available programs in order to keep customers informed of methods to apply for medical
6 baseline, CARE/FERA, third party notification, or an in-person visit prior to disconnection.

7 Additionally, SDG&E plans to extend ME&O to customers in the exclusion categories
8 with the goal of helping to increase their awareness and understanding of energy management
9 tools and programs to help them better manage electricity use and costs. The primary messaging
10 for ME&O directed towards excluded customers is to help them understand that they too have
11 choice, control and options for their energy behavior and bills, and to encourage engagement
12 with the resources available to them.

13 **IV. STATEWIDE MARKETING, EDUCATION AND OUTREACH**

14 **A. Goals and Objectives**

15 At the time of this filing, the final scope and approach to a statewide ME&O campaign in
16 support of default TOU is still to be determined. SDG&E believes the primary role of a
17 statewide campaign is to: 1) provide the necessary context for why California is moving to a new
18 TOU rate structure; 2) help communicate the potential benefits of this change (e.g., limit need for
19 less clean energy resources, save money by shifting to lower-priced off-peak hours); and 3)
20 direct customers to their local utility for more personalized information, such as rate comparisons
21 and solutions to save energy. An overarching campaign that sets the right tone and context can
22 be beneficial to SDG&E's local marketing efforts and will be most useful in supporting the first
23 phase of the customer journey, which is building awareness with our customers.

1 The following guiding principles for a statewide rate reform ME&O campaign, as
2 proposed at the September 13, 2017 CPUC workshop, are in alignment with SDG&E’s above-
3 mentioned vision:

- 4 • be emotionally engaging;
- 5 • raise awareness of rate reform and explain why it is part of a broader shift toward
6 a new energy vision;
- 7 • communicate to customers how TOU can help put more control of energy use in
8 their hands; and
- 9 • collaborate with IOU marketing efforts and community outreach to direct
10 customers to appropriate information and tools.

11 **B. Statewide Campaign Integration**

12 **1. Energy Upgrade California Campaign**

13 The Energy Upgrade California (“EUC”) campaign launched in 2014 with the goal of
14 engaging Californians in energy efficiency and demand-side efforts. The EUC campaign is
15 positioned to create an emotional connection with the intended target audience to help motivate
16 behavior change that leads to reduced energy use. Residential rate reform has been identified as
17 one of its priority topics. Adding an expanded statewide Rate Reform ME&O campaign to the
18 existing EUC initiative may be the most viable and efficient option. EUC’s above-mentioned
19 scope is aligned with SDG&E’s residential rate reform objectives, and it can continue as a
20 campaign theme after default TOU has been implemented.

21 **2. Messaging Direction and Positioning**

22 As stated above in Section A, statewide messaging should provide context for why rate
23 reform is being implemented and how Californians can benefit. SDG&E believes that the best

1 way to set this context is by implementing emotion-based statewide messaging to connect with
2 customers in a more meaningful way and motivate behavior change. Furthermore, a messaging
3 concept study¹⁰ executed in 2016 provided directional guidance for communications to
4 residential customers for rate reform roll-out. Four different concepts were tested and
5 respondents were most receptive to the “Enviro/Thoughtful” message platform. This concept
6 focused on caring about a clean, healthy environment and being thoughtful about lowering
7 energy usage during high demand times to help limit the use of less clean energy resources. The
8 statewide campaign should incorporate these findings to effectively reach customers and
9 motivate them to change behavior.

10 **3. Timing**

11 To most effectively support local ME&O efforts, the overarching statewide campaign
12 should ideally launch six months in advance of local mass TOU default, but no shorter than three
13 months beforehand. A regionally phased approach to the campaign means the statewide message
14 can roll out in IOU service territories separately, as opposed to simultaneously, and connect to
15 the timing of different default TOU communication schedules. SDG&E will start transitioning
16 mass default customers in March 2019. The statewide campaign can therefore start with its
17 messaging in the September/October 2018 timeframe to meet the six months in advance
18 requirement. After the default has taken place, statewide ME&O can revert to traditional EUC-
19 based messaging which is more focused on promoting demand-side management solutions.

20 **4. Target Audience**

21 Proper segmentation of the TOU audience is important, and SDG&E proposes to segment
22 by monthly bill impact. There are three main categories: non-benefiters (+\$10 or greater bill

¹⁰ Rate Reform MEO Message Concept Test Survey Report: executed by SDG&E in collaboration with Hiner & Partners as well as Southern California Edison and Pacific Gas & Electric.

1 increase), neutral benefiter/non-benefiter (+\$9.99 to -\$9.99), and benefiter (-\$10 or greater bill
2 decrease). To create a reasonable scope and effectively target the campaign tactics within an
3 acceptable budget, the statewide campaign should focus on the neutral category. Customers who
4 are positively impacted are not a primary audience for the statewide campaign as they stand to
5 benefit from default TOU without taking any action. SDG&E will launch a comprehensive local
6 campaign to address the negatively impacted customers with personalized information and
7 solutions that are critical to mitigating potential negative bill impacts. The statewide campaign
8 can have the most impact by motivating neutral and slightly negative impacted customers to
9 change behavior and benefit from the new rate structure.

10 In addition, the statewide campaign has a strong role in supporting local outreach to the
11 vulnerable populations, such as low-income, non-English speaking, seniors, and customers with
12 disabilities.

13 **5. Messaging Coordination**

14 Maintaining consistency in messaging across statewide and local communication
15 channels is critical to prevent customer confusion and support the overarching rate reform
16 objectives. SDG&E will leverage statewide messaging where applicable in local channels.

17 **V. LOCAL MARKETING, EDUCATION AND OUTREACH PLAN**

18 **A. Goals and Objectives**

19 As stated previously, the overarching goal of Residential Rate Reform ME&O is to
20 increase customers' awareness, understanding, and engagement with rate options and the energy
21 management tools and behaviors that can help better manage electricity use and thereby increase
22 adoption and retention of customers on TOU. Specific ME&O objectives for this local effort
23 include the following:

- 1 • help customers understand TOU rates; why and when the TOU change is
- 2 occurring; the benefits of a TOU rate; and that they have pricing plan options;
- 3 • educate customers on what TOU means to them specifically and how to be
- 4 successful on a TOU pricing plan;
- 5 • offer solutions and encourage behavior change in customers who are neutral or
- 6 slightly negative on a TOU rate;
- 7 • help remaining customers choose their “best” rate; and
- 8 • provide ongoing support to retain customers on TOU after the first 12 months.

9 **B. Strategies**

10 **1. Customer Journey**

11 To guide ME&O efforts, SDG&E will use a phased approach when communicating with
12 customers. The messaging, tactics, and strategy will evolve over time through these four phases
13 that work together to move a customer from awareness, acknowledgement, activation and
14 eventually to advocacy for TOU rates.

15 *Phase 1 – Awareness: Time of Use Education:* This phase began in 2017 as the TOU
16 periods were updated through SDG&E’s GRC Phase 2 proceeding. In this phase,
17 SDG&E started setting the contextual groundwork for TOU rates with an emphasis on
18 “what” TOU is, “why” it is happening, and “when” it will occur. Local ME&O for TOU
19 awareness and education around mass default will begin in earnest in Q4 2018.

20 *Phase 2 – Acknowledgement: Default Notification:* This phase, which begins in Q1 2019,
21 will continue with and build upon Phase 1 efforts by rallying customers with an emphasis
22 on “benefits” and “how” to be successful on TOU rates. ME&O materials during this
23 phase will include supplementary TOU education information and rate comparisons that

1 will help customers make an educated decision regarding their pricing plan. These
2 materials will also direct customers to utilize online, self-service options to either enroll
3 or opt-out of their respective TOU pricing plan to another eligible rate.

4 *Phase 3 – Activation: Welcome Information:* Building on the customer journey in the first
5 two phases, the activation phase will emphasize what customers can “do” and how they
6 can act while enrolled on a TOU pricing plan. The welcome materials will include
7 additional details about their TOU pricing plan and information to help them be
8 successful. SDG&E is also test offering an energy efficiency (“EE”) TOU-enabled
9 energy monitor for redemption during a customer’s activation phase. SDG&E will assess
10 this component pending results from the Default TOU Pilot to determine if the device had
11 any influence over customer behavior, awareness, satisfaction, or overall engagement
12 while on a TOU pricing plan.

13 *Phase 4 – Advocacy: After Care and Customer Retention:* This phase will reinforce the
14 benefits of TOU and encourage motivation with an emphasis on sustained actions to aid
15 retention on TOU. SDG&E will use seasonal aftercare communication campaigns to
16 help foster a utility-customer relationship that encourages conservation, energy-conscious
17 behavior, and promote solutions to help avoid bill volatility. Ideally, this last step in the
18 TOU customer journey will motivate customers to recall their experiences and education
19 by acting as TOU ambassadors within their communities and social networks.

20 These phases and associated tactics are further defined below and in the Direct Testimony of
21 Chris Bender.

1 **2. Integrated ME&O Strategies**

2 SDG&E believes that customers will need time to absorb, understand and eventually act
3 on their energy choices and pricing plans. Therefore, SDG&E’s strategy is to use the four phases
4 described above to inform the timing and evolution of messaging and tactics. The strategies
5 below will be aligned with each phase and the messaging and tactics appropriate for each
6 customer segment:

- 7 • integrate and coordinate broad-reaching mass media and general market
8 communications with targeted direct channels to create awareness, understanding
9 and engagement;
- 10 • leverage SDG&E’s network of community-based organizations, media and
11 municipal groups to help increase awareness of residential rate reform changes
12 and provide solutions and resources, including help enrolling customers in
13 assistance programs;
- 14 • utilize segmentation and marketing automation to create more personalized,
15 tailored communications;
- 16 • use “multiple touch” approach with targeted marketing and outreach to reach the
17 most vulnerable or negatively impacted customers; and
- 18 • strategically leverage concurrent ME&O campaigns such as energy efficiency and
19 low-income assistance programs; and integrate messaging in other ongoing
20 SDG&E marketing efforts, as appropriate.

21 **C. Messaging**

22 Aligning the right message with the right audience at the right time will be critical to the
23 success of residential rate reform ME&O. SDG&E plans for messaging to be differentiated by

1 phase, as well as TOU impact and customer segment, when appropriate. Whether it is in-person,
2 over the phone, via email or bill package – messaging that clearly explains what to expect is a
3 key step towards educating customers about TOU pricing plans.

4 For the default TOU rollout, SDG&E will build off a common theme: “When you use
5 energy matters.” This approach will be used to help tell the TOU story and, along with statewide
6 messaging, evoke a more emotional connection with customers throughout all aspects of the
7 transition. Through concept/creative testing in our TOU-related pilot communications, we
8 learned that less direct themes needed more context to be successful. Customer research
9 conducted in November 2017 by Luntz Global Partners, provided key insights and
10 recommendations that will inform the mass default messaging, including:

- 11 • rates must be “fair, reasonable, and easy-to-understand”;
- 12 • customers appreciate the themes of empowerment through CHOICE and
13 CONTROL with regard to the new pricing plans;
- 14 • messages should focus on the BENEFITS of change – not the process;
- 15 • proactively demonstrate the ways SDG&E can help offset bill increases for
16 customers;
- 17 • use positive messages and focus on the PRESENT and FUTURE;
- 18 • PERSONALIZE and HUMANIZE the impact rate changes will have on
19 customers;
- 20 • focus messages on EASY ways to conserve energy;
- 21 • emphasize differences in CLIMATE instead of LOCATION, since people can
22 choose where they live, but not control the weather;
- 23 • messages can help build trust, such as “risk-free trial period;” and

- where possible promote “options” and “incentives.”

Despite existing confusion and potential resistance around rate changes, there is a path forward for engaging customers by personalizing how the changes will impact them and their families. Instead of talking about the challenges or sweeping nature of these changes, SDG&E will focus on positive benefits and explain why some households with different dynamics have different needs throughout the day.

D. Tactics

SDG&E plans to use various marketing tactics across the four phases, described above, to support the ME&O strategies. While the ME&O tactics are limited in number, they will remain consistent and build on one another over time, while considering customer segmentation, feedback, and overall effectiveness.

The general awareness tactics, which are available to customers at any time, or on some regularly scheduled frequency, such as their monthly bill, will be leveraged to support the call to action in direct marketing and mass media and include:

- **Pricing Plan Microsite:** The microsite will be a key source of detailed TOU information. The site will include information on pricing options, links to the online rate comparison and enrollment tool, and instruction on how to evaluate energy use and make a rate plan decision. The microsite will connect customers to energy management solutions and offers such as energy efficiency or assistance programs.
- **Informational Videos:** A series of short videos highlighting TOU features and benefits as well as energy management tools and solutions will be produced and promoted through various online and offline channels.

- 1 • Bill Package: Bilingual bill inserts, newsletters and onsert messages will be used
2 for TOU messaging and education throughout the phases. Actual TOU bills will
3 show more time-based information than non-TOU bills, with the main goal of
4 providing customers the data to show their energy use within the different TOU
5 periods.
- 6 • Bill Ready Notification Email (“BRNE”): The current BRNE, a monthly email
7 that alerts customers that their bill is due and provides valuable information in
8 graphic format about cost, usage, historical usage and offers will also be updated
9 to include information and education about TOU.
- 10 • Social Media: SDG&E’s social media channels (e.g., Twitter, Facebook,
11 Instagram and YouTube) will be leveraged as an interactive and targeted way to
12 engage with customers, monitor the conversation, and respond to feedback.
13 Hashtags, icons and links to SDG&E’s social media channels will be incorporated
14 into direct marketing and mass media efforts (e.g., “Join us on Facebook” or
15 “Follow us on Twitter”).

16 Direct marketing tactics will be part of specific, targeted campaigns that will leverage
17 customer segmentation data. These tactics include:

- 18 • Rate Comparison Mailer Campaigns: These reports will be used to proactively
19 communicate to customers that SDG&E has a menu of TOU pricing plan options.
20 The reports will forecast the estimated annual bill on each of the pricing options
21 based on the customer’s last 12 months of usage and provide the actual annual bill
22 for their current rate. Customers may receive via paper or email.

- Direct Mail/Email Campaign: 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. Some segments of customers, such as those who are negatively impacted by TOU, may need more touchpoints. Others, such as those who are positively impacted by TOU rates, may need fewer touchpoints. These communications will leverage learnings from the Opt-in TOU Pilot and Default TOU Pilot.
- Personalized Video Bill: A personalized video will walk customers through their individual bill components using the actual usage and costs for their first TOU bill.
- Outbound Calling: This tactic will be considered for reaching out to the most negatively impacted customers to educate them on TOU rates and connect them to solutions. This tactic is planned to be tested in the Default TOU Pilot and may be included in the mass default plan, based on its level of success.

Mass media will be leveraged to communicate to the broader residential audience and support the direct marketing and general market tactics. Depending on the final scope and timing of the statewide ME&O campaign, these tactics may start at a low frequency and increase through the phases. Mass media tactics may include:

- Radio and Television: To reach the broadest possible audience, radio is proposed to start in late 2018 to begin setting the context for TOU; television is proposed to begin in early 2019. Both will lay the groundwork for TOU awareness, while

1 providing support for and complimenting the more personalized, direct
2 communications that customers will receive as part of the transition process.

- 3 • Digital Advertising: This tactic, scheduled to begin in late 2018, will provide
4 additional exposure and awareness for customers who frequent online channels.
5 Examples include search engine optimization, pre-roll video, and banner ads.
- 6 • Collateral: Printed materials, such as brochures and “pocket cards,” will be
7 produced in multiple languages and accessible formats for use with various
8 customer segments and through various channels, such as the outreach team, field
9 representatives, branch offices and community based organizations.

10 In addition, after a customer is transitioned to TOU rates, they will be offered enrollment
11 in a variety of alerts and notifications to assist them in learning more about how the change may
12 impact their energy use and bills. The notifications under consideration include: overall energy
13 use levels, time-period changes, price and bill amount alerts. Notifications may be delivered via
14 the SDG&E mobile app, text or email.

15 **E. Integration**

16 **1. Local Campaign Integration**

17 Residential rate reform-related messaging and marketing will be integrated into ME&O
18 efforts for CARE, energy efficiency (“EE”) and demand response (“DR”) programs in 2019
19 when appropriate. Message integration will be based on how well the audience and offers
20 overlap and support one another, which media is used, and its ability to hold an integrated
21 message. Different tactics and channels will be evaluated on an individual basis for their
22 potential to carry multiple messages.

1 SDG&E believes how/when we integrate campaign messages is a strategic decision that
2 must be done the right way and at the right time to resonate with the customer. In this case, the
3 question is where/when does a TOU message belong with another offer?

4 As a rule, a marketing campaign may be less effective when the message is buried in a
5 barrage of information or "noise" (i.e., anything that distracts from the message). Among other
6 things, noise can be caused by too many messages, making it difficult for a customer to
7 remember what we're trying to communicate. For example, a print ad with too many images or
8 too much text. Integrated messaging works best when the messages are related to one another.
9 The key to incorporating multiple secondary or tertiary messages is to try to make sure they
10 support and enrich the primary message. Secondary messages can be thought of as proof points,
11 but too many messages can dilute the campaign's effect.

12 When combining multiple messages, especially when the messages are unrelated, it is
13 important to organize them into a hierarchy based on what we want the customer to take away.
14 In print or on the web, for example, messages near the top should be few in number and the most
15 important ones we are trying to communicate. Often, they will contain information a customer
16 needs to make sense of messages or offers lower in the hierarchy. In turn, messages lower in the
17 hierarchy should justify and elaborate on the ones above.

18 Careful consideration also needs to be given to the channel or tactic that we are using
19 because that may also impact the overall effectiveness of the delivery of the messages. Some are
20 better suited to carry multiple messages than others (e.g., a printed communication, such as a
21 letter vs. a text message).

1 **VI. OUTREACH AND COMMUNITY ENGAGEMENT STRATEGY**

2 SDG&E believes that a key part of the ME&O strategy is activating Community Based
3 Organizations (“CBOs”) and local government partners to support the message and connect with
4 the hard to reach customers. SDG&E will continue its grassroots approach to engage customers
5 in the new TOU pricing plans. Outreach will leverage opportunities with SDG&E’s community
6 partner network and local governments to promote TOU in conjunction with comprehensive and
7 integrated solutions, which include EE and DR programs, and services and tools with an
8 emphasis on ongoing outreach to the most “at risk” and hardest to reach customer segments.
9 These customers include those living in high poverty areas, as well as rural areas; customers with
10 disabilities; seniors; and customers with limited English proficiency and/or literacy.

11 Outreach efforts will focus mainly on the following four areas:

- 12 1. Community Partner and Local Government Networks: CBOs and local
13 governments will be leveraged to help provide education and engagement on
14 TOU, energy management tools and tips, and other solutions, whenever possible.
- 15 2. Educational Events, Presentations & Workshops: TOU education paired with
16 bundled solutions will be featured at events throughout SDG&E’s service area.
- 17 3. Multicultural/Multilingual Outreach: SDG&E will utilize
18 multicultural/multilingual staff to help serve as ambassadors to promote TOU
19 education and solutions.
- 20 4. Customer-Facing Groups: Coordinated efforts with SDG&E’s customer-facing
21 groups to promote bundled solutions.
- 22 5. Public Relations/Media Relations: SDG&E plans to leverage efforts spearheaded
23 through its PR/Media Relations team.

1 **A. Community Partner Network**

2 SDG&E is proud of its on-going collaboration with community partners to help educate
3 and engage customers in solutions which include connecting them to valuable programs,
4 services, tools and pricing plans. In fact, SDG&E’s Energy Solutions Partner Network has more
5 than 250 active members throughout its service area. These groups represent the diverse
6 communities of SDG&E’s service area and include groups from civic, chamber, environmental,
7 multicultural, tribal, seniors, veterans, special needs and Limited English Proficient (“LEP”).

8 Some examples of Energy Solutions Partners include:

- 9 • Abriendos Puertas
- 10 • Access to Independence
- 11 • Alliance for African Assistance
- 12 • Boys and Girls Clubs
- 13 • Center for the Blind
- 14 • Chaldean and Middle Eastern Social Services
- 15 • Children’s Initiative
- 16 • Chula Vista Community Collaborative
- 17 • Deaf Community Services
- 18 • ElderHelp
- 19 • Escondido Senior Center
- 20 • Family Health Centers of San Diego
- 21 • La Maestra
- 22 • Lao American Coalition
- 23 • Meals on Wheels San Diego

- 1 • Persian Cultural Center
- 2 • Poway Senior Center
- 3 • Silent Voices
- 4 • Somali Family Service
- 5 • South Bay Community Services
- 6 • Southern California American Indian Resource Center
- 7 • Southern California Tribal Chairmen’s Association
- 8 • Support the Enlisted Project
- 9 • Union of Pan Asian Communities (UPAC)
- 10 • Women’s Resource Center

11 SDG&E will continue to build upon and leverage partnerships with CBOs to customize
12 tactics to engage customers in TOU pricing plan options. Messaging for CBO partners will be
13 provided by SDG&E to the CBOs monthly and blended with seasonal energy solutions as
14 appropriate. Partners will use various tactics to connect customers to information about TOU,
15 such as newsletters, email, social media, special events, seminars, and customized promotions.
16 Additionally, informational materials will be produced in multiple languages and accessible
17 formats for use by CBOs for various customer segments, and will also be used by the outreach
18 team, field representatives, and branch offices.

19 SDG&E also conducts outreach designed to specifically support the needs of customers
20 with disabilities. CBO partners that represent special needs customers work with SDG&E
21 through SDG&E’s Customer Assistance Collaborative, which meets on an annual basis and
22 provides an opportunity for SDG&E to educate them on SDG&E programs and rate

1 changes/updates. SDG&E is also able to gain input and recommendations on what activities and
2 materials are needed or working well.

3 **B. Educational Events, Presentations and Workshops**

4 SDG&E will deliver TOU messaging paired with solutions to customers through targeted
5 zip code campaigns that will offer education and engagement as part of an event, presentation or
6 workshop. These campaigns will include:

- 7 • Neighborhood Blitz Initiative – increase or enhance efforts in communities
8 identified to have the hard-to-reach or vulnerable customers.
- 9 • Ambassadors Initiative – provide tailored support to the 250+ civic and
10 community groups through educational materials, presentations and workshops
11 for the audiences they serve.

12 **C. Multicultural/Multilingual Outreach**

13 To better serve customers whose primary language is not English (commonly referred to
14 as English as a Second Language or ESL customers), SDG&E provides multilingual team
15 members that represent the communities we serve to help assist, engage and connect them to
16 relevant solutions. Languages spoken by members of this specialized outreach team include
17 English, Spanish, Chinese, Vietnamese and Arabic. SDG&E also works with
18 multicultural/multilingual outreach contractors who conduct outreach on SDG&E's behalf.
19 These DBE organizations employ diverse staff to conduct neighborhood level outreach using
20 grass roots tactics such as door-to-door canvassing in neighborhoods, outside local businesses
21 and at local markets. SDG&E will continue to leverage its multicultural/multilingual outreach
22 staff and contractors to help educate and engage customers in the TOU pricing plans.

1 **D. SDG&E Customer-Facing Groups Integration**

2 Internal, customer-facing groups will be leveraged to provide support to help educate and
3 engage customers on new TOU pricing plan opportunities. Customer-facing groups include the
4 Customer Contact Center, payment locations and branch offices, field service teams and credit
5 and collections.

6 **E. Public Relations/Media Strategy**

7 As part of its customer engagement strategy and to increase overall awareness of the rate
8 reform journey, SDG&E plans to leverage efforts spearheaded through PR/Media Relations.

9 These efforts will include:

- 10 • Press releases and targeted media outreach – changes and benefits customers will
11 experience as part of TOU transition.
- 12 • SDG&E News Center – series of stories focused on customer choice (i.e., options
13 customers have in pricing plans) and energy efficiency (i.e., benefits of new TOU
14 rates paired with the tools offered by SDG&E to help customers better manage
15 their energy use).
- 16 • Social Media – utilize social media channels including Facebook, Twitter and
17 Instagram, YouTube to connect customers to new pricing plans and solutions.

18 **VII. FIXED CHARGE ME&O**

19 SDG&E proposes to implement a residential fixed charge in 2020, one year after the start
20 of Mass TOU Default, as defined in the Direct Testimony of Cynthia Fang. In March/April
21 2013, Hiner & Partners conducted an online survey around rates and rate reform with

1 approximately 5,300 electricity customers, including more than 1,400 SDG&E customers.¹¹
2 Customers were asked if they currently have a monthly service or demand charge, and about
3 one-in-three believed that they do currently have a monthly service fee for electricity and natural
4 gas. Respondents were then asked to rank the most important factors when choosing a rate
5 option. “Saving money” was the number one driver of rate choice among the core group. To a
6 lesser extent, customers wanted “works for me,” “simple,” and “stable.” Many factors were
7 fairly equal in importance, but “reflects cost of electricity,” “predictable,” and “worry-free” were
8 the least important.

9 Following the selection of the most important factors, respondents answered an open-
10 ended question about the meaning of “fair.” The idea of not “overcharging” (either for boosting
11 company profit or to subsidize others) was the top answer for all groups, though more so among
12 solar and so-called “high involvement” customers. “Considers usage” was second, which meant
13 “use more, pay more and use less, pay less” – a possible *implied* rejection of fixed charges.
14 When given a choice of the importance of different rate plan attributes, customer ratings showed
15 that the “monthly service fee” had more negative influence on rate choices selected than any
16 other attribute (i.e., customers avoid the perception of extra fees). Following the monthly service
17 fee, customers’ choices were influenced more heavily by the price per kWh associated with the
18 different rate structures than by the rate structure itself. This suggests that most customers were
19 ultimately interested in a lower bill, even when presented with a variety of rates that could
20 include flat, tiered, and TOU.

¹¹ From RROIR Customer Survey, Hiner & Partners, Inc., May 2013. Online survey consisting of customers from SDG&E, PG&E, SCE, Riverside, LAPD, SMUD, Arizona Public Service, Salt River Project, Hydro One. Survey included questions about customer knowledge about rates and factors in choosing a rate plan.

1 In October 2017, SDG&E fielded a new Rate Plan Preference Survey¹² with
2 approximately 500 customers. The survey indicated that, along with high awareness, most
3 customers already have some idea about the type of rate plan that would be best for their
4 household. Respondents were more positive than negative about both fixed and variable pricing,
5 and about the rate plan components of Basic Cost of Service (fixed charge), Demand, and Time-
6 of-Use. For evaluating rate plans, the most important rate plan benefit was the “Opportunity to
7 Save money.” Several other benefits were at a slightly lower level of importance, including
8 “simple,” “fair,” “reflects cost of service,” and “works for me.” Less important benefits were
9 “stable,” “predictable,” “worry free,” and “understandable.”

10 Customers were asked to react to the concept of billing according to a basic cost of
11 service – described as a fixed monthly price, like cell phone bills (i.e., paying the same amount
12 each month regardless of how much energy is used [up to a limit]). As presented, customers
13 who are light users could select a lower price plan with a lower limit, while heavy users could
14 select a higher price plan with a higher limit and if you stay below your limit, you pay the same
15 amount each month. Initial reactions to the basic cost of service component was more positive
16 than negative by about 3:2 (37% vs. 25%), with the top positive being that a fixed cost of service
17 amount is predictable, easy to budget and stable.

18 To effectively communicate with customers about fixed charge costs, SDG&E’s
19 recommended approach would be to incorporate messaging into its general awareness tactics that
20 are available to customers at all times, including the bill package, social media, web site and
21 outreach activities. Communications would be proactive to help ensure that customers are
22 educated prior to receiving their first bill with a fixed charge. At a high level, fixed charge

¹² Rate Plan Preference Survey Report, Hiner & Partners, December 2017.

1 messaging would focus on the benefits (e.g., being a non-complex, predictable amount, and may
2 include mention of the many services the charge incorporates).

3 **VIII. METRICS, MEASUREMENT AND RESEARCH**

4 Key to SDG&E's default TOU ME&O plan are learnings from the Default TOU Pilot,
5 including message testing that varies across communication channel, content, and frequency.

6 Default TOU Pilot campaigns will be tested at multiple stages, including the initial TOU
7 transition notification, the delivery of welcome information, and aftercare support. Each
8 messaging campaign will involve unique testing using a mix of email and direct mail
9 channels.¹³

10 Since the Default TOU Pilot is designed as a learning opportunity for SDG&E, customer
11 feedback and research results will be used to inform and enhance messaging content and
12 materials for 2019 and beyond. To evaluate and assess these objectives, key metrics have been
13 identified to provide insight into customer behaviors and the effectiveness of messaging
14 concepts. SDG&E will utilize a series of tracking and reporting metrics to capture this data.

15 These key metrics include:

- 16 • opt-out/rate change volume;
- 17 • timing of pricing plan change requests relative to the timing of messaging;
- 18 • volume of pricing plan changes by communication channel; and
- 19 • call volume by type of call and time of year, post messaging campaigns.

20 **A. Quarterly Tracking Metrics**

21 Tracking metrics will continue to be included in the quarterly Progress on Residential
22 Rate Reform (“PRRR”) update. To support how a variety of messaging treatments influence

¹³ AL 3020-E at I-7.

1 customer awareness and customer engagement, the key metrics supporting ME&O, per the
2 Nexant Report,¹⁴ include, but are not limited to:

- 3 • opt-out rates and reasons;
- 4 • Contact Center activity;
- 5 • customer awareness; and
- 6 • feedback on the various treatments and changes to the treatments.

7 These metrics are measured using a variety of methods, including: 1) tracking pricing
8 plan participation prior to and after TOU enrollment; 2) pricing plan selections made by
9 customers who elect not to enroll in TOU; 3) the channel and method of customer actions; and
10 4) assessing customer survey results.

11 **B. Customer Surveys**

12 Quantitative research will be conducted with three groups of default TOU customers in
13 May and September of 2019 and January 2020 to measure awareness, satisfaction,
14 perceptions, and behavioral changes (including any actions taken to shift usage and/or reduce
15 overall energy consumption). To achieve the highest possible response rate, multiple
16 methodologies will be used to administer the survey (e.g., mail, phone, and online.) Initial
17 surveys will be conducted within four months of their transition to TOU pricing to provide
18 further insight into the communication effectiveness and customer experience, specifically
19 around the default notification, default reminder and welcome package. Each group will be
20 sent a follow-up survey approximately six months later and will be randomly surveyed during
21 seasonal bill changes through 2021 to measure ongoing effectiveness and satisfaction with
22 their pricing plans.

¹⁴ See AL 3020-E, “Time-of-Use Pricing Default Pilot Plan”, Final Report, Nexant (Nov. 30, 2016).

Two efforts will provide SDG&E with a better understanding of TOU opt-out reasoning. First, if customers opt-out either by phone or online, they will be asked to answer a short exit survey. Second, qualitative research will be conducted to better understand why TOU pricing was not the best fit for some households. This qualitative research will take place at different times of the year to reveal seasonal influences, challenges specific to the time of year, overall satisfaction levels at different times, and other customer reasons for opting out. Additional customer research may also be conducted, as needed. Table 2 below shows the planned researched activities.

**TABLE 2
RESEARCH ACTIVITIES**

Research Activity	Objective	Timing
Message/Content Testing - for TOU transition notification and Welcome Packet	Gain insights to aid in development of welcome material content among random sample of residential customers	Fall 2018
Customer Awareness/Satisfaction Tracking Survey (3 Groups)	Measure awareness, satisfaction on the pricing plans, perceptions of welcome materials, actions taken, etc.	Mid-late 2019 and early 2020 (up to 4 months post-welcome packet). Follow up (6 months later) through mid-2020
Opt-Out Survey	Track primary reason for opting out- through website or call center (opt-outs only)	Ongoing 2019
Additional Qualitative as needed	Could include more in-depth research with customers to educate around programmable thermostat education, or customers who receive targeted messages or offers	Seasonal or as needed 2020-2021

IX. TIMING

General awareness marketing and outreach for the 2019 TOU default will launch in Q4 of 2018 and will run throughout 2019 through mass tactics such as the SDG&E web site, bill

1 package materials, community outreach and CBO partnerships. Specific timing is to be
 2 determined pending outcome of statewide campaign in-market dates and other considerations.
 3 For targeted marketing, SDG&E will run direct/e-mailed TOU default notification campaigns 30
 4 and 60 days prior to a customer’s transition, with welcome materials starting in March and
 5 rolling out in 10 monthly waves as detailed in the sample calendar below:

2018	2019												
DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
PD90	PD60	PD30	Wave 1										
		PD60	PD30	Wave 2									
			PD60	PD30	Wave 3								
				PD60	PD30	Wave 4							
					PD60	PD30	Wave 5						
						PD60	PD30	Wave 6					
							PD60	PD30	Wave 7				
								PD60	PD30	Wave 8			
									PD60	PD30	Wave 9		
										PD60	PD30	Wave 10	
725,000	Customers			100,000	100,000	100,000	30,000	25,000	25,000	25,000	100,000	105,000	115,000
PD90 Default Notification			After Care			After Care			After Care				
All Waves			Waves 1-2			Waves 3-6			Waves 7-10				

6

7 **X. WITNESS QUALIFICATIONS:**

8 My name is Horace Tantum IV. I am employed by San Diego Gas & Electric Company
 9 (“SDG&E”) as the Local Marketing Manager. My business address is 8326 Century Park Court,
 10 CP62C, San Diego, California, 92123-1569. I have been employed by SDG&E as Marketing
 11 Manager since May of 2014. I am responsible for leading the marketing team to develop and
 12 implement local marketing plans for residential and commercial/industrial customer programs,
 13 including goals and objectives, strategies, target audiences, key messaging and metrics. Prior to
 14 my current position, I held the position of Senior Communications Advisor, primarily supporting
 15 commercial/industrial programs.

16 Before joining SDG&E in December 2012, I spent nearly two years as Marketing
 17 Director for MJE Marketing, where I was responsible for the development, implementation and
 18 supervision of integrated marketing, advertising, public relations and social media campaigns for

1 clients, including the Port of San Diego, California Bank & Trust, First 5 San Diego, and the
2 City and County of San Diego. From 2002-2011, I was the Senior Account Supervisor for
3 Brandon Taylor, SDG&E's general market advertising agency of record. I graduated with a
4 Bachelor of Arts degree in Economics in 1989 and an MBA with a marketing emphasis in 1992
5 from the University of Colorado, Boulder. I have more than twenty years of experience in
6 marketing, communications, advertising, business management, and creative direction in various
7 industries. I have previously testified before the Commission.

8 This concludes my prepared direct testimony.