



February 1, 2017 Progress on Residential Rate Reform

March 7, 2017 Status Update

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Agenda

- ME&O Updates
 - Summer Campaign
 - 1/1/17 Tier Collapse
 - SCE's ME&O Advice Letter: 3500-E
- Metrics
- Bill Comparison Results
- Bill Presentment
- Opt-in Pilot Updates
- Default Pilot Filing

2016 Summer Rates Campaign Overview

Program Goals

- Raise rate awareness/education as measured by twice annual tracking study, against specific CPUC goals
- Promote self-service for sce.com

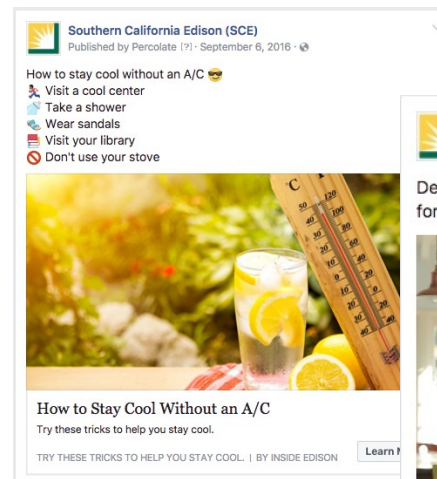
Marketing Assets

- Digital Banners
- Radio
- Social
- SEM



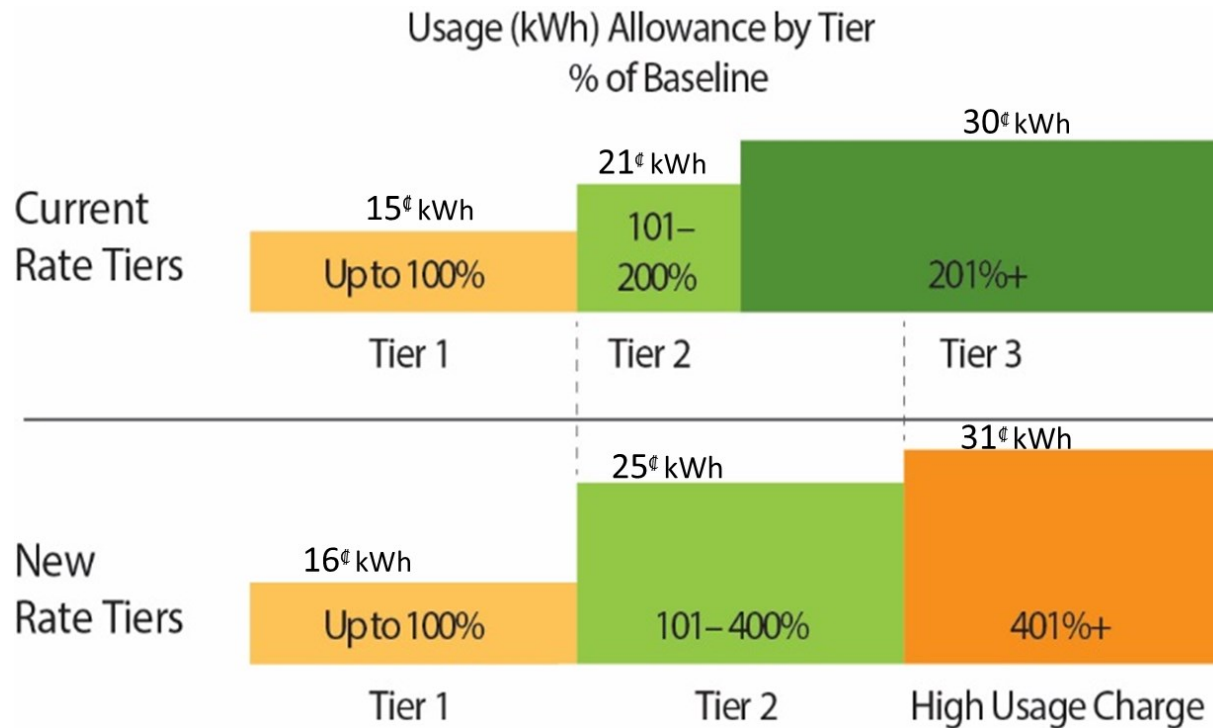
Marketing Effort

- A multicultural creative campaign developed for territory-wide implementation, from July – Nov



January 2017 Tier Collapse

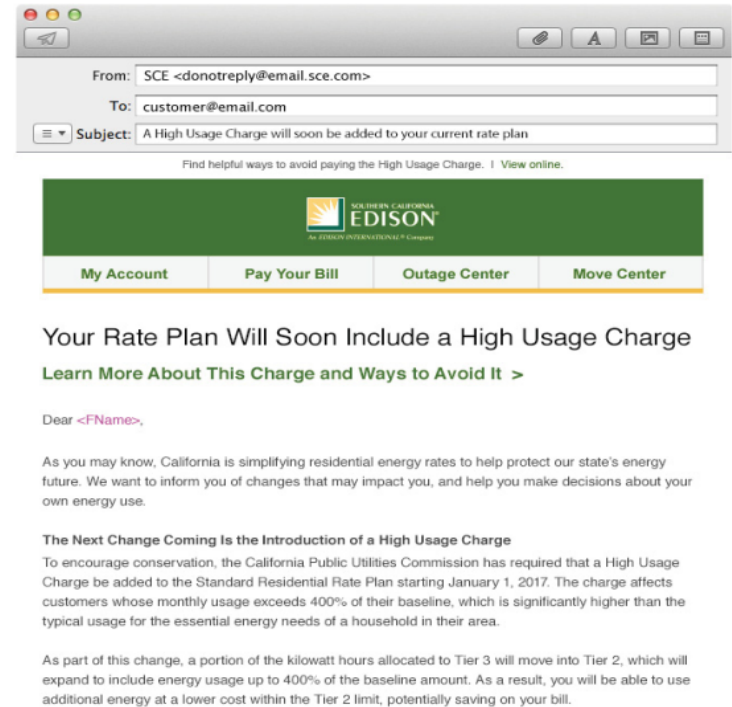
Effective 1/1/17, SCE collapsed from 3 tiers to 2 tiers with a high usage charge



(Non-CARE Rates)

High Usage Charge ME&O

- Awareness campaign conducted in December 2016
 - Approximately 740,000 letters and e-mails were sent
 - Bill onserts
 - Dedicated landing page
- Launched enhancement to Budget Assistant program
- In January 2017, over 240K automated letters sent to customers who exceeded 350% baseline usage



The screenshot shows an email interface with the following details:

- From:** SCE <donotreply@email.sce.com>
- To:** customer@email.com
- Subject:** A High Usage Charge will soon be added to your current rate plan

Below the header is a green banner with the Southern California Edison logo and navigation links: My Account, Pay Your Bill, Outage Center, and Move Center.

The main body of the email contains the following text:

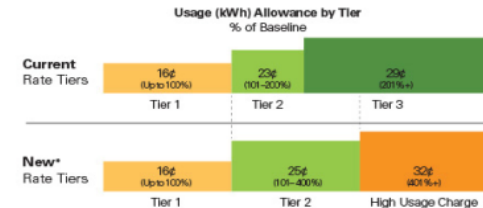
Your Rate Plan Will Soon Include a High Usage Charge
[Learn More About This Charge and Ways to Avoid It >](#)

Dear <FName>,

As you may know, California is simplifying residential energy rates to help protect our state's energy future. We want to inform you of changes that may impact you, and help you make decisions about your own energy use.

The Next Change Coming Is the Introduction of a High Usage Charge
To encourage conservation, the California Public Utilities Commission has required that a High Usage Charge be added to the Standard Residential Rate Plan starting January 1, 2017. The charge affects customers whose monthly usage exceeds 400% of their baseline, which is significantly higher than the typical usage for the essential energy needs of a household in their area.

As part of this change, a portion of the kilowatt hours allocated to Tier 3 will move into Tier 2, which will expand to include energy usage up to 400% of the baseline amount. As a result, you will be able to use additional energy at a lower cost within the Tier 2 limit, potentially saving on your bill.



High Usage Charge – Current Status

- Bill impact letters generated significant customer response
 - Higher than expected call volumes. More than 11K calls since mid-December 2016.
 - High engagement on dedicated landing page
 - Negative comments on social media
- Customers appeared to be confused about charge and had negative reaction to it
- SCE paused automated customer letters effective February 2
- Letters are undergoing revisions and will resume in mid-to-late April
 - Internal focus groups
 - Customer testing

SCE's ME&O Advice Letter: 3500-E

SCE Filed Advice Letter 3500-E on November 1, 2016 with supplemental filing to be provided on March 15, 2017.

SCE's ME&O Plan is designed to foster customer satisfaction by educating customers about time of use and other rate choices while motivating customers to modify their usage behaviors. (p.3)

Objectives for ME&O change by phase (p.37-38):

- Tier Rate Changes – customers understand impacts, mitigation tools and reason for the changes.
- Opt-In TOU - Increase learnings of customer behaviors and influences, increase adoption of opt-in TOU rates.
- Default TOU - Promote customer choice, provide support and easy access to timely information, provide customized bill impact information and tools at the right time.

SCE's ME&O Advice Letter: 3500-E (Cont.)

• Segmentation

- Bill Impact Amount:
 - Benefiter, Neutral, Non-Benefitting, Highly Non-Benefitting
- Low Income, underserved and hard to reach
- NEM
- CCA
- In-language

• Timeline, Channels & Tactics

TOU Awareness: 2017

- Paper/Email Bill Comparisons
- Social Media
- SCE.com
- Advertising (Mass & Digital)
- Climate Credit

Behavior Change: 2018

- Use of Technology
- Text Message Marketing
- Advertising (Radio & Print)
- Third Party & CBOs
- Bill Re-design

Default Approach

- 90/60/30 day
- Outbound Calling To 'Highly Negatively Impacted' Customers
- Re-designed Bill

Post Default

- Welcome Kits
- Seasonally Targeted Communications
- Bill Protection Credits

New/ Transferring Customers: SCE.com & Customer Contact Center

Metrics – Wave 2 2016 Updates

- Second round of research conducted in November and December 2016.
- TOU rate plan awareness has increased from 41% to 45%.
- Overall, SCE residential customers show moderate awareness and understanding of key metrics.
- Increases were seen in Wave 2 over the baseline for Metrics 3 and 6.

Metric		Baseline	Wave 2
1	Customers are aware that there are rate plans that may help them mitigate electricity expenditures	50%	48%
2	Customers know where to go to get more information about how to manage their energy use	58%	58%
3	Customers understand how energy use can impact bills	5.86	6.15
4	Customers understand the benefits of lowering their energy use	45% to 55%	46% to 53%
5	Customers are aware of the rebates, energy efficiency programs, and tips offered by their utility that can help them manage their energy bill	65%	68%
6	Customers feel they were provided useful info explaining their bills	46%	55%

Bill Comparison Results

D.15-07-001 ordered a bill comparison tactic. IOUs tested the tactic in fall 2016.

In October 2016, bill comparisons sent to 100k customers

- 62k beneficiaries targeted; 22k neutral; 16k negatively impacted
- 1,200 customers requested a rate change
- Over half of the customers responded via the online channel
- 40% responded via the business reply card
- 4% contacted SCE directly



Choosing a new rate plan option
may help you
lower your bill by **\$200**/YR

John Q Sample
1234 Any Street
Anytown, USA 12345-6789

Service Account
ending in 6789

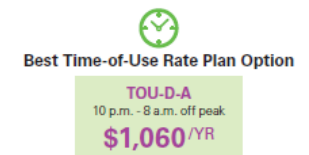
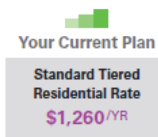
Dear John Q Sample,

You Have Rate Plan Options

To better meet the electricity needs of your household and lifestyle, we are making more flexible rate plan options available to you. One option that provides more control over your monthly electricity bill is a Time-Of-Use (TOU) rate plan. By reducing electricity use during higher energy cost periods of the day, you may save money throughout the year since TOU rates are based on **when** and **how much** you use. Reducing electricity use during peak times may also help reduce greenhouse gas (GHG) emissions and may defer the construction of additional power plants.

Your Custom Rate Plan Comparison

Based on your annual historical usage, without making changes to your household energy use, you could potentially lower your electricity bill by **\$200** a year by switching to our Time-of-Use rate plan, **TOU-D-A**. To get more information on your customized analysis and TOU rate plans, visit on.sce.com/tougorates.



The above cost estimates are based on your annual historical usage from August 2015-July 2016 and assume estimated 2017 rates. If you are enrolled in rate discount programs including CARE, FERA, Summer Discount Plan, and employee discounts, they are also factored into the Time-of-Use calculations you see. Changes to your future usage amounts and usage pattern and changes in our rates will affect these estimates, so your actual costs may vary.

Bill Comparison Results (cont'd)

- **Survey Overview:** Targeted 1,512 residential customers via phone and online surveys Nov 11-28, and compared to a control group
- **Key Survey Findings:**
 - TOU awareness and understanding improved but levels are still quite low.
 - Benefitters did not understand they did not need to shift usage.
 - Some customers did not switch because they were fearful of higher rates.
- **Overall takeaways:**
 - Bill comparison mailings should be improved before further dissemination.
 - Other ME&O strategies and tactics need to supplement this tactic.
- **Next Steps:**
 - SCE is currently assessing results of January 2017 NEM Test and Learn.
 - SCE is currently planning Spring 2017 Test and Learn campaign.

Bill Presentment

Bill presentment changes for tiered rate bills were implemented December 2016 to coincide with HUC effective Jan. 1, 2017

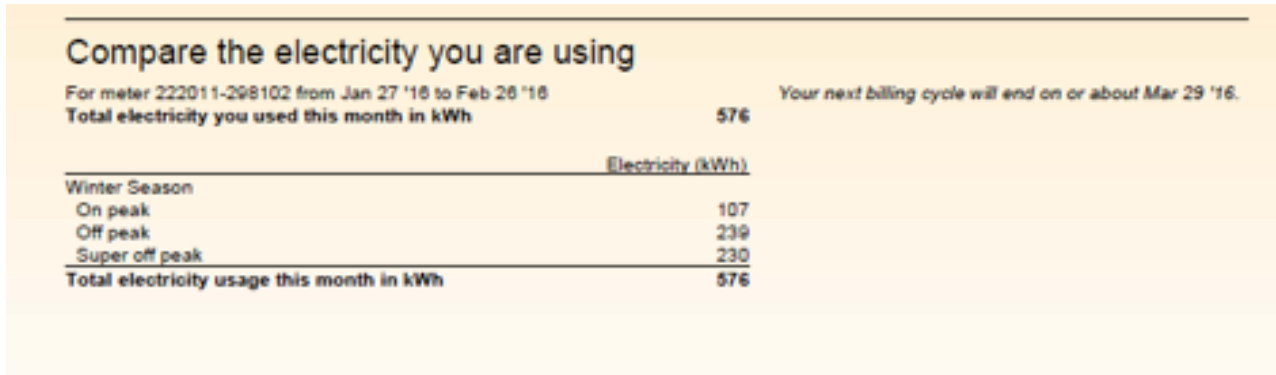
Your Total Usage: 449 kWh			
High Usage Charge 2,089 kWh applies at:	Tier 1	Tier 2	High Usage Charge
	0 - 522 kWh	523 - 2,088 kWh	2,089 + kWh
Understanding Your Bill... <i>Your usage for the billing period falls into Tier 1. For most customers, the price you pay increases as you use more energy. The average cost per kilowatt (kWh) in the chart to the right is based on averages. Actual prices may vary.</i>	\$0.16/kWh	\$0.25/kWh	\$0.31/kWh
	Your Total Usage 449 kWh High Usage Charge - Learn more at on.sce.com/highuse		

Planning for TOU bill presentment changes is currently underway

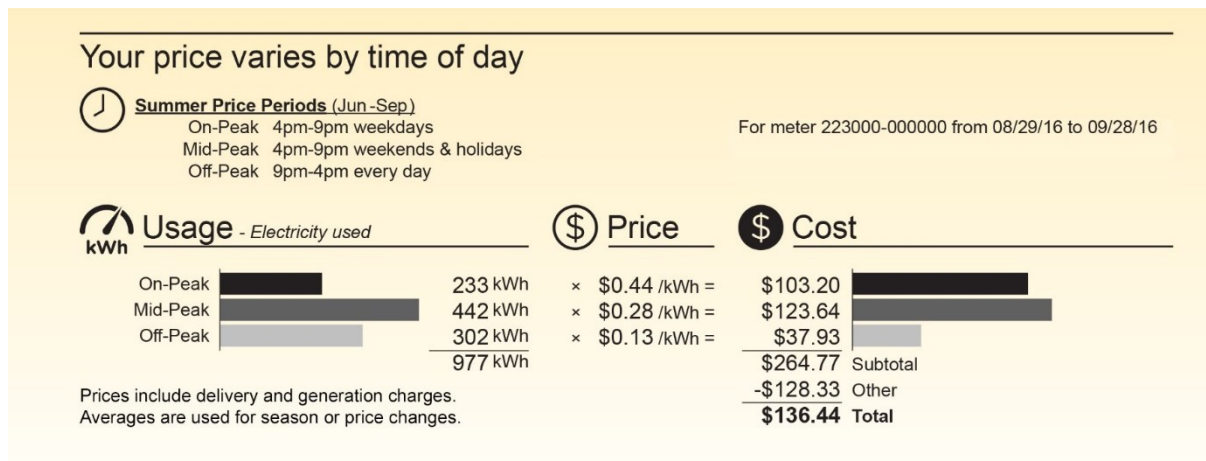
- Complete bill presentment changes targeted for completion in time for Default TOU Pilot in early 2018.

Bill Presentment (cont'd)

Current TOU bill



Planned Updates to TOU bill



- TOU period definition
- Usage / price / cost summary to drive awareness

TOU Opt-in Pilot

- As of Jan. 10, 2017 – 18,714 customers remain on the pilot

Segment Description	Rate 1	Rate 2	Rate 3	Control	Total
Hot Climate Zones, Non-CARE Customers	585		504		1,089
Hot Climate Zones, CARE Customers	631		486		1,117
Hot Climate Zones, General		1858		1,998	3,856
Hot Climate Zones, Seniors below FPL		325		340	665
Hot Climate Zones, Seniors above FPL		319		344	663
Hot Climate Zones, Non-Senior CARE Customers below FPL		140		158	298
Hot Climate Zones, Non-Senior CARE Customers above FPL		223		243	466
Moderate Climate Zones, Non-CARE Customers	609	588	539	606	2,342
Moderate Climate Zones, CARE Customers	626	628	524	658	2,436
Cool Climate Zones, Non-CARE Customers	685	692	552	679	2,608
Cool Climate Zones, CARE Customers	668	675	554	671	2,568
Technology	298			308	606
Total	4,102	5,448	3,159	6,005	18,714

- 2,820 customers are no longer on the pilot
 - 518 due to opt-outs
 - 1,305 due to account closures
 - 997 remaining customers are no longer enrolled due to change (i.e., signing up for a new rate or program) not supported by the pilot.

Default TOU Pilot 2018 – AL 3531-E

Proposed Default Pilot Plan filed Dec. 16, 2016 proposes to target 400k customers and was designed in coordination with the Working Group and Nexant.

- Pilot Objectives:**

- Assess operational readiness for full default (includes call volumes, exception processing, billing system, business processes, bill protection, rate changes, tracking etc.).
- Maximize customer awareness of default and customer options.
- Assess hardship as part of Section 745.

- Experimental Treatments Pre-default**

- 2 Default Rates (4-9pm and 5-8pm on-peak periods)
- Monthly vs. Seasonal impact in communications
- Message testing
- Outbound calling for extreme non-benefitters will be offered but not tested as part of the experimental design.

- Experimental Treatments Post-default**

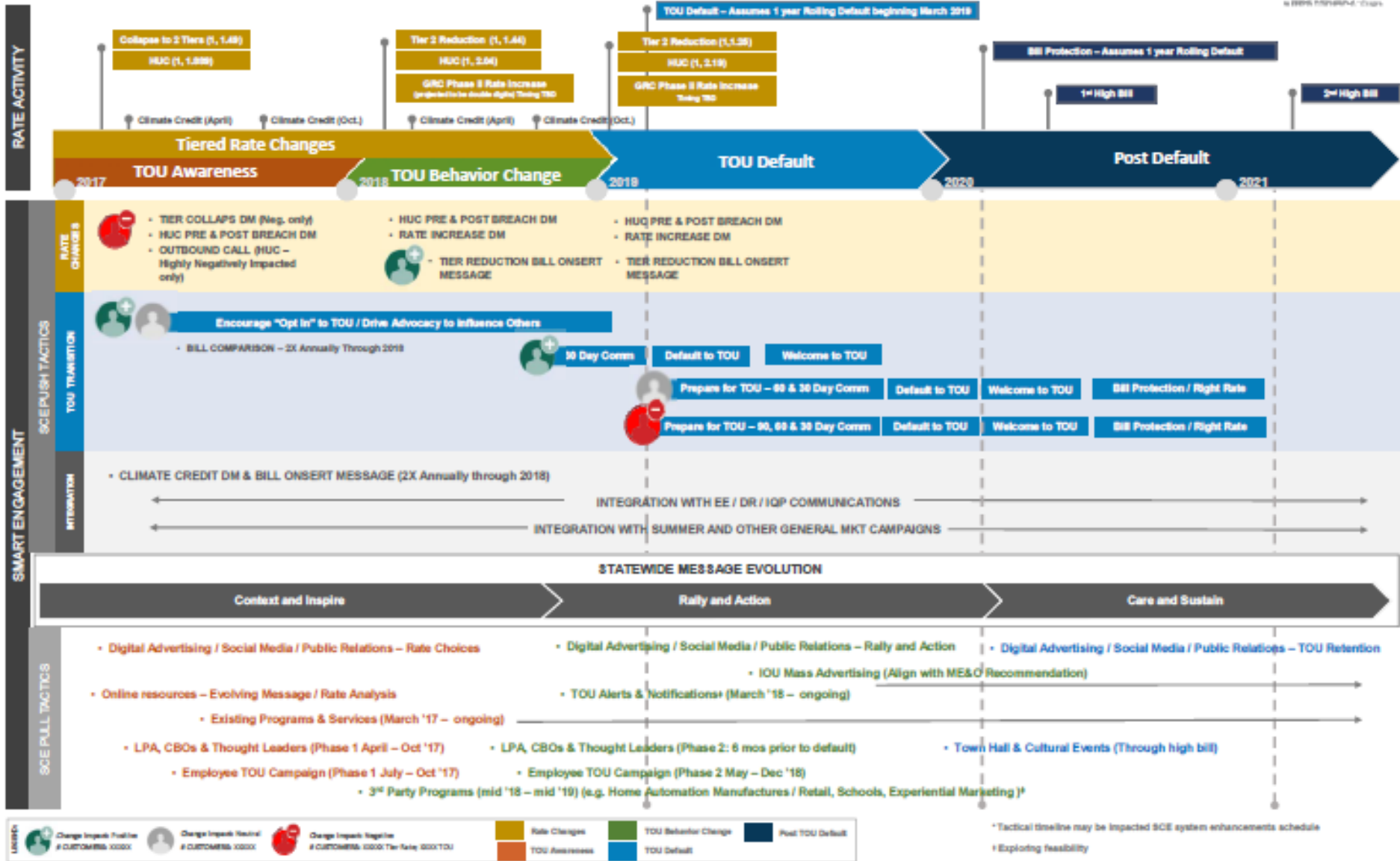
- High vs. Low Touch Aftercare Communication
- Level Pay Plan Offering to Customers with high bill volatility.
- Other customer solutions will be offered but not tested as part of the experimental design.

4-9 PM Peak Period	→	Monthly Impacts	→	Message A	→	Test 1
			→	Message B	→	Test 2
	→	Seasonal Impacts	→	Message A	→	Test 3
			→	Message B	→	Test 4
5-8 PM Peak Period	→	Monthly Impacts	→	Message A	→	Test 5
			→	Message B	→	Test 6
	→	Seasonal Impacts	→	Message A	→	Test 7
			→	Message B	→	Test 8



Appendix

RROIR Go-To-Market Tactical Plan* – Summary (as of 10/20/16)



ME&O Budget

SCE's RROIR ME&O Budget Estimates for years 2017 - 2019

Tactic	2017 Proposed Budget	2018 Proposed Budget	2019 Proposed Budget
High Usage Charge	\$598,314	\$573,446	\$630,791
TOU Marketing & Education (Mass Media)	\$2,000,000	\$2,000,000	\$1,500,000
TOU Marketing & Education (Direct Mktg)	\$5,461,998	\$9,183,823	\$15,322,723
Outreach (CBOs, Public Relations, Employees)	\$226,666	\$226,666	\$226,666
Web Development (Inclusive of all activities)	\$82,800	\$35,080	\$37,588
Customer Research	\$250,000	\$250,000	\$250,000
Marketing Automation	\$268,000	\$186,625	\$55,000
Total	\$8,887,778	\$12,455,640	\$18,022,768

2016 Memo Account Spend

<i>Residential Rate Implementation Memo Account</i>		
<i>Recorded Costs January through December 2016</i>		
Line No.	Description	(\$000)
1.	Beginning Balance	-
2.	Adjustments	
3.	Adjustments Interest	
4.	Adjusted Beginning Balance	-
5.	Operating Expenses	
	- TOU Pilots	
	ME&O	3,584,979
	TOU Studies	243,168
	Other	351,100
6.	- Non TOU Pilot	
	ME&O	4,509,001
	Other	1,166,204
7.	Total Operating Expenses	9,854,452
8.	Capital-Related Revenue Requirement	
9.	- Depreciation	-
10.	- Property Taxes	-
11.	- Income Taxes	-
12.	- Return	-
13.	Total-Capital-Related Revenue Requirement	-
14.	(Over)/Under Collection (Line 7 + Line 13)	9,854,452
15.	Interest	20,850
16.	Ending Balance (Line 4 + Line 14 + Line 15)	9,875,302

RRIMA Memo Account Update

<i>Residential Rate Implementation Memo Account</i>		
<i>Recorded Costs October 2015 through December 2016</i>		
Line No.	Description	(\$000)
1.	Beginning Balance	-
2.	Adjustments	
3.	Adjustments Interest	
4.	Adjusted Beginning Balance	-
5.	Operating Expenses	
	- TOU Pilots	
	ME&O	3,634,583
	TOU Studies	426,320
	Other	367,925
6.	- Non TOU Pilot	
	ME&O	4,509,001
	Other	1,166,204
7.	Total Operating Expenses	10,104,033
8.	Capital-Related Revenue Requirement	
9.	- Depreciation	-
10.	- Property Taxes	-
11.	- Income Taxes	-
12.	- Return	-
13.	Total-Capital-Related Revenue Requirement	-
14.	(Over)/Under Collection (Line 7 + Line 13)	10,104,033
15.	Interest	20,886
16.	Ending Balance (Line 4 + Line 14 + Line 15)	10,124,919

Current Opt-In TOU Enrollments

As of December 31, 2016 SCE has approximately 33,605 residential customers enrolled on an option TOU rate plan

TOU Rate Option	Number of Customers 1/31/16	Number of Customers 3/31/16	Number of Customers 6/30/16	Number of Customers 9/30/16	Number of Customers 12/31/16
TOU-D Option-A	5,603	6,247	6,798	7,087	7,334
TOU-D Option-B	7,536	8,657	9,672	10,306	10,914
TOU-D-T	16,599	16,696	14,909	14,675	14,586
TOU-EV-1	774	785	789	782	771
Total	30,512	32,385	32,168	32,850	33,605