

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

Order Instituting Rulemaking on the  
Commission's Own Motion to Conduct a  
Comprehensive Examination of Investor Owned  
Electric Utilities' Residential Rate Structures, the  
Transition to Time Varying and Dynamic Rates,  
and Other Statutory Obligations.

R.12-06-013  
(Filed June 21, 2012)

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) NINTH QUARTERLY  
REPORT ON PROGRESS OF RESIDENTIAL RATE REFORM**

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Dated: **November 1, 2017**

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Pursuant to Ordering Paragraph 16 of Decision No. 15-07-001, Southern California Edison Company hereby timely provides its Ninth Quarterly Report on the Progress of Residential Rate Reform, attached hereto as Attachment A.

Respectfully submitted,

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## **I. INTRODUCTION**

Pursuant to California Public Utilities Commission (Commission) Decision (D.)15-07-001 (the Decision), the Investor-Owned Utilities (the IOUs, Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) must provide quarterly updates on the progress of residential rate reform efforts and the transition to default time-of-use (TOU) rates. This update is the ninth quarterly report on the progress of residential rate reform (PRRR).

As directed by the Assigned Commissioner and Assigned Administrative Law Judges' (ALJ) previous Rulings, SCE's 9<sup>th</sup> Quarterly PRRR includes updates on its Marketing, Education and Outreach (ME&O) plan; metrics, goals and strategies for residential rate reform; statistics on the number of customers currently enrolled in opt-in TOU rates; statistics on the number of customers enrolled on medical baseline, as well as outreach activities; a status update of rate comparison and online bill tools; information on bill presentment for typical customers on default and opt-in rate schedules; progress on Default TOU plans; information on ME&O expenditures and a summary of the status of the Residential Rate Implementation Memorandum Account (RRIMA) as required by the Decision.

## **II. MARKETING, EDUCATION & OUTREACH (ME&O) CAMPAIGN**

### **A. Summer 2017 Campaign**

SCE launched its Rate Options Campaign in mid-July with radio and digital banner advertisements, social media and outdoor billboards in support of Residential Rate Reform.

The ads were directed to residential customers and intended to increase awareness and understanding of rate options. The campaign is designed to achieve key metrics that have been established by the ME&O Working Group as part of residential rate reform, and to advance the rates-related "conversation" with customers in preparation for their eventual transition default to TOU rates.

## Outdoor Billboards



**YOUR ELECTRIC VEHICLE  
DESERVES A GOOD  
NIGHT'S SLEEP, TOO.**

**SOUTHERN CALIFORNIA  
EDISON**

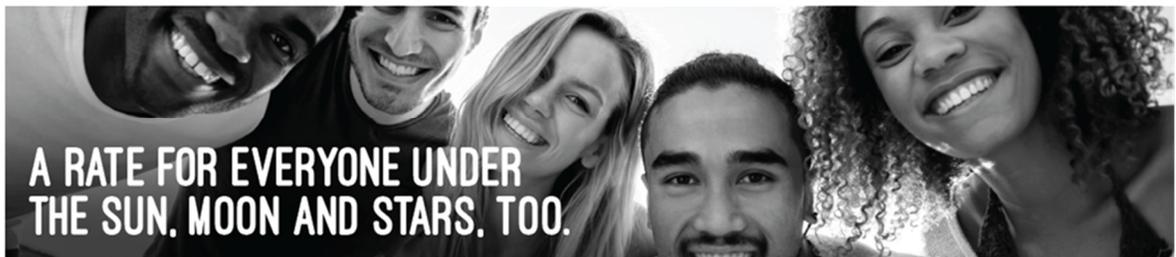
Save at night with an EV Rate Plan.  
[sce.com/rates](http://sce.com/rates)



**A RATE PLAN  
THAT LOVES  
LATE-NIGHT TV  
AS MUCH AS  
YOU DO.**

**SOUTHERN CALIFORNIA  
EDISON**

A Time-Of-Use Rate could help you save.  
[sce.com/rates](http://sce.com/rates)



**A RATE FOR EVERYONE UNDER  
THE SUN, MOON AND STARS, TOO.**

**SOUTHERN CALIFORNIA  
EDISON**

Find the right rate for you. | Time-Of-Use | EV | Green | Solar  
[sce.com/rates](http://sce.com/rates)

## Digital Banner Ads



**DAYTRIPPERS.**

**SOUTHERN CALIFORNIA  
EDISON**



**NIGHT OWLS.  
AND EVERYONE  
IN BETWEEN.**

**SOUTHERN CALIFORNIA  
EDISON**

**TAKE CHARGE WITH A RATE PLAN  
THAT'S RIGHT FOR YOU:**

Time-Of-Use | EV | Green | Solar

**SOUTHERN CALIFORNIA  
EDISON**

**Find Your Rate**



**A RATE FOR  
EVERYONE  
UNDER THE  
SUN.**

**SOUTHERN CALIFORNIA  
EDISON**



**AND THE MOON  
AND THE  
STARS, TOO.**

**SOUTHERN CALIFORNIA  
EDISON**

**FIND A RATE PLAN  
THAT'S RIGHT FOR YOU.**

Time-Of-Use | EV | Green | Solar

**SOUTHERN CALIFORNIA  
EDISON**

**Find Your Rate**

## Radio Scripts

### **GENERAL:**

#### **Summer Residential Rates | :10**

KPCC/KCRW supporters include Southern California Edison. When it comes to your electricity rate, you have options. Find a rate plan that's right for you at S-C-E-dot-com backlash rates.

#### **Summer Residential Rates | :15**

KPCC/KCRW supporters include Southern California Edison. There's an electricity rate that matches your life. From late-night TV watchers to EV drivers to clean-energy supporters and everyone in between, the right rate is waiting for you at S-C-E-dot-com backlash rates.

### **TIME-OF-USE/EV:**

#### **Summer Residential Rates | :10**

KPCC/KCRW supporters include Southern California Edison. Daytrippers, night owls, and everyone in between, there are energy rate options waiting for you at S-C-E-dot-com backlash rates.

#### **Summer Residential Rates | :15**

KPCC/KCRW supporters include Southern California Edison. Did you know that Time-Of-Use and Electric Vehicle energy rates are made for households that use more energy at night? Daytrippers, night owls, and everyone in between, the right rate plan is waiting for you at S-C-E-dot-com backlash rates.

### **SOLAR/GREEN:**

#### **Summer Residential Rates | :10**

KPCC/KCRW supporters include Southern California Edison. Champion of the sun? Support local clean energy with solar-friendly electricity rates. Explore your options at S-C-E-dot-com backlash rates.

#### **Summer Residential Rates | :15**

KPCC/KCRW supporters include Southern California Edison. Whether you have solar panels on your rooftop or not, you can support local clean energy by choosing a solar-friendly rate plan. Explore all of your electricity rate options at S-C-E-dot-com backlash rates.

The campaign's radio and digital banner ads and social media began the week of July 17, 2017 and outdoor billboards followed in early August 2017. While the radio and outdoor billboards concluded in mid-October 2017, the digital banner ads have been extended and will run through early November 2017. All advertising appeared in Spanish and Asian languages.

SCE will provide results from the campaign in the next quarterly report.

### **B. Outreach for High Usage Charge (HUC)**

As of September 2017, SCE has mailed 461k HUC letters to customers at 349%-400% of baseline, and 431k HUC letters to customers exceeding 400% of baseline. For the third quarter of 2017, SCE mailed 277k HUC letters to customers at 349%-400% of baseline, and 222k HUC letters to those exceeding 400% of baseline. SCE customers can receive up to two letters within a 12-month period. The customer could receive an early warning or pre-breach letter and/or a letter to let customers know they have reached the HUC tier.

The HUC communications have generated 30.8k calls between mid-Dec 2016 and September 30, 2017. This includes 13.7k calls for the third quarter. SCE's call center representatives have described that customers are generally calling in asking why their usage is so high. The call volume has increased due to a higher volume of

letters being sent as a result of the hotter summer months in the third quarter. Approximately 2.8% of customers who received the letter this quarter called the phone center.

Web traffic to the HUC web page has been 6k visits for Q3 2017 and 35k visits since tracking began in mid-Dec 2016. This volume increased over the last quarter due to a higher volume of letters being sent as a result of the hotter summer weather. Based on customer feedback, SCE revamped the High Usage web page to add more information on energy audits and ways to reduce energy. The changes went into effect in August 2017. SCE will also be conducting a study on a subset of HUC customers to determine if load conservation has occurred as a result of the letters. SCE anticipates these results being available by the end of 2017.

### III. METRICS

Beginning in 2016, SCE began to track the following metrics on a semi-annual basis (Spring and Fall) that were developed by the three IOUs and the ME&O Working Group (and validated in the Greenberg Blueprint) to assess customers' awareness / understanding and engagement with Rate Reform and TOU transition.

Metric #	Metric Description	Goal / Tracking
1	Customers are aware that there are rate plans that may help them save money	Goal
2	Customers know where to go to get more information about how to manage their energy use	Goal
3	Customers understand how energy use can impact bills	Goal
4	Customers understand the benefits of lowering their energy use	Goal
5	Customers are aware of the rebates, energy efficiency programs, and tips offered by their utility that can help them manage their energy bill	Goal
6	Customers feel they were provided useful info explaining their bills	Goal
8	Customers were provided with information and services to help reduce their energy bill	Tracking / Goal

#### A. ME&O Tracking Survey – Wave 3 - Spring 2017

As described in the August PRRR, the third wave of the ME&O tracking survey was conducted May 1-June 4, 2017 with a representative sample of 1,000 residential customers, including low / moderate / high usage, CARE / FERA, NEM, and numerous demographic and geographic customer sub-groups. Key findings were:

- Results for the core metrics were unchanged from the Wave 2 survey six months earlier. This is not surprising since rate communications had been limited since Summer 2016.
- Over four in ten (46%, unchanged from Wave 2 but still up from 41% Baseline) say they have heard of TOU.

- Rate confusion increased somewhat in Wave 3 with about half (48%, up from 44%) not knowing what rate plan they currently have – or what their best rate plan might be (50%, up from 42%).
- Awareness of rate reform changes (tier collapse and price adjustments between tiers) increased from Wave 2.
- Nearly half (48%, unchanged) say they are aware that “rate plans are available that could help you save money”.
- In sum, SCE's residential customers continue to show moderate awareness and understanding of many of the key ME&O metrics, but the results are essentially unchanged from Wave 2.

### Summary of Selected Results from ME&O Tracking

Metric	Key Measures	Baseline Wave 1 Spring 2016	Wave 2 Fall 2016	Wave 3 Spring 2017
-	Aware of TOU Rate Plan	41%	45%	46%
-	Have Tiered Rate Plan	40%	46%	40%
-	Heard of rate plan changes	23%	21%	24%
<b>Key Metrics</b>				
1	Rate plans are available that could help you save money	50%	48%	48%
-	Each customer is given a monthly “baseline” that is charged at the lowest tier	54%	57%	52%
-	The difference in electricity price between tiers has been reduced*	10%	13%	16%
-	By 2019, most residential customers will be transitioned onto TOU rate plan	10%	12%	8%
-	A personalized rate plan comparison is available to help you choose . . .	23%	25%	25%
3	How to manage your electric bill using the rate plan that you are currently on	36% 5.86	38% 6.15	36% 5.94
3	How changes to current rate plans means you could be paying more unless you can adjust your electricity use	33% 5.58	32% 5.72	34% 5.65
-	Aware of reasons for transition	21%	24%	19%
4	Lowering or shifting electricity use will: reduce bill & save money, improve reliability, help environment, manage price increases	45% to 55% 6.59 to 7.13	46% to 53% 6.77 to 7.07	49% to 54% 6.83 to 7.19
6	Information was useful	46% 7.11	55% 7.49	58% 7.24
5	Aware SCE provides rebates, energy efficiency programs & tips	65%	68%	66%
2	Know where to get info about assistance offered by SCE	58%	58%	58%
<b>Actions Taken</b>				
-	Took steps to reduce electricity use	2%	7%	5%
-	Signed up for an SCE program	1%	2%	1%
-	Shifted electricity use to a lower price time of day	1%	3%	1%
-	Switched rate plans	2%	2%	< 1%

The fourth wave of the survey is scheduled to be conducted between November and December 2017.

#### IV. UPDATE ON ONLINE BILL COMPARISON TOOL AND PAPER BILL COMPARISONS

##### A. Online Bill Comparison Tool

In Q3 2017, there were 30,000 visits to the online tool. The primary drivers were the Summer Test and Learn campaign and the High Usage letter.

In January 2017, SCE issued a request for proposal (RFP) to provide an enhanced rate analysis tool which will provide timelier, automated rate analysis with increased functionality. SCE has selected a vendor and is working to complete contract negotiations in November 2017, with the new tool being available by late 2018.

## **B. Rate Comparisons**

SCE launched a Summer Test and Learn on June 20, 2017 to a randomized sample of 150k customers. SCE also sent customized bill comparisons to approximately 6,000 residential (NEM) customers (2,000 benefitters, 2,000 neutrals, and 1,870 non-benefitters) and conducted surveys in July, which were not available in time for the August PRRR filing.

However, SCE shared the following results both in the Aug 25, 2017 ME&O webinar as well as the 8<sup>th</sup> PRRR webinar. Highlights include that only 1.8% of Benefitters (those who would save \$100 or more per year) enrolled. Those who received a direct mail tended to respond via mail (business reply card). The majority of online enrollments came from email customers, and the majority of phone calls came from direct mail customers. CARE customers in the Neutral category had a higher response rate than non-CARE and tended to respond via business reply card.

Over 1,200 campaign recipients were interviewed either by phone or online (150+ per test cell along with 300 General Residential “control” customers) from July 10-26, 2017. Benefitters and Neutrally impacted customers received either a *general* or *promotional* letter or email (two-touches). Non-Benefitters received either a *rate analysis* with My Account and Budget Assistant info or tips, or *no analysis*, but including only My Account and Budget Assistant information or tips. Highlights include:

- **Overall:** The Summer 2017 Residential Bill Comparison Test & Learn was moderately successful as campaign recall and awareness were higher across the board in Summer 2017 than in Fall 2016.
- **Recall:** Test communications were recalled by between 23% and 34% of the test groups versus Control group “phantom” recall of 16% (recall up to twice that of the Control for most Test cells) – between 1/4 and 1/3 of those recalling said they read all or most of the material.
- **Content:** Recipients are 2-4 times more likely than the Control group to play back that rate plan options are available to residential customers.
- **Awareness:** Awareness of rate plan options is higher for test participants (5-20 pct. pts. above Control) – likewise, awareness of TOU is greater (+9-19 pct. pts.).
- **Direct Response:** Limited – Benefitters were much more likely to switch than Neutrals or Non-Benefitters; Follow-through is low – most who decided to switch did not end up taking action; Confusion about potential cost impacts

and hassle of switching outweighed potential savings; main reason for deciding against TOU: the risk of experiencing higher costs.

- **General vs. Promotional:** *General* was somewhat more memorable; *Promotional* boosted familiarity with TOU, had more positive impact on perceptions of / interest in TOU, and improved perceptions of SCE.
- **Analysis vs. No Analysis – Tips vs. MA / BA:** Little differentiation – similar impact.
- **One-touch vs. Two-touch emails:** Stronger response with two-touches in 2017 (vs. one in 2017).
- **Channel:** Letters are more memorable and raise TOU familiarity; emails generate greater likelihood of action (easier to respond on line).

Given the recent ALJ ruling to suspend the semi-annual bill comparison letters, a rate comparison mailing to all customers is no longer planned for 2017. Instead, SCE intends to email a subset of customers who benefit on TOU to make customers aware they can save on a TOU rate. These customers are benefiteres with a threshold of saving \$100 or more annually (non-CARE/FERA) and will include CARE/FERA customers with a threshold of \$60 or more in annual savings. This email is planned to launch in Q4 2017.

### **C. Overall Bill Presentment**

On September 5, 2017, SCE filed Advice 3656-E to request authority to update the bill format for its various Energy Statements. SCE's bill format updates are designed to: (1) increase residential customer awareness and understanding of TOU rates in support of the transition to residential TOU pricing; (2) improve terminology and messaging on Net Energy Metering (NEM) bills; and (3) implement minor revisions to improve the ease of use for all customer bills.

Consistent with D.15-07-001 and Advice Letters 3531-E and 3531-E-A, to increase awareness and understanding of residential TOU rates, SCE proposes to include multiple visual displays on the billing statement. The TOU bill format updates were informed by research. The first step in SCE's two-step research process for the TOU and general bill formats was in-depth interviews with 16 residential customers who provided feedback on multiple TOU and general bill design samples. Customers who participated in the in-depth interviews represented a cross-section of ages, income, and CARE status. Second, SCE refined the bill designs and used quantitative research with over 1,100 residential customers to confirm that customers found the new designs to be an improvement over the existing format. Customers favored the general format changes since key information such as amount due and due date were easier to find. The new TOU bill designs were preferred by customers compared to the current TOU bill design because these new designs provided more useful information on TOU rates and helped customers to better understand how usage can impact their bill and how shifting usage can help them lower their bills.

Based upon the research findings, SCE proposes a table to address customers' desires for an easy reminder of the TOU price periods. The TOU price period chart lists the time periods associated with on- and off-peak usage on weekends and weekdays. Additionally, SCE is adding a horizontal bar graph to visibly show the link between the usage periods, price and cost. The changes, subject to approval, are targeted to launch in Q1 2018 to align with the launch of the default TOU Pilot.

## V. TOU PILOTS

### A. Opt-in TOU Pilot

As of October 3, 2017, 15,767 customers remain on the pilot. Of the 5,767 customers who are no longer on the pilot, 772 are due to opt-outs, 2,411 are due to account closures and the remaining 2,584 accounts are mostly due to customers signing up for an ineligible rate or program (i.e., net energy metering, medical baseline, TOU rate, etc.) that is not supported by the pilot. The table below provides an update on the 15,767 customers that remain on the pilot by rate assignment and segment.

**TOU Opt-In Pilot Participants as of October 3, 2017**

Segment Description	Rate 1	Rate 2	Rate 3	Rate 4	Total
Hot Climate Zones, Non-CARE Customers	476		390		866
Hot Climate Zones, CARE Customers	513		361		874
Hot Climate Zones, General		1,514		1,573	3,087
Hot Climate Zones, Seniors below FPL		272		286	558
Hot Climate Zones, Seniors above FPL		274		290	564
Hot Climate Zones, Non-Senior CARE Customers below FPL		110		120	230
Hot Climate Zones, Non-Senior CARE Customers above FPL		171		182	353
Moderate Climate Zones, Non-CARE Customers	541	524	468	548	2,081
Moderate Climate Zones, CARE Customers	535	531	433	557	2,056
Cool Climate Zones, Non-CARE Customers	621	627	488	604	2,340
Cool Climate Zones, CARE Customers	586	587	474	589	2,236
Technology	261			261	522
<b>Total</b>	<b>3,533</b>	<b>4,610</b>	<b>2,614</b>	<b>5,010</b>	<b>15,767</b>

#### a. Marketing, Education and Outreach (ME&O)

SCE has been conducting ongoing education and outreach in an effort to increase customers' awareness of TOU periods and how to take advantage of their TOU rate while continuing on the pilot. The table below provides a high level overview of the ME&O activities completed/planned for SCE's TOU opt-in pilot in 2017.

ACTIVITY	2017											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Pre-Test Recruitment												
Confirmation Postcard												
Full Recruitment												
Welcome Kit												
<b>Pilot Rate Begins</b>												
Decline Letter												
Ineligible Letter												
Rate 3 Education/Monthly Bill												
Seasonal Newsletters												
Summer Postcards												
Social Media Event												
Text Messages												
Surveys												
End of Bill Protection Letter												
Bill Protection Delay Postcard												
12-Month Cost Analysis Letter												
Thank You/Conclusion Letter												

**b. Seasonal Outreach**

Seasonal outreach has completed for this pilot. For participating customers, a text message was sent on October 2, 2017 reminding customers they are now on winter pricing.

**c. Text Messages**

Opt-in pilot participants in the “enhanced” ME&O customer group who opted in for text messages continued to receive TOU Pilot text messages the second and fourth week of each month. The text messages included reminders about how TOU works, which season currently applies for their rate, and additional tips. SCE has sent 26 text messages to date to select pilot participants who have opted to receive text messages. 101 customers or 3.8% of customers have opted out of the text message pilot and customer feedback has been minimal.

**d. Notice of Ineligibility Letters**

In the months of July, August, and September 2017, a total of 833 ineligible letters were sent to pilot participants. The letters continue to go out monthly.

**e. Provision of Bill Protection and “True-Up” Letter**

Due to unforeseen errors in the calculation of the tiered rate costs, there was a delay with the bill protection calculations and true-up letters, and some customers received incorrect bill protection amounts. Approximately 9,400 customers were mailed their true-up letters the week of October 9<sup>th</sup>, and SCE is currently working to quantify the volume of those that received an incorrect amount. SCE is working to identify the source of the error and has sent out a notification to customers informing them of the issue. The remaining customers are anticipated to receive their bill protection amounts and true-up letters by the close of the pilot.

#### **f. “End of Pilot” Letter**

In lieu of a winter newsletter, SCE is planning on sending a letter to inform customers that the opt-in pilot is ending. The letter will thank customers for their participation and inform them that they will be transitioned back to their otherwise applicable tariff (OAT) on their December 2017 read date. The letter is currently scheduled to mail in November 2017.

#### **g. Pilot Research**

The draft of the Second Interim report was released on Oct 11. In it, IOUs and the Energy Division were able to view preliminary findings from the opt-in pilot study for customers on the OAT and TOU rates. Findings that there were peak load impacts overall, for all three TOU rates (ranging from 1.4% - 3.2%). Absolute peak impacts ranged between 0.01 KW to 0.03KW for customers on TOU rates in comparison to those on the OAT. Average winter bill impacts for customers on TOU were lower for Rates 1 and 2 than for those on the OAT. With regards to economic index findings, the report showed that there were no significant differences between TOU and control customers on all three rates. Similarly, health index findings were similar between TOU and control customers with no significant differences were reported. The final Second Interim Report is expected to be released on Nov 1, 2017.

### **B. TOU Default Pilot**

Preparation is underway for the launch of the TOU Default Pilot which is scheduled for March 2018. Areas of preparation include training, system testing, market research, and operational readiness. As ordered by Resolution 4847-E, SCE will be filing a final ME&O testing plan concurrent with this filing, but will include ME&O collateral through the PRRR reports on an ongoing basis.

**a. System Testing:** SCE is currently undergoing IT system testing of their two new rates (TOU-D-4-9PM and TOU-D-5-8PM), automation of bill protection calculation and application, account pilot profiles and billing. User acceptance testing is scheduled to begin in mid-October 2017 ahead of the 90 day pre-default communications that are expected to go out starting in early December 2017.

**b. Training:** Development of training materials for the call center and billing service team is currently being finalized. The first phase of the pilot training will cover the pre-default communications including information on bill protection and the different options that will be made available to customers prior to being defaulted. This first phase of training is expected to start on October 16, 2017. A second phase of training will then be provided in January/February 2018 which will take a deeper dive into bill protection, the default process and what customers can expect post-default.

**c. Market Research:** In late July 2017, SCE conducted nine mini-focus groups with lower-income customers, higher-income customers, and seniors to help inform the pre-default communications that would be sent TOU Default Pilot customers. More specifically, the qualitative research focused on the following research objectives:

- Determining the appropriate “WHY this is happening” to be communicated to customers;
- Determining the most effective content and format for the various stages of communication (what to say at 90 days, 60 days, and 30 days before Pilot launch);
- Determining the proper tone to be used in the communications;
- Gaining an understanding of what type of information customers want to see in “after care” (post-Pilot launch) communications;
- Determining if having a business reply card is necessary (or whether other channels are sufficient for “opting out”); and
- Synthesizing findings into a cohesive strategic and message platform to inform customers of the change to their rate.

Learnings from the qualitative research were then used to draft pre-default communications that were tested in a web-based quantitative survey in September 2017. The purpose of the quantitative survey was to gain further insights from customers in order to finalize pre-Default Pilot communications. Some of those research questions that were addressed included:

- Likes and dislikes of the pre-Default Pilot communications – different versions of a 90-day postcard and a 60-day letter;
- Emotions triggered by the postcard / letter;
- Problem areas: confusion, incomplete information;
- Communication of key ideas: e.g., TOU would work for the household, the customer believes they could save money with TOU, etc.;
- Likely actions: try TOU or opt out, contact SCE for more information, etc.; and
- Demographic differences based on respondent age, income, geography, and others.

Results from the quantitative research, which will be made available mid-October 2017, will be analyzed and incorporated into the final pre-default communications.

Other areas of ongoing preparation for the launch of the TOU Default Pilot include finalizing pre-default communications, developing a dedicated pilot website, finalizing opt-out and rate change channels, and ensuring that the customer experience is optimized for TOU default.

**d. Communication Collateral:** In Appendix A, SCE is including *drafts* of its 90-day communications, which are scheduled to be sent in mid-December 2017. SCE will include other drafts and finalized materials in future reports.

### **C. New Customer Engagement**

Per the July 2016 ALJ Ruling, SCE was ordered to provide a plan on how SCE would engage new customers regarding rate choices at time of turn-on or transfer. SCE launched a two month pilot on October 4, 2017 to begin testing conversations, customer and operational impacts. The target is to contact 2500 customers turning-on or transferring service. Two scripts were tested. The first script provided a call to action to go online to learn more about TOU rates, and the second script asked customers if they were interested in learning about TOU rates. If so, customers were engaged in a discussion to help determine which TOU rate option might be a better rate for them. Calls are being evaluated to determine customer reaction to the conversation, as well as operational impacts (average handle time) and optimal messaging/scripting. Results will be shared in the next PRRR report.

In addition, SCE is targeting engaging approximately 4000 customers in TOU discussions who call with billing inquiries. The customer and operational impacts of these calls will also be compared against turn-on calls.

As another parallel effort, SCE has provided mid-queue messaging through the Integrated Voice Response (IVR) to mention there are rate options and to visit [www.sce.com/rates](http://www.sce.com/rates). For the online experience, SCE has added a link to the rate options page on the confirmation page of when a customer requests turn-on/transfers through the website. The link to the rate options page was launched at the end of July 2017 and has received 500 web hits as reported for the end of September 2017. SCE anticipates reporting on the results of these customer engagement efforts in its next PRRR.

### **VI. TEXT ALERT TRIAL**

In further preparation for the launch of the default pilot, SCE has continued research on more impactful communications to customers including text message alerts and reminders to customers new to a TOU rate. The trial was conducted in two phases, with the first including a direct solicitation to customers who opted in to TOU-D-A or B in Q1 2017. Customers were offered the option to enroll in a Text Alert trial to help them adjust to their new TOU rates. In this phase, customers were either sent a daily text message at the beginning of their on-peak (2pm) or at the beginning of their off-peak (8pm) for two months. A survey was sent to customers by email or text who stayed on for the entire trial in early July 2017. Based on the survey results, customer response to the text alert trial has been largely positive. Approximately 85% of customers responded that the text alerts were somewhat or very helpful, and 70% said that they changed the way they used electricity based on receiving the text alerts. A survey to customers who opted-out of the trial showed that about half of the opt-out customers found the alerts to be helpful. The survey found that the main reason for opting out of the alerts was that customers felt they already knew the peak periods, and the alerts were no longer needed/useful.

The second phase of the text alert trial included solicitation into the trial with the spring “Test and Learn” Rate Comparison mailers. Customers were offered the option to sign up with the trial along with confirming the rate change. From this mailing, there were 336 customers who started receiving the alerts June 1, 2017. All customers in this phase received the text message at the beginning of the off-peak period. The trial concluded at the end of July 2017, and surveys were sent to those participants. Results were in line with those of the first phase, with 95% saying the alerts were somewhat or very helpful, and 78% said that they changed the way they used electricity based on receiving the text alerts.

There was a final group of approximately 100 customers who requested the alerts but were not on the TOU rate as of the launch of the second phase of alerts on June 1, 2017. Those customers started receiving the alerts on July 20, 2017, with their trial completing at the end of August 2017. All customers in this phase received the text message at the beginning of the on-peak period.

As a result of the positive feedback from the first two phases of the test, SCE intends to include these text alerts as part of the default TOU pilot. SCE intends to include additional details of the plan in its November 1, 2017 ME&O Testing Plan, advice letter filing, as required by Resolution E-4847.

## **VII. ONLINE APPLIANCE SHIFTER TOOL**

As a result of customer feedback, customers mentioned that they would be interested in understanding how much money they can save by shifting the usage of their appliances to off peak and super off peak hours. SCE has created wireframes for an online tool and will be testing these with customers in Q4 2017. The page allows customers to select an appliance and a TOU rate, and it allows customers to see how much money can be saved by shifting to off peak and super off peak hours. The page is set to launch in time for the default TOU pilot.

## **VIII. APPLICATION FOR TRANSITION OF CUSTOMERS TO DEFAULT TOU**

SCE received Decision 17-08-024 on August 24, dismissing our application, and reaffirming the order to file our Default TOU plan via the 1/1/18 Rate Design Window application. SCE anticipates making this filing in mid to late December.

## **IX. CURRENT OPT-IN RESIDENTIAL TIME-OF-USE RATE ENROLLMENTS**

As of September 30, 2017, SCE has approximately 46,125 residential customers enrolled on optional, non-pilot, TOU rate plans. As shown in the tables below, enrollment has generally increased since 2016.

### 2017 Opt-In Residential TOU Enrollments

TOU Rate Option	Number of Customer 2017 - Q1	Number of Customers 2017 - Q2	Number of Customers 2017 - Q3
TOU-D Option-A	9,046	9,643	10,579
TOU-D Option-B	16,957	18,630	20,312
TOU-D-T	14,520	14,206	14,391
TOU-EV-1	749	810	843
<b>Total</b>	<b>41,272</b>	<b>43,289</b>	<b>46,125</b>

### 2016 Opt-In Residential TOU Enrollments

TOU Rate Option	Number of Customers 2016 - Q1	Number of Customers 2016 - Q2	Number of Customers 2016 - Q3	Number of Customers 2016 - Q4
TOU-D Option-A	6,247	6,798	7,087	7,334
TOU-D Option-B	8,657	9,672	10,306	10,914
TOU-D-T	15,696	14,909	14,675	14,586
TOU-EV-1	785	789	782	771
<b>Total</b>	<b>31,385</b>	<b>32,168</b>	<b>32,850</b>	<b>33,605</b>

## X. MEDICAL BASELINE

SCE continues to explore and develop other outreach tactics to enhance customer awareness of its MBL program and other Section 745(c)(1) exemptions from default TOU. These tactics will be incorporated into SCE's pre-default TOU pilot communications, which are targeted to begin in December 2017 and continue through February 2018.

SCE's Mobile Energy Unit (MEU), continues to attend various scheduled events which are customer facing and provides customers with current literature and educational information on SCE programs, such as Medical Baseline, CARE/FERA and Low Income Energy Efficiency programs. SCE's MEU in partnership with its trained third party vendors attend major events throughout its service territory promoting both residential and non-residential programs.

As of September 30, 2017, SCE has approximately 90,813 residential customers enrolled in its MBL program, as shown in the table below.

### 2017 MBL Enrollments

MBL Customer Class	Number of Customer 2017 - Q1	Number of Customers 2017 - Q2	Number of Customers 2017 -Q3
Critical Care	16,069	16,043	16,434
Non-Critical	73,410	73,269	74,379
<b>Total</b>	89,479	89,312	90,813

## XI. BUDGET UPDATE

### A. Residential Implementation Memorandum Account (RRIMA) Summary

Pursuant to Ordering Paragraph (OP) 12 of D.15-07-001, SCE filed Advice 3251-E on July 29, 2015 establishing the Residential Rate Implementation Memorandum Account (RRIMA), Preliminary Statement Part N.61.<sup>1</sup> The RRIMA allows SCE to track its verifiable incremental costs associated with: (i) TOU pilots, (ii) TOU studies, including hiring of a consultant or consultants to assist in developing study parameters, (iii) ME&O costs associated with the rate changes approved in the Decision, and (iv) other reasonable expenditures as required to implement D.15-07-001. In Advice Letter 3335-E-A filed on March 17, 2016, SCE modified the RRIMA to also include bill protection credits if bill protection is offered. On May 11, 2017, the Commission issued Resolution E-4847, authorizing SCE to remove the recording of bill protection credits in RRIMA and record the bill protection credits in the Base Revenue Requirement Balancing Account (BRRBA).<sup>2</sup>

SCE has established guidelines to ensure that only appropriate incremental costs are charged to the RRIMA. As part of these guidelines, incremental costs are defined for labor and non-labor expenses, and capital expenditures, therefore providing clarity on what costs can appropriately be charged to this account and avoiding the possibility of double recovery of costs.

All costs that are tracked in the RRIMA are verified and confirmed under the RRIMA charging guidelines. There are certain costs that are incurred to support Residential Rate Reform that are not deemed incremental and therefore are not tracked in the RRIMA. Examples of such costs include, but are not limited to, General Rate Case (GRC)-funded labor hours of an employee working on Residential Rate Reform related activities, or pre-approved Residential Rate GRC funds set aside for marketing or other non-labor related activities. SCE has taken the initiative to proactively identify

<sup>1</sup> Advice Letter 3251-E was approved by letter dated September 15, 2015 from the Director of the Energy Division, effective July 29, 2015.

<sup>2</sup> Advice Letter 3335-E-A was approved by letter dated March 30, 2016 from the Director of the Energy Division, effective February 29, 2016.

and exclude these costs from our 2016-2017 RROIR budget forecast, and therefore these costs will not be tracked in the RRIMA.

Starting in Q1 2017, SCE has refined its RRIMA reporting to better align with the other IOUs. SCE is tracking all recorded costs in three categories, TOU Opt-In Pilot, TOU Default Pilot, and Non-TOU Pilot, with sub-categories in each (i.e., ME&O, Consultant, etc.). Below is the summary table of RRIMA operating expenses from October 2015 through September 2017.<sup>3</sup>

RRIMA		2015 Oct - Dec	2016 Total	2017 Q1	2017 Q2	2017 Q3	2015-2017 TOTAL
TOU Opt-In Pilot	ME&O	\$ 49,604	\$ 746,033	\$ 285	\$ 15,924	\$ 81,101	\$ 892,947
	IT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Consultant	\$ 175,382	\$ 426,320	\$ 46,843	\$ 63,246	\$ 264,691	\$ 976,483
	Operations	\$ -	\$ 104,312	\$ -	\$ 86,892	\$ 46,072	\$ 237,277
	Incentives	\$ -	\$ 2,888,550	\$ 23,600	\$ -	\$ 700,600	\$ 3,612,750
	Other	\$ 24,595	\$ 263,613	\$ -	\$ -	\$ 17,229	\$ 305,437
TOU Default Pilot	ME&O	\$ -	\$ -	\$ 7,596	\$ 54,718	\$ 87,394	\$ 149,708
	IT	\$ -	\$ -	\$ 7,568	\$ 295,367	\$ 660,344	\$ 963,279
	Consultant	\$ -	\$ -	\$ 117,734	\$ 82,452	\$ 62,026	\$ 262,212
	Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Other	\$ -	\$ -	\$ 31,083	\$ 142,048	\$ 66,807	\$ 239,939
	TOU Default Full Roll Out	ME&O	\$ -	\$ -	\$ -	\$ -	\$ 92,599
IT		\$ -	\$ -	\$ -	\$ -	\$ 23,059	\$ 23,059
Consultant		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other		\$ -	\$ -	\$ -	\$ -	\$ 17,530	\$ 17,530
Non-TOU Pilot (Rate Communications)		ME&O	\$ -	\$ 4,821,744	\$ 63,345	\$ 313,304	\$ 2,268,616
	IT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Consultant	\$ -	\$ 397,043	\$ (10,627)	\$ -	\$ -	\$ 386,416
	Operations	\$ -	\$ 39,076	\$ 29,959	\$ 7,836	\$ 7,941	\$ 84,811
	Other	\$ -	\$ 415,237	\$ 147,195	\$ 54,885	\$ 29,756	\$ 647,074
<b>Total Operating Expenses</b>		\$ 249,581	\$10,101,928	\$ 464,581	\$ 1,116,673	\$ 4,425,765	\$ 16,358,528
<b>Bill Protection (BRRBA)*</b>		\$ -	\$ -	\$ 21,027	\$ 58,313	\$ 7,687	\$ 79,340
<b>Total RRIMA 2015-2017</b>		\$ 249,581	\$10,101,928	\$ 485,608	\$ 1,174,985	\$ 4,433,452	\$ 16,445,555

\* Per AL 3607-E, with an effective date of May 11, all BP credits will be captured in BRRBA.

While not noted in the above table, SCE has incurred capital-related expenses to support the residential rate reform decision. This work included system changes to modify SCE's tier structure, including the development of the HUC, the building of new rates for TOU Pilots, and the development of the short-term Online Bill Comparison Tool. While no new capital charges have been recorded this quarter, SCE is in the process of transferring some of the Q3 IT costs to capital. This change will be reflective in the table in the next quarterly report and SCE will continue to track and record all capital related costs in the RRIMA when appropriate. Currently, SCE has incurred and recorded \$2,189,619 in capital-related expenses through September 30, 2017.

<sup>3</sup> Summary table includes costs recorded in the RRIMA as of September 30, 2017. SCE may have incurred other costs during this time, which have not yet been recorded due to processing delays, and those costs will appear in the next reporting period.

## B. Marketing, Education & Outreach (ME&O) Budget Summary

The following table provides a revised budget estimate for SCE's RROIR ME&O activities in 2017-2022. The final budget may vary based on a variety of factors such as the final rate design and lessons learned from the TOU pilots. SCE has updated these forecasts to recognize the Commission's dismissal of its original Default TOU Application that was filed in April 2017. Based on that change, SCE has revised ME&O costs through 2022.

As requested by ORA in response to SCE's Advice Letter 3500-E, SCE will update the below table with the recorded ME&O expenditures each quarter. Through September 30, 2017, SCE has recorded approximately \$2,840,459 in ME&O costs.

SCE's RROIR ME&O Budget Estimates for years 2017 - 2022									
Tactic	2017 Budget	2017 Budget Q1 Actuals	2017 Budget Q2 Actuals	2017 Budget Q3 Actuals	2018 Budget	2019 Budget	2020 Budget	2021 Budget	2022 Budget
TOU Marketing & Education (Mass Media)	\$6,225,899	(\$16,591)	\$81,147	\$1,886,034	\$11,451,798	\$4,250,000	\$76,322,303	\$12,128,000	\$3,000,000
Bill Comparisons	\$1,500,000	\$13,642	\$183,037	\$102,160	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000
Default TOU Pilot	\$213,592	\$6,118	\$54,718	\$87,394	\$2,625,513	\$213,675	\$0	\$0	\$0
Default TOU	\$25,000	\$0	\$0	\$92,599	\$40,000	\$540,000	\$10,647,990	\$12,046,542	\$2,172,303
Web Development (Inclusive of all activities)	\$82,800	\$20,580	\$188	\$7,914	\$50,000	\$75,000	\$85,000	\$85,000	\$85,000
Contact Center	\$123,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Customer Research	\$250,000	\$18,518	\$46,520	\$56,882	\$250,000	\$250,000	\$300,000	\$300,000	\$300,000
Outreach (CBO's, Public Relations, Employees)	\$50,000	\$0	\$0	\$0	\$75,000	\$200,000	\$200,000	\$200,000	\$200,000
Marketing Automation	\$0	\$0	\$0	\$0	\$0	\$0	\$268,000	\$186,625	\$55,000
High Usage Charge	\$770,000	\$4,944	\$9,684	\$184,971	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
<b>Total</b>	<b>\$9,240,291</b>	<b>\$47,211</b>	<b>\$375,295</b>	<b>\$2,417,953</b>	<b>\$17,842,311</b>	<b>\$8,878,675</b>	<b>\$91,173,293</b>	<b>\$28,296,167</b>	<b>\$9,162,303</b>

ME&O expenditures for 2015 and 2016 are captured and reported out in the memorandum account table included in Section A. above.

## XII. CONCLUSION

SCE and the other IOUs continue to collaborate with both the TOU Pilot and ME&O Working Groups along with the consultants and look forward to continuing to work towards the successful launch and implementation of the default TOU Pilot and the Rate Design Window proposals that will assist in the success of the default TOU implementation.

**Appendix A**



Quigley-Simpson

**SCE: RESIDENTIAL TOU DEFAULT**

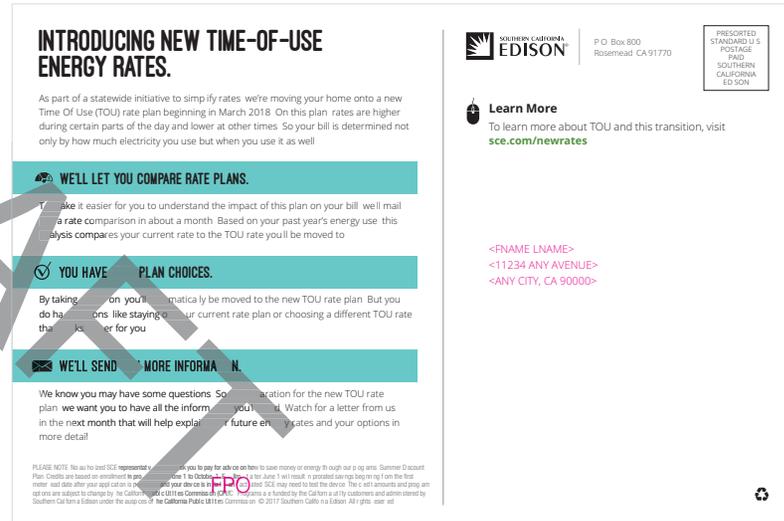
10.17.2017

# RESIDENTIAL TOU DEFAULT

Postcard (90 Days Prior)



FRONT



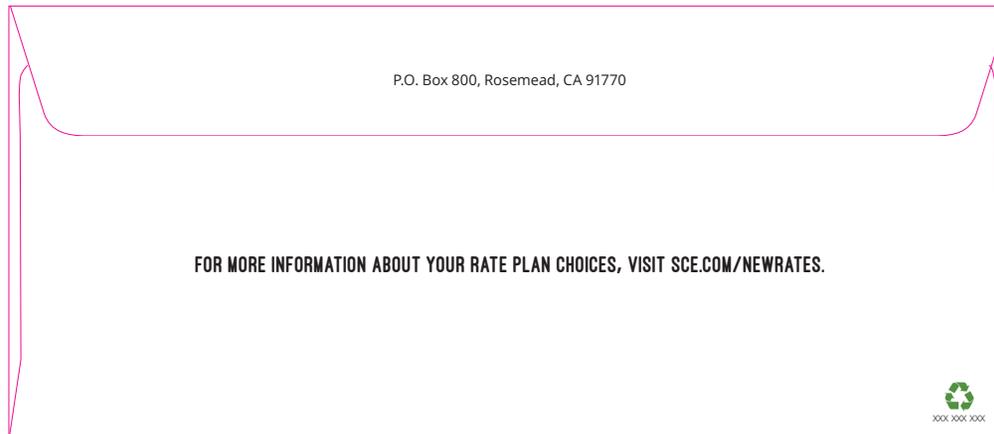
BACK

# RESIDENTIAL TOU DEFAULT

Outer Envelope—#10 (60 Days Prior)



FRONT



BACK