

PG&E's Progress on Residential Rate Reform

Q4 2016 Update

March 7, 2017



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Highlights of Q4 Activities

- High Usage Surcharge
- Rate Comparison Test-and-Learn
- Enhancements to Online Customer Experience (“Your Account”)
- Marketing, Education, and Outreach Efforts
- Opt-In TOU Pilot
- Default TOU Pilot
- Appendix
 - Residential Rate Reform Expenditures
 - Opt-In TOU Rates
 - Opt-In TOU Pilot Data

High Usage Surcharge



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High Usage Surcharge Outreach



Objective	<ul style="list-style-type: none"> • Drive awareness of surcharge • Educate customers on ways to save • Provide ample time for customers to take action • Encourage sign-up to High Usage Alerts
Target Audience	<ul style="list-style-type: none"> • ~250,000 customers (group 1)
Timing	<ul style="list-style-type: none"> • December 2016
Tactics	<ul style="list-style-type: none"> • Direct mail • Email • Dedicated page on pge.com
Key Results	<ul style="list-style-type: none"> • ~5,000 website visits • 4,500 calls for more information • 20 customers mailed letters

High Usage Alert



Based on current energy usage this month, you might incur the surcharge for High Usage. PG&E can help. Learn more at pge.com/highusage.



- Provides advance warning to give opportunity to act
- Alerts customers when their usage is forecast to exceed 400% of baseline
- December 31, 2016: 3,000 customer sign ups

Rate Comparison Test-and-Learn



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Rate Comparison Test-and-Learn



ON-BILL (PAPER) (Week of October 10)	EMAIL 1 (November 3)	EMAIL 2 (December 14)	TOTAL
69,248	35,693	46,750	151,691
439	450	558	1,448
723			

Objectives:

- Increase awareness of rate choices, rate comparisons, TOU rates, and potential savings on different rate options
- Generate learnings on messaging and operations in preparation of 2017 deployment



Rate Comparison Test-and-Learn – Emails

Email 1



You could be saving on a different rate plan.

Did you know you can choose your PG&E rate plan? We've done a personalized rate analysis of your energy usage over the last year and found that a new rate plan could help you save energy and money.



Currently, you're on a **Tiered rate plan**, which means that as you use more electricity during your monthly bill period, you move to the next, higher-priced tier. **Time-of-Use** rates charge you based on *when* you use energy as well as *how much* you use. Switching to a **Time-of-Use** rate plan gives you more control over your energy statement by charging you less when demand for electricity is generally lower and the cost of energy is cheaper.

If you can be flexible with the way you use energy, a **Time-of-Use** rate plan may help you to save money.

Compare your rate plan options in just a few clicks. See which rate plan is right for you by looking at your options side-by-side.

[Compare Your Options](#)

We're here to help. We offer a number of free [tips and programs](#) to help you reduce your energy use at no cost.

For help understanding your rate plan options or choosing a plan, visit pge.com/findmyrate, or call 1-866-936-4743.

Email 1

- Provided link to comparative annual bill impacts
- Some presented with comparative savings

Email 2

- Provided annual comparative financial impacts

Both

- Segmented by financial performance on a TOU rate
- Segmented into three types of messaging
- Provided information about various rate plans

Email 2



You could save money on a different rate plan.

Did you know you can choose your PG&E rate plan? We've done a personalized rate analysis of your energy usage over the last year and found that you could save \$<A_AMOUNT_SAVED> per year if you switched from your Tiered rate plan to a **Time-of-Use** rate plan.*

Your Personalized Rate Comparison



Time-of-Use rate plans charge you based on *when* you use energy as well as *how much* you use. By shifting some of your energy use to the lower-cost times of day, you can save even more money.

Analyze your rate plan options in just a few clicks. Learn more about each rate plan to find out which one is right for you.

[Analyze Your Options](#)

We're here to help. We offer a number of free [tips and programs](#) to help you reduce your energy use at no cost.

For help understanding your rate plan options or choosing a plan, visit pge.com/findmyrate, or call 1-866-936-4743.

* These savings are based on your energy use over the past year, using today's prices. Cost comparison information is provided for illustrative purposes only and does not constitute a representation or recommendation by PG&E as to what rate is best for you. PG&E cannot guarantee the accuracy, completeness or usefulness of the estimated cost savings information. PG&E expressly disclaims any and all liability for any damages of any nature (including direct, indirect, incidental and consequential) arising in connection with the use of the estimated cost savings information.



Rate Comparison Test-and-Learn Results

Communications recipients performed significantly higher than controls in these areas....

Paper bill

eBill

Awareness

Rate plans are available that could help you **save money**



A **choice of rate plans** is available...



New Time-of-Use rate plans are available...



A personalized **rate plan comparison** is available...



Heard of Time-of-Use rate plan



Recall receiving rate plan comparison



How to **manage your electric bill** using rate plan currently on



How your bill is or would be **impacted by a Time-of-Use** rate plan



Which of PG&E's rate plans would be **best for your household**



Understanding

Communications succeeded in informing and educating residential customers

Enhancements to Online Customer Experience “Your Account”



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Q4 Enhancements to Your Account

- Redesigned landing page with improved navigation
- Redesigned Home Energy Analysis - displays monthly energy statement by cost drivers (e.g., appliances, heating, cooling, and lighting)
- Reorganized “Tips and Savings” to provide more relevant tips



Q4 Enhancements to Your Account

Your Account

Last Payment 1/23 *Thank You* \$93.73

⚠ Previous Balance due now \$52.26

⊕ Bill Charges due 2/22 \$52.26
View Current Bill (PDF) >

Total Balance
\$52.26

Need more time to pay?
Enroll in a Payment Arrangement >

MAKE A PAYMENT

Go Paperless
It's fast, easy and secure. [Terms of Use >](#)

PAYMENT OPTIONS
Set up or edit payments.
Get financial assistance.

BILL & PAYMENT HISTORY
View your past bills and payments.

SERVICE REQUESTS
Moving or need pilot light service?

Usage, Rates & Savings

📌 Set your [Bill Forecast Alert](#)

ENERGY USAGE DETAILS >
See usage & costs over time.

COMPARE BILLS >
See why your bills differ.

HOME ENERGY CHECKUP >
Learn how you use energy.

WAYS TO SAVE >
See how to lower your bill.

YOUR RATE PLAN
Time of Day Low Usage (ETOUA)
with SmartRate

COMPARE RATE PLANS

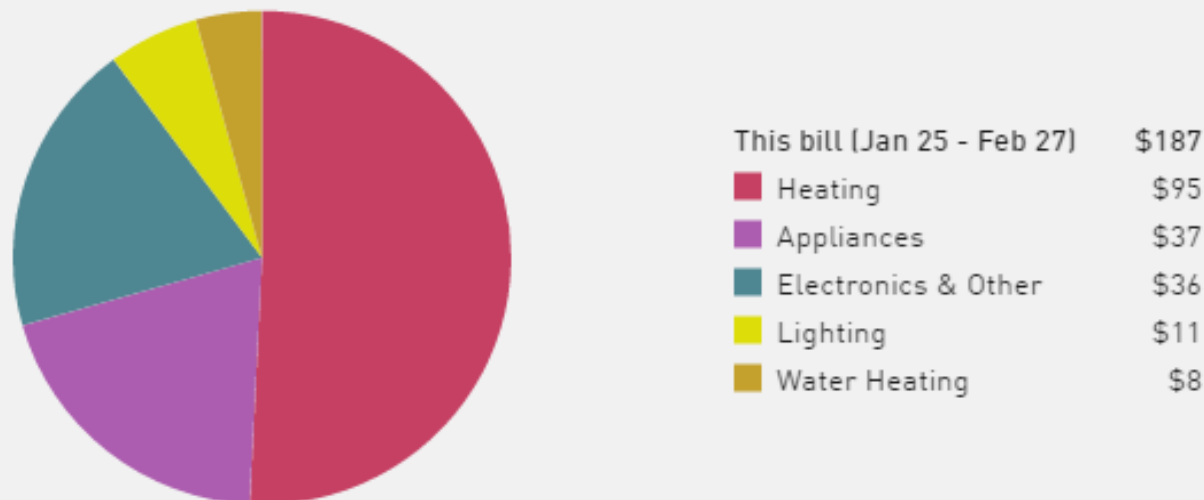
[Change your Rate Plan](#)

Get rebates and see efficiency ratings
Compare appliances and electronics at [PG&E Marketplace](#) and get rebates at [eRebates.](#)

Redesigned landing page with clearly labeled energy management tools

Home Energy Analysis

THIS BILL ANNUAL



Cost estimates are based on your past energy use, weather patterns, and information you provided about [your home](#).
 Charges and credits applied at the account level are excluded. Minimum bill charges may impact accuracy of estimates.

Home Energy Analysis: displays energy statement by cost drivers

Tips to save in hot summer months

36 tips



[LEARN MORE](#)

Top tips for homes like yours

104 tips

Ways to save—at no cost to you

35 tips

Smart ways to save on hot water

11 tips

Improve the lighting in your home

10 tips

Maximize the efficiency of your appliances

18 tips

Tips to save during cold winter months

21 tips

[SHOW ALL](#)

Tips organized by customer need



Q1 2017 Enhancements to Your Account

- Electric Rate Plan comparison improvements
 - Enhanced rate comparisons, including NEM, Solar Choice, and SmartRate
 - New monthly side-by-side cost comparisons
- Rate analysis simulator
- Enhanced presentment of gas and electricity costs and usage
- Web design and navigation improvements

Marketing, Education, and Outreach Efforts



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2017-2019 Proposed ME&O Plan

2017

- **Test-and-learn:** Determine the most effective ways to engage with customers and test TOU acquisition

2018

- **Optimize and scale outreach:** Drive deeper engagement with rate options, tools, tips and programs to help customers prepare for default TOU

2019

- **Default TOU Communications:** Continue driving engagement with energy management tools and begin targeted communications

Objective: Generate awareness and understanding among customers regarding their plan options, choosing the right plan for them, and what they can do to better manage their energy use & bill.



Proposed ME&O Metrics

Metrics	
1	Customers are aware there are rate plans that may help them mitigate energy expenditures.
2	Customers know where to go to get more information about how to manage their energy use.
3	Customers understand how energy use can impact bills.
4	Customers understand the benefits of lowering their energy use.
5	Customers are aware of the rebates, Energy Efficiency (EE) programs, and tips offered by their utility that can help them manage their energy bill.
6	Customers feel they were provided useful information that explains their bills.
7	Customers are aware of TOU. (Already in survey)
8	Customers are aware of rate choices. (Already in survey)
9	Customer have an optimal experience. (New)

Proposed by PG&E to track awareness of TOU, rate options, and customer experience

ME&O Tracking Surveys

- Baseline survey completed March 2016
- “Proxy” results completed November 2016 via Rate Comparison Survey



Umbrella Campaign

Summer 2016 campaign example

New messages tested in Q4



- “Energy is personal “– rate plan options to suit individual needs
- “Leading the way” – how rate options supports a cleaner, healthier environment

Objective	Experimental campaign to drive awareness of rate reform and electric rate plan options
Target Audience	<ul style="list-style-type: none"> • Residential customers
Timing	<ul style="list-style-type: none"> • Launched in summer 2016 - campaign ran for a total of three weeks, from August 8, 2016 through September 1, 2016
Tactics	<ul style="list-style-type: none"> • Radio (in-language for Spanish), Print (in-language for Chinese and Spanish), Digital/Search, Social Media
Key Campaign Learnings	<ul style="list-style-type: none"> • Customers interpreted “rate changes” as equating to rate or price increases • PG&E received negative customer postings on social media (159 negative comments [3%] of 4,868 comments) • Customer written responses reinforced the negative feedback in social media channels, specifically, that the customer interpreted “rate changes” messaging as equating to rate or price increases.
Q4 Actions	<ul style="list-style-type: none"> • Tested new creative in customer voice panel research, results pending analysis.



Winter Cold Campaign

Objective	Provide customers likely to see a winter bill increase with tips and tools
Target Audience	<ul style="list-style-type: none"> General population: 996,000 customers Low income: 459,000 customers
Timing	<ul style="list-style-type: none"> December 2016 – February 2017
Tactics	<ul style="list-style-type: none"> Email, Direct mail, Digital and search, IVR, pge.com (in-language pages) Radio ads (in-language on select stations) Print ads (in-language on select newspapers)
Key Results	<ul style="list-style-type: none"> Outreach focused on winter savings tips, but customers reacted mainly to receiving higher-than-expected bills

Sample letter and winter savings brochure

PG&E Together, Building a Better California
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177-1490

<Month XX, 2016>

<First Name> <Last Name>
<Mailing Address 1>
<Mailing Address 2, if exists>
<Mailing Address City, State, Zip>
<zipcode>

Dear <First Name> <Last Name>:

Did you know that winter is a time of year when people tend to use more energy? Considering how much more time we spend inside during the winter, it's only natural that energy use tends to be higher. While you may not be able to control the changing seasons, you can take steps to manage your energy during the winter months.

PG&E has tips, tools, and basic home improvement ideas that can help you save energy and money all winter long, without sacrificing your family's comfort.

The enclosed brochure provides a number of simple ways to manage your energy as the weather cools, such as setting your thermostat to 68 degrees or lower when you're at home, health permitting. Each degree above 68 uses three to five percent more energy. You'll also find ideas for home investments that can save energy year after year, such as installing low-flow showerheads or weather-stripping your windows and doors.

Want more ways to save energy this winter? Visit pge.com/wintertoolbox.

Sincerely,
Customer Care Team
Pacific Gas and Electric Company

Winter is a great time to improve your home's energy efficiency and review your energy rate plan options. Learn how at pge.com/mywintertoolbox

Choose your best rate plan this winter. Just follow these simple steps:

1. Use pge.com/rateanalysis to log in to your online account.
2. View your rate plan options.
3. Answer a few questions to find out if you can save more.

Don't have a pge.com online account yet? Sign up using your 11-digit account number: <XXXXXXXXXX>

PG&E has effective tips, tools and ideas to help you manage your energy and get the most out of your home this winter.

Stay cozy and save energy with these simple tips for managing your energy use.

- Set your thermostat to 68 degrees or lower when you're at home, health permitting. Each degree above 68 uses three to five percent more energy.**
- Cut shower time in half to reduce water heating costs by as much as 33 percent.**
- Wash your clothes in cold water and save up to \$30 a year in water heating costs.**

Invest in these home improvements to save energy this winter, and every winter.

- Sealing and weathering air ducts can improve your heating/air conditioning system efficiency by as much as 20 percent.**
- Installing low-flow showerheads can save up to 10 percent on water heating costs.**
- Weather-stripping your windows and doors can save you up to \$50 a year in heating costs.**
- Wrapping your water heater with an insulating jacket to minimize excess heat loss can save up to 10 percent on water heating costs.**

Learn more ways you can save energy and money this winter pge.com/wintertoolbox

Savings are estimated by typical practices in the PG&E service area and your actual savings may vary. PG&E cannot guarantee the amount of energy or energy cost you save by implementing the recommended actions.



Hard-to-Reach Customers

PG&E is here to help you make smart energy choices. There are three things you can do today:

- 1 Go to pge.com and sign up for an online account.
- 2 Compare rates and explore options using our rate comparison tool at pge.com/ratechoices
- 3 Take PG&E's free home energy checkup at pge.com/homeenergycheckup to see what other programs are available to help manage energy and control cost.

You can contact PG&E customer service at 1-800-743-0514

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Hearing-impaired customers with Telecommunications Devices for the Deaf (TDDs) may call 1-800-652-4712. Para más detalles llame al 1-800-665-6799 • 聾啞專線 1-800-893-9555.

You may qualify for assistance programs to help you manage your energy costs.

California Alternate Rates for Energy (CARE): Save on your monthly PG&E energy statement if you are an income-qualified customer.

Family Electric Rate Assistance (FERA): Receive a monthly discount on your electric bills if your household has three or more persons and is income-qualified.

Energy Savings Assistance program (ESAP): Provides income-qualified renters and homeowners with free home improvements to help save energy.

Medical Baseline Allowance: If you are facing medical hardships, you may be eligible to receive additional energy at the lowest price.

Relief for Energy Assistance through Community Help (REACH): Provides emergency assistance if you are income-qualified and in jeopardy of losing your electricity services.

Learn more about these programs: pge.com/financialassistance



The way Californians are charged for energy is changing

We're here to help you make smart energy choices.

Learn more about rate changes. Visit pge.com/ratechanges

Learn more about your rate plan options. Visit pge.com/ratechoices

Tri-fold card available in multiple languages

What's changing?

The current energy rate structure was established during the 2001 energy crisis. It's outdated, complex and confusing for customers. We're here to help you make smarter energy choices and manage your energy costs.

These changes have begun to take effect and will continue over the next several years, including:

Simplifying Existing Rates.

You're most likely on a tiered rate plan where the price of energy increases as more energy is used. The number of tiers are being reduced to simplify the rate so it is easier to understand and to align them better with the actual cost of providing electricity.

Providing Choice.

In addition to the tiered rate, new time-of-use rate plans provide a choice that may better fit your energy usage, which may help you manage your costs.

Encouraging Conservation.

Starting in 2017, a new charge, to encourage energy conservation, will be applied to customers' bills whenever your energy usage is more than four times their baseline quantity.

Preparing for the Future.

In 2019, most residential customers will be transitioned to a time-of-use rate plan where the price of electricity will depend on the time of day, leading to a more reliable grid. You may opt-out at any time by choosing another rate option.

Control your energy use with easy-to-use tools

We offer a variety of programs to help you manage costs and lower your energy use.



Rate Analysis: Analyze your energy usage and find a rate plan that works best for you at pge.com/ratechoices.



Home Energy Checkup: Free, personalized energy-reducing recommendations on how to lower your energy bill. Visit pge.com/homeenergycheckup.



Energy Alerts: Have an alert sent to you when you're about to exceed your monthly pre-set bill amount so that you can shift your energy usage or conserve energy and know what to expect. Sign up at pge.com/energyalerts.



Balanced Payment Plan: Predictable monthly bill based on your average usage, so you know what to expect, from season to season. Enroll at pge.com/bpp.



SmartRate: Pay a reduced price during the summer in exchange for lowering your energy usage up to 15 days a year. Enroll at pge.com/smartrate.

Objective	Increase awareness of tips, tools and programs
Target Audience	<ul style="list-style-type: none"> • CARE-enrolled and CARE-eligible customers
Timing	<ul style="list-style-type: none"> • Throughout Q4 2016
Tactics	<ul style="list-style-type: none"> • Community based organizations held community events, community workshops, and door-to-door campaigns • Rate change customer material in six languages
October 2016 Results	<ul style="list-style-type: none"> • 251 events • 109,290 total customers touched on rate awareness, energy resources, tips, and tools



Integration Efforts

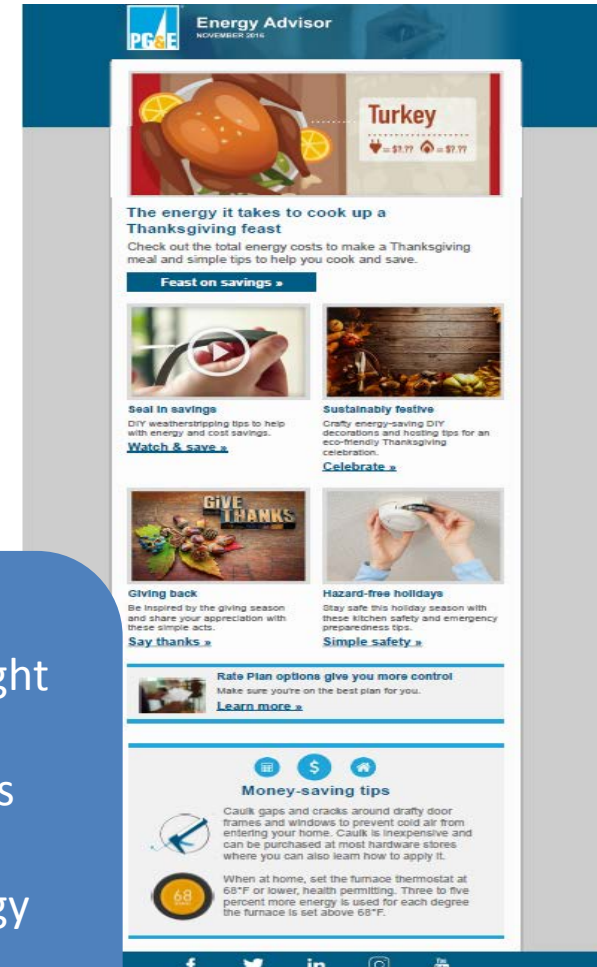
SmartRate Postcard



Solar Choice Newsletter



Residential Digital Newsletter



Sample Integrated Messages

- “Rate Plan Choices give you more control. Are you on the right rate plan based on how you use energy?”
- “The Way Californians are charged for energy is changing. As these changes continue to take effect, you may see some differences in you energy statement. By lowering your energy use on SmartDays, you can better manage your bills.”

Opt-In TOU Pilot



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Pilot Summary (as of end of December 2016)



Active Participants: 18,583

Opt-outs: 504 (2.4%)

Ineligible: 1,914 (9.1%)

Total Unenrollment: 2,418 (11.5%)

- Opt-outs continued to trend downward, greatest number was Aug 2016
- Ineligible numbers spiked in Sept – Nov 2016 because of new CCAs

Research Activities



First Interim Report (to be filed March 31) to include:

- Bill and load impacts
- Quantitative surveys



Implementation Activities

- Processed incentives for Opt-In Pilot participants
- Unenrollment processing
- Bill protection credit payments

Default TOU Pilot



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Default TOU Pilot Plan Filed in December

PG&E will stress test its systems...

- Default 250,000 customers (including MCE and SCP customers) onto a new TOU rate over a two-week period in March 2018

...to develop learnings for full default

1. Operational Readiness

- Optimize business processes, IT and billing systems, and customer service channels to support a smooth transition to default TOU

2. ME&O Optimization

- Test customer segmentation, messaging, and tactics to increase customer awareness of rate options and engagement

Appendix



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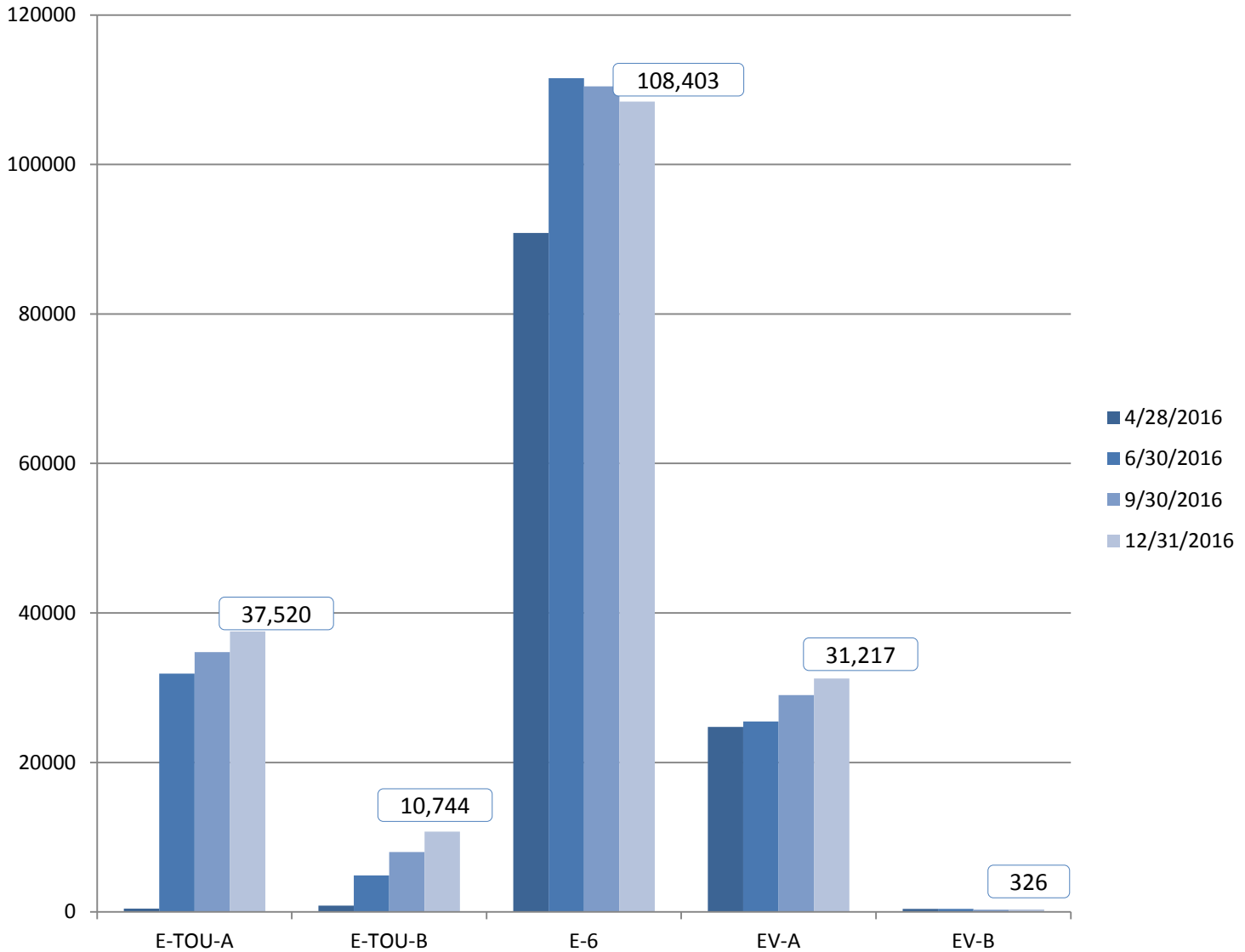


Residential Rate Reform Expenditures

		2015 (Aug-Dec)	2016 Total	2015-2016 Total
TOU Opt-in Pilot	ME&O	\$ 399,163	\$ 5,529,291	\$ 5,928,454
	IT	\$ 57,641	\$ 906,847	\$ 964,487
	Contact Center	\$ -	\$ 44,940	\$ 44,940
	Billing Ops	\$ -	\$ 53,796	\$ 53,796
	Consultant (Nexant)	\$ 209,328	\$ 834,495	\$ 1,043,823
	Opt-In Pilot Total	\$ 666,132	\$ 7,369,368	\$ 8,035,500
Non-Pilot	ME&O	\$ 114,895	\$ 7,331,782	\$ 7,446,677
	IT	\$ 901,664	\$ 2,952,073	\$ 3,853,737
	Contact Center	\$ 911	\$ 519,181	\$ 520,092
	Billing Ops	\$ -	\$ 71,701	\$ 71,701
	Consultant	\$ -	\$ 753,242	\$ 753,242
	Non-Pilot Total	\$ 1,017,470	\$ 11,627,978	\$ 12,645,448
Total 2015-2016 Expenditures (RROIR)		\$ 1,683,602	\$ 18,997,346	\$ 20,680,948



Opt-In TOU Rates



Total customers on TOU rates: 188,210



Opt-In TOU Pilot

Active Participants
(as of end of December 2016)

Climate Region	CARE/FERA	C	R1	R2	R3	Total		
		Current	Current	Current	Current	Current	Total Unenrolled	Unenrolled (%)
Hot	N	1,166	1,101	568	559	3,394	379	10.05%
	Y	729	718	596	578	2,621	403	13.33%
Hot Targeted	N	551	517			1,068	77	6.72%
	Y	1,350	1,307			2,657	264	9.04%
Mild	N	523	515	499	501	2,038	337	14.19%
	Y	574	574	574	556	2,278	375	14.13%
Cool	N	550	557	539	544	2,190	383	14.89%
	Y	586	579	583	589	2,337	200	7.88%
Grand Total		6,029	5,868	3,359	3,327	18,583	2,418	11.51%



Opt-In TOU Pilot

Unenrollment by Rate Plan (as of end of December 2016)

	C	R1	R2	R3	Total
Opt-out rate	0.40%	3.40%	3.30%	3.20%	2.40%
Ineligibility rate (including movers/stopped service and other inelligibilities)	8.60%	8.20%	9.90%	10.80%	9.10%
Total Unenrollment	9.00%	11.60%	13.20%	14.00%	11.50%

Unenrollment by Month (as of end of December 2016)

Unenrollments		May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Opt-Outs		86	52	60	131	88	46	23	18	504
Ineligible	<i>Moved/Stopped</i>	93	105	140	159	153	165	124	133	1,072
	<i>Other inelligibilities</i>	28	68	18	36	277	210	187	18	842
	Total inelligibles	121	173	158	195	430	375	311	151	1,914
Total Unenrollment		207	225	218	326	518	421	334	169	2,418