

**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.

Rulemaking 12-06-013
(Filed June 21, 2012)

**QUARTERLY REPORT ON PROGRESS OF RESIDENTIAL RATE REFORM OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)**

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Dated: May 1, 2017

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Pursuant to Ordering Paragraph 16 of Decision No. 15-07-001, Pacific Gas and Electric Company provides its seventh Quarterly Report on Progress of Residential Rate Reform (PRRR Quarterly Report) in the Residential Rates OIR (R.12-06-013). The PRRR Quarterly Report is attached to this pleading as Appendix A.

Respectfully submitted,

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APPENDIX A

PACIFIC GAS AND ELECTRIC COMPANY

QUARTERLY REPORT
ON PROGRESS OF RESIDENTIAL RATE REFORM (PRRR)
RESIDENTIAL RATES OIR (R.12-06-013)

MAY 1, 2017



PACIFIC GAS AND ELECTRIC COMPANY
 QUARTERLY REPORT
 ON PROGRESS OF RESIDENTIAL RATE REFORM (PRRR)
 RESIDENTIAL RATES OIR (R.12-06-013)

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PACIFIC GAS AND ELECTRIC COMPANY
QUARTERLY REPORT
ON PROGRESS OF RESIDENTIAL RATE REFORM (PRRR)
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**PACIFIC GAS AND ELECTRIC COMPANY
QUARTERLY REPORT
ON PROGRESS OF RESIDENTIAL RATE REFORM (PRRR)
RESIDENTIAL RATES OIR (R.12-06-013)**

I. Introduction

Pursuant to Decision (D.) 15-07-001, resolving Phase 1 of the Residential Rate Reform Order Instituting Rulemaking (RROIR Decision), Pacific Gas and Electric Company (PG&E) submits its seventh quarterly Progress on Residential Rate Reform (PRRR) report (Report), providing the California Public Utilities Commission (CPUC or Commission) and interested parties with information about PG&E's PRRR, including Time-of-Use (TOU) and other rate reform efforts. The RROIR Decision required that the primary topics of each PRRR report include:

...outreach strategies, metrics, pilot design and results, opt-in TOU results, budgets, and updates on other proceedings that will impact residential TOU rate design.

The Administrative Law Judge's (ALJ) Ruling of March 14, 2016 in this proceeding (March 14 Ruling) specified that, on a going forward basis, the Investor-Owned Utilities (IOU) should include the following additional information in all future quarterly PRRR reports:

- Statistics on the number of customers already enrolled in opt-in rates,¹ including quarter-over-quarter, and year-over-year tracking statistics;
- Status of online bill tools (including bill comparison) and rate comparison outreach and information on any groups of customers that are excluded from the rate analysis tools and the reason why;
- Sample bill presentment for a typical customer, for default and opt-in rates schedules; and
- Residential Rate Reform Memorandum Account (RRRMA) summary, including a separate list of any amounts that the utility has agreed not to include in the memo account.

¹ See Southern California Edison Company's February 1, 2016 PRRR report for an example.

Furthermore, the March 14 ruling directed the IOUs to provide additional information regarding marketing and other expenditures to implement Residential Rate Reform changes:

The utilities must provide the information necessary for the Commission and parties to understand the marketing and other expenditures made to date to implement the rate changes. As stated above, the PRRR report must reference any marketing or other expenditures that the utility has indicated to the Commission will not be included in the RRRMA. For example, PG&E indicated in its February 23, 2016 supplemental information filing that it would not include certain costs related to the Schedule E-7 tariff transition in its RRRMA. In order to make review of cost recovery applications more transparent, this list of excluded amounts should also be footnoted in any future cost recovery application. Furthermore, any such expenditures excluded from the RRRMA must be itemized and labeled consistently in the PRRR report and may not be included, embedded, or recovered in any other memorandum or balancing account in any future cost recovery proceeding.

The ALJ Ruling of July 22, 2016 provided additional guidance on the bill comparisons (also known as rate comparison mailers) required by the RROIR Decision. D.16-09-016, *Decision on the Requirements of California Public Utilities Code §745 For Default Time-of-Use Rates for Residential Customers*, confirms the guidance provided in the July 22 ALJ Ruling, including:

Each IOU should include the details of its bill comparisons in its quarterly Progress on Residential Rate Reform (PRRR) report. The PRRR report should include information such as sample bill comparisons used to communicate with customers via mail and e-mail; number of mailings sent by mail and e-mail; and impacts on customer call centers.²

The sections of the Report below provide PG&E's update, covering the period between January 1 and March 31, 2017, on the topics requested in the RROIR Decision and the directives included in the ALJ's March 14 and July 22 Rulings.

II. Marketing, Education and Outreach Efforts

A. 2017-2019 Marketing, Education, and Outreach Plan

On November 1, 2016, PG&E filed Advice Letter 4949-E, which included a three-year Residential Rate Reform Marketing, Education and Outreach (ME&O) plan proposal for ME&O efforts to be implemented in 2017 and continue through the default of customers to TOU rates in 2019. The ME&O plan is aligned with the Commission's intent for rate reform to make rates more understandable and cost-based, to encourage residential customers to shift usage to times of day that support a cleaner, more reliable grid, and to implement default TOU in a meaningful way that empowers electricity

² D.16-09-016, mimeo, p. 30.

customers. PG&E's ME&O plan is intended to increase customer awareness, understanding and engagement of their electric rate plans and prepare them for default to TOU rates in 2019.

On March 15, 2017, PG&E filed a supplemental advice letter (Advice Letter 4949-E-A) in response to ALJ McKinney's request at the February 6, 2017 Prehearing Conference for a supplemental filing to provide additional details on the following areas of the ME&O plans:³

- 1) Provide additional information on the public relations (PR) plan including a calendar that helps to demonstrate when PR will occur.
- 2) Provide additional details on the segmentation strategy and how benefitters, mild non-benefitters, and extreme non-benefitters were calculated.
- 3) Provide additional information on how the overall ME&O plan differs from demand side management plans and identify how the residential rate costs are incremental.
- 4) Provide a sample customer profile and messages the customer will see over a timeline.
- 5) Provide details on how effectiveness will be tracked and how feedback will be taken and considered from community-based organizations.
- 6) Provide additional details on the budget table and adjust to be more comparable from one IOU to the next.

On April 14, 2017, ALJ McKinney and ALJ Park issued a ruling seeking comments in response to certain questions about statewide ME&O and DDB as a potential consultant. PG&E filed and served its responsive opening comments on April 25, 2017.

B. Umbrella Campaign Survey Results

In the summer of 2016, PG&E developed an experimental Rate Changes Umbrella campaign to test PG&E's ability to drive awareness of residential rate reform and electric rate plan options. The messaging was designed to:

- Inform customers of rate changes being implemented statewide;
- Encourage customers to become educated on the changes and how they may be affected;
- Empower customers to play an active role in their energy management by learning about their rate plan options; and
- Position PG&E as a resource for making smart decisions about energy use.

³ R.12-06-013, February 7, 2017 Prehearing Conference, Transcript pp. 442-444.

In November 2016, two new umbrella radio scripts were produced as a response to some negative attitudes expressed in social media in response to the summer radio spot about rate options. These scripts were intended to inform customers about rate options.

From December 16-22, 2016, the scripts were tested among more than 1,200 residential customers in PG&E's Customer Voice Panel. The two new radio scripts were tested against the initial version ("More Options"), which had evoked considerable negativity. The main message concepts that were tested include:

- "Personalize Energy" – messaging geared toward PG&E having rate plan options to suit individual needs.
- "Lead the Way" – messaging geared toward how rate options support a cleaner, healthier environment.
- "More Options" – messaging focused on the change in the way Californians are being charged for energy and the rate options that come along with that change.

In Q1 2017, research results were finalized, showing that one of the new versions ("Personalize Energy") was found to be the most effective radio spot. The script for this is as follows:

There's no such thing as an average household. We're all different—and so is the way we use energy. That's why PG&E has new rate plan options and energy management tools to give you more choices. So whether you use energy just for essentials like morning and evening routines, or your home is buzzing throughout the day, you can choose a rate plan that best fits your household. Learn about new rate plan options and tools at pge.com.

"Personalize Energy" clearly communicated the concept of rate options to customers, was considered relevant and useful, and captured the attention of respondents. It was evident that its strength was that it communicated choice, control and customization, as suggested in these verbatim comments:

- *Acknowledging an awareness that different households have different needs is important, as is giving me options to better manage my own home use.*
- *It's more personable and grabs my attention right away by acknowledging that every house is different.*

Overall, it promoted more net positive feelings towards both the message and the brand with a ratio of positive to negative opinions for "Personalize Energy" at 5.4, significantly greater than 4.2 and 3.8 for "Lead the Way" and "More Options" respectively. "Personalize Energy" was the most preferred of the three versions

(preferred by 33% as opposed to 25% for “More Options” and 19% for “Lead the Way”). The research also showed that the term “changes” to rates usually implied rate increases and therefore increased negativity; thus this phrase needs to be used with caution.

PG&E is leveraging the customer insights from this study to influence its Default TOU Pilot communications that are in development.

C. Winter Bill Impacts Campaign⁴

From December 2016 through February 2017, PG&E conducted a robust, multi-channel marketing campaign, with the goal of providing customers with tools, tips and information on how to conserve energy and mitigate the impact of customer bill increases during the winter season.

Target Audience

Modeling previous summer campaigns that focused on high impact customers, the primary target audience was 1.679 million residential customers likely to see a significant bill increase⁵ during the winter season as a result of gas and electric rate changes. PG&E further segmented high bill impact customers into two groups—(1) Low Income⁶ and (2) general population—to provide the most appropriate messaging and solutions to each audience. Tier 1 and Tier 2 customers who would experience a noticeable increase in their bill were included in these populations.

Messaging

The Winter Bill Impacts Campaign provided highly impacted customers with tips and tools to help them better conserve energy and manage their bills. The key messages to both customer segments included:

- 1) Driving awareness of the need to conserve energy;
- 2) Providing energy savings tips; and
- 3) Educating customers about rate plan options and encouraging them to set up an online account and use the rate analysis tool to find the rate that best suits their needs.

⁴ The Winter Bill Impacts Campaign activities were funded through PG&E’s 2014 General Rate Case (GRC).

⁵ Defined as a customer projected to have a minimum 10 percent and \$20 increase in their bill as compared to the same month last year for non-CARE customers; or a 10 percent and \$10 increase for CARE customers.

⁶ The term “Low Income” references residential customers who are eligible for either California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance.

For the Low Income customers, messaging also included:

- 1) Providing information about financial assistance programs [CARE and Energy Savings Assistance (ESA), as appropriate].

Tactics

Customer outreach included direct mail, e-mail, digital and search media.

Customers in the Low Income segment were also targeted through ethnic radio and ethnic newspaper. Target ethnicities included: African-American; Hispanic; Chinese; Vietnamese; Filipino; and Hmong.

Highly impacted customers in both segments received either a direct mail or e-mail communication. Of the 459,000 low income customers, 300,000 customers were sent a direct mail and 159,000—for whom PG&E did have a valid e-mail address—were sent an e-mail in December. E-mail open rates for the low income segment in aggregate were on par with the industry average of 20 percent.⁷

Of the approximately 966,000 general population customers, 387,000 residential customers were sent an e-mail and the remaining 578,000 were sent a direct mail in December. In ongoing efforts to test and learn, PG&E tested different subject lines on various subsets of customers to determine which would perform better. The subject line that performed best was then leveraged to reach the remaining customers. As a result, PG&E achieved a 2 percent lift in open rates compared to the winter 2015 campaign.⁸

PG&E implemented a digital and search media campaign to both groups of highly impacted customers. For the low income segment, display and search media that ran from December 12, 2016 – February 28, 2017 generated 172,600 clicks and 136,600 page visits. Customers entering these channels spent more than three minutes on the website.

The general population digital and search media campaign that ran from December 26, 2016 – February 19, 2017 generated 48,900 clicks, driving about 32,000 page visits. All tactics directed customers to visit pge.com/wintertoolbox where customers could view information on energy saving tips, watch a video to learn how to weather-strip their home and log in to their online account to find their best rate option by obtaining a personalized rate analysis. Findings indicated that while the general population segment is less likely to engage with PG&E content (77% fewer landing

⁷ *Industry Average: Unique Open Rate – 20% (ME&O Filing, p. 32).*

⁸ The 2015 winter campaign started in late December and went into January 2016.

page visits than the Low Income Winter campaign), they do spend more time on the website compared to the low income audience.

Print and radio advertisements were used to support outreach to a variety of ethnic groups. The radio advertisements were broadcast on 19 multi-cultural stations including select English, Spanish, Chinese, and Hmong radio stations. The print ads ran in 13 publications and multiple editions to cover a targeted ethnic geography, including select African-American, Hispanic, Chinese, Filipino, and Vietnamese newspapers (which were translated into their respective languages). Customers were directed to in-language landing pages on pge.com, which were translated into Spanish, Chinese, Vietnamese, and Hmong.

Key Learnings

The results and key learnings from this campaign will continue to inform future seasonal, high impact campaign outreach. Highlights of the key learnings include:

- Use direct touch outreach to highly impacted customers. Ensure reach to customers by leveraging cost efficient targeted mass media (i.e., digital, search).
- Take a “test and learn” approach with key messages to optimize customer engagement. For example, testing different subject lines and leveraging higher performing subject lines in e-mails during the 2017 Winter Bill Impacts Campaign helped lift the e-mail open rate by as much as 10 percent over the 2016 Summer Heat Campaign.
- Continue “test and learn” approach using digital messaging to identify what performs best for audience engagement in specific seasons. For example, in the winter months, general energy saving topics had higher engagement (i.e., click through rates) than specific solutions like weather stripping.
- Continue to test a diverse mix of digital media vendors, placements and sizes to balance reach and impact of the audience with low cost/efficient media purchases in order to deliver new unique visitors to Winter Billing pages and engage them with content.

D. Integration Efforts

PG&E continues to leverage rate reform communications to integrate broader energy management solutions for customers. These communications included:

- **High Usage Surcharge Campaign (December 2016-March 2017):** In December 2016, a direct mail campaign intended to raise awareness of the High Usage Surcharge (HUS) was begun. In February and March, customers at risk of receiving the HUS received a reminder direct mail and e-mail. Content included information on High Usage Alerts (HUA), the Rate Comparison Tool, rebates for energy-efficient products, Home Energy Checkup and Medical Baseline Allowance eligibility. CARE customers were provided information on the Energy Savings Assistance Program and Non-CARE customers were provided information on the Energy Upgrade California® Home Upgrade.
- **TOU Opt-in Pilot (February):** Opt-in Pilot participants on Pilot TOU Rate 3 were sent a direct mail and e-mail about their spring seasonal TOU pilot rate adjustment to include a mid-day “super off peak” period. The communications provided seasonal and everyday energy efficiency tips to help them save energy. It also included information on Energy Alerts to help manage their bills.
- **Bill Forecast Alert (February and March):** In February and March, PG&E promoted the Bill Forecast Alert via a marketing module in its paper Home Energy Reports (HER). Approximately 1.2 million residential customers received a report with the Bill Forecast Alert marketing module in it. The objective of using the HER was to offer and encourage customers in the program to engage with the Bill Forecast Alert to better control their energy usage. The February Residential Digital Newsletter included an article to promote Bill Forecast Alert reaching approximately 1.8 million residential customers. The article focused on the primary benefits of signing up for a Bill Forecast Alert, specifically that the alert will notify the customer when their energy bill is projected to exceed an amount they set.

E. Rate Changes Focused on Hard-to-Reach Customers

For the purposes of this section, the term “hard-to-reach” refers to the following customer segments: low-income, under-served, non-English speaking, and limited internet/media access. PG&E’s Community Engagement team annually trains over 70 CARE Community Outreach Contractors (COC) on the CARE program, the ESA program and other assistance programs. CARE COCs range from non-profit advocacy agencies to governmental agencies and are reflective of PG&E’s diverse territory, both

ethnically and geographically. The purpose of this training is to ensure that all CARE COC staff members are up to date on program guidelines and eligibility.

In Q1 of 2017, the Community Engagement team modified the training to include residential rates resources to help low income customers with energy management and affordability (e.g., rate choices, Bill Forecast Alert, Balanced Payment Plan and Home Energy Checkup). In addition, Medical Baseline was covered in more detail. Over 60 CARE COC staff representing over 30 organizations participated in four regional trainings that were held:

- Session 1: Monday, March 20, 2017, PG&E Office, San Francisco, CA
- Session 2: Wednesday, March 22, 2017, Fresno Center for New Americans, Fresno, CA
- Session 3: Tuesday, March 28, 2017, ACC Senior Services, Sacramento, CA
- Session 4: Thursday, March 30, 2017, Independent Living Center of Kern County, Bakersfield, CA

F. ME&O Metrics

The ME&O Tracking Study baseline (Wave 1) was carried out in March 2016, and measured awareness, understanding and engagement with rate reform and the transition to TOU. A “Proxy” second wave was completed in November 2016 as part of the Rate Comparison Mailer Test-and-Learn. The mailer “control” group was weighted to match the general population on bill impacts so it was comparable to the baseline results. Only key questions related to metrics from the Wave 1 questionnaire were included. The proxy study was intended to be a customer check-in before the actual Wave 2 ME&O tracking survey in April 2017.

In Q1 2017, survey results were analyzed, as shown below in Table 1. Results show few changes in customer awareness and understanding from March 2016 to the end of the year, reflecting more targeted outreach activity and the decision to shorten the summer 2016 Umbrella Campaign. The modest changes shown below reinforce PG&E’s decision to launch Wave 2 of the ME&O Tracking Survey in April 2017, after the number of tiers in the E-1 tiered rate plan was reduced to two and the HUS was implemented.

**TABLE 1
SURVEY RESULTS**

Metric	Key Measures	Baseline	Significant Difference	Proxy Wave 2
–	Aware of TOU	55%	No	58%
–	Interest in switching to TOU	14%*, 3.89 (mean)	No	12%*, 3.81 (mean)
–	Heard of rate plan changes	27%	No	23%
1	Rate plans are available that may help you better manage any price increases	34%	Yes	40%
2	Know where to get info about assistance offered by PG&E	63%	No	60%
3	How to manage your electric bill using the rate plan that you are currently on	36%*, 5.79 (mean)	No	35%*, 5.95 (mean)
4	Lowering or shifting electricity use will: save money, reduce bill, improve reliability, help environment, manage price increases	41% to 51%* 6.26 to 6.89 (mean)	Yes	43% to 57%* 6.61 to 7.35 (mean)
5	Aware PG&E provides rebates, energy efficiency programs & tips	72%	No	74%
6	Information was useful	44%*, 6.67 (mean)	Yes	61%*, 7.67 (mean)

III. Residential Rate Reform Initiatives

A. E-7 Rate Transition

As detailed in PG&E’s August and November 2016 PRRR reports, 3,006 customers—formerly enrolled in the E-7 rate plan—did not have a SmartMeter™ or programmable legacy TOU meter when the E-7 rate closure took place. As a result, they were automatically transitioned to E-1 starting on May 31, 2016. Since May 31, 2016, PG&E has continued to upgrade or reprogram meters to enable service on a TOU rate. Since the November 2016 PRRR report, the former population of 3,006 customers transitioned to E-1 was reduced to 2,721 in March 2017 as a result of account closures and changes to other rates.

In February 2017, 257 former E-7 customers received upgrades to a SmartMeter™ and were sent communications notifying them of their eligibility for enrollment in a TOU rate and transition to E-TOU-A, unless they choose to remain on E-1 or move to another

rate within 30 days of receiving the communication. Of the 257 customers, 15 opted to stay on E-1 and the remaining customers were transitioned to E-TOU-A.

In March 2017, PG&E finalized its plans for the final population of former E-7 customers. This final population includes 1,597 customers with legacy meters, which require replacement or reconfiguration in order for the customers to be eligible for enrollment in a TOU rate. PG&E plans to complete work on the legacy meters by the third quarter of 2017. These customers will be given 30 days to notify PG&E if they do not want to be transitioned to the E-TOU-A rate plan.

B. Start/Transfer Service Enhancements

The July 22, 2016 ALJ Ruling directed the IOUs to include, in their ME&O plans, a detailed plan for integrating rate discussions into the start and transfer service process. In Q1 of 2017, PG&E developed a draft decision tree for a tool for Customer Service Representatives (CSRs) to help customers select a rate plan when customers call to start or transfer their electricity service. As currently planned, in late Q2 and Q3, CSRs will receive a script to support conversations with customers. The script will list questions deemed relevant to a customer's potential energy usage in order to help them identify an appropriate rate. In 2017, PG&E will pilot and train CSRs on the tool to help explain an optimal rate based on lifestyle and energy usage questions.

C. Tier Consolidation and High Usage Surcharge (formerly Super User Electric Surcharge)

Effective March 1, 2017, the number of tiers in the E-1 Tiered Rate Plan was reduced to two and a HUS was added. The HUS is applied to electricity usage exceeding 400 percent of the baseline allowance during the monthly billing cycle.

In Q1 2017, targeted letters were sent to approximately 11,000 Net Energy Metering (NEM) customers in order to drive awareness of this new element of the E-1 rate plan, educate them on ways to save, and provide ample time to take action. Also in Q1, PG&E sent a reminder letter and/or e-mail to approximately 250,000 customers who were originally informed in Q4 2016 of being "at risk" of incurring the Surcharge.

The "at-risk" group of customers is defined as:

- 1) Customers whose usage reached 400 percent of baseline, at least once in a 12-month period, defined as June 1, 2015 through May 31, 2016; and
- 2) Customers whose usage reached between 350 and 399 percent of baseline, at least three times during the 12-month period, defined as June 1, 2015 through May 31, 2016.

These two groups were further segmented by CARE, non-CARE and “very high users” (those who reached over 400 percent of baseline every month during the 12-month period). NEM customers were also treated separately.

Also in Q1, PG&E communicated with those customers that were newly identified as “at risk” based on usage data from January 2016 to December 2016. Approximately 120,000 customers were sent outreach material via direct mail and/or e-mail.

The outreach material included the following information:

- Definition of High Usage Surcharge;
- Reference to tips, tools and programs for reducing use;
- Actions available, such as signing up for HUA;
- Where to find more information, such as the website; and
- NEM customers also received NEM specific tips and tools and instruction to conserve.

As of the end of Q1 2017, approximately 11,500 customers visited the website and approximately 10,000 customers called the Call Center for more information.

In addition to direct customer communications, PG&E reached customers via on-bill messaging, and updates to the website. PG&E also educated employees about the March 1 changes, with more in-depth training for call center representatives, government relations and media relations personnel.

Bill Message and Bill Modifications

On-bill messages are used to share timely information with residential customers, ranging from summer safety tips to regulatory updates. Beginning March 2017, as a part of education and notification about the rate structure changes, customers who are on a Tiered Rate Plan, began receiving an energy statement with a bill message on the third page of the bill describing the rate structure changes and implementation of the HUS. In addition, the usage and pricing section of the customer bill was altered to demonstrate two tiers and the HUS.

Website

PGE.com is one of the principal resources for residential customers to locate information regarding rate plans, learn about tools and programs, and access and pay bills. In Q4 2016, in anticipation of the March 1 rate changes, PG&E undertook a process of identifying and updating the most relevant pages. Our emphasis was to provide clear and concise information regarding changes to the tiered rate plan, namely

the collapse from three tiers to two, and the addition of the HUS. All webpages containing information about the tiered rate plan were updated with new, consistent language and adjusted visual charts.

The updated content includes the following information:

- Explanation of how the tiered rate plan works for a customer whose usage is within Tier 1 or Tier 2;
- Explanation of how the tiered rate plan works;
- Explanation of the baseline allowance;
- Summary of the HUS;
- Information on how to avoid higher charges;
- Explanation of how collapsed tiers are shown on the bill; and
- Graphics displaying an overview of the tier collapse and new rate pricing.

Pages also include helpful links to: rebates; CARE and the Energy Savings Assistance programs; payment options, including the Balanced Payment Plan; energy management tips; and audit tools, such as Home Energy Checkup. A link to the rate analysis helps customers, including lower users, check whether they are on the best rate plan for them.

Contact Center

In February 2017, PG&E provided training on tier collapse and structural rate changes to all Contact Center Representatives. The training and information focused on the following points:

- Why tier collapse is happening and what it means to customers.
- Reducing the number of tiers simplifies the rate structure and makes it easier to understand.
- Customers who are typically lower users (Tier 1, 2) could see higher bills (e.g., Coastal/Bay Area), while customers who use more energy (Tier 3) could see lower bills (e.g., Central Valley). This is due to the tier balancing, which is intended to more closely align the costs of providing energy service to what customers are paying for that service.

Contact Center Representatives were updated on which customers would be affected by tier collapse and were also provided with a sample bill showing the new tier display and on-bill messaging.

D. Energy Alerts

1. High Usage Alerts

In February 2017, PG&E provided the capability for customers to enroll in the HUA online. Customers interested in signing up for the HUA were able to do so via “Your Account” on www.pge.com, on the HUA page. Customers may receive the alert by e-mail, phone, or text, according to their preference.

The HUA is designed to help customers by providing a warning in advance of incurring the HUS, giving customers the opportunity to take any appropriate action. All residential customers enrolled in PG&E’s HUA will receive an automated alert when they are forecasted to reach 400 percent of their baseline allowance, based on a single billing cycle’s usage. A second alert is sent when the customer incurs the Surcharge.

As of the end of Q1 2017, approximately 21,000 customers signed up for HUA.

2. Bill Forecast Alert

PG&E updated its Energy Alerts web pages to inform customers about the availability of the HUA and Bill Forecast Alert, explain differences between the two alerts, and encourage customers to enroll in the alerts. Customers who sign up for the Bill Forecast Alert receive an alert (via e-mail, text, or phone call) when their energy bill (gas and electricity) is expected to exceed an amount specified by the customer.

Marketing and communication efforts in Q1 2017 were focused on building awareness and encouraging new enrollments for Bill Forecast Alert.

In March, approximately 3 million residential customers who visited pge.com saw a Bill Forecast Alert promoted on the pge.com home page. The promotion focused on how the Bill Forecast Alert can help a customer stay on budget.

E. Opt-In TOU Rates

PG&E has included TOU rate options in its various outreach efforts; as a result, PG&E has seen a continued increase in interest and enrollment in TOU rates. The table below shows the number of customers on the new and existing TOU rate plan options, as of March 31, 2017:

**TABLE 2
CUSTOMERS ENROLLED IN TOU RATE PLANS**

TOU Rate Options	Number of Customers as of December 31, 2016	Number of Customers as of March 31, 2017	Change Since Last PRRR (December 2016) ^(a)
E-TOU-A	37,520	52,410	14,890
E-TOU-B	10,744	20,048	9,304
E-6 ^(b)	108,403	106,295	-2,108
EV-A	31,217	34,619	3,402
EV-B	326	381	55
Total	188,210	213,753	25,543

(a) PG&E's TOU rate website can be found at: www.pge.com/timeofday.
(b) The E-6 rate is closed to new customers, so enrollment can only decrease.

**TABLE 3
CUSTOMERS ENROLLED IN TOU RATE PLANS YEAR OVER YEAR**

TOU Rate Options	Number of Customers as of March 2016	Number of Customers as of March 2017
E-TOU-A	223	52,410
E-TOU-B	389	20,048
EV-A	25,108	34,619
EV-B	422	381
E-7	59,909	0
E-6	87,092	106,295

During Q1 2017, PG&E developed summer rate support collateral for E-TOU-A and E-TOU-B customers. This campaign focuses on reminders for peak and off-peak hours, tips on overall reduction, ways to shift usage, and other programs including Balanced Payment Plan. The campaign is scheduled to launch during the last week of May, before the summer heat begins. This timely reminder is designed to help customers be more successful on their TOU rate.

F. Opt-In TOU Pilot

In Q1 2017, research activities continued in preparation for the first Interim Report, which was submitted on April 11, 2017. In addition, ongoing pilot implementation activities occurred.

Research Activities

Research activities included: bill and load impact analysis; quantitative analysis of surveys; and qualitative research and analysis. Preliminary results from the bill and load impact analysis and quantitative analysis of surveys were shared with the Energy

Division and the Working Group in a series of phone calls and one in person meeting. Nexant conducted the analysis of impacts of the three pilot rates on the bills of the pilot participants and on the load response from customers and RIA conducted an analysis of results from customer surveys fielded in October 2016. The detailed first Interim Report was submitted in early April, providing bill and load impacts across each of the IOUs rates and various customer segments, using data from the July-September 2016 timeframe. The survey analysis investigated economic and health hardship as well as rate understanding, engagement, and satisfaction, among others.

Ongoing Pilot Implementation Activities

Ongoing pilot implementation activities included managing un-enrollments, processing bill protection payments, providing customer support, and sending outreach and marketing materials. PG&E also continued to support customers enrolled in the pilot over the course of the quarter through its dedicated phone line and websites.

PG&E conducted a second e-mail marketing campaign to encourage about 4,500 customers to download the Bidgeley HomeBeat Smartphone App. Out of the approximately 7,000 customers assigned to this treatment group, 4,500 customers had e-mails and/or had not unenrolled. Unique opens met or exceeded averages from the Wave 1 e-mail marketing campaign as well as industry and PG&E residential e-mail averages. However, the unique click throughs underperformed all of these averages. As of the end of February, 884 customers had downloaded the app and 333 had completed the registration and launched the home screen.

In late February, PG&E mailed a Spring Seasonal mailer to the approximately 3,500 customers on Rate 3, known to customers as “Time of Day Study: Three Seasons.” The colorful mailer educated customers about the spring super off-peak period, reminded them of the peak and off peak periods, and provided actionable tips for shifting energy from higher to lower priced times.

As of March 31, 2017 a total of 571 customers had opted-out of the pilot and 2,524 customers had become ineligible, totaling of 3,095 un-enrollments, leaving 17,906 participants in the pilot. The following tables provide more detail:

**TABLE 4
SUMMARY OF ACTIVE PARTICIPANTS IN PG&E'S OPT-IN TOU PILOT**

Climate Region	CARE/FERA	Control Group (C)				Opt-In TOU Pilot Rate 1 (R1)			
		Initial	Opt Out	Ineligible	Current	Initial	Opt Out	Ineligible	Current
Hot	N	1,238	10	125	1,103	1,239	74	89	1,076
	Y	826	3	131	692	827	34	116	677
Hot Targeted	N	572	6	33	533	573	30	39	504
	Y	1,460	8	152	1,300	1,461	49	151	1,261
Mild	N	593	6	86	501	595	21	70	504
	Y	662	3	106	553	664	16	90	558
Cool	N	643	5	104	534	644	15	92	537
	Y	634	1	61	572	635	6	57	572
Grand Total		6,628	42	798	5,788	6,638	245	704	5,689

**TABLE 5
SUMMARY OF ACTIVE PARTICIPANTS IN PG&E'S OPT-IN TOU PILOT**

Climate Region	CARE/FERA	Opt-In TOU Pilot Rate 2 (R2)				Opt-In TOU Pilot Rate 3 (R3)			
		Initial	Opt Out	Ineligible	Current	Initial	Opt Out	Ineligible	Current
Hot	N	648	41	56	551	648	49	59	540
	Y	686	33	93	560	685	30	107	548
Hot Targeted	N								
	Y								
Mild	N	594	33	91	470	593	21	85	487
	Y	664	9	96	559	663	10	111	542
Cool	N	643	19	104	520	643	22	100	521
	Y	634	10	58	566	634	7	62	565
Grand Total		6,628	3,869	145	498	3,226	3,866	139	524

**TABLE 6
SUMMARY OF UNENROLLMENTS IN PG&E'S OPT-IN TOU PILOT**

Climate Region	CARE/FERA	Total					
		Initial	Opt Out	Ineligible	Current	Total Unenrolled	Total Unenrolled (%)
Hot	N	3,773	174	329	3,270	503	13.33%
	Y	3,024	100	447	2,477	547	18.09%
Hot Targeted	N	1,145	36	72	1,037	108	9.43%
	Y	2,921	57	303	2,561	360	12.32%
Mild	N	2,375	81	332	1,962	413	17.39%
	Y	2,653	38	403	2,212	441	16.62%
Cool	N	2,573	61	400	2,112	461	17.92%
	Y	2,537	24	238	2,275	262	10.33%
Grand Total		21,001	571	2,524	17,906	3,095	14.74%

**TABLE 7
UNENROLLMENT BY RATE PLAN**

	C	R1	R2	R3	Total
Opt-Out Rate	0.6%	3.7%	3.7%	3.6%	2.7%
Ineligibility Rate (Including Movers/Stopped Service and Other Ineligibilities)	12.0%	10.6%	12.9%	13.6%	12.0%
Total Unenrollment	12.7%	14.3%	16.6%	17.1%	14.7%

**TABLE 8
UNENROLLMENT BY MONTH**

Unenrollments		To Q3 '16	Q4 2016	Jan '17	Feb '17	Mar '17	Total
Opt-Outs		416	92	22	19	22	571
Ineligible	<i>Moved/Stopped</i>	657	426	108	97	116	1,404
	<i>Other Ineligibilities</i>	454	493	60	58	55	1,120
	Total ineligibles	1,111	919	168	155	171	2,524
Total Unenrollment		1,527	1,011	190	174	193	3,095

G. Default TOU Pilot

On February 24, 2017 PG&E filed a Supplement to its Default Time-of-Use Pilot Proposal (Default Pilot).⁹ D.16-09-016 required the IOUs to work with the TOU Working Group to develop a procedure to track and exclude specific customer groups should the Commission, at a later time, determine that they should be excluded from the Default Pilot.¹⁰ PG&E developed and reviewed its proposal with TOU Working Group, which is described in detail in the Supplemental filing. This filing also includes its recommended approach for providing rate comparison tools to Community Choice Aggregation (CCA) customers for the Default Pilot.

During the first quarter of 2017, PG&E's Default Pilot activities focused primarily on developing business requirements and translating those requirements to Information Technology specifications. This work is extensive and critical to the successful planning and operationalization of the Default Pilot.

Additionally, PG&E worked with engagedIN to develop the User-Centered Design Thinking Study, which may inform PG&E's Default Pilot operations and ME&O development. In Q1 2017, this study—which was conducted at the request of the CPUC—was facilitated separately by each of the three IOUs, under the direction of Energy Division. PG&E conducted three co-design sessions with engagedIN as part of the User-Centered Design Thinking Study.

The objectives of this study were to explore rate preferences in a more customer-centric manner and to find opportunities that might help overcome barriers to acceptance of a TOU rate.

Customer workshops were held on January 7, 2017 in Sunnyvale and Fremont and on January 9, 2017 in Fresno. Approximately 55 PG&E customers participated in and were incentivized for this research. The agenda for each 3-hour session included a brief Energy 101 to help customers understand and solve for the problem of higher cost, higher demand energy during later hours of the day, followed by rate design and behavior change solution building exercises and prototyping.

On March 22, 2017 all three California IOUs presented an integrated report of the User-Centered Design Thinking Study findings to the Energy Division and Working Group. The PG&E and engagedIN report was submitted to the Energy Division on

⁹ AL 4979-E, filed December 16, 2016; and Supplemental AL 4979-E-A, filed December 23, 2016. Supplemental AL 4979-E-B.

¹⁰ D.16-09-016, p. 11.

March 23, 2017. One of the 12 key findings across the studies for the three IOUs was that residential customers prefer a limited selection of options which provides them with choice and the ability to choose. It was also noted that the brain science principle driving this behavior was ambiguity and contrast, meaning customers want a reasonable number of choices that are differentiated.

H. CARE Restructuring

On April 3, 2017, PG&E submitted its CARE heat map as requested by ALJ McKinney at the February 6, 2017 pre-hearing conference. This map provides the percent of PG&E's CARE customers who experienced usage above 350 percent of baseline at least once in 2016 by Zip code.

IV. Status of Online Bill Tools

A. Rate Comparison Mailer

Per the Prehearing Conference (PHC) Statement filed by PG&E on February 3, 2017,¹¹ PG&E proposed that the Spring rate mailer be replaced by a second "test-and-learn" effort and the full mailer launch only one time in 2017 in the Fall. The proposal was subsequently approved by the CPUC on February 6, 2017.¹²

In Q1 2017, efforts related to the spring "test-and-learn" activities focused primarily on planning for implementation. For the spring "test-and-learn" effort, PG&E will communicate to a selected population of approximately 200,000 customers, which will include "TOU benefitters" and "neutrals," with a specific focus on CARE customers and also those located in the Central Valley. For the purpose of this study, "TOU benefitters" are defined as customers projected to realize annual bill savings of greater than \$60 and \$120 on a TOU rate plan, for CARE and non-CARE customers, respectively. "Neutrals" are defined as non-CARE customers projected to realize annual bill savings between \$0.01 and \$119.99 on a TOU rate plan.

The overall objective is to encourage this customer group to voluntarily switch to E-TOU-A or E-TOU-B and help them succeed on these rates. Specific tactics include:

- Incorporate best practices from the Fall 2016 Test-and-Learn effort;
- Identify cost-effective acquisition methods;

¹¹ R.12-06-013, February 3, 2017 Prehearing Conference Statement of Pacific Gas and Electric Company (U 39 E).

¹² R.12-06-013, February 6, 2017 Prehearing Conference, Transcript pp. 423-427.

- Test the impacts of acquiring customers during the hotter summer months; and
- Leverage the Balanced Payment Plan to encourage acquisition.

Communication outreach in the form of direct mail and e-mails will take place in June 2017, and customer surveys will be conducted after the campaign to identify learnings.

B. Enhancements to Online Customer Experience

In February and March of 2017, PG&E made enhancements to various features within the personalized online account for PG&E customers. Specifically, these enhancements:

- Provide NEM customers with the ability to perform a rate analysis;
- Allow customers to run a rate comparison with as little as three months of historical usage data;
- Allow residential customers to estimate impacts to rate comparison based on answers to behavioral questions using the Rate Analysis Simulator (“What-If” tool);
- Improve usage and cost presentment and additional insights into customer energy use;
- Improve formatting for mobile devices; and
- Improve navigation, including the recommendation of base rate plans separately from add-ons such as SmartRate.

C. Online Rate Enrollment

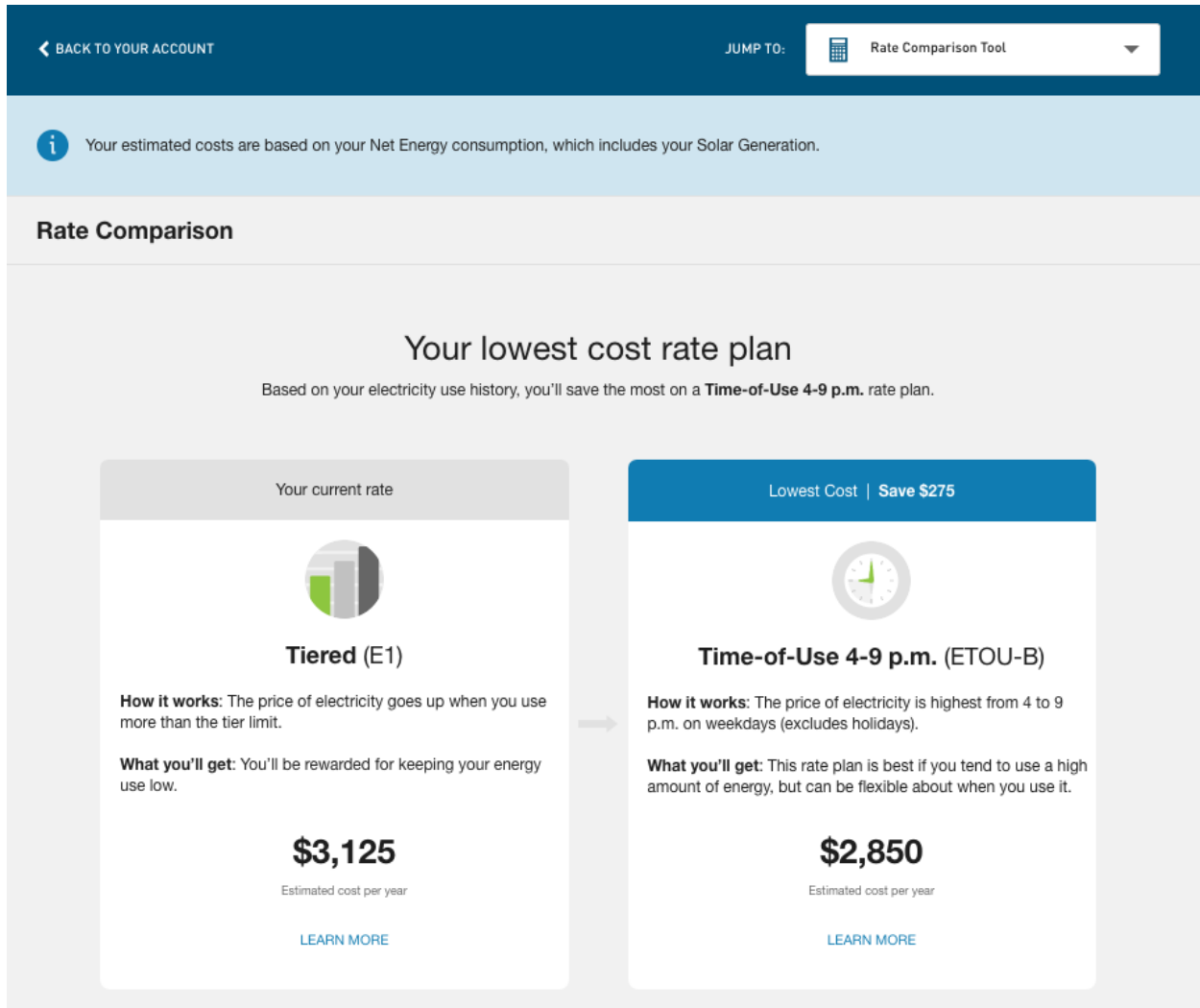
In March 2016, PG&E updated its web enrollment form to include enrollment in the new TOU rate plans. Many customers use the online channel to enroll on rate plan options. As of March 20, 2017, over 21,500 customers have enrolled in the new rate plans (E-TOU-A and E-TOU-B) via the online channel.

D. Online Rate Comparison

In Q1 2017, PG&E made enhancements to “Your Account” to enable access to the rate comparison tool for NEM customers. As part of these enhancements, NEM customers are able to calculate hypothetical bills on alternative available rates, using the customer’s net consumption, including solar generation. Figure 1 below shows a

sample rate comparison for a NEM customer, indicating that costs are based on net consumption, including solar generation:

**FIGURE 1
SAMPLE NEM RATE COMPARISON**



On February 24, 2017, PG&E filed a supplemental advice letter, Advice Letter 4979-E-B, detailing its plan for making rate comparison tools available for CCA customers for the purposes of the Default TOU Pilot. Specifically, PG&E recommends developing a customized auxiliary web site to present rate comparisons to CCA customers, specifically for the Default Pilot. The web site would present CCA customers with comparisons of their standard tiered rate plan (E-1) and their Default Pilot rate plan (E-TOU-C), leveraging CCA-developed and reviewed rate modeling. Ideally, PG&E would make necessary enhancements to integrate CCA rate modeling in its systems, providing an integrated solution of rate comparison tools and features to

support CCA customers. This would require enhancements to PG&E's systems, development and validation of rate modeling for each CCA, and development of a replicable process to ensure the incorporation of up-to-date CCA rates. Due to the level of complexity and time available before the Default Pilot, implementing this approach to support the Default Pilot is not feasible. While PG&E prepares for the Default Pilot, PG&E will continue to work with CCA representatives to assess options for providing CCA customers with access to online tools and provide greater IT-system flexibility for future variability and complexity in the CCAs' rates.

V. Sample Bill Presentment for Opt-In and Default Rate Schedules

PG&E has not made any modifications to bill presentment for opt-in or default TOU rate schedules. PG&E re-designed its Energy Statement in 2013, after an extensive collaborative process involving the CPUC and interested stakeholders.

VI. Expenditures for Residential Rate Reform

PG&E's RRRMA was approved effective July 22, 2015 (Advice Letter E-4672). The information provided below only includes expenditures from August 2015 through March 2017. Outreach and education expenses prior to August 2015 were part of PG&E's 2014 GRC. PG&E's expenditures that have been recorded in the RRRMA for those time periods are shown below in Table 9:

**TABLE 9
RATE REFORM COSTS AUGUST 2015 – MARCH 2017
(WHOLE DOLLARS)**

		2015 (Aug-Dec)	2016 Total	2017 Q1 Total	2015-2017 Total
Opt-in Pilot	IT	\$57,641	\$904,880	\$111,510	\$1,074,030
	ME&O	356,275	1,309,419	110,994	1,776,689
	Contact Center	–	44,940	5,531	50,471
	Billing Ops	–	17,740	9,728	27,468
	Operations	42,888	1,525,975	624,017	2,192,880
	Consultant	209,328	774,837	560	984,725
	Incentive	–	2,382,850	23,850	2,406,700
	Opt-in Total	\$666,132	\$6,960,641	\$886,191	\$8,512,964
Default Pilot	IT	–	\$1,967	\$50,937	\$52,904
	ME&O	–	158,195	185,164	343,358
	Contact Center	–	–	–	–
	Billing Ops	–	–	5,742	5,742
	Operations	–	152,851	177,952	330,803
	Consultant	–	59,658	(59,658)	
	Default Total	–	\$372,671	\$360,136	\$732,807
Other Residential Rate Reform Initiatives	IT	\$901,664	\$3,059,017	\$877,410	\$4,838,092
	ME&O	114,895	5,531,125	327,697	5,973,716
	Contact Center	911	519,181	485,604	1,005,696
	Billing Ops	–	107,757	188,615	296,372
	Operations	–	2,299,871	704,871	3,004,742
	Consultant	–	147,084	–	147,084
	Outreach Total	\$1,017,470	\$11,664,034	\$2,584,197	\$15,265,702
Total 2015-2017 Expenditures (RRRMA)		\$1,683,602	\$18,997,346	\$3,830,524	\$24,511,473

On March 14, 2016, an ALJ Ruling was issued, directing the IOUs to provide further information regarding certain marketing and other expenditures to implement Residential Rate Reform changes.¹³

As referenced in the ALJ's March 14, 2016 Ruling, PG&E is not recording costs in the RRRMA related either to, the extension of the E-7 rate transition to May 31, 2016 or the changes required to implement revised March 1 rates. Actual costs incurred for such activities, which will not be recorded in the RRRMA and not recovered from ratepayers, have been separated out of the costs in Table 10:

**TABLE 10
NON-RATE REFORM COSTS FEBRUARY – DECEMBER 2016
(WHOLE DOLLARS)**

	2016 Q1	2016 Q2	2016 Q3	2016 Q4	Total
E-7 Extension	\$39,020	\$153,068	\$51,287	\$10,125	\$253,499
March 1 Rate Change	3,488	42,997	5,482	–	51,967
Total 2015-2016 Expenditures (Non-RROIR)	\$42,508	\$196,065	\$56,768	\$10,125	\$305,466

In order to ensure accurate recording of costs related to the extension of the date on which E-7 was to be eliminated and March 1, 2016 E-1 rate changes, and to allow these costs to be tracked separately from the RRRMA and not charged for future recovery from ratepayers, new charging order numbers were created for this purpose within each organization that was anticipated to incur any such costs (e.g., Solutions Marketing; Information Technology; Billing Operations; Contact Center; Pricing Products; Data Analytics and Governance; Rate Analysis). Costs recorded to these specific order numbers are monitored monthly. PG&E will not seek recovery from ratepayers of the costs in these new charging order numbers.

¹³ The ALJ's March 14, 2016 Ruling in R.12-06-013 specifically provided that:

[t]he utilities must provide the information necessary for the Commission and parties to understand the marketing and other expenditures made to date to implement the rate changes. As stated above, the PRRR report must reference any marketing or other expenditures that the utility has indicated to the Commission will not be included in the RRRMA. For example, PG&E indicated in its February 23, 2016 supplemental information filing that it would not include certain costs related to the Schedule E-7 tariff transition in its RRRMA. In order to make review of cost recovery applications more transparent, this list of excluded amounts should also be footnoted in any future cost recovery application. Furthermore, any such expenditures excluded from the RRRMA must be itemized and labeled consistently in the PRRR report and may not be included, embedded, or recovered in any other memorandum or balancing account in any future cost recovery proceeding. (March 14, 2016 ALJ Ruling, emphasis added).

VII. Updates on Other Proceedings Impacting Residential Rate Reform

The following updates are provided regarding other Commission proceedings that are related to residential rate reform:

- 1) **PG&E's 2017 GRC Phase II Proceeding** – PG&E filed its 2017 GRC Phase II application and supporting testimony on June 30, 2016. This testimony included proposed changes to residential rates, along with a report proposing a methodology for estimating fixed costs and charges should the CPUC decide in the further future to add this feature to residential rates.¹⁴ PG&E has since served a number of amended versions of its testimony. On February 18, 2017, ORA filed its opening testimony on GRC Phase II marginal cost, revenue allocation and rate design issues, followed by the other parties, who filed their opening testimony on March 15, 2017. Settlement discussions among the parties were begun on March 24, 2017. On March 31, 2017, the assigned ALJ (Michelle Cooke) issued a ruling granting the parties' motion to suspend the schedule for rebuttal testimony and hearing to allow more time for settlement discussions. Settlement discussions are currently ongoing, as summarized in a Settlement Status Report to the ALJ, filed on April 17, 2017.
- 2) **TOU Periods OIR** – On January 23, 2017, the CPUC issued a final decision (D.17-01-006) in this proceeding, which provided limited grandfathering on PG&E's legacy TOU rate periods for certain customers with solar units. In compliance with D.17-01-006, on March 30, 2017 PG&E filed two advice letters: (a) Advice Letter 5037-E, to propose a dead band tolerance range for determining when changing costs would trigger TOU period revisions more frequently than at five year intervals; and (b) Advice Letter 5039-E, to propose administrative procedures for grandfathering eligible solar customers. Separately, on March 2, 2017, the Solar Energy Industries Association (SEIA) and the California Solar Energy Industries Association (CalSEIA) jointly filed a petition to modify that decision, seeking to broaden the grandfathering provisions of the decision. On April 3, 2017, PG&E, SCE and SDG&E filed a joint response opposing the solar groups' petition for modification. On April 19, 2017, SEIA and CalSEIA each filed protests to Advice Letter 5039-E on administrative procedures for implementing grandfathering, and SEIA and ORA filed protests to Advice Letter 5027-E proposing a dead band tolerance range. PG&E filed responses to those protests on April 26, 2017.

In addition to the proceedings listed above, all proceedings categorized as rate-setting have the potential to impact PG&E's revenue requirement which, in turn, will impact the pricing of TOU rates. Examples of such proceedings include: PG&E's GRC Phase I; Energy Resource Recovery Account; Energy Efficiency; and Proposal for Retirement of the Diablo Canyon Power Plant applications.

¹⁴ In a November 5, 2015 ALJ Ruling the CPUC identified PG&E's 2017 GRC Phase II proceeding as the appropriate venue for considering, in a workshop process, a common methodology for the calculation of a potential future fixed monthly charge for residential customers of all three IOUs. Testimony and briefing on these issues was completed in Q1 2017, and the CPUC is expected to issue a proposed decision in or about June 2017.

VIII. Conclusion

PG&E appreciates the opportunity to update the Commission and stakeholders on its progress towards providing residential customers with the tools, programs and information they need in order to better understand and manage changes in their energy bills during the multi-year residential rate reform “glidepath” approved in D.15-07-001. PG&E looks forward to further collaboration and coordination on both its TOU Pilots and its ME&O efforts relating to all of the rate changes resulting from the CPUC’s RROIR decisions, including, but not limited to helping customers prepare for the full-scale implementation of default TOU rates targeted to begin in 2019. PG&E will continue to update the Commission and interested parties on its efforts and activities in future PRRR reports.