

**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)

**SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)
QUARTERLY REPORT
ON PROGRESS OF
RESIDENTIAL RATE REFORM (PRRR)**

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November 1, 2017

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I. Introduction

Pursuant to Decision (D.) 15-07-001, "Decision on Residential Rate Reform for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company and Transition to Time-of-Use Rates" (the Decision), that the California Public Utilities Commission (Commission or CPUC) issued on July 13, 2015, San Diego Gas & Electric Company (SDG&E) files this quarterly report.

This Decision provides for the implementation of Residential Rate Reform during the years 2015 to 2020 and a transition to Time-of-Use (TOU) rates for residential customers. The Decision also requires the Investor-Owned Utilities (IOUs) to provide the Commission and interested parties with regular updates on the progress of understanding TOU rates and other rate reform impacts. These updates, or Progress on Residential Rate Reform (PRRR), are reported on a quarterly basis.

This report is the ninth progress update that SDG&E has submitted, with

previous reports having been submitted on the following dates:

- 2015: November 2
- 2016: February 2, May 2, August 1 and November 1
- 2017: February 1, May 1, August 1

II. Marketing, Education & Outreach (ME&O)

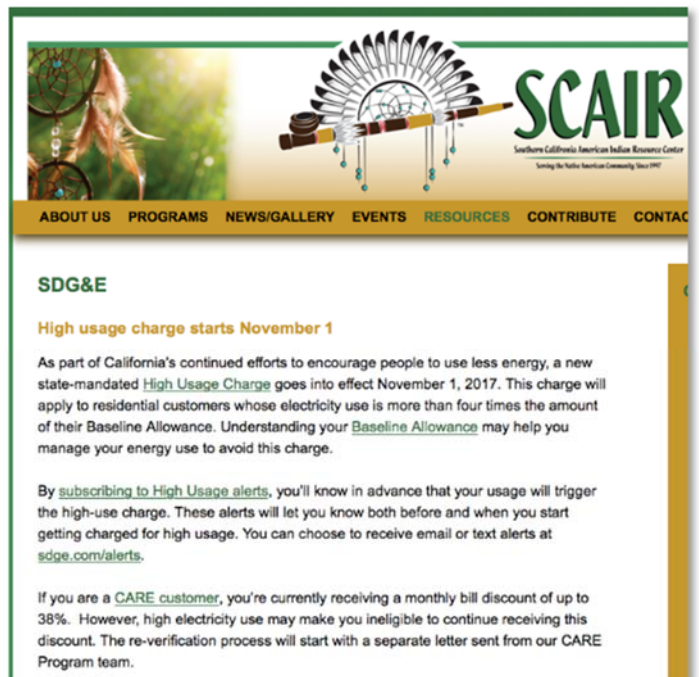
A. ME&O Plan

Both SDG&E's marketing plan (AL 2992-E) submitted November 1, 2016 and supplemental advice letter (AL 2992-E-A) submitted on March 15, 2017 are still waiting for CPUC approval.

B. Community Outreach & Engagement

i. SDG&E's Energy Solutions Partner Network (Community Based Organizations)

The Energy Solutions Partner Network continues to be an important outreach channel for SDG&E, especially in reaching underserved and hard-to-reach customers. Consisting of more than 250 grassroots, diverse community-based organizations throughout SDG&E's service area, this network helps to engage customers in energy saving solutions, including enrollment in applicable programs, services, tools and pricing plan options. As part of Rate Reform education, these partners are largely focused on My Account and energy management tools, as



High Usage Charge information featured in the Southern California American Indian Resource Center (SCAIR) educational flyer

well as promoting new pricing plans options including Time of Use.

In the third quarter 2017, SDG&E's Outreach & Engagement Team, in collaboration with these partners, coordinated various activities highlighting Rate Reform and energy management solutions. These activities included:

- **294 events** reaching more than 22,000 people
- **91 presentations** reaching more than 1,500 people
- **264 online activities** (social media posts, e-blasts, website posts) reaching more than 587,000 people

ii. Women, Infant & Children (WIC) Food & Nutrition Program

In September, the team briefed all nine WIC offices in association with San Diego State University on the new High Usage Charge with tips and solutions to help customers save energy to avoid this new charge. WIC is a federal assistance program that provides supplemental food, health care resources and nutrition education for low-income women who are pregnant or have children under the age of five. The WIC offices, located throughout the county, also help enroll their clients in SDG&E's low-income programs including CARE/FERA and ESA.



High Usage Charge education in the Union of Pan Asian Communities newsletter

e-blasts, website posts) reaching more



WIC office presentation and SDG&E informational table

iii. Targeted Initiative – Branch Office Tailgate Series

The Outreach team hosted five Customer Solutions Tailgate events at SDG&E branch offices in the following communities: Chula Vista, El Cajon, Market Creek (Central San Diego), National City and Escondido. At these events, customers were educated on the new High Usage Charge, pricing plans, energy management tools, and were encouraged to sign up for online alerts through My Account. These events help to connect one-on-one with customers who have energy top-of-mind during their visit at these payment offices.



**SDG&E Branch Office Tailgate
National City office**

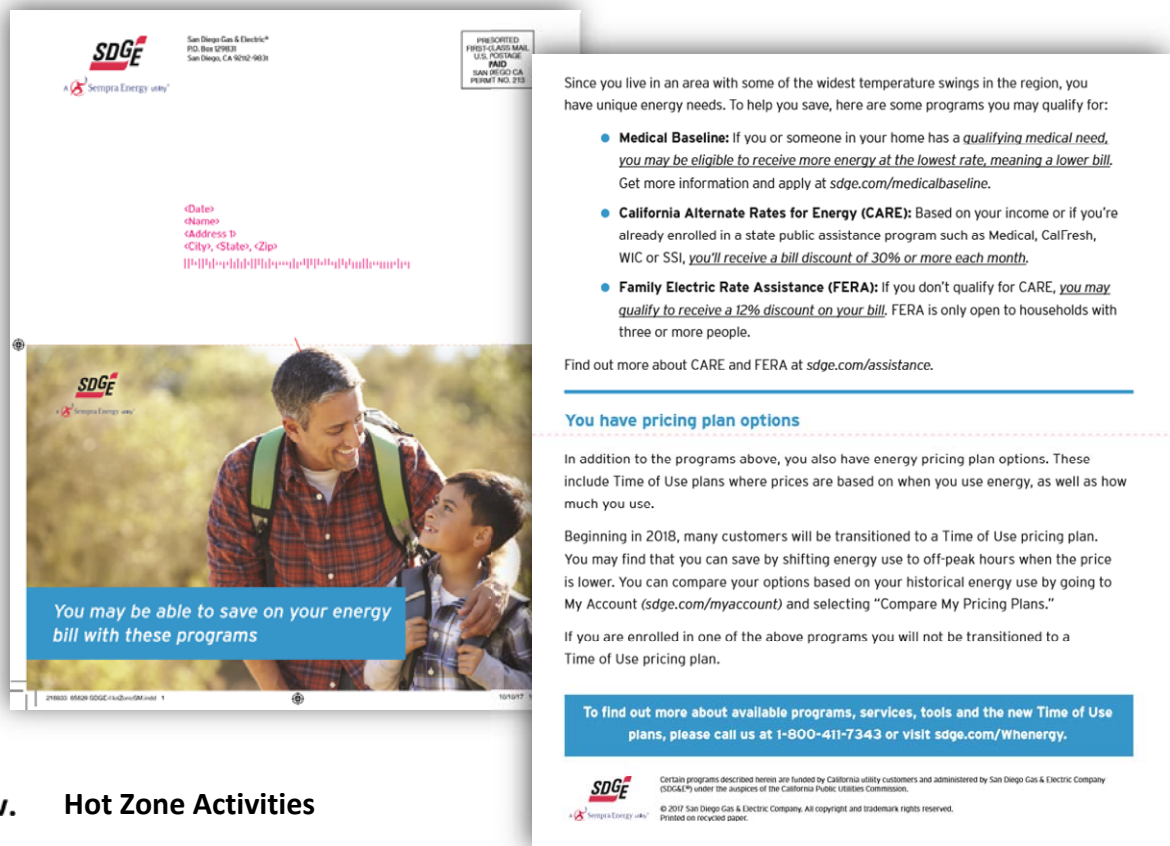
iv. Hot Zone Outreach Campaign

In support of the CPUC's decision to exclude CARE/FERA eligible customers in SDG&E's hot zones from the Residential 2018 Default TOU Pilot, SDG&E launched a multi-tactic outreach and engagement campaign. The goal of this campaign was to bolster awareness and help to enroll any eligible customers living in the hot zone zip codes in CARE/FERA or Medical Baseline Programs.

The first tactic used was a live call campaign. SDG&E evaluated current CARE and FERA penetration rates in the hot zone zip codes and targeted those with CARE penetration rates below 50%. This resulted in approximately 2,500 customer calls, with a maximum of three live call attempts made to each customer. These customers were educated about the CARE/FERA and Medical Baseline programs and were provided assistance to enroll if eligible. This

campaign resulted in 69 program enrollments, a 2.7% gain in CARE program participants. There were no FERA enrollments and the results for any Medical Baseline submissions are still pending. Additionally, of one-third of the customers that could be reached via telephone (825 customers in total), approximately 67% indicated that they did not qualify for any of the three offerings.

The second tactic consisted of a mailed communication sent in the first week of October to all hot zone customers, who were not currently enrolled in CARE/FERA or Medical Baseline Programs. Results from this effort will be included in the Q4 2017 report.



v. Hot Zone Activities

SDG&E's Outreach team also participated at 38 events in the hot zone zip codes in the communities of Escondido, Lakeside, Oceanside and Warner Springs. Reaching more than 3,900 customers, the team promoted a

variety of programs including CARE/FERA, ESA and Medical Baseline in addition to energy management tools, energy use alerts, and pricing plans.

vi. Cool Zone Program

SDG&E leverages its Cool Zone Program in partnership with the San Diego County Office of Aging & Independent Services as another way to educate customers on energy management solutions and pricing plan options. Throughout the summer, more than 100 Cool Zone locations were open for the public. At each location, SDG&E program information and applications were available for customers to help better manage their summer energy costs, understand rates, and enroll in alerts and other customer programs including assistance programs including CARE/FERA and Medical Baseline. The majority of the Cool Zone locations are in our inland, mountain and desert climate zones.



vii. Presentation Series at San Diego Center for the Blind

In September, the Outreach team in partnership with San Diego Center for the Blind conducted four presentations reaching customers from all over SDG&E's service territory. Content of these presentations included changes coming to rates, awareness around the new High Usage Charge, as well as education and assistance in completing application forms for programs including CARE/FERA, ESA, Medical Baseline and other services. One of the presentations was given in Spanish. These presentations reached more than 75 people, all of which were blind or visually impaired.



C. High Usage Charge

SDG&E received a final decision for the 2017 Rate Reform Glidepath that included the November 1 launch date for implementation of the High Usage Charge. During Q3 2017, SDG&E finalized various materials to educate customers about this new charge which included:

➤ Pocket Card - June

The pocket card provided SDG&E customers with general information about the introduction and implementation of the High Usage Charge (HUC) throughout the state. Customers were directed to the HUC web page on sdge.com for more information. More than 10,000 pocket cards have been distributed to-date through outreach activities.

➤ Dedicated Web Page - June

SDG&E launched its HUC web page (sdge.com/highusage) in June to provide general information on this new statewide initiative. In Q3 2017, this page has received nearly 1,700 page views and was updated in September to provide more detailed information on SDG&E's implementation.

➤ **Bill Insert – September**

The bill insert covered progress on Rate Reform, education around Baseline Allowance, introduction of the HUC, and promotion of alerts and programs to help customers save on their bills. Distribution of this bill insert is 1.3 million customers.

➤ **Bill Onsert – September**

SDG&E’s bill onsert included language about the upcoming HUC. The bill onsert message goes to 1.3 million customers.

➤ **Awareness Letter - September**

SDG&E distributed a letter to 142,179 residential customers on tiered pricing plans, who were at risk for incurring the new HUC based on their past 12 months of bill history. This letter detailed the new charge as well as provided tips and solutions on ways to reduce electricity consumption below four times the baseline allowance. Three different versions of the letter were distributed as part of this campaign.

- High Risk customer letter – Nearly 85,000 customers who were defined as crossing 400% of their baseline at least once in the past 12 months, were sent a letter with a graph featuring red blocks during the months when they would have incurred the HUC.

Update on California electric rate reform 

California is continuing to improve the way utilities bill for electricity so that rates are easier to understand and energy pricing is more equitable and transparent.

Some things you should know

UNDERSTAND YOUR BASELINE ALLOWANCE
The California Public Utilities Commission (CPUC) sets a monthly baseline amount for residential customers based, in part, on where you live and the season. This baseline represents how much electricity is needed for basic living—for things like heating, cooking, lighting, etc.
When your electricity use goes above your baseline, the price per kilowatt hour goes up. Learn more at sdge.com/understanding-rates.

NEW HIGH USAGE CHARGE
As part of the state's continued efforts to encourage people to use less energy, a new state-mandated High Usage Charge goes into effect on November 1, 2017. This charge will apply to residential customers whose electricity use is more than four times their Baseline Allowance. If your energy use last year shows that you may incur this charge, we'll notify you in advance. You can also subscribe to High Usage alerts so you'll know prior to receiving this charge. Another option: consider moving to a Time of Use (TOU) pricing plan. This charge doesn't apply to TOU plans. Learn more at sdge.com/highusage.

SIGN UP FOR ALERTS
Tools to help you keep track of your energy use and costs are available. Subscribe to email or text alerts by following these steps:
• Log on to "My Account" at sdge.com/myaccount.
• Look for "Alerts & Subscriptions" at the top.
• Click on "Alerts."
• Click on "Subscribe" next to the type of alert.
• Select the email addresses and phone numbers to receive alerts.

SAVE ON MONTHLY BILLS
Qualifying households may receive bill discounts and energy-saving home improvements. Qualifying medical conditions for someone in your home could get you more energy at a lower rate. Additionally, payment options like our Level Pay Plan can help balance out the highs and lows of monthly energy bills so they're more stable. For more information on our programs, visit sdge.com/assistance.

For tips and tools or if you have questions on rate changes, we're here to help. Please call us at 1-800-411-7343 or visit sdge.com/understanding-rates.

Certain programs described herein are funded by California utility customers and administered by San Diego Gas & Electric Company (SDG&E) under the auspices of the California Public Utilities Commission. Benefits are provided to qualified customers on a first-come, first-served basis until program funds are no longer available.
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**Bill Insert – September 2017
featuring information on High Usage Charge**

- At-Risk customer letter: Over 40,000 customers who were defined as reaching between 350% to 399% of their baseline at least once in the past months, were sent a letter with a graph featuring orange blocks that depicted the months when they would have been close to or “at risk” of incurring the HUC.
- Generic customer letter: Roughly 17,000 customers either at-risk or at high risk for incurring the HUC were sent this version. This version was sent to more complex customers which included Net Energy Metering (NEM) and multi-family accounts. Additionally, SDG&E is conducting a live call campaign during the months of October and November to walk these customers through the HUC in more detail, as well as to evaluate ways to provide more customized information – especially to multi-family customers who have tenants that don’t pay SDG&E directly.

➤ **HUC Alerts – to be deployed in November**

Upon implementation of the HUC on November 1, SDG&E will have both automated and paper alerts that will be distributed to customers who are at-risk for incurring the charge (350%-399%) or who are at high risk (400%+) and will incur the charge.

At-Risk Letter

History of reaching between 350% to 399% of baseline



SDGE
Semptra Energy

September 27, 2017

Customer
123 Main St
San Diego, CA 92101-1234

A new state-mandated charge begins November 1. Based on your past electricity use, this may affect you.

Learn more at sdge.com/highusage

As part of California's continuing efforts to encourage energy savings, a new state-mandated High Usage Charge goes into effect on November 1, 2017. This charge will apply to electricity use that is more than four times your Baseline Allowance. Baseline is an amount of energy set by the California Public Utilities Commission for basic needs such as lighting, cooking and refrigeration.

The chart below shows your electricity use for the past 12 months at 123 Main St. The orange shows the month(s) when you were getting close to the new charge. Beginning November 1, if you use the same amount of electricity, you will not incur the High Usage Charge. But remember, any months you use more than four times your baseline will result in receiving this charge.

Account number: 1234567890 Meter number: 01234567



ELECTRICITY USE IN 2016-2017


Electricity use for up to the past 12 months based on available data. Blue portion is up to 349% of Baseline Allowance. Orange portion is between 350% and 399% of Baseline Allowance.

For helpful information
You can find out more about the new High Usage Charge at sdge.com/highusage.

Si desea recibir una copia de esta información en español, sírvase llamar a SDG&E al 1-800-311-7343.

High Risk Letter

History of crossing 400%+ of baseline



SDGE
Semptra Energy

October 01, 2017

Customer
POBox5916
FPO, AP 96377-0060

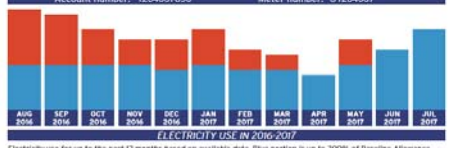
A new state-mandated charge begins November 1. Based on your past electricity use, this will affect you.

Learn more at sdge.com/highusage

As part of California's continuing efforts to encourage energy savings, a new state-mandated High Usage Charge goes into effect on November 1, 2017. This charge will apply to electricity use that is more than four times your Baseline Allowance. Baseline is an amount of energy set by the California Public Utilities Commission for basic needs such as lighting, cooking and refrigeration.

The chart below shows your electricity use for the past 12 months at 123 Main St. The red shows the month(s) when you've used more than four times the amount of your Baseline Allowance. Beginning November 1, if you use the same amount of electricity, you will incur the High Usage Charge.

Account number: 1234567890 Meter number: 01234567



ELECTRICITY USE IN 2016-2017

Electricity use for up to the past 12 months based on available data. Blue portion is up to 399% of Baseline Allowance. Red portion is more than 400% of Baseline Allowance.

For helpful information
You can find out more about the new High Usage Charge at sdge.com/highusage.

Si desea recibir una copia de esta información en español, sírvase llamar a SDG&E al 1-800-311-7343.

Generic Letter

NEM & Multifamily Customers



SDGE
Semptra Energy

October 01, 2017


Customer
123 Main St
San Diego, CA 92101-1234

A NEW STATE MANDATE BEGINS NOVEMBER 1, 2017. Based on your past energy use, this is likely to affect you.

Learn more at sdge.com/highusage

As part of California's continued efforts to encourage people to save energy, a new state-mandated High Usage Charge goes into effect on November 1, 2017. This charge will apply to residential customers whose electricity use is more than four times the amount of their Baseline Allowance.

Based on your past electricity use at 123 Main St., you're likely to get this charge. Find information on Baseline Allowance below. For some suggested tools and tips you can use to help avoid this charge, visit sdge.com/highusage.



KNOW YOUR BASELINE

Baseline Allowance is the amount of electricity allotted for basic needs. This varies by season, where you live, and how you use energy in your home. Your Baseline Allowance for electricity can be found on your bill, or you can calculate it at sdge.com/highusage.



SIGN UP FOR HIGH USAGE ALERTS


Subscribe to High Usage Alerts so you'll know in advance when you're close to the High Usage Charge:

- Go to sdge.com/myaccount.
- Look for "Alerts & Subscriptions" at the top.
- Click on "Alerts."
- Click on "Subscribe" next to "Alert before a High Usage Charge."
- Select the email addresses and phone numbers to receive alerts.

Si desea recibir una copia de esta información en español, sírvase llamar a SDG&E al 1-800-311-7343.


High Usage Charge Solutions

2nd page of customer letters



KNOW YOUR BASELINE


Baseline Allowance is the amount of electricity allotted for basic needs. This varies by season, where you live, and how you use energy in your home. Your Baseline Allowance for electricity can be found on your bill, or you can calculate it at sdge.com/highusage.



SIGN UP FOR HIGH USAGE ALERTS

Subscribe to High Usage Alerts so you'll know in advance when you're close to the High Usage Charge:

- Go to sdge.com/myaccount.
- Look for "Alerts & Subscriptions" at the top.
- Click on "Alerts."
- Click on "Subscribe" next to "Alert before a High Usage Charge."
- Select the email addresses and phone numbers to receive alerts.



USE ONLINE TOOLS TO MANAGE YOUR ENERGY USE

- Compare your electricity pricing plan choices to see if you may save on another plan.
- Set a spending goal and get email or text alerts when you've reached it.
- Subscribe to a weekly email summarizing your energy use.

Go to sdge.com/myaccount

Extra energy allowance available for medical needs

If you or someone in your household has a qualifying medical condition, you may be eligible to receive more energy at the lower price. Qualifying households receive an additional Baseline Allowance, which means you may be able to avoid the High Usage Charge. To learn more about the Medical Baseline Allowance Program, visit sdge.com/assistance.

Keep your CARE bill discount

As a CARE customer, you're currently receiving a monthly bill discount of 30% or more. However, high electricity use may make you ineligible to continue receiving this discount. If you exceed four times the amount of your Baseline Allowance, you're subject to both the High Usage Charge and the need to re-certify for the CARE discount.

If you have additional questions or need more information on rates, we're here to help. Please call us at 1-800-411-7343 or visit sdge.com.

Si desea recibir una copia de esta información en español, sírvase llamar a SDG&E al 1-800-311-7343.

Copies of these alerts will be provided in the Q4 2017 PRRR.

D. Statewide Marketing

On July 20, 2017, Administrative Law Judge (ALJ) Park issued a Ruling outlining a detailed scope of work for the statewide ME&O part of Residential Rate Reform. In the Ruling, the ALJ is requested DDB to submit a proposed budget related to executing the Phase 1 deliverables of the scope of work. Phase 1 includes three deliverables: ME&O Blueprint Updates, Content Developing/Testing/Creative Design, and Updates & Maintenance. Phase 2 covers the execution of the deliverables identified in Phase 1 and will likely be competitively bid.

DDB submitted their Phase 1 budget proposal on July 27, 2017. Parties commented and consensus formed on the need for more clarity on how DDB's proposed budget links with the Phase 1 deliverables outlined in the Ruling. The IOUs also recommended that DDB focus on Phase 1, Deliverable 1; ME&O Blueprint Updates, to ensure that all Parties are aligned on the main purpose of a statewide Rate Reform ME&O campaign before addressing the other two Phase 1 deliverables.

III. Opt-In Time of Use (TOU) Rates

As of September 30th, there were 35,860 SDG&E customers on opt-in TOU rates. The detailed breakout by TOU rate has been provided below.

SDG&E CUSTOMERS ON OPT-IN TIME OF USE RATES

Rate	Accounts Enrolled as of 12/31/15	Accounts Enrolled Q1 2016	Accounts Enrolled Q2 2016	Accounts Enrolled Q3 2016	Accounts Enrolled Q4 2016	Accounts Enrolled Q1 2017	Accounts Enrolled Q2 2017	Accounts Enrolled Q3 2017	Total
Schedule TOU-DR	346	209	133	180	104	85	63	454	1574

Schedule EECC-TOU-DR-P	1365	692	554	645	599	479	315	702	5351
Schedule DR-TOU	1165	-33	0	-34	-2	-14	-18	-18	1046
Schedule EV-TOU	302	-17	2	136	-8	15	17	-12	435
Schedule EV-TOU2	6466	504	550	484	623	575	338	525	10065
Schedule DR-SES	2168	412	338	397	341	448	535	4142	8781
Schedule TOUDDRE1	0	0	3741	133	-176	-227	-212	-179	3080
Schedule TOUDDRE2	0	0	6860	126	-348	-411	-356	-343	5528
Total	11812	1767	12178	2067	1133	950	682	5271	35860

IV. Opt-In TOU Pilot (June 2016-December 2017)

SDG&E's Opt-In TOU Pilot Plan includes three experimental rate options Control Your Use Rates E1, E2, and E3. This section summarizes the three rate options, recruitment and retention efforts, customer participation levels, education and outreach efforts, and research and evaluation plans.

A. Participation – Control Your Use Rates E1, E2 & E3

On June 1, 2016, SDG&E went live with 15,802 participants on rates E1 and E2 and a control group. Effective June 1, 2016 through December 31, 2017, the rates reflect a simple TOU structure. Rate E1 has three TOU periods, and Rate E2 has two TOU periods. The on-peak period for both pricing plans is 4pm-9pm. As of October 6, 2017, the retention rate is 75% for control group, 74% for Rate 1, and 74% for Rate 2.

Last year, on October 1, 2016, SDG&E went live with 68 participants on Rate E3 (HourX). Effective October 1, 2016 through December 31, 2017, this rate is a proof of concept and is intended for customers who adopt innovative technology and understand their energy usage.

It is a dynamic hourly pricing plan option that is much more complex than Rates E1 and E2 and includes: a) Monthly service fee (\$10), b) Prices that vary hourly, c) Dynamic rate components, and d) Net surplus energy credits. The retention rate for E3 as of October 6, 2017 is 78%.

In summary, as of October 6, 2017, there are a total of 8,578 participants on Rates E1 & E2 and 53 participants on Rate E3. SDG&E continues to maintain strong participation across all three pilot rates with a cumulative retention rate of 74%. The three main reasons for drop offs for these pilot rates are: a) bill is too high, b) the rate is too confusing or difficult to understand, c) can't/don't want to shift load during peak hours. The table below summarizes the results by rate.

Pilot Group #	Pilot Group	# of Customers Enrolled	Drop Offs (Ineligibility / Opt Outs)			# of Active Participants
			Rate 1	Rate 2	Control Group	
1	Hot	432	---	77/16	---	339
2	Cool, Non CARE	4008	237/29	417/45	246/2	3,032
3	Cool, CARE	3808	258/17	435/26	291/4	2,777
4	Moderate, Non CARE	3946	214/43	422/70	245/1	2,951
5	Moderate, CARE	3610	260/32	437/42	243/4	2,592
Totals		15,804	969/121	1,788/199	1,025/11	11,691

Note- 3,279 of the overall Ineligibility count is due to Finaled Accounts.

74% Retention Rate

Experimental Rate E1	Experimental Rate E2	Control Group	Experimental Rate E3
<ul style="list-style-type: none"> 4,154 originally assigned to E 3,064 currently assigned to E1 74% Retention Rate 	<ul style="list-style-type: none"> 7,501 originally assigned to E2 5,514 currently assigned to E2 74% Retention Rate 	<ul style="list-style-type: none"> 4,149 originally assigned to Control 3,113 currently assigned to Control 75% Retention Rate 	<ul style="list-style-type: none"> 68 originally assigned to E3 53 currently assigned to E3 78% Retention Rate
<ul style="list-style-type: none"> June 2016 – Dec 2017 3 TOU Periods <ul style="list-style-type: none"> On Peak 4pm – 9pm Off Peak Super Off Peak 	<ul style="list-style-type: none"> June 2016 – Dec 2017 2 TOU Periods <ul style="list-style-type: none"> On Peak 4pm – 9pm Off Peak 	<ul style="list-style-type: none"> June 2016 – Dec 2017 Remain on Residential DR or DR-LI rate 	<ul style="list-style-type: none"> Nov 2016 – Dec 2017 Hourly dynamic rate, includes: <ul style="list-style-type: none"> Prices that vary hourly Dynamic rate components Net surplus energy credits

B. Bill Protection

Bill protection credits were processed for Opt-in TOU Pilot participants on Rates E1 and E2 throughout the month of June 2017. Additionally, SDG&E will start to process bill protection

credits for participants on Rate E3 in the month of October. SDG&E plans to provide an aggregate report of results upon the completion of bill protection credits for all pilot participants in the Q4 PRRR.

C. Event Day Pricing – Control Your Use Rate E3

Rate 3 (HourX) is an hourly dynamic rate that provides customers with the maximum number of low cost hours. This includes high premiums, through the recovery of capacity costs through price “adders” applied to an estimated top 150 system peak hours and the top 200 circuit peak hours, and a monthly service fee which recovers fixed and some capacity related costs.

System events apply to the entire system, and as a result, the adder is impactful during events with a rate increase of 70 cents. The first system event was called on June 19, 2017. As of September 29, 2017, a total of 30 system events have been called. Compared to system events, circuit events are local to each unique customer and are based on the equipment necessary to deliver power from the substation to the customer residence. These localized, circuit events lead to a rate increase of 19 cents. The first peak hour circuit event was called on May 28, 2017. As of September 29, 2017, a total of 89 circuit events have been called. Customers were notified via email the day-ahead of a system or circuit event.

D. Opt-In TOU Pilot Participant Survey

The second Opt-In TOU Pilot survey was completed by Rate E1 and E2 customers in August of 2017. Like the first survey, SDG&E and the other IOUs partnered with Research into Action (RIA) and Washington State University to conduct the survey, analyze the data, and report results. As of September 29, 2017, SDG&E received survey responses from

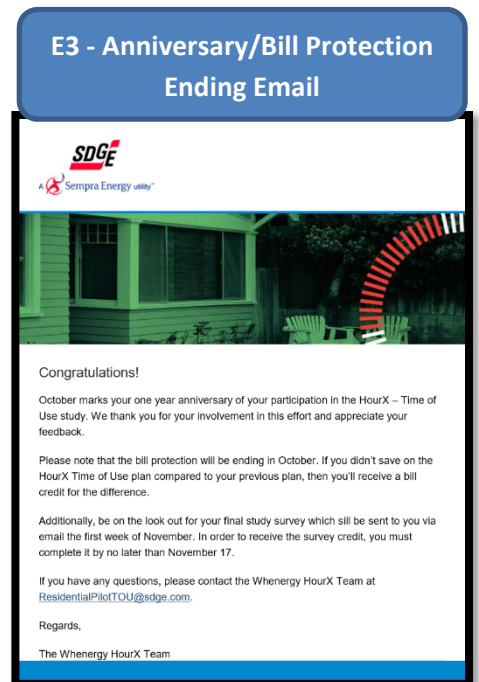
approximately 11,200 customers resulting in a participation rate of 87%. Additionally, SDG&E issued bill credits of either \$75 or \$125 (depending on the customer's enrollment terms) to these survey respondents during their September bill cycle. While the survey results are expected to become available in late October, its primary focus addresses the following key areas:

- Degree of financial hardship caused by TOU rates relative to tiered rates and to identify population segments most affected by the rate changes
- Level of customer understanding of TOU rates and the reasons for them
- Effectiveness of communications used during those months
- Level of satisfaction participants have with their new rate, during the cooler months

For Rate E3 pilot participants, SDG&E plans to deliver the second survey in early November via email. Survey results are expected to be available in Q1 2018.

V. Opt-In TOU Pilot Outreach & Education

SDG&E continued to educate Opt-In TOU Pilot participants on conservation, shifting energy off-peak and other seasonal energy saving solutions to help customers be successful on TOU pricing plans. Rate E1 and E2 communications acknowledging the customer's one year anniversary period and end of bill protection was distributed at the end of Q2 2017. In September, Rate E3 (HourX) participants received the same information via email.



VI. 2018 Default TOU Pilot

SDG&E will transition 100,000 - 125,000 residential customers to TOU pricing in March 2018 based on the customer's billing cycle. To account for customers who opt-out, close their account, or transfer service, SDG&E plans to distribute default notifications to approximately 150,000 randomly selected, eligible residential customers.

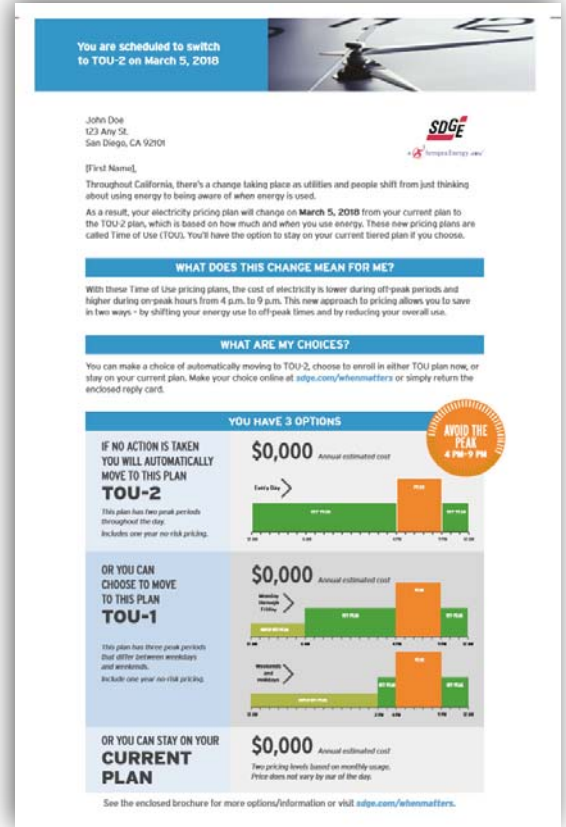
An initial awareness communication on TOU was distributed to 153,898 customers in October. The primary default notification (PD60) containing rate comparisons and other information will occur in January 2018, 45 to 60 days prior to transitioning customers in March 2018. Additionally, a reminder communication (PD30) will be sent 15 to 30 days prior to the customer transitioning. Default TOU Pilot customers will receive ongoing communications, as appropriate, including but not limited to a welcome communication, summer and winter pricing information and end of bill protection communication. SDG&E will test two default tariffs, which are structurally the same as the two rates being tested in its Opt-In TOU Pilot.

SDG&E's Default TOU Pilot ME&O Plan is being updated and will be filed November 1, 2017.

A. Default TOU Pilot Outreach and Education:

Based on feedback from focus groups completed in both July and October 2017, customers indicated a preference to have information related to their pricing plan options be conveyed in a simple, clear and concise way. They want to have information about what it means to them.

Additionally, there was feedback that people desired broader information on why California is moving to TOU pricing plans, how baseline works with these new plans, and particularly, why the on-peak was moving to the new time frame of 4pm to 9pm. To address this, SDG&E will be providing two pieces as part of its pre-default communications (PD60) to customers in January 2018 – a letter that has specific information for a customer and a second piece that provides broader context of what is occurring and why.



Full-size copies of these draft communications are included in the attached Appendix – 2018 Default TOU Pilot DRAFT Customer Communications.

VII. Updates on Other Proceedings Impacting Residential Rate Reform

Provided in this section, are other current proceedings that have impacts on activities related to the implementation of Residential Rate Reform.

A. General Rate Case (GRC) Phase 2 Application – TOU Periods

SDG&E filed its second-amended application on February 9, 2016. As part of SDG&E's GRC Phase 2 application, on September 28, 2017, the Commission approved, among other things, the adoption of SDG&E's new TOU periods (4pm-9pm on peak) and rates effective December 2017 to better align with current peak demand on SDG&E system.

B. Fixed Cost Methodology/PG&E's GRC Phase 2 Application

On September 28, 2017, the Commission approved PG&E's GRC Phase 2 application, filed on June 30, 2016, including the IOU joint fixed charge methodology. This proceeding included proposals by the IOUs, the Office of Ratepayer Advocates (ORA) and The Utility Reform Network (TURN) on a defined fixed charge methodology to develop a record to support a Commission decision adopting categories of fixed charges. The Commission concluded fixed costs must be customer related and customer specific (one customer or a small group of customers) however, approved language allows for specific costs to be revisited for inclusion after the IOUs have each established default TOU rates. Next steps include the IOUs filing optional rates including fixed charge scenarios in their 2018 Rate Design Window (RDW) Applications prior to January 1, 2018.

C. Rate Reform OIR Phase 3 (R.12-06-013)

The Commission determined that the scope of Phase 3 should include: (1) the interpretation of Public Utilities Code Section 745 (Section 745) conditions that must be met for the implementation of default TOU rates; (2) potential changes to the California Affordable Rates for Energy (CARE) program under Assembly Bill 327 (Statutes of 2013, Perea); and (3) requirements for supporting information for the 2018 RDW Applications and general TOU pilot

implementation issues. A CPUC decision (D.16-09-016) was issued on September 19, 2016 addressing many of the statutory interpretation issues necessary to implement Section 745. In addition, the Commission authorized the exclusion of CARE/FERA eligible customers living in SDG&E's mountain and desert service areas from being defaulted to TOU rates during the 2018 Default TOU Pilot. The CARE Restructuring Working Group also met in September to discuss IOU CARE customer data and next steps. The procedural schedule to move forward in addressing the remaining Phase 3 issues is as follows:

- CARE Restructuring – Working group meetings and data analysis continue; recommendations for including proposed adjustments to the CARE mechanism will be forthcoming in Q1 2018
- IOU RDW Filings – to be filed no later than January 1, 2018
- ME&O - The three IOUs filed advice letters (ALs) regarding their ME&O plans to educate and outreach to customers on residential rate reform information on November 1, 2016 in compliance with D.15-07-001. These ALs were supplemented with additional requested information on March 15, 2017 and November 1, 2017. This part of the proceeding is being coordinated with the Statewide Marketing effort to better align state messaging to residential customers on TOU and other state-guided initiatives. Resolution on these advice letters is expected in December 2017.

D. Rate Reform 2017 Glidepath (AL 3055-E)

On December 7, 2016, SDG&E, SCE, and PG&E (the "IOUs") filed a PFM to modify language of the Residential Rate Reform Decision (D.15-07-001) that established, among other things, Glidepath rules around capping Tier 1 residential rate increases to no more than 5%

above the annual change in the Residential Average Rate (RAR) relative to the prior 12 months. Due to changes in customer sales (kWh consumed) versus forecasts and other rate related impacts, the IOUs sought changes to the capping rule as well as a procedural path to decide any future Tier 1 capping rule deviations. The PFM, approved on July 13, 2017, authorizes rate increases resulting from annual Glidepath changes of a RAR percentage increase plus 8% relative to rates for the prior 12 months to procedurally to be requested via a Tier 3 advice letter (AL). SDG&E collaborated with interested parties agreeing to present several SDG&E Glidepath scenarios including the addition of the HUC in alignment with D.15-07-001 and related estimated customer bill impacts in a Tier 3 AL filed on March 10, 2017. In August 2017, the Commission issued a final resolution authorizing the implementation of new residential Tier 1 and 2 rates and the establishment of a HUC. As discussed earlier, new Tier 1 and 2 rates were implemented in September 2017 and the HUC will begin in November 2017.

VIII. Expenditures

Pursuant to Ordering Paragraph 12 of Decision D.15-07-001, SDG&E filed a Tier 1 Advice Letter 2769-E6 on July 31, 2015 to establish the Rate Reform Memorandum Account (RRMA). The RRMA will be used to track verifiable incremental costs in the following categories: (i) TOU pilots, (ii) TOU studies, including hiring of a consultant or consultants to assist in developing study parameters, (iii) MEO costs associated with the rate changes approved in this decision, and (iv) other reasonable expenditures as required to implement this decision.

IT costs related to system changes required to implement Residential Rate Reform that are not TOU pilot related are funded through the SDG&E base capital budget and will be

excluded from the RRMA. These costs, along with other ME&O costs not included in the RRMA are reflected in the “Non-RRMA” section of the table below.

The information below includes costs incurred from August 2015 through September 2017.

Rate Reform Costs Aug 2015 - Sept 2017*									
RRMA: General Rate Reform (in 000's)									
	Aug - Dec 2015	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Total
Marketing, Education, & Outreach	\$ -	\$ 72	\$ 420	\$ 325	\$ (446)	\$ 2	\$ 24	\$ 13	\$ 410
Information Technology	\$ -	\$ 51	\$ 130	\$ 81	\$ (216)	\$ -	\$ -	\$ -	\$ 46
Other	\$ -	\$ -	\$ 6	\$ 9	\$ 19	\$ 4	\$ -	\$ 2	\$ 40
General Rate Reform Total	\$ -	\$ 123	\$ 556	\$ 415	\$ (643)	\$ 6	\$ 24	\$ 15	\$ 496
RRMA: Time-Of-Use Opt-In Pilot (in 000's)									
	Aug - Dec 2015	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Total
Planning & Design	\$ -	\$ -	\$ -	\$ 550	\$ (483)	\$ 20	\$ 7	\$ -	\$ 94
Measurement & Evaluation	\$ -	\$ -	\$ 11	\$ -	\$ -	\$ -	\$ 1	\$ 0	\$ 12
Customer Insight	\$ -	\$ -	\$ 46	\$ -	\$ 67	\$ 1	\$ 58	\$ 153	\$ 325
Recruitment	\$ -	\$ -	\$ 395	\$ 1,228	\$ 640	\$ 61	\$ 1	\$ 844	\$ 3,169
Customer Support	\$ -	\$ -	\$ -	\$ 105	\$ 142	\$ 244	\$ 319	\$ 361	\$ 1,171
Outreach & Education	\$ -	\$ -	\$ -	\$ 210	\$ 173	\$ 66	\$ 17	\$ 22	\$ 488
Technology	\$ -	\$ -	\$ -	\$ -	\$ 78	\$ 83	\$ 36	\$ 32	\$ 229
Technology Operations Support	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 319	\$ 158	\$ 246	\$ 724
TOU Opt-in Pilot Total	\$ -	\$ -	\$ 452	\$ 2,093	\$ 618	\$ 794	\$ 597	\$ 1,658	\$ 6,211
RRMA: Time-Of-Use Default Pilot (in 000's)									
	Aug - Dec 2015	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Total
Planning & Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118	\$ 265	\$ 234	\$ 617
Program Management / Employee Training	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Measurement & Evaluation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer Insight	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer Support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing, Education, & Outreach	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ 14	\$ 14	\$ 39
Customer Outreach & Engagement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4
Operations & Production Support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129	\$ 279	\$ 252	\$ 660
TOU Default Pilot Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129	\$ 279	\$ 252	\$ 660
Total to RRMA	\$ -	\$ 123	\$ 1,008	\$ 2,508	\$ (25)	\$ 929	\$ 900	\$ 1,925	\$ 7,367
Non-RRMA (in 000's)									
	Aug - Dec 2015	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Total
Marketing, Education, & Outreach	\$ 251	\$ -	\$ -	\$ -	\$ 148	\$ 193	\$ 98	\$ 704	\$ 1,394
Information Technology	\$ 437	\$ 531	\$ 751	\$ 662	\$ 1,136	\$ 1,317	\$ 3,563	\$ 2,715	\$ 11,112
Non-RRMA Total	\$ 688	\$ 531	\$ 751	\$ 662	\$ 1,284	\$ 1,510	\$ 3,661	\$ 3,419	\$ 12,506
Grand Total (RRMA + Non-RRMA)	\$ 688	\$ 654	\$ 1,759	\$ 3,170	\$ 1,259	\$ 2,439	\$ 4,561	\$ 5,344	\$ 19,873

Guidelines and charge numbers have been established to ensure that the costs charged to the RRMA are appropriate and incremental and that they are tracked accordingly. All costs that are charged to the RRMA are reviewed and verified on a quarterly basis, at minimum.
 * Any required corrections/adjustments are reported herein and supersede information provided in prior reports and may reflect year-to-date adjustments

IX. Conclusion

SDG&E is pleased to report its Third Quarter (July - September) 2017 efforts to the Commission and stakeholders. SDG&E looks forward to continued collaboration with the other

IOUs, Energy Division and the Working Group members to develop plans and best practices that will contribute to a successful implementation of Residential Rate Reform and transition to TOU rates for residential customers.

Respectfully submitted,

/s/ Steven C. Nelson

Steven C. Nelson

Attorney for

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November 1, 2017

APPENDIX

2018 Default TOU Pilot DRAFT Customer Communications

TOU Awareness Postcard for 2018 Default Pilot
Sent middle of October

Starting in January 2018,
your bill won't just be
based on how much energy
you use, but also *when*.



PRSRT STD
U.S. POSTAGE
PAID
SAN DIEGO CA
PERMIT NO.
213

Throughout California, new energy pricing plans are coming in 2018 that are not only based on how much energy you use, but also when you use it. These new plans give you new ways to save on your bill, providing more choice around managing your energy use.

You can find out more about these Time of Use plans at sdge.com/TOUPlans.

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7SDG14727_TOU

It's time to
start thinking
about energy
differently.



7SDG14727_TOU Gen Awareness DM.indd 1

10/27/17 3:20 PM

You are scheduled to switch to a Time of Use plan on March 5, 2018



Account number: 000000000 Meter number: 000000000

John Doe
123 Any St.
San Diego, CA 92101



[First Name],

Choices are coming to your energy pricing. Throughout California, new pricing based on when you use energy is now available. These new plans are called Time of Use (TOU).

On **March 5, 2018** your pricing plan will change to the TOU-2 plan, which rewards you for shifting energy use to lower cost times. You have the option to be moved automatically to this new plan, choose another TOU plan, or stay on your current plan.

WHAT DOES THIS CHANGE MEAN FOR ME?

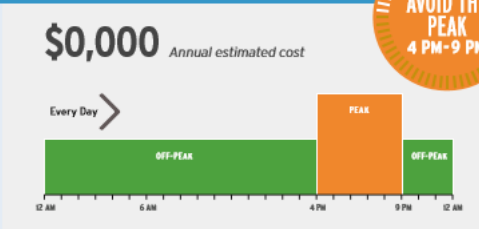
With these Time of Use pricing plans, the cost of electricity is lower during off-peak periods and higher during on-peak hours from 4 p.m. to 9 p.m. This new approach to pricing allows you to save in two ways - by shifting your energy use to off-peak times and by reducing your overall use.

WHAT ARE MY CHOICES?

You can make a choice of automatically moving to TOU-2, choose to enroll in either TOU plan now, or stay on your current plan. Time of Use plans include one year no-risk pricing. Make your choice online at sdge.com/whentmatters or simply return the enclosed reply card.

YOU HAVE 3 OPTIONS

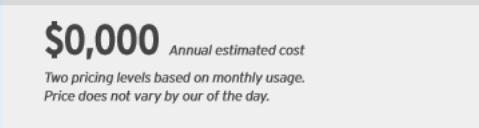
IF NO ACTION IS TAKEN YOU WILL AUTOMATICALLY MOVE TO THIS PLAN TOU-2
This plan has two peak periods throughout the day. Includes one year no-risk pricing.



OR YOU CAN CHOOSE TO MOVE TO THIS PLAN TOU-1
This plan has three peak periods that differ between weekdays and weekends. Include one year no-risk pricing.



OR YOU CAN STAY ON YOUR CURRENT PLAN



See the enclosed brochure for more options/information or visit sdge.com/whentmatters.

DRAFT – Business Reply Card for 2018 Default TOU Pilot

**YES, I'M READY TO SIGN UP FOR MY
NEW TOU PRICING PLAN.**



No action needed. **You will switch to TOU-2 on March 5, 2018** or you can complete this card and return it with your choice.

First Name (printed) John

Last Name (printed) Doe

Address (printed) 123 Main Street

San Diego, CA 00000



[] Verify that your name and address are correct

Account number: 000000000 Meter number: 000000000

SELECT ONE OPTION (please check box):

- Switch me now to **TOU-2 Pricing Plan (TOU-DR-2)**
- Switch me now to **TOU-1 Pricing Plan (TOU-DR-1)**
- I want to remain on my **current plan**

REMINDER:

You can try your new TOU pricing plan risk-free for up to 1 year.

Signature (required) _____

Date (required) _____

7SDG14786_TOU ReplyCard_6x4.indd 1

10/27/17 2:55 PM

DRAFT – Envelope for PD60



San Diego Gas & Electric®
P.O. Box 129831
San Diego, CA 92112-9831

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PERMIT NO.
213

YOUR PRICING PLAN IS CHANGING
(But you can try your new plan risk-free for one year.)
Details Inside

7SDG14786_TOU Envelope_8.875x5.75.indd 1

10/27/17 3:18 PM

DRAFT - Explanatory piece that accompanies PD60/PD30

With Time of Use pricing plans, we all have to think about energy differently. In a change taking place across California, instead of being charged solely for how much energy you use, your new plan also includes when you use energy.

During on-peak hours, increased demand on the electric grid increases the cost of producing and delivering electricity - which is why it costs more to use energy during that time.

By shifting your energy use to off-peak hours, you'll pay less. You'll also help decrease demand on the electric grid, which benefits the environment.

YOUR NEW PRICING PLAN.

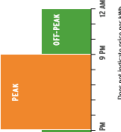
Your energy actions can help us protect the environment that we all share.

Here's some quick information to help you better understand your new plan, its benefits, and ways to save on energy costs once you've switched to a Time of Use energy plan.

The plan you're scheduled to move to is TOU-2 and breaks your day into two sections: on-peak and off-peak. Your energy costs will be higher during on-peak hours. The on-peak hours are 4 p.m. to 9 p.m.



TOU-2 Your New Plan



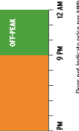
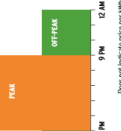
YOU CAN SAVE IF YOU STAY UNDER YOUR BASELINE ALLOWANCE.

Your baseline allowance is an amount of electricity for basic energy use like heating, cooking, lighting and refrigeration. Your allowance is based on where you live and if you have electricity or also have natural gas. Your baseline is used to calculate your energy tiers. Tier 1 is up to 100% of your baseline. Tier 2, which has a higher price, you can calculate your baseline allowance at www.sdge.com/baseline-calculator.

WHY IS THE PEAK 4 P.M. TO 9 P.M.?

For years, energy has been supplied by a large grid and the peak energy use was in the middle of the day, it a.m. to 6 p.m. To serve that peak energy use, power plants and the grid had to work harder and additional plants were built to supply the energy needed.

TOU-1 Optional Plan



CLEVERNESS PAYS DIVIDENDS WHEN YOU'RE FOCUSED ON WHEN YOU USE ENERGY.

Here are a few tips and tricks for saving energy and money during off-peak periods:

1. Run your washer/dryer during off-peak hours and do multiple loads
2. Set a pre-programmable thermostat to turn off at night during on-peak hours
3. Let your dishes air-dry
4. Monitor your energy use by downloading the SDC&E mobile app at sdge.com/mobileapps

Discover more energy-saving ideas at sdge.com/whenelect

IS THIS ONLY HAPPENING IN THE REGION?

The shift to Time of Use pricing is taking place throughout California. In fact, businesses statewide are already on TOU pricing. Residential customers will have the opportunity to switch to Time of Use pricing plans.

WHAT IF I DON'T WANT TO SWITCH?

You can choose to stay on your current tiered pricing plan, but the new Time of Use plans provide greater savings. You can also choose to stay on your current tiered pricing plan and try reducing overall use.

1 YEAR NO RISK PRICING.

You can try a new TOU pricing plan risk-free for up to one year. If you end up spending more than you did on your current plan, you'll receive a bill credit for the difference 12 months after your enrollment date.

QUESTIONS?

Visit sdge.com/whenelect

Connect with us at sdge.com and on:

- Twitter: [sdge](https://twitter.com/sdge)
- Facebook: [sandiegoandelectric](https://facebook.com/sandiegoandelectric)
- YouTube: [sdgelivemaster](https://youtube.com/sdgelivemaster)
- Instagram: [sdge](https://instagram.com/sdge)



A Southern Company utility

New Time of Use Pricing Plans

When you use energy matters





A Southern Company utility



DRAFT - Welcome Packet for 2018 Default Pilot

Welcome to Your New Time of Use Pricing Plan

When you use energy matters


SDGE
A Scudder Energy company

QUESTIONS?

Visit sdge.com/whentmatters

Connect with us at sdge.com and on:

- Twitter.com/sdge
- Facebook.com/sandiegogasandelectric
- Youtube.com/sdgewebmaster
- Instagram.com/sdge




Welcome to your new Time of Use pricing plan.

Like many other Californians, your energy bill will now be based on a combination of how much energy you use and when you use energy. You'll have two ways to save - by shifting energy use to lower-priced times and by using less energy.

By shifting your energy use to off-peak hours, you'll pay less. You'll also help decrease demand on the electric grid, which benefits the environment.

YOUR ON-PEAK HOURS ARE 4 P.M. TO 9 P.M.



YOUR NEW PRICING PLAN.

Your energy actions can help us protect the environment that we all share.

Here's some quick information to help you better understand your new plan, its benefits and ways to save on energy costs with the Time of Use (TOU) energy plan. In the coming months, we'll be giving you additional tips, products, and program suggestions to help you save on TOU.

The plan you're now on is TOU-2 and breaks your day into two sections: on-peak and off-peak. Your energy costs are higher during on-peak hours. The on-peak hours are 4 p.m. to 9 p.m.

While you don't have to stop using energy during that time frame, shifting your habits to use energy in off-peak times can have a significant impact on your monthly bill.


Please keep in mind that your bills may vary from month-to-month and by season, possibly more than on your past rate plans.

YOUR NEW PRICING PLAN

TIME OF USE - 2'

OFF PEAK	PEAK
38¢ per kWh	40¢ per kWh
18¢ per kWh	20¢ per kWh

To calculate your baseline, go to sdge.com/whentmatters



*Subject to and subject to the supervision and regulation of the California Public Utilities Commission (CPUC) and are subject to change by CPUC order. The program is funded by California utility customers and administered by SDG&E under the auspices of the CPUC.

1 YEAR NO RISK PRICING.

You can use your new pricing plan risk-free for up to one year. If you end up spending more than you did on your previous plan, you'll receive a bill credit for the difference at the end of 12 months.

CLEVERNESS PAYS DIVIDENDS WHEN YOU'RE FOCUSED ON WHEN YOU USE ENERGY.

Here are a few tips and tricks for saving energy and money:

- 1 Run your higher electric use appliances during off-peak periods
- 2 Run your washer and dryer during off-peak hours and do multiple loads
- 3 Set a pre-programmable thermostat to turn off or adjust during on-peak hours
- 4 Turn off your dishwasher after the wash cycle and let your dishes air-dry
- 5 Monitor your energy use by downloading the SDG&E mobile app at sdge.com/mobileapps

Discover more energy-saving ideas at sdge.com/whentmatters

WHY IS THE PEAK FROM 4 P.M. TO 9 P.M.?

For years, energy has been supplied by a large grid and the peak energy use was in the middle of the day, 11 a.m. to 6 p.m. To serve that peak energy use, power plants and the grid had to work harder and additional plants were built to supply the energy needed.

Now with more renewable energy, primarily from solar, the peak time for energy used from the grid has shifted to later in the day, when the sun starts to go down and renewable energy production drops.

IS THIS ONLY HAPPENING IN THE SAN DIEGO REGION?

The shift to Time of Use pricing is taking place throughout California. In fact, businesses statewide are already on Time of Use pricing plans. Within the next few years, all residential customers will have the opportunity to switch to Time of Use pricing plans.