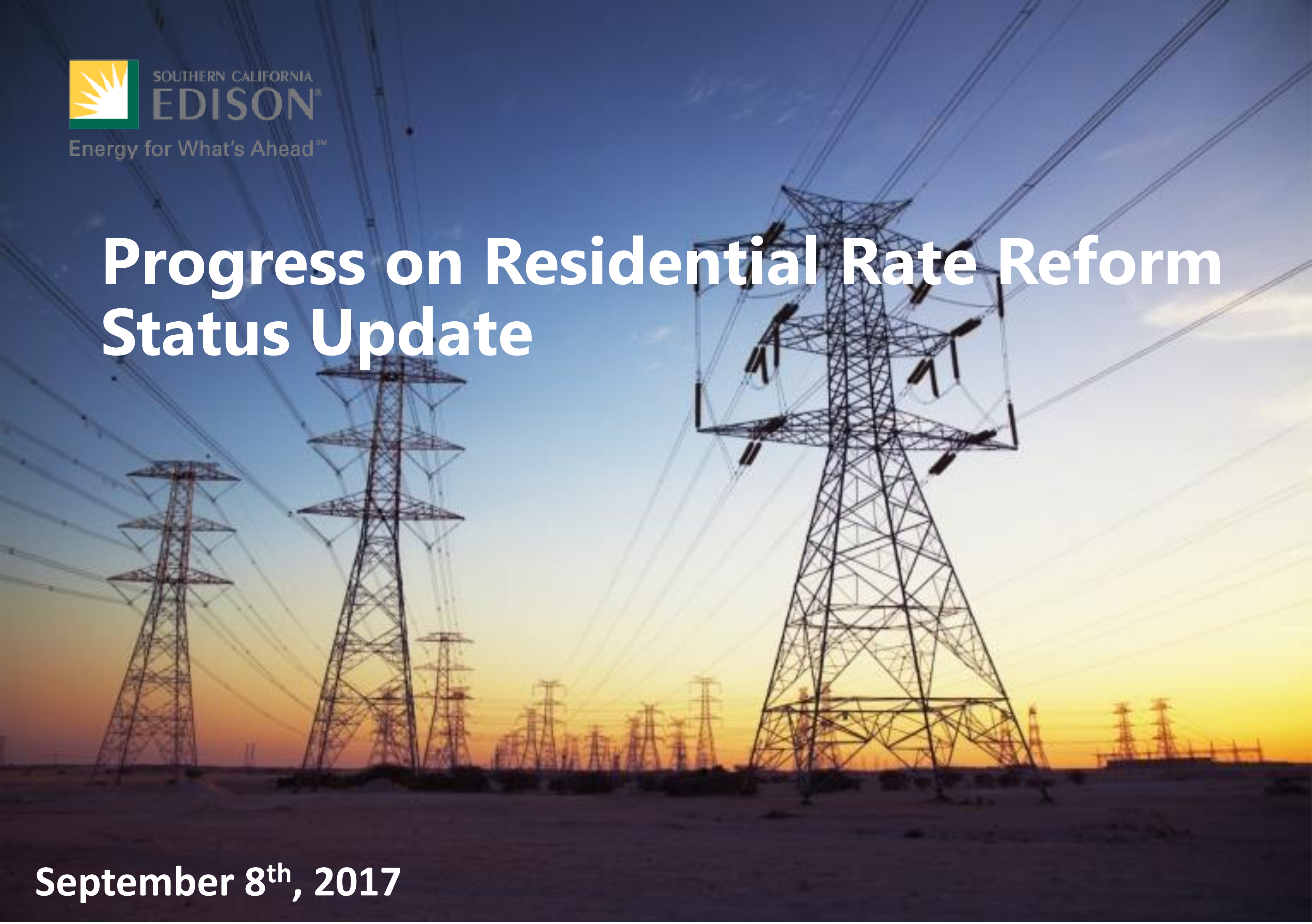


SOUTHERN CALIFORNIA EDISON

Energy for What's Ahead℠

Progress on Residential Rate Reform Status Update

September 8th, 2017

Agenda

- Rate Reform ME&O Updates
- High Usage Charge Customer Experience
- Metrics and Results of 3rd Rate Comparison Test and Learn
- Online and Paper Bill Comparisons
- TOU Opt-in Pilots
- Status of Opt-In TOU Enrollments
- Text Alert Trial
- Appendix

Rate Reform ME&O Updates

Brian Kopec,
Sr. Project Manager, Marketing

Rate Options Campaign
Communications Objectives

- Increase awareness of key metrics associated with rate reform:
    - Customers are aware that there are rate plans that can help save money.
    - Customers know where to go to get more information about how to manage their energy use.
    - Customers understand how energy use can impact their bills (based on the rate plan they are on).

– Leverage rate options as a way to maintain / improve customer satisfaction scores for JD Power, MSI and CAT.

– Elevate engagement with customers beyond simple awareness of rates / TOU.

– Build momentum for an evolving rates strategy for 2017-2020.

Rate Options Campaign
Key Insights

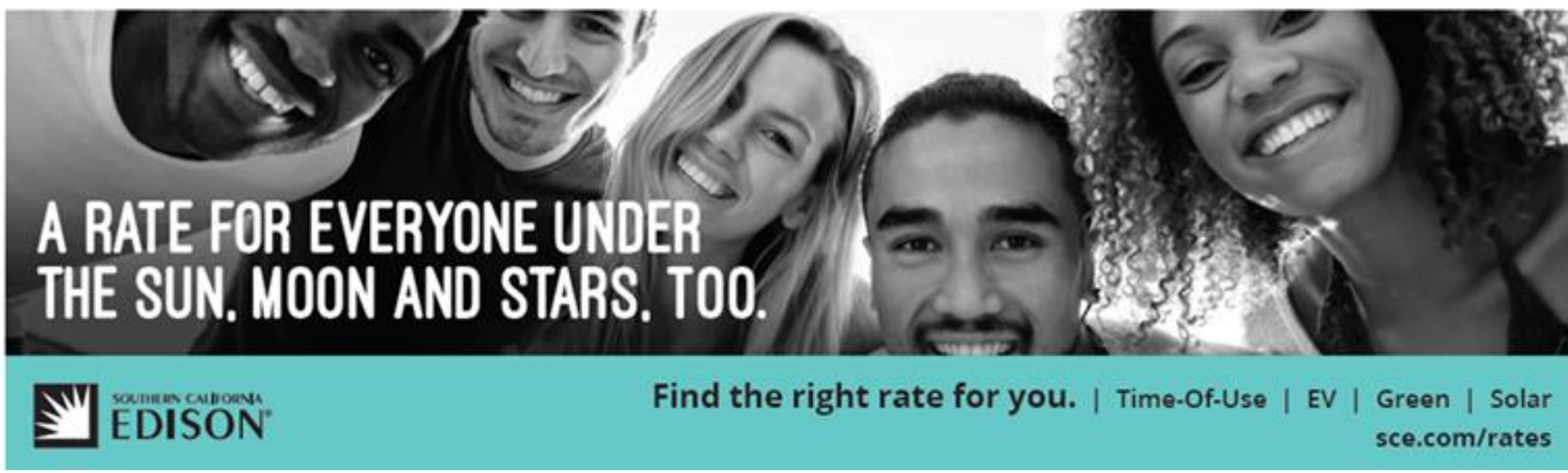
– Few understand how their rates work (or what rate they're on)

  Only half of customers know that there are different rate plans available as options for them

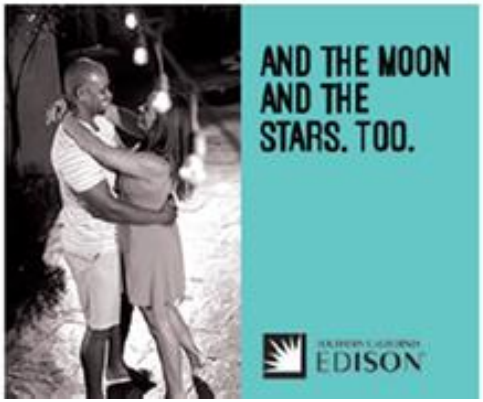
- There is an overall feeling of "lack of control" when it comes to customers' feelings about the price they pay, since the utility controls pricing

- Energy / Utilities is a low-involvement category (6-9 minutes per year).

Rate Options Campaign Billboards & Posters



Rate Options Campaign
Digital Ads



High Usage Charge Customer Experience

- Automated HUC Communications (thru June '17):
  - 185k letters distributed YTD to customers at 349%-400% of baseline
  - 209k letters to customers YTD exceeding 400% of baseline
- Calls to CCC
  - 17k (inception thru June '17)
  - Generally asking why usage so high
  - ~2% of customers who receive letter call the phone center
- Web Traffic
  - 31,000 visits since tracking began in mid-Dec 2016
  - Based on customer feedback, SCE revamped the High Usage web page to add more information on energy audits and ways to reduce energy.

Metrics

Metrics

- ME&O Tracking Survey - Wave 3 was conducted in May – June 2017
- SCE plans to conduct this tracking survey twice annually (spring and fall) through 2020.
- Wave 4 will be conducted between Nov – Dec 2017

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

Summary of Selected Results from ME&O Tracking

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

Online and Paper Bill Comparison Campaign

Online Bill Comparison and Bill Presentment Updates

- Online Bill Comparison Tool
  - Since June 2016, 97,000 visits to online bill comparison tool with traffic continuing to increase.
  - 34,000 visits in Q2 2017 with rate comparison Test and Learns campaigns and the relaunch of the High Usage letter as drivers
  - In January 2017 SCE issued a RFP to provide an enhanced rate analysis tool which will provide timelier, automated rate analysis with increased functionality
  - SCE has reviewed the proposals and expects to select a vendor in Q3 2017 with the new tool being available by Q3 2018
- Bill Formatting Updates
  - SCE is preparing to update its bill formats to increase residential customer awareness and understanding of TOU rates
  - SCE conducted benchmarking as well as primary and secondary research.
  - Proposed design was shared with various stakeholders to obtain and incorporate feedback
  - On 9/5, SCE filed an Advice Letter to formally propose these bill changes.

Rate Comparison Survey Updates

- Key Findings of Fall 2016 and Spring 2017 campaigns:
  - Both Fall 2016 and Spring 2017 campaigns were only moderately successful, but suffered from a sampling error, skewing results toward an older, homeowner demographic.
  - Recall and understanding of TOU is greater among direct mail channel recipients, while email recipients were more likely to act on the communications, presumably because it is easier to take immediate action online.
  - Tactic generates a small increase in TOU awareness versus a focused TOU awareness campaign.
  - Reasons for not switching center around concerns about higher costs, insufficient savings, inability to shift usage, and complexity of the rate plan.
- A Summer Test and Learn was launched on June 20th
  - Sent to a randomized sample of 150,000 customers
- SCE conducted surveys in July-August 2017 with Residential (non-NEM) and NEM customers
  - Goal to gain insights on customer recall and communications preference.
  - Results were shared with the ME&O Working Group on 8/25

Summer Test & Learn Enrollments Showed Limited Response

- Direct mail/e-mail to a random sample of over 150k Domestic Tiered rate customers, including NEM – random sample of benefiters was proportionally higher than the total customer base
- Of Benefiters (those who would save $100 or more per year), only 1.8% enrolled
- CARE customers in the Neutral category had a higher response rate than non-CARE and tended to respond via Business reply card

Rate Comparison SUMMER 2017: Test & Learn

				Non-CARE Rate Change Requests							
Categories	Email	Direct Mail	TOTAL Target	Reply Card	Online	Rep	IVR	Total	Take Rate	DM take rate	EM/online take rate
Benefiter	39,412	40,420	79,832	645	543	102	137	1,427	1.8%	2.4%	1.1%
Neutral	5,466	5,894	11,360	33	22	3	1	59	0.5%	0.7%	0.4%
Non-Benefiter	16,402	16,517	32,919	2	44	4	2	52	0.2%	0.1%	0.2%
Total	61,280	62,831	124,111	680	609	109	140	1,538	1.2%	1.7%	0.8%
Channel Response				44%	40%	7%	9%	100%			

				CARE Rate Change Requests							
Categories	Email	Direct Mail	TOTAL Target	Reply Card	Online	Rep	IVR	Total	Take Rate	DM take rate	EMail take rate
Benefiter	6,586	5,579	12,165	157	21	10	21	209	1.7%	3.4%	0.3%
Neutral	3,033	2,606	5,639	64	1	1	0	66	1.2%	2.5%	0.0%
Non-Benefiter	6,953	6,977	13,930	0	14	0	1	15	0.1%	0.1%	0.1%
Total	16,572	15,162	31,734	221	36	11	22	290	0.9%	1.7%	0.2%
Channel Response				76%	12%	4%	8%	100%			

TOU Opt-In Pilots

TOU Opt-In Population *(As of July 5th, 2017)*

Segment Description	Rate 1	Rate 2	Rate 3	Rate 4	Totals
Hot Climate Zones, Non-CARE Customers	505		411		**916**
Hot Climate Zones, CARE Customers	539		395		**934**
Hot Climate Zones, General		1,615		1,679	**3,294**
Hot Climate Zones, Seniors below FPL		286		308	**594**
Hot Climate Zones, Seniors above FPL		289		303	**592**
Hot Climate Zones, Non-Senior CARE Customers below FPL		119		129	**248**
Hot Climate Zones, Non-Senior CARE Customers above FPL		187		199	**386**
Moderate Climate Zones, Non-CARE Customers	565	549	494	567	**2,175**
Moderate Climate Zones, CARE Customers	566	573	456	598	**2,193**
Cool Climate Zones, Non-CARE Customers	652	651	516	626	**2,445**
Cool Climate Zones, CARE Customers	614	611	495	615	**2,335**
Technology	276			282	**558**
Totals	**3,717**	**4,880**	**2,767**	**5,306**	**16,670**

Of the 4,864 customers who are no longer on the pilot:

- 683 *(14%)* are due to opt-outs
- 4,181 *(86%)* are due to account closures and customers signing up for an ineligible rate or program

Current Opt-In Residential TOU Enrollments

Status of Opt-in TOU Enrollments

- **2017 Opt-In Residential TOU Enrollments**

TOU Rate Option	# of Customers *Q1 2017*	# of Customers *Q2 2017*	% Change *(Q1 to Q2)*
TOU-D Option-A	9,046	9,643	6.6%
TOU-D Option-B	16,957	18,630	9.9%
TOU-D-T	14,520	14,206	(2.2%)
TOU-EV-1	749	810	8.1%
Totals	**41,272**	**43,289**	**4.9%**

- Recruitment activities involved HUC automated letters, paper bill comparison test and learn, and online bill comparison tool

Text Alert Trial

Text Alert Trial

- **Objective:** Determine if there is a interest from customers in receiving daily TOU peak text message alerts
- Trial Outline:
  - Targeted 3,400 recent enrollees in TOU-D-A and TOU-D-B
  - 452 enrollments *(13% enrollment rate)*
  - 77 drop outs by end of program *(17% opt out rate)*
  - 60 Day text alert trial ran April 17 - June 9
  - Customers split into two groups, either receiving alert at beginning or end of the on-peak period

Welcome Text

Welcome to the SCE TOU Text Alert Trial! We hope you find the alerts helpful in managing your energy use. To stop receiving alerts, reply "STOP" at any time.

Day	Off Peak Text Alert - 8 PM	On Peak Text Alert - 2 PM
Monday – Thursday	*SCE TOU Update: It's now the off-peak time period. Take advantage of lower pricing and use larger appliances now until 2 pm tomorrow!*	*SCE TOU Update: Your On-peak time period has begun. Avoid using larger appliances until the off peak period begins at 8pm to take advantage of lower pricing.*
Friday	*SCE TOU Update: Lower off-peak or super-off peak pricing is now in effect until 2 pm on Monday.*	*SCE TOU Update: Your On-peak time period has begun. Avoid using large appliances until off and super-off peak pricing begins at 8pm and runs through 2pm Monday.*

Text Alert Trial Survey Results

- Surveys were sent by email or text to those who stayed for the entire trial in early July

- **Customer response** to text alert trial was **largely positive**
  - **85%** of customers responded that the text alerts were very or somewhat helpful
  - **70%** said that they changed the way they used electricity based on receiving text alerts

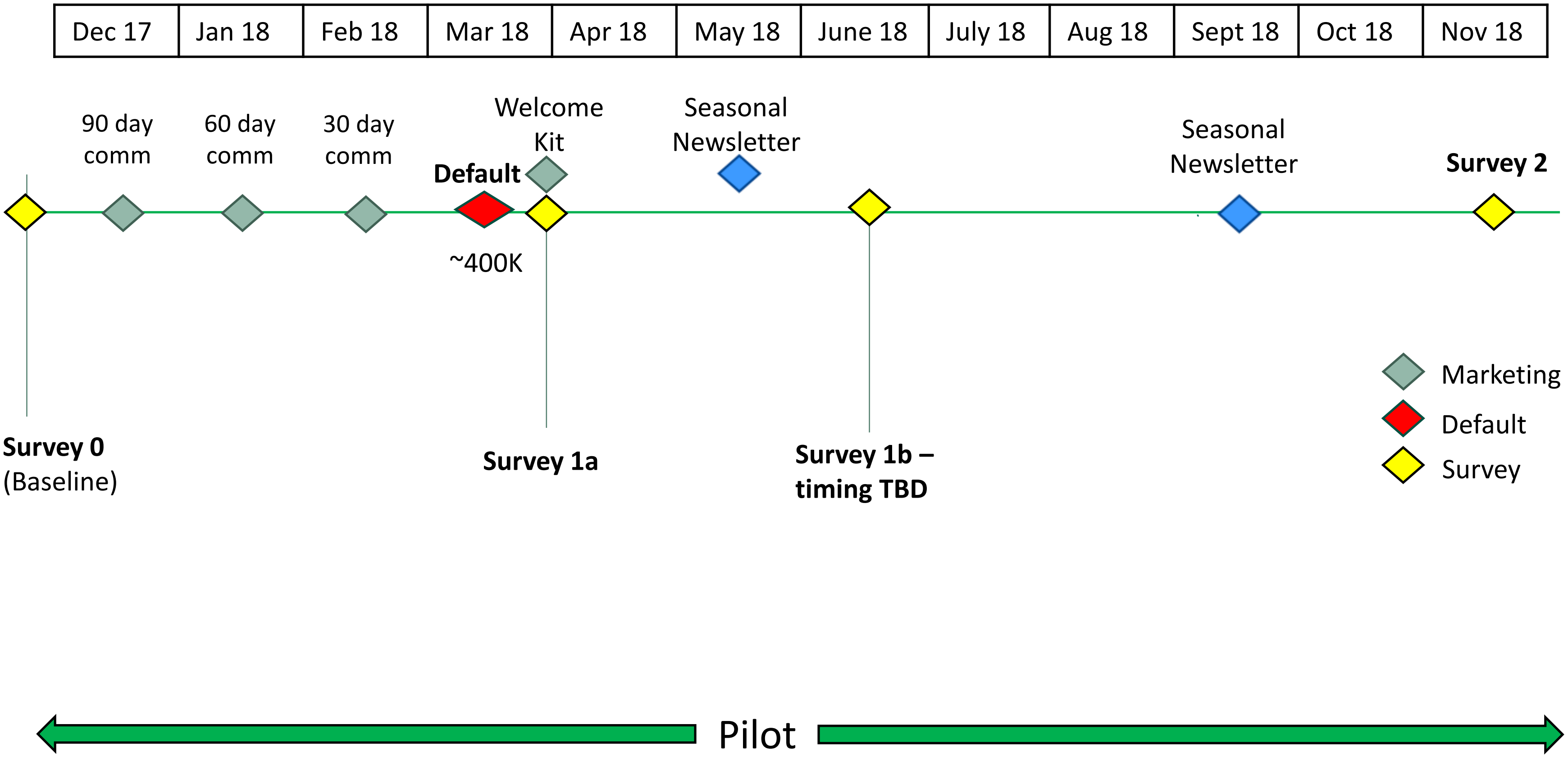
- Follow-up interviews with customers who opted out of the trial were conducted by telephone
  - Most customers who opted out of the TOU text alerts did so because they had already learned peak period start and stop times (generally from the alerts) – and therefore no longer needed the reminders
  - Half said the alerts were very / somewhat helpful – half took action in response

- The **second phase** of the text alert trial included solicitation into the trial with the spring "Test and Learn" Rate Comparison mailers.
  - From this mailing, there were 336 customers who started receiving the alerts June 1. All customers in this phase are receiving the text message at the beginning of the off-peak period. The trial recently concluded at the end of July.
  - Survey results with these customers were equally positive – **93%** very / somewhat helpful and **78%** claiming to have made changes in response to the alerts

- As a result of the positive feedback, **SCE intends to include these text alerts as part of the default pilot.** SCE intends to include additional details of the plan through the November 1, 2017 'Testing Plan,' as required by Resolution E-4847.

Appendix

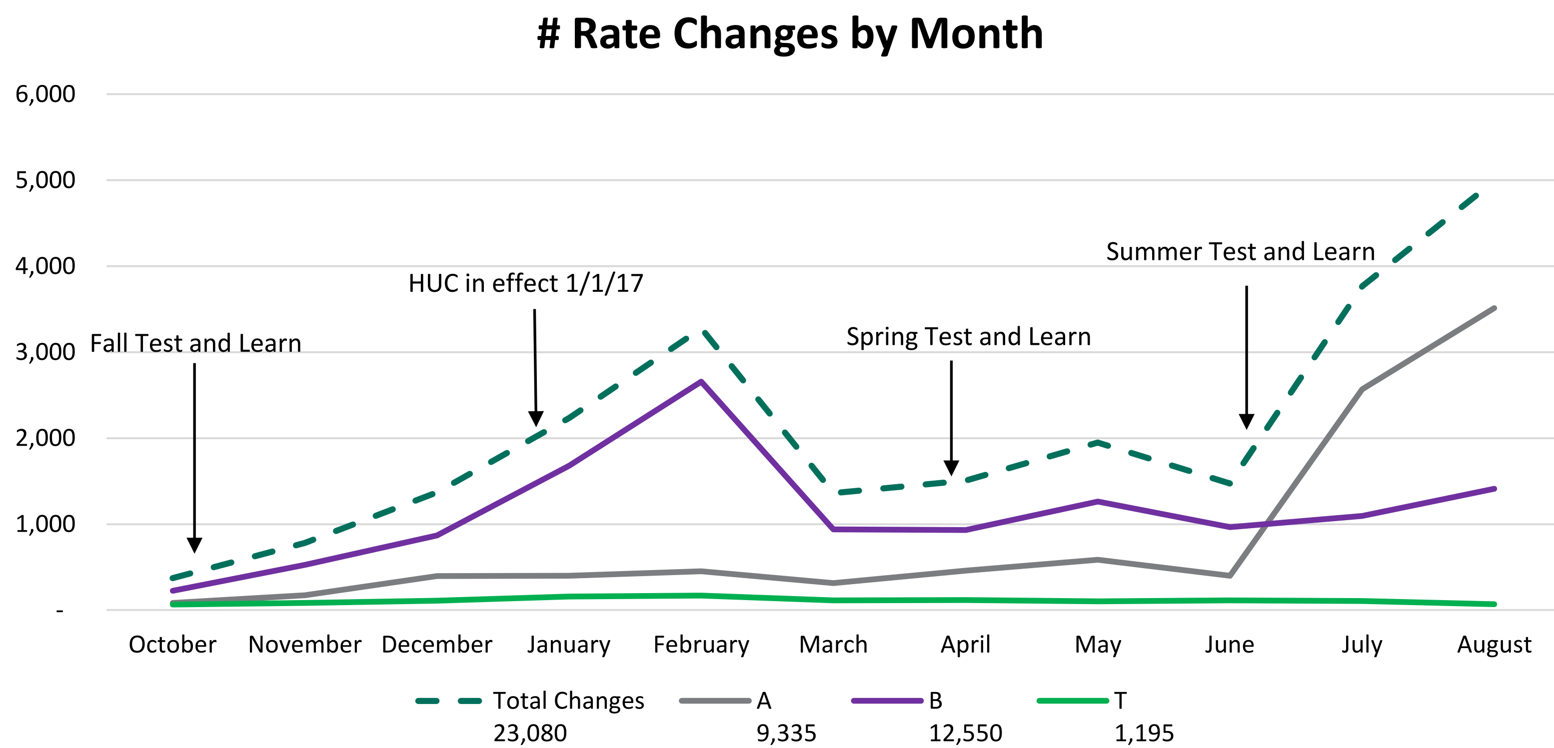
TOU Default Pilot Timeline



TOU Pilot, 400K, Includes 745 customers, Default starts March 2018 over a 3 week period

Rate Changes by Month since October 2016

- The implementation of the High Usage Charge letters has spurred many customers to make rate changes, mostly to TOU-D-B.
- The implementation of NEM 2.0 on July 1 has led to an increase in customers on TOU-D-A, since this is the default TOU rate for NEM 2.0



*Numbers are based on date rate became effective

RRIMA Operating Expenses

RRIMA		2015 Oct - Dec	2016 Total	2017 Q1	2017 Q2	2015 - 2017 TOTAL
TOU Opt-In Pilot	ME&O	$ 49,604	$ 746,033	$ 285	$ 15,924	$ 811,846
	IT					$ -
	Consultant	$ 175,382	$ 426,320	$ 46,843	$ 63,246	$ 711,792
	Operations		$ 102,377		$ 86,892	$ 189,269
	Incentives		$ 2,888,550	$ 23,600		$ 2,912,150
	Other	$ 24,595	$ 263,613			$ 288,208
TOU Default Pilot	ME&O			$ 7,596	$ 54,718	$ 62,314
	IT			$ 7,473	$ 295,367	$ 302,840
	Consultant			$ 117,734	$ 82,452	$ 200,186
	Operations					$ -
	Other			$ 31,083	$ 142,048	$ 173,132
Non-TOU Pilot (Rate Communications)	ME&O		$ 4,509,001	$ 54,509	$ 320,577	$ 4,884,086
	IT			$ 38,482	$ 184,351	$ 222,833
	Consultant			$ 35,088		$ 35,088
	Operations		$ 50,949	$ 35,420	$ 7,836	$ 94,205
	Other		$ 1,113,151	$ 104,856	$ 47,612	$ 1,265,619
Total Operating Expenses		**$ 249,581**	**$ 10,099,993**	**$ 502,968**	**$ 1,301,024**	**$ 12,153,566**
Bill Protection				$ 21,027	$ 58,313	$ 79,340
Total RRIMA 2015 - 2017		**$ 249,581**	**$ 10,099,993**	**$ 523,995**	**$ 1,359,336**	**$ 12,232,905**

Survey Key Takeaways

Over 1,200 campaign recipients were interviewed either by phone or online (150+ per test cell – along with 300 General Residential "control" customers) from July 10-26, 2017

Benefiters and Neutrals received either a *general* or *promotional* letter or email (two-touches) – Non-Benefiters received either a *rate analysis* (with My Account / Budget Assistant info or tips) or *no analysis* (MA / BA or tips only)

- **Overall:** The Summer 2017 Residential Bill Comparison Test & Learn was moderately successful – campaign recall and awareness were higher across the board in Summer 2017 than in Fall 2016
- **Recall:** Test communications were recalled by between 23% and 34% of the Test groups versus Control group "phantom" recall of 16% (recall up to twice that of the Control for most Test cells) – between 1/4 and 1/3 of those recalling said they read all or most of the material
- **Content:** Recipients are 2-4 times more likely than the Control group to play back that rate plan options are available to Residential customers
- **Awareness:** Awareness of rate plan options is higher for Test participants (5-20 pct. pts. above Control) – likewise, awareness of TOU is greater (+9-19 pct. pts.)
- **Direct Response:** Limited – Benefiters were much more likely to switch than Neutrals or Non-Benefiters; Follow-through is low – most who decided to switch did not end up taking action; Confusion about potential cost impacts and hassle of switching outweighed potential savings; Main reason for deciding against TOU: the risk of experiencing higher costs
- **General vs. Promotional:** *General* was somewhat more memorable; *Promotional* boosted familiarity with TOU, had more positive impact on perceptions of / interest in TOU, and improved perceptions of SCE
- **Analysis vs. No Analysis – Tips vs. MA / BA:** Little differentiation – similar impact
- **One-touch vs. Two-touch emails:** Stronger response with two-touches in 2017 (vs. one in 2016)
- **Channel:** Letters are more memorable and raise TOU familiarity; emails generate greater likelihood of action (easier to respond on line)