

Application No: A.18-11-
Exhibit No.: _____
Witness: Toni Mathews

Application of SOUTHERN CALIFORNIA GAS
COMPANY (U 904 G) to Establish a Demand
Response Program

Application 18-11-_____
(Filed November 6, 2018)

CHAPTER 3
PREPARED DIRECT TESTIMONY OF
TONI MATHEWS
ON BEHALF OF
SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

November 6, 2018

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1 **DIRECT TESTIMONY OF TONI MATHEWS**

2 **I. OVERVIEW AND SUMMARY**

3 **A. Purpose**

4 The purpose of my prepared direct testimony is to describe Southern California Gas
5 Company’s (SoCalGas) 2019-2020 through 2021-2022 Winter Notification Marketing Campaign
6 component of the proposed Demand Response (DR) Program, which will build and expand upon
7 prior campaigns. For the upcoming 2018-2019 winter season, SoCalGas will implement the
8 Winter Notification Marketing Campaign, as proposed in Advice Letter 5369-A.¹

9 The Winter Notification Marketing Campaign will complement the DR pilot programs
10 proposed in Chapter 1, Direct Testimony of Darren Hanway, through customer education and
11 awareness surrounding the need to reduce natural gas usage during periods when the gas system
12 is stressed and the prompting of customers to reduce natural gas during DR events.

13 **B. Background**

14 On September 27, 2016, SoCalGas submitted AL 5035 which proposed three new winter
15 DR programs that ran from December 1, 2016 through March 31, 2017: (1) the Natural Gas
16 Conservation Notification Campaign (2) the Noncore, Non-Electric Generation, Natural Gas
17 Conservation Notifications, and (3) the Natural Gas Conservation Pilot Rebate Program.

18 SoCalGas’ Natural Gas Conservation Notification Campaign (known at the time as
19 SoCalGas Advisory) targeted all core customers in SoCalGas’ service territory, through Natural
20 Gas Conservation events, with the goal to stimulate voluntary reductions in natural gas usage on
21 days when SoCalGas system reliability was anticipated to be stressed – similar to the statewide
22 California Independent System Operator (CAISO) “Flex Alert” campaign. On Natural Gas

¹ AL 5369-A submitted on October 29, 2018.

1 Conservation event days, public notifications encouraging consumers to reduce natural gas usage
2 were deployed through mass media channels, such as radio, digital radio, and digital displays.
3 The estimated total impressions were 133 million for the continuity (education) component of
4 the campaign and approximately 13 million for the trigger component of the campaign.

5 SoCalGas' Noncore, Non-Electric Generation, Natural Gas Conservation Notifications
6 targeted all noncore customers, with a goal similar to the Natural Gas Conservation Notification
7 Campaign, through "Natural Gas Conservation" notifications posted to SoCalGas Envoy[®],
8 SoCalGas' Electronic Bulletin Board (EBB), on days when the SoCalGas system was anticipated
9 to be stressed. These notifications were supplemented by direct communication between
10 SoCalGas Account Executives to noncore customers requesting customers reduce natural gas
11 consumption to decrease stress on the natural gas system. Due to evaluation results showing
12 little direct energy savings, as described in Chapter 1, the notification programs were not
13 continued into the 2017-2018 winter season.

14 In Decision (D.) 18-07-008, the Commission directed Energy Division to explore
15 development of a plan for the 2018-2019 winter season regarding the need to conserve natural
16 gas.² SoCalGas worked with Energy Division to develop a Winter Notification Marketing
17 Campaign to be targeted in the Los Angeles area from December 2018 through March 2019 and
18 submitted advice letter 5369-A on October 29, 2018 in response to this direction. SoCalGas is
19 currently awaiting approval of this advice letter.

² D.18-07-008, OP 3.

1 **II. PROPOSED WINTER NOTIFICATION MARKETING CAMPAIGN**

2 **A. Campaign Overview**

3 SoCalGas proposes to implement the Winter Notification Marketing Campaign for three
4 winter seasons starting from the 2019-2020 winter season. The campaign will run December 1
5 through March 31 every year, concluding with the 2021-2022 winter season. Messaging will be
6 targeted to customers throughout SoCalGas' service territory with the goal to: (1) educate
7 customers about the winter notification and (2) stimulate voluntary reductions in natural gas
8 usage on forecasted gas system stressed days when the winter notification is issued, similar to the
9 SoCalGas Advisory that was implemented during the 2016-2017 winter season and the statewide
10 Flex Alert campaign. The campaign will be divided into two complementary areas: customer
11 education and awareness surrounding the ongoing need to reduce natural gas usage during
12 periods when the gas system is stressed and a winter notification is issued, and prompting of
13 customers to reduce natural gas usage during winter notification activations.

14 **1. Education and Awareness of the Winter Notification**

15 The education and awareness component is designed to educate customers about the
16 winter notification and the need to reduce natural gas usage during winter months when natural
17 gas consumption increases due to system stress. This campaign will be in market on an ongoing
18 basis to convey the specific actions customers need to take and adjust their behaviors in order to
19 reduce natural gas use during winter notification activations. Education about the importance of
20 reducing natural gas consumption when the gas system is stressed will be available on
21 socialgas.com, with additional information on potential natural gas reduction actions. Messaging
22 may include tips about lowering thermostat setpoints, using natural gas appliances during off-
23 peak times, and using cold water instead of hot water. The messaging will also raise awareness

1 of available EE and DR rebate options to help customers reduce energy usage during the winter
2 and notification activations.

3 The campaign will use a mix of broad reach and high impact channels to educate
4 residential and business customers about efforts to reduce natural gas use during times of system
5 stress. Messages will be targeted to engage consumers across digital and social platforms.

6 Media channels with greater flexibility and shorter lead times such as radio, digital, and social
7 media will be “triggered” to communicate winter notification activations when they are called.

8 The channels below will be used to communicate the education and awareness of the winter
9 notification:

- 10 • Digital Advertising
- 11 • Community Print
- 12 • Broadcast Radio
- 13 • Digital Radio
- 14 • Social Media
- 15 • Notification Ads (digital and radio)
- 16 • Designated webpage on socialgas.com
- 17 • MyAccount notifications – messaging targeted to MyAccount customers and
18 reminder message on the website
- 19 • News releases, media pitching, interviews
- 20 • Leverage community-based organizations

21 2. Winter Notification

22 Winter notifications will be activated as a call to action to reduce consumption on

1 specific days and when conditions warrant as determined by the SoCalGas System Operator.³

2 The System Operator determines the need for an activation and will issue a message on
3 SoCalGas Envoy[®] signaling that the gas system conditions are stressed and that the winter
4 notification is in effect. The critical notice will then trigger marketing tactics listed below.

5 When activated, the winter notification will be implemented through the following
6 channels:

- 7 • Digital Advertising
- 8 • Digital Radio
- 9 • Social Media
- 10 • Notification banner on socialgas.com homepage and dedicated webpages
- 11 • News releases, media pitching, interviews

12 **B. Marketing Metrics**

13 SoCalGas will develop and track performance benchmarks and metrics related to each
14 tactic for the education and awareness campaign and the winter notification. Customer
15 engagement metrics will include impressions delivered, engagement clicks, and click through
16 rates. Channels will be optimized for impressions to verify the delivery of campaign
17 messaging. Metrics may be measured in the following ways:

Activity	Metrics
Digital Advertising	Track total impressions served and traffic to the program webpage, click-through-rates, path tracking
Social Media	For posts optimized for engagement the metrics may include: comments, likes, shares, mentions, click-through-rates, etc. For posts

³ Winter Notification Activation may be initiated in instances where the SoCalGas System Operator determines specific system conditions warrant an emergency flow order (EFO), curtailment watch, or curtailment.

	optimized for impressions the metric may be impressions delivered, click-through-rates
Digital Radio	Impressions, click-through-rates
Radio	Impressions, total spots
Print	Circulation, readership
Paid Search	Impressions, click-through-rates

1 **C. Evaluation**

2 Following each winter season, SoCalGas will evaluate the reach and retention of the
3 education and awareness campaign, attribute effectiveness of education and awareness
4 campaign to customer participation in DR programs, and determine reach and direct action
5 because of winter notification activation messaging. SoCalGas will use the findings to develop
6 recommendations for future winter seasons and campaigns. Recommendations may be
7 implemented for the following season to improve upon established benchmarks and metrics.

8 **III. BUDGET**

9 Cost estimates for the Winter Notification Marketing Campaign are shown in Table 3-1
10 below and are based on SoCalGas’ experience in running similar type campaigns previously. The
11 proposed budget includes SoCalGas labor, paid media (e.g., radio, digital, and print), and the
12 agency fees to produce the campaign.

13 **Table 3-1: Proposed Budget for Winter Notification Marketing Campaign**

	Winter 2019/20	Winter 2020/21	Winter 2021/2022	Total
Budget (\$000’s)	\$2,399	\$2,411	\$2,423	\$7,232

14 **A. Marketing Education and Outreach Memorandum Account (MEOMA)**

15 On April 21, 2016, SoCalGas established the MEOMA pursuant to Ordering Paragraph 6
16 of D.16-04-039, to track the authorized costs associated with Flex Alert, marketing, education,

1 and engagement (ME&E) activities approved in that decision.⁴ The MEOMA was used to track
2 all costs associated with the Flex Alert and ME&E campaigns during the summers of 2016,
3 2017, and 2018, in response to the uncertainty surrounding the availability of gas storage and
4 withdrawal capabilities at Aliso Canyon during the summer periods to support electric system
5 reliability.⁵

6 In 2018 to support the natural gas system during times of system stress, D.18-07-008
7 directed Energy Division to explore development of a plan for the 2018-2019 winter season
8 regarding the need to conserve natural gas.⁶ SoCalGas worked with Energy Division to develop
9 a Winter Notification Marketing Campaign to be targeted in the Los Angeles area from
10 December 2018 through March 2019 and submitted advice letter 5369-A on October 29, 2018 in
11 response to this directive. This Winter Notification Marketing Campaign is separate from other
12 Flex Alert and ME&E activities recorded in the MEOMA, which supported summer electric
13 reliability. The notification campaign that will be implemented in winter 2018-2019 is the same
14 as the notification campaign for 2019-2022 proposed in this testimony and complements the
15 winter 2018-2019 demand response program approved through Resolution G-3541.

16 As discussed in the Direct Testimony of Reginald M. Austria and Michael Foster,
17 SoCalGas proposes to incorporate the partial balance of the MEOMA associated with the winter
18 notification marketing campaign for 2018-2019 in the Public Purpose Program surcharge rate.
19 SoCalGas believes this Application is the appropriate venue to seek cost recovery of \$2 million

⁴ SoCalGas submitted AL 4957 on April 28, 2016 requesting approval for the establishment of the MEOMA. On June 7, 2016, Energy Division issued a disposition letter approving AL 5027, effective April 21, 2016.

⁵ SoCalGas submitted AL 5150 on June 9, 2017, to modify the MEOMA to track ME&E and Flex Alert costs for summer 2017. On July 20, 2017, Energy Division issued a disposition letter approving AL 5150, effective May 11, 2017.

⁶ D.18-07-008 at OP 3.

1 related to its winter notification marketing campaign for the 2018-2019 winter season to be
2 recorded in the MEOMA, as detailed in Chapter 4.⁷

3 This concludes my prepared direct testimony.

4 **IV. QUALIFICATIONS**

5 My name is Toni Mathews. My business address is 555 West Fifth Street, Los Angeles,
6 California. I am currently employed by SoCalGas as Manager, Internal & External
7 Communications.

8 I joined SoCalGas in September of 2010 as a Customer Communications Advisor
9 focused on safety communications. Since then, I have had positions with increasing levels of
10 responsibility and now oversee all areas of marketing communications, social media, employee
11 communications and executive communications.

12 Prior to joining SoCalGas, I have worked in several positions covering corporate
13 communications, marketing, community relations, advertising and public relations for major
14 companies. I have been responsible for managing marketing programs, designing and
15 implementing company-wide internal communications, developing and executing large-scale
16 public relations strategies, and writing on behalf of executive leadership.

17 I have a Bachelor of Arts degree in Mass Communications from the University of
18 California, Berkeley, and a Master of Professional Writing from the University of Southern
19 California.

⁷ On October 29, 2018 in advice letter 5369-A, SoCalGas requested \$2 million to implement a Dial It Down Alert wintertime messaging campaign that will run from December 1, 2018 to March 31, 2019.