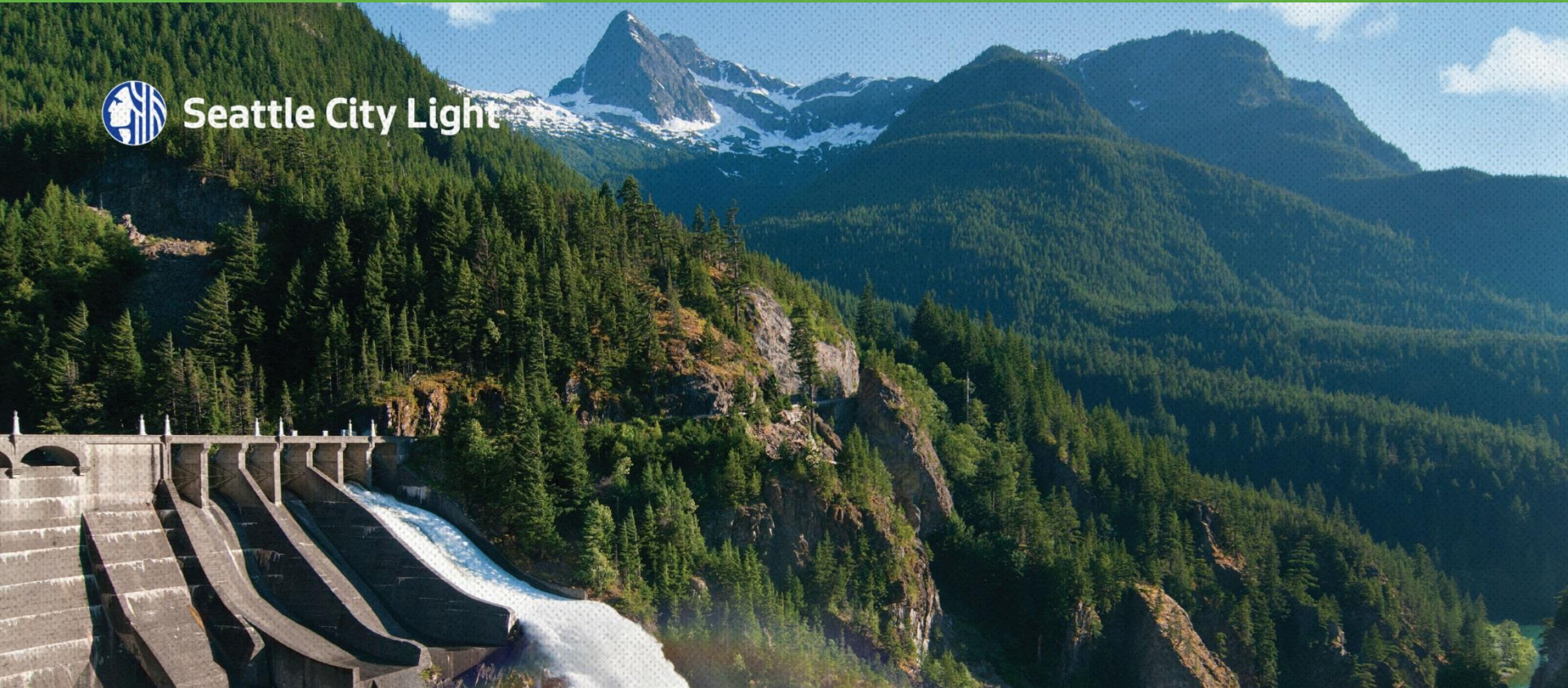




Seattle City Light



RATE DESIGN FOCUS GROUPS

Final Results

3/12/19

DRAFT – SUBJECT TO REVISIONS

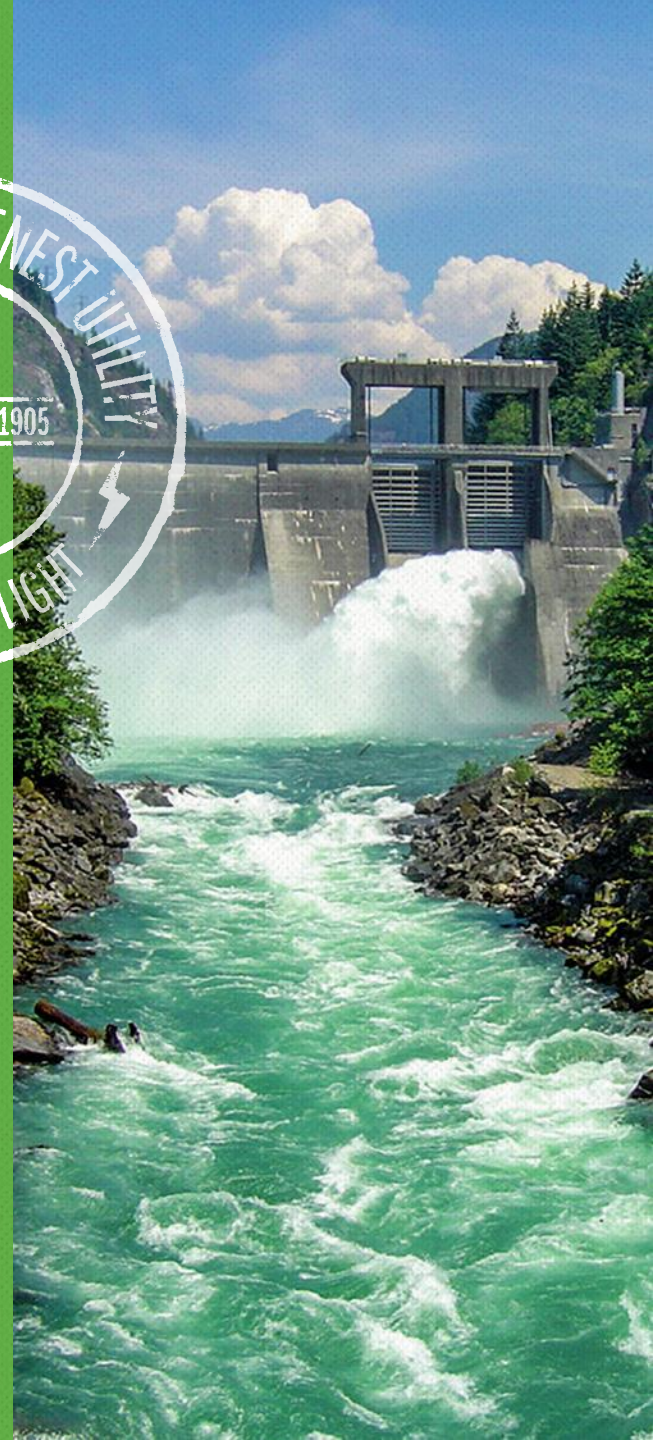




Seattle City Light



PURPOSE AND METHODS



PURPOSE

- Rate design, like many things in our lives, is more complicated than it might seem. City Light sought input from customers to inform possible rate design changes.
- These three focus groups explored:
 - Behaviors designed to reduce electricity bills
 - Understanding of the electric bill content and format and attitudes about them
 - Attitudes toward City Light's goals for rate design
 - Attitudes toward specific means/options for rate design
- This report summarizes the findings from the three focus groups and provides recommendations based on the findings.

METHODS

- We held three in-person focus groups among individuals residing in the City Light service area. The groups were designed to capture input from a broad range of customers but with more of a focus on areas in north and south Seattle. The third focus group was conducted in Spanish.
- The two English language focus groups (February 13th and 19th) were held at the PRR focus group facility in downtown Seattle. The Spanish language focus group (February 20th) was held at Estelita's Library in North Beacon Hill.
- City Light staff observed all of the focus groups. The English language focus groups were video-recorded while the Spanish language group was audio-recorded.
- Each group had between six and nine participants. In all groups, the reported genders were nearly equal, and other characteristics, such as age, income, race, renter vs. owner, and size of electric bill were fairly evenly distributed. Each English language focus group also had at least one person who owns an electric vehicle. See Appendix A for participant profiles for each group.
- In collaboration with City Light, PRR prepared a moderator guide to direct the discussions (see Appendix B).
- PRR prepared high-level summaries (brain dumps) following each group. These were used to inform the City Light staff who could not observe the focus groups about the preliminary findings, as well as to make any necessary adjustments to the moderator guide before the next focus group.

Limitations

- Although research of this type is not designed to measure the attitudes or opinions of a particular group with statistical reliability (such as demographic differences), it is valuable for providing insights about the values and beliefs that underlie attitudes and opinions; in this case regarding electricity rate design.

Participant Profile

- 23 participants
- 11 females, 10 males, 2 non-binary
- Ages ranged from 18 to 74
- Self-identified as Caucasian, Black or African American, Asian or Asian American, and Hispanic or Latina/o
- Incomes ranged from less than \$25K to \$200K or more
- 9 home owners and 14 renters
- 3 own an electric vehicle
- Had been customers anywhere from 2 to 51 years
- 15 heat their home with electric, others with gas or oil, and 3 also use an oven or portable electric heater





Seattle City Light



KEY FINDINGS



KEY FINDINGS

Electricity Saving Behaviors

- Participants from all three focus groups could easily identify things they do to conserve electricity. However, in general these behaviors seemed motivated more by habit (such as shutting off lights when leaving a room) than by conscious concerns with lowering their electric bill, conserving natural resources, or reducing environmental impacts. The major exception to this was in regard to electric heat, which all respondents realized was the biggest user of electricity. Some participants also seemed to take the initiative in identifying ways to conserve electricity (such as searching on the internet for the kWh usage of typical appliances).

Use of Electric Bills

- All look first and foremost at the total amount due, especially to see if the amount is remarkably different than what they've paid in the past. About half reported looking at some of the details, especially in order to compare/contrast to previous billing cycles and sometimes to their neighbors to see how they can change their behavior.

Bill Content Understanding

- Seems like most of the detailed information was relatively clear for most, although they tend to not pay attention to much of it. The most trouble people had was with understanding the two-tier rate system. The Spanish-language group wanted an option to receive the bill in Spanish.
- Participants in all three groups were not aware of how much of the bill covers customer service, how much is for the electricity they use, and other costs such as conservation programs and UDP program.
- Most understood that part of their bill is paying for the infrastructure to generate and deliver electricity.
- Some assumed that staff costs and overhead costs were included, with some being a bit suspicious/worried about how much of their bill goes to paying for these things as opposed to the actual cost of the electricity.

Rate Design Goals

- There was a recognition that some of the goals are interconnected and potentially in conflict with each other (i.e., some are trade-offs).
- Top ranked goals:
 1. Transparency
 2. Affordability
 3. Decarbonization
 4. Stable and Predictable
 5. Customer Choice

Optimum Rate Design Means/Options

- In general, participants wanted to be able to have more than one of the options.
- Overall, the combination of time of use (TOU) and a flat rate seemed to be the most popular.
- These choices were driven by a desire for customer choice (control), the ability to keep costs down, and concerns about equity.





Seattle City Light



DETAILED RESULTS

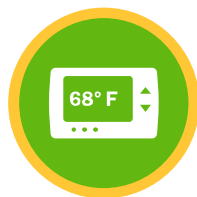


HOW DO ELECTRICITY COSTS INFLUENCE BEHAVIOR?

- Participants from all three focus groups could easily identify things they do to conserve electricity. However, in general these behaviors seemed motivated more by habit (such as shutting off lights when leaving a room) than by conscious concerns with lowering their electric bill, conserving natural resources, or reducing environmental impacts. The major exception to this was in regard to electric heat, which all respondents realized was the biggest user of electricity. Many participants also seemed to take the initiative in identifying ways to conserve electricity (such as searching on the internet for the kWh usage of typical appliances). Participants in the Spanish language group agreed that in the summer, costs influence behavior less.

Heat-Related Behaviors

- Dressing warmer
- Lowering heat when not home
- Programming thermostat
- Don't heat home unless very cold
- Tried to upgrade heating system
- Use blankets and socks to reduce heating costs
- Taping windows or blocking drafts from old windows and doors



Other Behaviors

- Shutting off lights when out or during daylight
- Buy appliance efficiency upgrades
- Drying clothes either outdoors on a clothes line or on a rack indoors
- Unplug a lot of things (especially when on vacation) or have on a power strip
- Use smart outlets that can measure power usage. (Most were not aware of smart outlets, possibly driven by an overall comfortableness with the size and stability of their electric bills.)
- Use LED lights
- Install dimmers



HOW DO CUSTOMERS USE THEIR ELECTRIC BILL?


- **Reactions when they get the bill**

- All look first and foremost at the total amount due
- Most were not afraid to open the bill because the bill is fairly stable. The exceptions were one person in the Spanish-language group (who noted that their bill can vary considerably month to month, and one person from an English-language group who has a very large home, large family, has a lower income, and is not on the budget plan).
- About half reported looking at some of the details, especially in order to compare/contrast to previous billing cycles to see how they can change their behavior or if the amount is remarkably higher than what they've paid in the past. A few people in the Spanish-language group noted that the spacing between bills makes this comparison difficult, especially given the recent record-setting snow events in Seattle this year.
- A few like to compare their usage to neighbors, either for their own knowledge or to support their neighbors. In the Spanish language group, a few people talked about wanting to be sure their neighbors and community are being charged fairly, and that discrepancies are not due to a possible metering problem.
- Some people in the Spanish language focus group also discussed how their Seattle City Light electricity bill offers a form of transparency that sets it apart from their experiences in their home countries. For these people, their Seattle City Light bill offers a trustworthy and welcome departure from corrupt utilities they are familiar with abroad.

HOW DO CUSTOMERS USE THEIR ELECTRIC BILL?

• Bill content understanding

- Seems like most of the detailed information was relatively clear for most; although, they tend to not pay attention to much of it.
- Several people in all of the groups had problems understanding the two-tier rates and caps.
- Two people were concerned that it doesn't make it clear if it's an accurate reading or an estimate.
- Some wanted a definition/explanation of KWh.
- A few wanted to know what things in their home were the biggest energy users, while others just need to know the usage of 'typical' appliances and "energy vampires," but not their specific appliances.
- All participants in the Spanish-language group wanted a choice of the language the bills are provided in. Some noted that providing the more technical language in Spanish may still be unclear or may be translated in a way that feels unnatural.
- Several in the Spanish-language group mentioned the importance of interpreters when calling customer service.


Seattle City Light
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CITY OF SEATTLE

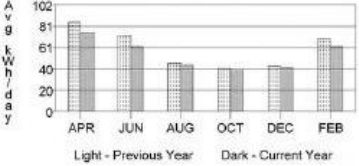
Account number:
1-11111-000000 1

2 **SCL CUSTOMER**
700 5TH AVE
SEATTLE WA 98104-5031

Service address:
700 5TH AVE

3 *** NEW RATES ARE IN EFFECT JANUARY 1, 2011.**
** Rate discounts available for income eligible seniors and other customers. Call 206-684-3000.
 * Avoid late charges - make timely bill payments or payment arrangements. (Accounts on Budget Billing are not eligible for alternative payment arrangements.)*

4 **Compare Your Electricity Usage**



Light - Previous Year Dark - Current Year

Seattle City Light Bill

Pay your bill online at www.seattle.gov/paylightbill
 Questions? Visit us on the web at www.seattle.gov/light
 Or call 206-684-3000 or 1-800-862-1181 (out of area calls only)

Summary of charges as of February 25, 2011
Payments received after February 25, 2011 are not reflected.

Previous balance:	220.15
Nov 05, 2010 Payment - THANK YOU!	220.15 CR
Balance:	0.00
Total adjustments:	0.00
Current billing:	332.93

TOTAL AMOUNT DUE ON March 15, 2011 6 **\$332.93**

DETAILED BILLING INFORMATION 5

Electric Service

Service From	Service Through	Previous Reading	Current Reading	kWh Multiplier	kWh Usage
Oct 12, 2010	Dec 14, 2010	74079.00	78000.00	1	3921.00

Meter Number: 999999 Service Category: KWHC

a) Base service charge	7.29
b) Winter Residential Energy	1008.00 KWH x \$0.0462 per KWH 46.57
c) Winter Residential Energy	2913.00 KWH x \$0.0958 per KWH 279.07

Current Electric Service: 332.93

CURRENT BILLING: 332.93

No. of days this period:	63	Same period last year:	63
kWh consumption this period:	3921	Same period last year:	4431 kWh
Avg kWh per day:	62.23 kWh	Same period last year:	70.33 kWh
Avg kWh cost this period:	\$ 5.28/day		

HOW DO CUSTOMERS USE THEIR ELECTRIC BILL?

- **Understanding what their bill is paying for**

- Most understood that part of their bill is paying for the infrastructure to generate and deliver electricity.
- Some assumed that staff costs and overhead costs were included, with some being a bit suspicious/worried about how much of their bill is for paying for these things.
- A few also mentioned the cost to subsidize the Utility Discount Program (UDP).
- Participants in all three groups were not aware of how much of the bill covers customer service and delivery (correct answer is 50% -- delivery 28% plus metering/billing is 22%), and how much is for the electricity they use (correct answer is 42%). Other costs include 7% for covering conservation programs and the UDP, of which no participants were aware of either.
- In the second English-language focus group, there was some surprise and concern when they learned that electricity was not the largest cost percentage on their bill.

- **Importance of knowing how much energy they are using**

- In the second English-language focus group **and in the Spanish-language focus group**, the importance of knowing how much energy they are using was explored, with a recognition that it is important to know for customers to be able to adjust and save. Knowing rates, however, is not enough because rates change. "You could be using less, but being charged more."

- **Preference for a simpler or more detailed bill**

- The overall takeaway is that detail is nice but not essential since most bill amounts are relatively stable.
- Some thought that more information is better, as long as it is clear. Not many are going to understand more information without details on what the information means. Spanish-language focus group participants noted that technical details may be unclear in Spanish, especially if the translations are done by non-native Spanish speakers or automated services such as Google Translate. One person noted that their cable bill is a good example of a bill that comes with a choice of language and includes technical information.
- One person in the first English-language group noted that putting details on the website would likely not help since customers may not want to go to the website for that detail, while another person in the same group thought an educational pamphlet sent with the bill would be helpful.

WHAT ARE THE MOST IMPORTANT RATE DESIGN GOALS?

- Participants completed the Rate Design Goals Ranking Form (see Appendix C) by ranking their top three most important goals and identifying the least important goal.

- **Top ranked goals**

1. **Transparency** (ranked in the top 3 by 15 participants)
2. **Affordability** (ranked in the top 3 by 15 participants)
3. **Decarbonization** (ranked in the top 3 by 12 participants)
4. **Stable and Predictable** (ranked in the top 3 by 10 participants)
5. **Customer Choice** (ranked in the top 3 by 9 participants) [Originally the lowest priority in the Spanish-language group, but after discussion with City Light representative about what this goal might entail, was determined to be important as well, though less so than their top 3.]

- **Reasons for top rankings**

English-language groups

- *"**Personal**, relates to people or the individual. For example, transparency is knowing how they are using electricity, decarbonization often indicates someone's values, and affordability is based on a person's personal finances/income."*
- *"Making sure we're **getting money's worth**. It's why customer choice is important."*
- *"Top goals are **interconnected**. For example, need transparency in order to give people choices."*
- *"Transparency because **it can help with other goals**. It can lead people towards climate action and understanding the revenue sufficiency."*
- *"Stable and predictable are important because older people are preparing to retire and you **need to be able to predict**, and for those starting out they **need it to be able to budget**."*

Spanish-language group

- *"Transparency because it is important to **know what you're paying for**- and, speaking of language it's important to be in your language in order to be transparent. Because, **language can be a barrier**."*
- *"Transparency is **related to culture**, in my home country we don't trust much in the electricity company. So, it's important for me,"*
- *"It's useful to know what cost are based on my usage versus delivery so I can **know what I can control**."*
- *"At the end of the day, it's important to me that as consumers we're **making ecological choices** so that companies can make good products, services, and codes of conduct. So, instead of buying carbon-based energy, choosing water, solar or wind."*

Rate Design Goals

- Cost-Based
- Revenue Sufficiency
- Decarbonization
- Efficiency
- Stable & Predictable
- Affordability
- Transparency
- Customer Choice



ARE THERE TRADE-OFFS AMONG RATE DESIGN GOALS?

- When asked if they saw any of the goals as being in conflict with each other, the first English-language group did not immediately see conflicts. When presented with the potential conflict below and asked to indicate with a colored dot where they personally were on the continuum, most were toward the middle or somewhat more to the right of middle. This indicates they are willing to pay a bit more for these benefits. However, customers also want to know where their money is going (transparency). [Please note that the dot exercise was not conducted in later groups.]



- The second English-language group immediately identified the conflict between affordable costs and efforts to reduce greenhouse gases. There was also a recognition in this group that some of the top goals are interconnected. For example, you need transparency in order to give people choices.
- One person in the second English-language group also raised the conflict of investing in new technologies, which may soon be obsolete. *"If we put money in now and the tech will be obsolete in 10 years. But if you do, you're going to have to raise money and will be a burden for those with lower incomes."*
- In the Spanish-language group, several people discussed how people may have to pay more money to have cleaner energy. Though participants also discussed that given how wealthy Seattle is, this may not be necessarily true – that perhaps there are other ways of making electricity affordable since so many billionaires live here. That way, vulnerable people and people with children do not need to pay as much of the brunt for this change.

WHAT ARE THE PREFERRED RATE DESIGN OPTIONS?

- **Itemized charges**

- In the two English-language groups, when asked if itemizing the bill to reflect the separate costs for energy, delivery, and customer service was something they are in favor of, most, if not all, were indifferent. The Spanish-language group noted that itemized charges would demonstrate transparency. A couple of people mentioned that it might be helpful for customers to know how much of their bill they can control directly.
- Several in the English-language groups noted that it would only make them ask more questions, while others felt that it was only something that would be *nice* (not essential) to know, particularly in visual form. However, In the Spanish-language group, participants said that they see it as part of transparency.
- Participants in the Spanish-language group talked about the value of being able to compare their usage with neighbors, partially as a part of peer/group pressure, but also to feel more connected to their community. One person discussed how such information sharing could help neighbors discover leaks or look out for each other.

WHAT ARE THE PREFERRED RATE DESIGN OPTIONS?

- **Time of use**

- Most agreed that time of use (TOU) rates are a good idea (10 out of 23), although a couple participants would like to see the pro/cons of this, not just for individuals, but system-wide for the city as a whole.
- One concern raised in one of the English-language groups was that TOU couldn't work in apartment/condos because there often aren't separate meters and electricity is lumped in with rent. In the Spanish-language focus group, some participants lived in apartments and discussed questions about how metering works under the current system.
- One person in an English-language group and one person in the Spanish-language group discussed how they once lived in a place where they were billed using a system similar to the TOU pricing. It was a choice that the consumer could make, to be billed based on peak usage and it helped to keep their costs down.



WHAT ARE THE PREFERRED RATE DESIGN OPTIONS?

- **Budget plan**

- In the first English-language group, most seemed against the budget plan in the first group because some had experienced budget plans for utilities where the monthly estimates had been miscalculated, resulting in large bills at the end of the budget year.
- In the second English-language group, most were in favor of the budget plan and there was little, if any, concern about getting large bills at the end of the year because the budget amount had been miscalculated up front. As a result of the discussion, one person was now very interested in getting on the budget plan. In both English-language groups, many participants knew little or nothing about this billing option.
- Everyone in the Spanish-language group was in favor of the budget plan, and a few people talked about wanting this option on their current bill. Two people discussed how this would be especially beneficial to people on fixed incomes, such as those on unemployment, maternity leave, or lower-income people. When the City Light representative explained how budget billing, UDP, and Energy Advisors work, participants responded favorably.



WHAT ARE THE PREFERRED RATE DESIGN OPTIONS?

- **Block rates vs. flat rate**

- Many in the first English-language group were unable to decide about eliminating the two-tier system. Those in favor of a flat rate were less enthusiastic about it without also having other options such as TOU.
- In the second English-language group there seemed to be a leaning toward a flat rate because of the inherent “unfairness” of the tiered structure. Two participants used the term “punished” to describe those who end up in the second tier. Similar to the first English-language group, in the second English-language group, few were enthusiastic about a flat rate without also having other options such as TOU.
- Initially, all participants in the Spanish-language group were in agreement that the two tier system was fair, and that it was reasonable to charge people more money for using more energy. They noted that it helps with making people more conscious of their own usage. They thought it was important for the limit for Tier 1 not to be set too low so that it covers the basic costs for most people and so that most people are not moving into Tier 2 (or at least few people are reaching the higher Tier 2 rates). After discussing how the two tier system also may mean that some households, for example families with more people, may pay more under this system, participants discussed how this was less desirable. Ultimately, they wanted a system that would also protect vulnerable people with larger families from paying too much money.

WHAT ARE THE PREFERRED RATE DESIGN OPTIONS?

- **Optimum rate design combinations**

- In general, participants wanted to be able to have more than one of the options presented:
 1. Itemization
 2. Choice of pricing plan (budget plan or time of use)
 3. Changing basic pricing structure to a flat rate
- In the first English-language group, some people wanted itemization and didn't think it would be that hard to implement. Others wanted time-of-use and a flat rate. Doing so seemed feasible to them.
- In the second English-language group, none chose itemization, and most wanted a combination of time of use and a flat rate, with some also voicing their desire for the budget plan.
- Initially, in the Spanish-language group, participants seemed to favor customer choice, but when asked about the options one at a time, the answers changed. In the end, participants were evenly split across the three choices.

- **Values Behind Choices**

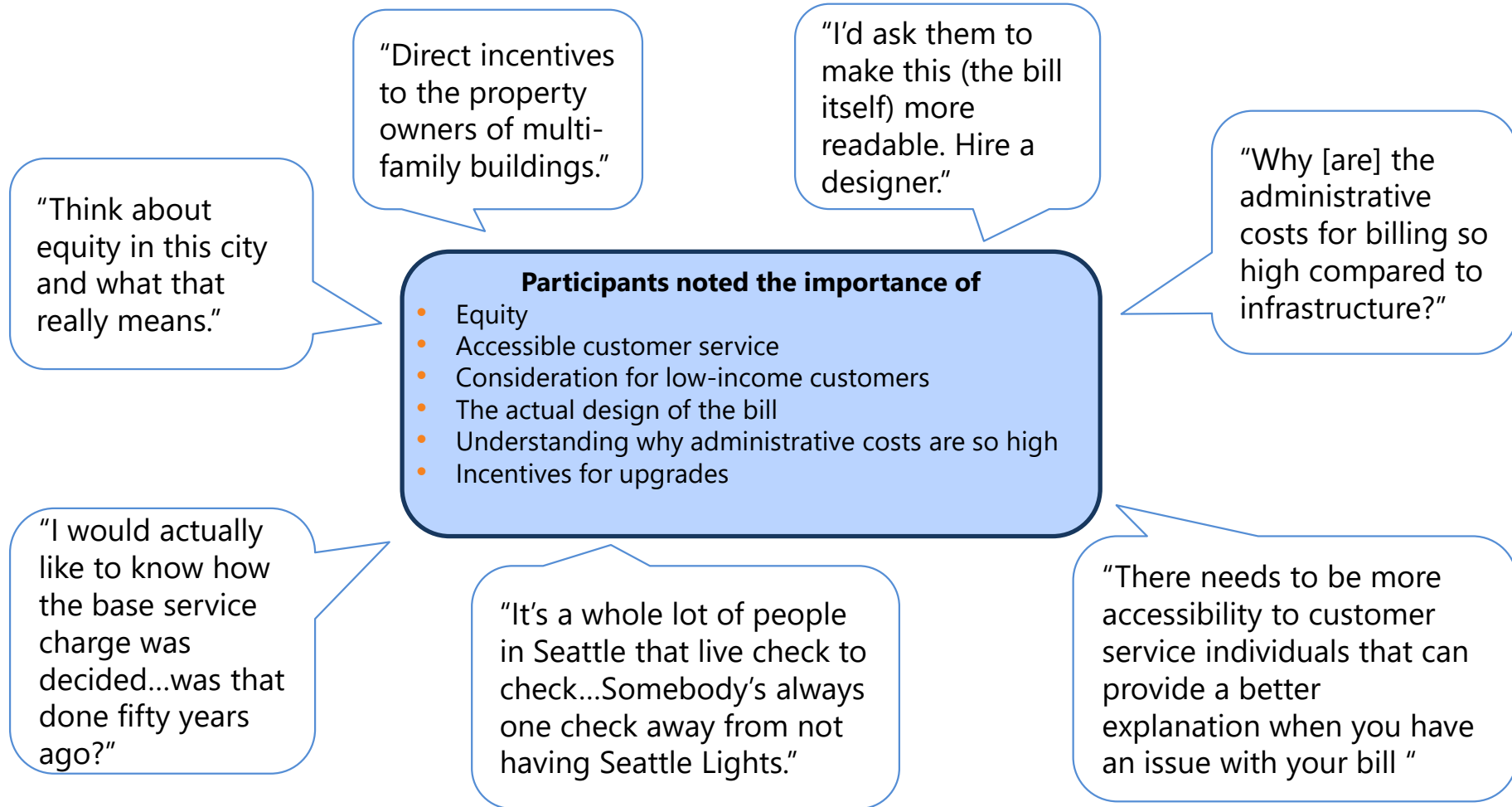
- Transparency – knowing what the bill is paying for, and an option to get the bill in Spanish
- Control – empowering customers to make choices that work best for them
- Keeping costs down -- Time of use helps with large households

WHAT DO THEY THINK OF CITY LIGHT?

Participants think that City Light:

- Is very informational (on the website and in billings)
- Ranks high among top-of-mind utilities
- Makes them feel lucky it's a non-profit unlike privatized utility companies from the East Coast or Latin America
- Made a good decision having focus groups to think about customers better
- Is unable to collect information accurately, leading to unjustifiable spikes in billing (English-language participants only)
- Should provide more multi-lingual materials and customer service (Spanish-language participants only)
- Genuinely takes customers seriously, since they sent important Seattle City Light staff for the Spanish focus group

WHAT WOULD THEY TELL THE HEAD OF CITY LIGHT?





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RECOMMENDATIONS



RECOMMENDATIONS

- **Additional Research**
 - Conduct statistically valid survey research with customers (currently scheduled for completion by June 2019) to measure support for:
 - Eliminating tiered block rate design and instead use of a flat rate
 - Providing time of use rate option
- **Pilot studies**
 - Based on survey results, conduct pilot studies (in an experimental design format) to assess customer experience and support for:
 - Flat rate
 - Time of use rate
 - Combination of flat rate and time of use rate
- **Bill content and format**
 - Consider redesign of the bill to meet customer needs for easier to understand bill and for transparency about what they are paying for
 - Consider rate and bill design solutions that present or appear to present greater options for choice and control
 - Conduct usability testing to inform the bill redesign
 - Create an interactive “How To Read Your Bill” section of the website to further meet customer need for transparency, including an explanation of how much of the bill typically pays for customer service, for the electricity they use, and other costs such as conservation programs and UDP program.
 - Consider an option to receive bill in Spanish
- **Budget plan**
 - Create a campaign about the budget plan with testimonials from actual users, especially to allay fears of big end of budget year bills



Seattle City Light



APPENDICES



APPENDIX A: PARTICIPANT PROFILES

Group 1 – 2/13/19

English Speaking

- Gender
 - 4 females, 4 males
- Age
 - Range: 25-74, with about half in their 40's or 50's
- Ethnicity
 - Hispanic or Latino origin: 1
- Race
 - White/Caucasian: 3
 - Black or African American: 3
 - Asian or Asian American: 1
 - Mixed/Other: 1
- Household Income
 - Ranged from less than \$25K to '\$150K to less than \$200K'
- Own vs. Rent
 - 3 homeowners, 5 renters
- EV Owner
 - 2 own an electric vehicle
- Tenure being a Customer
 - Ranged from 4 to 45 years, with half less than 10 years
- Methods for Heating Home
 - 5 heat their home with electric, others with gas or oil

Group 2 – 2/19/19

English Speaking

- Gender
 - 3 females, 3 males
- Age
 - Range: 25-64
- Ethnicity
 - Hispanic or Latino origin: 1
- Race
 - White/Caucasian: 3
 - Asian or Asian American: 1
 - Mixed/Other: 2
- Household Income
 - Ranged from less than '\$50K to less than \$75K' to '\$150K to less than \$200K'
- Own vs. Rent
 - 4 homeowners, 2 renters
- EV Owner
 - 1 owns an electric vehicle
- Tenure being a Customer
 - Ranged from 3 to 42 years, with half less than 9 years
- Methods for Heating Home
 - 4 heat their home with electric, others with gas or oil

Group 3 – 2/20/19

Spanish Speaking

- Gender
 - 4 females, 3 males, 2 non-binary
- Age
 - Range: 18-64
- Ethnicity
 - Hispanic or Latino origin: 9
- Race
 - Hispanic, White: 1
 - Hispanic, Indigenous: 1
 - Mexican American: 1
 - Mexican: 1
 - Latina/Latino: 3
 - Afro-indigenous, Asian: 1
 - Mestizo: 1
- Household Income
 - Ranged from less than '\$25K to less than \$75K' to '\$200K or more'
- Own vs. Rent
 - 2 homeowners, 7 renters
- EV Owner
 - 1 owns an electric vehicle
- Tenure being a Customer
 - 2 to 20 years, with five less than 9 years
- Methods for Heating Home
 - 6 heat their home with electric, 2 with gas, and 3 also heat their home with an oven or portable electric heater



APPENDIX B: MODERATOR GUIDE

City Light Rate Design Focus Groups

Moderator Guide

I. Introduction/Warm-Up (10 minutes)

- [Moderator self-introduction.]
- [Explain:] A focus group is a group discussion where we can learn more in-depth about peoples' ideas and opinions (compared to telephone or written surveys).
- My job is to facilitate the discussion and make sure that everyone has an opportunity to speak **and to make sure that no one dominates the conversation.**
- Housekeeping – Restrooms and refreshments.
- [Mention ground rules.]
 - There are no right or wrong answers; we're interested in your honest and candid opinions and ideas.
 - Our discussion is totally anonymous. We will not use your names in any report.
 - Our discussion today is being recorded. These recordings allow us to write a more complete report, and to make sure we accurately reflect your opinions. However, please only speak one at a time, so that the recorder can pick up all your comments.
 - That is a one-way mirror behind me and a couple of my colleagues are observing our discussion
 - It is important to tell us YOUR thoughts, not what you think others will think, or what you think others want to hear.
 - Please turn off cell phones
 - Your stipend will be provided as you leave.
 - Relax and enjoy
- We're going to spend our time today talking about electricity rates and different options for how electricity rates are calculated and presented to customers. Rate design, like many things in our lives, is more complicated than it might seem. City Light needs your input to inform the goals for electricity rates and possible rate design changes to accomplish those goals. Any questions about the purpose of our focus group or the ground rules before we begin?
- I'd like you each to introduce yourselves. Please tell us:
 - Your FIRST name (no last names, please)
 - How long have you been a City Light customer?
 - How do you heat your home? (electric, oil, propane, natural gas, other)
 - What type of work do you do?
 - What percent of City Light's energy supply do you think comes from hydro or water-powered sources? (Correct answer is 91%). What do you think the hydro percent is for Washington? (Correct answer is 70%). How about for the entire US? (Correct answer is 6%)

II. How Electricity Costs Influence Behavior (5 minutes)

1. When my siblings and I were kids I remember my father always reminding us to shut the lights off in a room when we left it. And I remember my mother saying that we didn't own stock in Con Ed (that was the electric utility company where I lived as a kid).

Do your electricity costs influence your behavior? If so, how? If not, why not?

III. Electricity Bill (10 minutes)

2. Which of the following best describes you when you get your City Light bill?
 - Somewhat afraid to open
 - Look at the total amount due and do not look at the bill details
 - Look at the total amount due and look carefully at the bill details
 - Other (specify)
3. Do you understand your bill?? Show bill example on flat screen TV (and also provide handout of How To Read Your Bill) and ask group to describe the bill content. (Probe on what they pay the most attention to and why. Listen for and probe on whether or not they know how much energy they are using.
4. What do you think your bill is paying for? (Listen for and probe on fixed and variable costs.)

IV. Rate Design Goal Tradeoffs (40 minutes)

As City Light strategizes for future rate designs, they are guided by a number of goals. Your input on which goals are more important than others will be very helpful as they strategize.

5. Provide group with the Rate Design Goals Ranking Form. Have participants individually rank order their top three goals **in regard to which are most important to you.** Also identify with an X, the goal that is least important to them. Ask them to write under each goal chosen why they ranked it that way.
 - A. **Cost-Based:** Rates should reflect the utility's cost of service, and each charge included on a customer bill should be designed to signal to customers the actual cost of providing the relevant service.
 - B. **Revenue Sufficiency:** Rates should be designed to collect the approved revenue requirement with a reasonable degree of certainty.
 - C. **Decarbonization:** Rate design should reflect the goals of Seattle's Climate Action Plan, including promoting the use of clean power, incentivizing transportation electrification, and reducing greenhouse gas emissions.
 - D. **Efficiency:** To conserve finite natural resources and minimize overall system costs, rates should be structured to encourage economically-efficient use of power. This

APPENDIX B: MODERATOR GUIDE (continued)

applies to electricity produced and purchased, as well as the wires and associated equipment needed for energy delivery.

- E. **Stable & Predictable:** To aid customers in managing the financial impacts of their electricity bills, rates should be changed purposefully over time to prevent disproportionate bill changes.
- F. **Affordability:** Rates should be designed to make electric service accessible for all customers; therefore, rates may be discounted for qualified low-income residential customers.
- G. **Transparency:** Rates should be structured so that customers can easily understand what services they are paying for.
- H. **Customer Choice:** Rate and billing options should reflect the diversity of our customers' energy needs and interests, so that customers may feel empowered to actively manage their energy consumption.

Tally the number of those who ranked each goal #1, #2, and #3 and open up to discussion regarding why that ranking and probe why certain goals were more important than others. Also tally and discuss the goals they ranked with an X.

- 6. Do you see any of these goals as being in conflict with each other? In other words, achieving one goal hinders the ability to achieve some other goal or goals. (Listen for what they see as conflicts. Then present the following as an example of a conflict and discuss.)
 - Low cost- we want to deliver value and services to our customer at an affordable price but...
 - We also want our electricity to be clean/green/progressive/very reliable, and all these things add cost.

CHECK WITH OBSERVERS TO SEE IF THERE ARE ANY OTHER QUESTIONS BEFORE MOVING ON.

V. Rate Design Means/Options (40 minutes)

- 7. Now we'll take a look at some potential rate design methods to achieve the rate design goals. Please note that these are possibilities. There are no guarantees that these will be instituted or when.
 - A. **Itemize charges** to be clearer and more transparent.
 - a. Itemize charges for energy, delivery, and customer services.
 - b. Are you aware that delivery is part of electric service? What does delivery of electricity mean? It's not like when the oil or propane truck pulls up to your house.

- c. Out of your total bill, how much do you think covers customer service and delivery (correct answer is 50% -- delivery 28% plus metering/billing is 22%), and how much is for the electricity you use (correct answer is 42%)? Other costs include 7% for covering conservation programs and UDP program.
- d. Is itemizing your bill to reflect the separate costs for energy, delivery, and customer service something you are in favor of? Why or why not?

B. Offering customers choice of pricing plan

- a. **Time of use (TOU) rates** - offer to customers an option to have a pricing plan (rate) that varies by season and time of day. This would encourage customers to shift their electricity consumption to off peak times, to help lower overall costs, and reduce stress on the electrical grid. It will be important in the future as Seattle grows more dense, and new technologies like electric vehicles create new stress points on our grid. However, it is more complicated than how we charge for electricity now, and could be confusing for some customers. Do you think this is a good idea? Is it something that you would be interested in trying? Why or why not? Listen for and probe on how much they would need to save in order to be interested. Listen for and probe on reducing Green House Gases as a motivator for TOU.
- b. **Budget rate residential billing** – Did you know Seattle has a “budget billing” program where customers (who have lived in their residence for a year or more) can have City Light smooth their bill payments across a year? Is this a program that you could see being valuable for customers? Do any of you take advantage of this budget billing program? Is level-izing your bill payments something you would be interested in? Why or why not?

C. Changing current basic residential pricing structure

Currently City Light charges residents using a two-tiered rate system that offers:
Tier 1 - a discounted rate (9 cents per kWh) for a basic amount of electricity, which is theoretically enough to cover, lights, cooking, refrigeration in a typical home. Note this does not cover heating costs.
Tier 2 - the customers are charged a higher rate – 13 cents – for each unit of electricity used beyond this basic amount.

This structure was intended to discourage wasting electricity. Plus, residents with big homes, or luxuries like hot tubs or swimming pools, get higher bills, and residents who live in apartments or live very frugally tend to get very low bills.

- a. What do you think of this rate structure? (Listen for and probe on if it seems fair or if they see the second tier as a penalty)



APPENDIX B: MODERATOR GUIDE (continued)

- b. Since the cut-off is the same for all households, a 1-person household gets the same allotment of low-cost power as a large family. People with electric heat are also disadvantaged because the Tier 1 rate amount of electricity per day doesn't get you far, so these residents risk getting very high bills when we have a cold snap. Now how do you feel about the fairness of this 2-tier structure?
- c. City Light is considering eliminating the higher-priced tier and charging all households the same rate for power. What do you think about this? Do you think it would be more or less fair?

8. What if City Light could only do one of these three things (itemize charges on your bill, offer customers a choice of pricing plan, or change the basic residential pricing structure)? Which would you recommend they do? Probe on:

- Probe on what influenced their choice
- Listen for and probe on "fairness" as an influencer
- Listen for and probe on "choice/control" as an influencer
- Probe on which methods made them most supportive of City Light

9. Ask if they have ever had a utility that they felt very positive about (such as an energy utility, cell phone company, internet provider, or cable/satellite TV company). What made that relationship so positive?

CHECK WITH OBSERVERS TO SEE IF THERE ARE ANY OTHER QUESTIONS BEFORE MOVING ON.

VI. Wrap Up (5 minutes)

10. Now that we've completed our discussion, is there anything that particularly stands out for you? Any other thoughts or comments?

11. Was there anything that was NOT said that you think is important for us to know?



APPENDIX C: RATE DESIGN GOALS RANKING FORM

Focus Group Date: _____

CITY LIGHT GOALS RANKING FORM

Please rank order your top three goals in regard to which are most important to you.

- Place a 1 in the ranking box for the goal that is most important to you,
- a 2 in the ranking box for the goal that is next most important to you,
- and a 3 in the ranking box for the goal that is next most important to you.
- Also identify with an X, the goal that is least important to you.
- Please write under each goal chosen why you ranked it that way.

BE SURE TO READ ALL 8 GOALS ON BOTH SIDES OF THE FORM

Ranking A. Cost-Based: Rates should reflect the utility's cost of service, and each charge included on a customer bill should be designed to signal to customers the actual cost of providing the relevant service.

Why this ranking?

Ranking B. Revenue Sufficiency: Rates should be designed to collect the approved revenue requirement with a reasonable degree of certainty.

Why this ranking?

Ranking C. Decarbonization: Rate design should reflect the goals of Seattle's Climate Action Plan, including promoting the use of clean power, incentivizing transportation electrification, and reducing greenhouse gas emissions.

Why this ranking?

BE SURE TO USE BOTH SIDES OF THE FORM →

Ranking D. Efficiency: To conserve finite natural resources and minimize overall system costs, rates should be structured to encourage economically-efficient use of power. This applies to electricity produced and purchased, as well as the wires and associated equipment needed for energy delivery.

Why this ranking?

Ranking E. Stable & Predictable: To aid customers in managing the financial impacts of their electricity bills, rates should be changed purposefully over time to prevent disproportionate bill changes.

Why this ranking?

Ranking F. Affordability: Rates should be designed to make electric service accessible for all customers; therefore, rates may be discounted for qualified low-income residential customers.

Why this ranking?

Ranking G. Transparency: Rates should be structured so that customers can easily understand what services they are paying for.

Why this ranking?

Ranking H. Customer Choice: Rate and billing options should reflect the diversity of our customers' energy needs and interests, so that customers may feel empowered to actively manage their energy consumption

Why this ranking?

**Note: Ranking form was distributed to Focus Groups 1 and 2 in English, and Group 3 in Spanish*

CITY LIGHT

OUR MISSION

Seattle City Light is dedicated to delivering customers affordable, reliable and environmentally responsible electricity services.

OUR VISION

We resolve to provide a positive, fulfilling and engaging experience for our employees. We will expect and reinforce leadership behaviors that contribute to that culture. Our workforce is the foundation upon which we achieve our public service goals and will reflect the diversity of the community we serve.

We strive to improve quality of life by understanding and answering the needs of our customers. We aim to provide more opportunities to those with fewer resources and will protect the well-being and safety of the public.

We aspire to be the nation's greenest utility by fulfilling our mission in an environmentally and socially responsible manner.

OUR VALUES

Safety, Environmental Stewardship, Innovation, Excellence, Customer Care



Seattle City Light