



Seattle City Light



RATE DESIGN FOCUS GROUPS

Presentation to the City Light Review Panel

3/12/19





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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.
- The 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

METHODS

- Held three focus groups among individuals residing in the City Light service area.
- 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 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 was held on February 20th at Estelita's Library in North Beacon Hill.
- 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.

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



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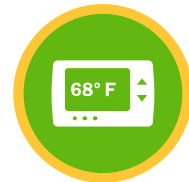


KEY FINDINGS



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.
- 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).



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.
- The overall takeaway is that detail is nice but not essential since most bill amounts are relatively stable.

BILL CONTENT UNDERSTANDING

- Most of the detailed information was relatively clear for most, although they tend to not pay attention to much of it.
- People had the most confusion with the two-tier rate system.
- Most 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.
- There was some suspicion/worry about how much of their bill goes to paying for staff and overhead costs.
- The Spanish-language group wanted an option to receive the bill in Spanish.

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

Rate Design Goals

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



RATE DESIGN GOAL RANKING VALUES

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.”*



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.

Means/Options Presented

- Itemized charges
- Time of use
- Budget plan
- Block rates vs flat rate



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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



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QUESTIONS ?



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



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