

## Residential Rates OIR

### Customer Survey Discussion topics

#### 1. Question

Why do we want to conduct a customer survey now rather than after the rate design proposals have been developed?

#### Answer

The principles of understandability, simplicity and choice are difficult to measure and customers can often have very different definitions, so finding out their direct feedback is very useful. We believe that knowing their preferences will help to inform the development of better proposals from the beginning. In addition, because of the work on the bill calculator models, we already have sufficient knowledge about the range of potential rate structures, so there is no need to wait until formal proposals are submitted to launch the customer survey.

#### 2. Question

What are the objectives of the customer survey?

#### Answer

The survey is designed to provide insight into:

- The extent that customers understand their current rate structure.
- Rate structure configurations that would best motivate customers to conserve / shift their energy use.
- Relevance of customer-centric rate design principles established in RROIR (characteristics of rate plan options should be understandable, stable, predictable, etc.) to customer interest in various rate plan configurations.
- Customer tolerance for bill change and appetite for bill savings.
- Customer preferences for alternative rate structure configurations.

#### 3. Question

What is the purpose of each section of the survey?

#### Answer

Section I – Establish current rate knowledge and energy use attitudes and behavior.

Section II - Educate participant about rate plan structures and components to prepare them for Choice Exercise and establish beliefs about importance of rate plan characteristics (understandable, stable, provides choice, etc.).

Section III – Establish customer preferences for rate plan options.

Section IV - Gather additional customer profile information for segmentation.

**4. Question:**

How will survey address customer perspectives on bill savings / bill increase potential for each rate option?

**Answer**

- Section three of the survey is designed to educate customers about the potential for different rate structures to increase or decrease their bills based on their energy use behavior.
- It is not possible to provide a sample or shadow bill in this survey. The respondents are anonymous and randomly selected through an internet panel. Even if this were possible, we believe shadow bills would not accurately represent the question to be answered because the potential bill savings / increase will depend on the customer's ability to change their energy use behavior on the rate. We understand this is not the perfect situation where each customer understands the individual impact to his or her own bill, but we strongly believe we can get high quality directional information about rate preferences without this level of customization.

**5. Question**

How will survey incorporate environmental benefits of rate plans?

**Answer**

The survey will capture the importance customers place on environmental benefits in the rate plan characteristics evaluation in section three, and then participants will evaluate each rate plan structure against that characteristic later in the survey.

**6. Question**

How are we making sure we are getting sufficient input from groups such as seniors?

**Answer**

Our survey recruitment process will have the objective of building a representative core sample of 2,100 (n=700 per IOU) by screening based on these demographics variables: income level, age, size (by square footage ranges and bill size), sex and region (climate zone based on zip code). Statistically significant findings will be possible at the IOU level for this representative population.

The additional 3,000 observation over-sample will allow statistically significant findings for additional sub-groups. Over-sampling adds enough observations to allow these sub-groups to be analyzed separately to identify how they might be the same or different from the core samples of n=700 per IOU.

We anticipate being able to make meaningful comparisons between the following sub-groups:

- Low-income (e.g., bottom 25% HHI)
- High-usage (upper 25% of estimated bill amounts)
- Age groups (older, middle, younger)
- Solar
- SmartRate participants

- Spanish-speakers
- California municipal utility customers with different rate structures: LADWP, SMUD and Riverside Public Utilities
- TOU customers from other jurisdictions with a high penetration of customers on TOU rates: Hydro One (Ontario, Canada) and Arizona (Arizona Public Services / Salt River Project)
- Climate Zone

**7. Question**

How will the survey avoid sampling bias?

**Answer**

Sampling bias is inherent in all research, but researchers typically take steps to minimize this within the constraints of time and budget. Most of the respondents sample will come from commercially available online panels. Online panels, by design, are not absolutely representative because they are created by “opt-in” methods among people who are active on the Internet. Nonetheless, comparative studies have shown that similar results are obtained from online panel samples as from truly representative online samples, suggesting that compensation of panel samples does not significantly affect results. Because of this, online panel samples have become the norm for survey research.

**8. Question**

How are we ensuring appropriate representation of the Disabled sub-segment?

**Answer**

We have added questions to determine if the participant is disabled, or if there is a disabled person in the household.

**9. Question**

How will this research provide input into the default rate?

**Answer**

The survey will ask questions to identify participants that would not likely switch from their current rate plan, even if offered a range of other options. Attitudes, preferences and behaviors of these customers will provide input into the default rate.

**10. Question**

Why aren't more focus groups the best way to begin the process of gathering customer input on rate structures?

**Answer**

The IOUs have conducted several focus groups over the last few years and quantitative studies that have guided the development of this survey. These are available via data request, as mentioned in the December webinar.

**11. Question**

How will the research be designed to ensure that the answers will not be skewed towards the rate options preferred by each IOU?

**Answer**

The choice exercise will randomly present different rate plan structures and configurations that span the range being considered in the bill calculator model, with no priority given to any particular rate plan.

**12. Question**

How will the survey identify customer usage patterns?

**Answer**

We will not be asking participants directly about their usage profiles. We will, however, be gathering information such as climate zone, square footage, year home built, energy end uses, and previous energy use behaviors that can provide insight into usage patterns.

**13. Question**

What are the screening criteria?

**Answer**

- Electric Utility (SCE, SDG&E, PG&E, Riverside, LADWP, SMUD, Hydro One, Arizona Public Service / Salt River Project.
- Household size (# of people in household, SF)
- Basic demographics (age, income level, gender)
- Climate Zone
- Involvement in energy decision-making

**14. Question**

What are some examples of what the survey might be able to tell us?

**Answer**

- Examples of what we might be able to learn from this survey include (illustrative only):
  - 67% of the senior segment prefer a flat rate with a customer charge less than \$10.
  - Overall, customers think the ability to save money on their bill and having a choice are the most important characteristics of an electric rate plan.
  - Participants that have already changed their energy use behavior in the past have a high preference for a plan with a demand charge.
  - “Try Before You Buy” (bill protection), increases the willingness to try a steep TOU rate by 40%.

**15. Question**

How will this survey avoid the issues that hindered the choice task in the Gas Hedging Study PG&E conducted in early 2009 with Socratic Technologies?

**Answer**

The primary issue with the Gas Hedging Study was that respondents did not appear to understand or be engaged with the conjoint. Measures taken in the Rates Customer Survey to avoid this problem include:

- Engaging them before the choice exercise by taking more time in the survey to educate

the respondents about the factors and levels they will encounter in the choice exercise and including questions about how those concepts apply to them.

- More choice tasks – 10 to 16, compared to only 6 in the GHS, and three options per choice set. Having more tasks and the more choices per task helps us to achieve better reliability and stability of the conjoint results.
- Removing respondents that do not meet standards focused on ensuring responses are deliberate and thoughtful, including “speeders” who complete the survey faster than normal, “straightliners” who have response patterns that indicate they did not pay attention to questions, etc.