

# R.12-06-013 Residential Rate Structure

## Customer Survey Key Findings – Follow Up 4/16 Webinar

### Questions

1. Slide 14-Important Factors when choosing rates - 66% of what? How were these priorities selected by the respondents?
2. Slide 18 – as you rank attributes, what was the method or significance of determining attribute importance?
3. Revenue Neutral Rates
  - A. Why simulator cannot be build based on exact revenue neutral rates
  - B. What the simulator tells us even though the rate options are not revenue neutral
  - C. Limitations of running revenue neutral rates through simulator
4. (Jamie Fine) What are the limitations of this work to the extent it can be generalized to all class of customers?\*
5. (TURN) We do not understand the bases for the conclusions on p. 22 (last bullet point) and p. 44 (first bullet point under tiered rates) regarding a preference for steeper tier differentials. Our impression is the opposite. Please explain.
6.

“Difference in price per kWh between the low and high levels relatively narrow compared to the three-tier and TOU rates, indicates potentially strong preference for a two-tier rate with relatively high tier prices”

Answer: This is an example of a hypothesis, which we have now run through the simulator, and the answer is....

Slide 20 – very last bullet point, potentially strong preference for 2 tier rate with relatively high tier prices, where are you getting that conclusion?
7. (TURN) Please explain the ability to compare numerical results between different rate plans. Is it possible to compare. How did you evaluate preference between rate plans.

#### DRA

1. The study suggested that there is no noticeable difference in results between online and alternative recruitment of low income. (p.4) Does this apply to all the conclusions drawn in the RROIR Customer Survey Key Findings? Any areas that show distinct differences?
2. 19% describe they are on TOU rates. (p.7) Are some of these customers currently on TOU options? Do IOUs know?
3. Interest in taking action to reduce bill. (p. 8) How do the IOUs intend this be used? \*
4. Regarding Savings needed to prompt switching (slide 9): It is interesting that only 3% picked the \$150-199 savings level, when 22% picked \$100-149 and 16% picked \$200-299. Does Hiner know what’s going on here?
5. Important factors when choosing rates (p.13). 30% said simple while 24% said understandable. Are customers clear about what is simple and and what is understandable? Will they mix predictable with worry free? Maybe the above results should be counted together?
6. Rate choice exercises ( p.15-16, 23-28). If these are done without making them revenue neutral, what Hiner intends to do to take that into consideration?

7. Interest in switching (p.29). It states that after choosing a preferred rate plan option thirteen times, respondents were asked how likely they would actually switch from their current rate plan. And, it suggested 90% were open to consider a new rate. It is not clear whether these customers are totally clear about what their current rate plan is. This slide seemed to imply that respondents changed their thoughts. It is not totally clear what trigger the change. Is it through the exercise of choosing 13 different rate options?
8. Tolerance for bill increase is in excess of 20%. (p.30) How to interpret this together with the last part that says 90% are open to consider a new rate?
9. Willingness to risk bill impact (p.31) almost half are not willing to risk bill impact. So, again, this seems contradictory to 90% open to consider a new rate plan.
10. Regarding Rate Plan Option Education: For the question "Which of the following rate plans do you think would work the best for you?" (p.12 of survey questionnaire) The Steep TOU and Mild TOU plan were not included in the rate options but included in the findings?
11. In the Conclusions (p.42-44)
  - a. Designing a TOU rate option that is appealing enough to encourage migration from standard rate. (p.43) – How will IOUs address potential revenue shortfall.
  - b. Concluded that flat rate, then 2-tiered rates are most favorable to customers. (p.44) but, does the customers know where they are and what the consequences are if they move to flat or 2-tiered?
  - c. Rate attributes, levels and structure (p.44) Again, the customers were not given adequate info on how those choices impact their bills. How will Hiner address this?
  - d. Slide 42 states "Customers were able to make thoughtful rate choice decisions without rate education." What is this statement based on?\*
12. Regarding the section on "Core" respondent characteristics on slide 48, demographics of Core group don't match California Demographics. - US Census California data for 2011:
  - o Hispanic of Latino= 38.1% vs. Survey respondents= 17%
  - o White (not Hispanic)= 39.7% vs. Survey respondents= 64%
  - o African American= 6.6% vs. Survey respondents= 2%