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BEFORE THE ARIZONA CORPORATION COMMISSION

**COMMISSIONERS**

DOUG LITTLE - CHAIRMAN  
BOB STUMP  
BOB BURNS  
TOM FORESE  
ANDY TOBIN

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. E-04204A-15-0142  
UNS ELECTRIC, INC. FOR THE )  
ESTABLISHMENT OF JUST AND )  
REASONABLE RATES AND CHARGES ) **NOTICE OF FILING CUSTOMER**  
DESIGNED TO REALIZE A REASONABLE ) **COMMUNICATIONS PLAN**  
RATE OF RETURN ON THE FAIR VALUE OF )  
THE PROPERTIES OF UNS ELECTRIC, INC. )  
DEVOTED TO ITS OPERATIONS )  
THROUGHOUT THE STATE OF ARIZONA )  
AND FOR RELATED APPROVALS. )

UNS Electric, Inc., through undersigned counsel, hereby files its proposed Customer Communications Plan for Commission approval in compliance with Decision No. 75697 (August 18, 2016).

RESPECTFULLY SUBMITTED this 30<sup>th</sup> day of September, 2016.

UNS ELECTRIC, INC.

By

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and

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**DOCKETED**

SEP 30 2016

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**Original and 13 copies of the foregoing  
filed this 30<sup>th</sup> day of September, 2016, with:**

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**Copies of the foregoing hand-delivered  
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By Jaclyn Howard



## UNSE Pricing Plan Customer Communications Campaign

### Summary

UNS Electric, Inc. ("UNSE"), which provides electric service under the UniSource Energy Services ("UES") brand, has planned an extensive campaign to educate residential and small general service commercial customers about its new Time-of-Use ("TOU"), Demand and Demand Time-of-Use pricing plans. The campaign will emphasize choice: By choosing one of these rate plans and adopting appropriate energy use practices, customers can potentially reduce their monthly bills. It also will promote awareness of energy efficiency tips and programs that could lead to bill savings under these rate plans. The campaign will promote awareness that TOU and demand rates can help reduce the peak demand on UNSE's system, potentially limiting the number of future rate requests and contributing to a more sustainable future.

### Key Messages

- Clear explanations of the new pricing plans, including:
  - An overview of how TOU and demand rates work
  - Potential advantages and disadvantages of each rate plan
  - An online "lifestyle calculator" to help residential customers choose a plan
  - Information about how customers will be able to learn about their electric demand
- Under these pricing plans, customers can adopt energy use practices that result in lower bills.
  - By shifting usage away from on-peak periods, bill savings can be realized even for customers who do not reduce their overall consumption.
  - Larger savings can be achieved by both shifting and reducing usage.
  - These steps help reduce peak demand on UNSE's system and may reduce long-term costs for all UNSE customers and contribute to a more sustainable future.
- Multiple energy efficiency programs are available for customers.
- Assistance is available for qualifying limited-income customers.

### Strategy

The Company historically has informed customers about new rates through news releases, website updates, a bill insert, direct-mail letters and various other traditional communications. In recent years, UNSE's communications strategy has evolved beyond traditional mediums to embrace new technology and adapt to customers' changing preferences. In 2014, the Company became active on social media, and in 2015 it launched a popular email newsletter, *Plugged In*, which provides customers with information about programs and services. In August 2016, the Company launched a redesigned website and released a mobile app that makes it even more convenient for customers to manage their accounts using their smartphones. These new channels provide more ways to reach customers with information about the new pricing plans approved in this docket.

**Customer Survey:** To help determine which channels to use for this campaign, UNSE polled customers to learn how they would prefer to receive this type of information. In September 2016, UNSE sent surveys to approximately 10,000 residential customers and approximately 2,700 commercial customers. The Company received 779 responses from residential customers and 191 responses from commercial customers in Mohave and Santa Cruz counties.

The survey informed customers that the Company would like to educate them about new rate options and asked several questions about how (and how often) they would like to receive this and other types of information. The responses to key questions from residential customers are shown below, with percentages based on the number of total responses for each option.

**Q. UniSource Energy Services would like to provide customers with information about some new rate options. How would you like to receive this information? (Select all that apply)**

- 53.9% Email Communications
- 30.3% Letter in the mail
- 25.9% Bill Insert
- 15.5% Direct Mail Brochure
- 8.3% Bill Message
- 3.6% Social Media Sites
- 3.2% Television Ad
- 3.1% Ad in Newspaper
- 3.0% Web banner ads on UESAZ website
- 1.9% Radio Ad
- 1.2% Web banner ads on Local News Site
- 0.7% Search Engine Optimization

**Q. How frequently would you like to receive communications on these new rate options from UniSource Energy Services?**

- 49.4% Once a month
- 33.3% Once a quarter
- 7.7% Once a year
- 4.6% Twice a month

The responses from residential customers in Mohave and Santa Cruz counties did not differ appreciably from each other. UNSE's commercial customers also provided similar responses, with even stronger support for email (61.4%) and good support for bill inserts (25.4%) and mailed letters (28%). They also expressed an interest in receiving communications either monthly (46.3%) or quarterly (34%).

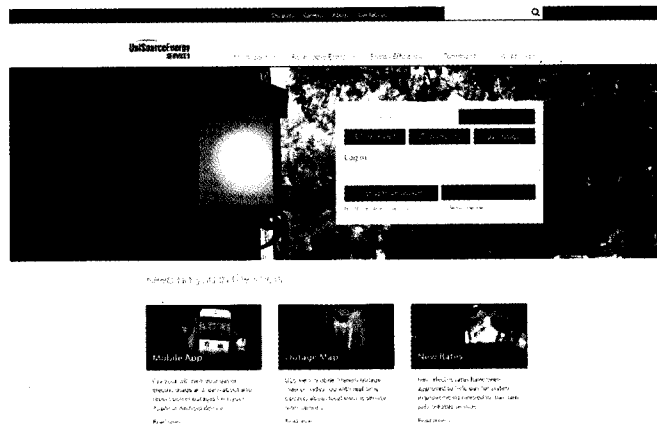
UNSE also consulted with employees in its regional offices for additional guidance about communicating effectively in their local communities. Employees in Kingman, Lake Havasu City and Nogales are very knowledgeable about their respective service territories, including popular media outlets and community events. The Company will leverage this local knowledge on an ongoing basis to ensure that its outreach is properly adapted to the preferences and practices of customers in those areas.

**Components**

In light of these survey results and the Company's experience with established and emerging platforms, UNSE plans to promote the pricing plans through a campaign that includes the following components:



**Website:** UNSE has posted helpful, easy-to-understand explanations of the pricing plans on its website ([uesaz.com/electric-rates/](http://uesaz.com/electric-rates/)), including links to the approved tariffs. The webpages explain how TOU and demand rates work and describe their advantages and disadvantages, using tables and graphs to make the concepts digestible at a glance. UNSE plans to add to the website a residential lifestyle calculator that will ask customers how they use electricity and whether they would be open to using it at different times of day. The calculator will direct customers to consider the pricing plan that, based on their answers, might be right for them.



The recently redesigned UES website offers several prominent areas to promote new pricing plans.

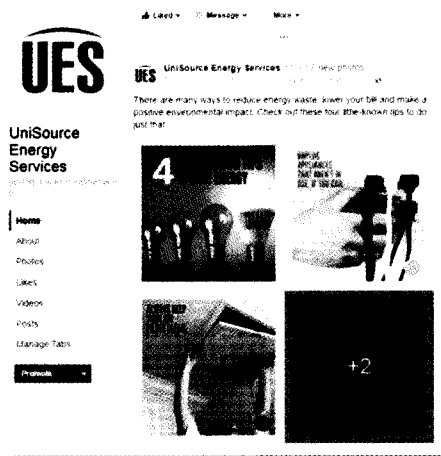


The Plugged In newsletter will promote awareness of the new pricing plans.

**Email:** UNSE will promote awareness of the new pricing plans in *Plugged In*, its quarterly email newsletter for residential customers. Stories will appear in the newsletter as well as in separate email communications that will be sent to customers under the *Plugged In* brand. A headline story will include a link to an overview of the new pricing plans on the [uesaz.com](http://uesaz.com) website. Subsequent stories will focus on TOU and demand rates and will promote the lifestyle calculator. The newsletter stories will contain buttons to make it easy for customers to share the information on Facebook and Twitter and by email. In this way, information about the new pricing plans will be distributed more broadly. Similar stories will be sent to small general service commercial customers using UNSE's *Plugged In Business* email newsletter template.

**Mailed Letter and Brochure:** Information presented on the website will be incorporated into a letter and brochure that will be mailed to residential and small general service commercial customers separately from their monthly bill. The brochure will explain the new pricing plans and will include tables and graphs. It also will include instructions about how to sign up for the new plans and where to find additional information about energy efficiency and programs that can help them save energy and lower their bill. UES e-bill customers who have expressed a preference for paperless communication will receive the letter and brochure via email.

**Bill Messaging:** UNSE will prepare and distribute bill inserts to promote awareness of the pricing plans. One insert will introduce the new pricing plans. Others will focus on TOU and demand rates, describing their potential advantages and disadvantages. These inserts will invite customers to visit [uesaz.com](http://uesaz.com) or call the Company's Customer Care team for more information. The Company also will print messages on the printed bills promoting the availability of the new pricing plans.

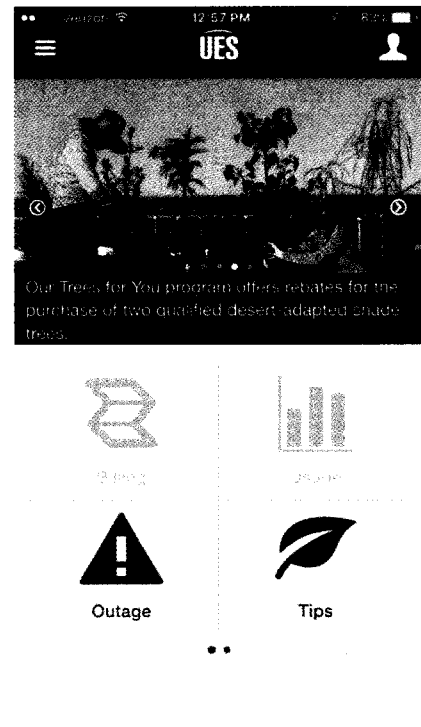


*Facebook is the favored social media channel for UNSE customers.*

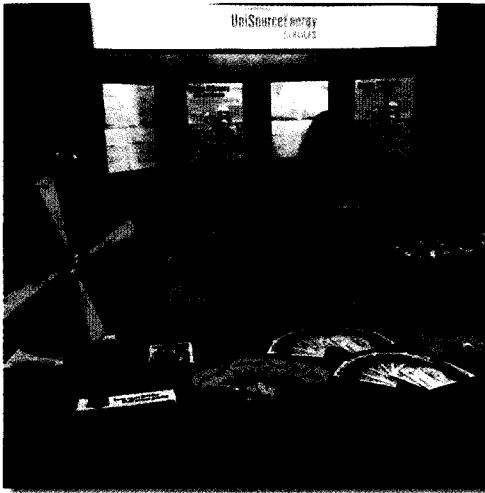
**Social Media:** UNSE's largest social media channel is Facebook. The Company's Facebook page ([facebook.com/UniSourceEnergyServices/](https://facebook.com/UniSourceEnergyServices/)) has more than 7,200 "likes," accounting for nearly 8 percent of its customer base. (When a Facebook user "likes" a corporate page, the company gains an opportunity for its posts to appear in that user's news feed.) UNSE will promote awareness of the pricing plans on Facebook and Twitter ([twitter.com/UESElectric](https://twitter.com/UESElectric)) through multiple posts with a variety of engaging messages. The content will discuss the plans in general, along with the concepts of TOU and demand. The Company also will run a Facebook ad that directs customers to an overview page on [uesaz.com](http://uesaz.com). Any questions will be addressed promptly by a Company representative.

**Mobile App:** A promotion about the pricing plans will appear in the carousel on the UES mobile app ([uesaz.com/mobileapp](http://uesaz.com/mobileapp)). At the top of the app's home screen, the carousel communicates timely information to customers through an engaging photo and short summary that links to more detailed information on the website. The promo will link to a page on [uesaz.com](http://uesaz.com) with more information. The app was designed to expand the Company's reach and to engage with customers who may not follow or pay close attention to other communications channels.

**Customer Care Center:** UNSE's Customer Care team will answer questions about and promote awareness of the new pricing plans. Representatives will keep details about the new rates on hand to ensure accurate, consistent responses. They may use the lifestyle calculator to help customers identify the best rate for them. The Company's representatives may mail brochures to customers or refer them to [uesaz.com](http://uesaz.com) for additional information. Also, they will mail an introductory letter and a refrigerator magnet that display on-peak and off-peak hours to customers who sign up for TOU and demand pricing plans. Finally, messages promoting the new pricing plans will be recorded for playback on the interactive voice response system that customers hear while waiting on hold for a representative.



*The new UES Mobile App includes a content "carousel" that can be used to promote new rates and other programs.*



*Company representatives often engage with customers at public events such as the Mohave County Fair (above).*

**News Media:** UNSE will distribute a news release and work to promote fair, accurate local media coverage of the pricing plans. The release will provide details and benefits of the new plans and how customers can sign up. The Company's media relations team will make itself available to answer news media questions about the new plans.

**Community Outreach:** UNSE will distribute the direct-mail brochures and answer customer questions at public events held in its service territory. The Company will rely on input received from local employees in Mohave and Santa Cruz counties and work with its energy efficiency team to identify opportunities to integrate information about the pricing plans into community presentations and energy-efficiency workshops. The conversations that occur with customers at such events provide valuable feedback that can be used to refine and improve the Company's communication and outreach efforts.

#### **Details on Electrical Demand**

In addition to the efforts described above, UNSE is taking steps to provide customers with detailed and timely information about their individual electric demand. The Company is developing software that will provide customers with secure online access to details about their hourly, daily and monthly electric usage, including their demand. The Company plans to make this information available to customers during the first half of 2017 on both [uesaz.com](http://uesaz.com) and in the UES mobile app. Later in 2017, the Company plans to include information about individual electric demand on its printed bills for all customers. These efforts will familiarize customers with electric demand, help them choose an appropriate rate and allow them to evaluate the effectiveness of any steps they may undertake to manage their demand.

#### **Rollout**

UNSE will roll out the components of this campaign with high frequency and reach in the months following approval of this plan. The Company will continue educating customers about the pricing plans on an ongoing basis, with continued promotion of the lifestyle calculator and other content on the website. UNSE will employ its Customer Care team, social media, mobile app, electronic newsletter and community outreach to create an ongoing dialogue about the rate options available to customers.

As a result of these efforts, customers will gain a better understanding of how they could save money on their monthly electric bills by switching to either a TOU or demand pricing plan. They also will be made aware of the risk that these rates could increase their bills if their energy use patterns conflict with successful saving strategies under such plans. While many customers may choose to remain on their current rate, they will be made aware that new, potentially attractive options are now available.