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Arizona Corporation Commission

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October 10, 2017

OCT 10 2017

Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

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2017 OCT 10 P 4: 32

RE: Docket Numbers: E-01345A-16-0036 & E-01345A-16-0123

Dear Chairman Forese and Commissioners,

On behalf of the organizations signed below, please find feedback on the Arizona Public Service Company (APS) final Customer Education and Outreach Plan ("Final Plan").

As you are aware, APS filed a draft Customer Education and Outreach Plan ("Draft Plan") on September 11, 2017. Our organizations filed comments in response to that Draft Plan. Those comments outlined a number of gaps and concerns we identified with APS' proposal.

While we appreciate that APS met recently with advocates and incorporated a few of our suggestions in its Final Plan, major gaps and concerns remain. As elected officials, Arizonans count on you to ensure ratepayer money is used prudently. Without knowledge of how APS plans to quantify, measure, or report on the effectiveness of the Customer Education and Outreach Plan or a clear understanding of the budget and expenditures, Commissioners, Commission Staff, and ratepayers will be left in the dark.

Our comments below describe how APS did or did not address our concerns in its Final Plan. We encourage you to require APS to provide more details to the Commission and stakeholders as outlined below.

Messaging, content and tactics

Stakeholder Comment: APS should provide the Commission with a comprehensive set of examples of the communications that various customer classes and groups will receive and how and when they will receive that information.

- **APS response to Stakeholder comment:**
The APS Final Plan includes a high-level timeline that describes a three-phased approach to consumer outreach. For each of these phases, APS has provided high-level details about the tactics it will employ. APS also said it, "Intends to meet at least twice with stakeholders during the Transition process. These Stakeholder meetings will provide updates on Transition activities and early access to educational and marketing materials with supporting information."
- **Stakeholder response:**
We appreciate that APS has committed to meet with stakeholders at least twice during this process. We encourage APS to meet with stakeholders before expending a significant amount of time or money on its messaging or materials. Consumer entities that work

directly with APS ratepayers on an ongoing basis can provide valuable input for APS to consider.

We are particularly concerned that the APS messaging is not resonating with its ratepayers. Stakeholders, including our organizations, have heard from a number of APS ratepayers who are confused about their recent bills. While we appreciate APS reviewing specific instances that we have brought to its attention, we are concerned that what we are hearing represents just “the tip of the iceberg.” Recent communication with low-income customers who are being disconnected in large numbers, without meaningful interaction by APS, leaves us skeptical of the effectiveness of the company’s messaging and transition plan.

Stakeholder Comment: APS should provide communications in Spanish or other languages.

- **APS response to Stakeholder comment:**
APS will provide, “Spanish language messaging to customers”... for “Spanish-speaking customers who have requested to receive communications in this manner.”
- **Stakeholder response:**
The Stakeholders appreciate APS’ confirmation that it will provide Spanish communications.

Stakeholder Comment: APS should clarify if customers will be charged for text messages, and how customers can opt-out of communications if they wish not to be charged.

- **APS response to Stakeholder comment:**
Customers are not and will not be charged by APS for text messages. However customers could be charged by their cell phone carrier depending on their data package and text messaging plan. Customers who choose to enroll in text messaging will have the option to opt-out any time via aps.com.
- **Stakeholder response:**
Text messages could become an unwelcome expense for customers who enroll in text notifications and do not have an unlimited text messaging plan or a sufficient data package. APS’ landing page about residential text message enrollment and other marketing and enrollment materials should include notice that, “Message and data rates may apply.” While APS’ indicates that customers can opt-out at any time via its website, this may not be the best option for all customers, and no information about the opt-out process is provided on the aforementioned landing page. It is also unclear if customers have other options for opting-out, for instance, via text message to APS. For these reasons, we recommend that APS works with stakeholders to review the text messaging enrollment process and identify areas where the presentation and availability of information could be improved.

Stakeholder Comment: APS should explain how it will incorporate messaging on the availability of energy efficiency programs, services, and tools to help customers manage their rate options.

- **APS response to Stakeholder comment:**

In its Final Plan, APS said it will incorporate “Demand Side Management messaging.” APS has also included a goal in its Final Plan to, “Familiarize customers with opportunities to save... [through] available Demand Side Management programs.”

- **Stakeholder response:**

The Stakeholders appreciate APS’ confirmation that it will provide demand side management messaging to customers and that it has a goal to familiarize customers with its programs. However, we are concerned that APS has not provided more detail about its plans. Our concerns are heightened by that fact that APS has proposed to cut and weaken energy efficiency programs significantly in its 2018 Demand Side Management (DSM) Plan filed with the Commission in September. APS’ energy efficiency offerings are essential to help residents control their energy costs and reduce the effect of the rate increase, and the Commission should ensure that APS remains committed to these important programs when it reviews and approves APS’ 2018 DSM Plan filing.

We also encourage APS to meet with stakeholders before expending a significant amount of time or money on its demand side management messaging or materials. Consumer entities that work directly with APS ratepayers on an ongoing basis can provide valuable input for APS to consider.

Enrollment and transition process to new rates

Stakeholder Comment: APS should provide the Commission with monthly reports that provide information on the number of customers by customer class projected to and enrolled and transitioned to each rate plan. APS should provide the Commission with information on customers who are put on the default rate plan and the plan that these customers choose after the 90-day period expires. Information should be provided on the number of customers who prefer to use a plan other than the demand rate or time-of-use (TOU) rate options.

- **APS response to Stakeholder comment:**

APS did not respond to this comment.

- **Stakeholder response:**

The Stakeholders continue to stand by our recommendation. APS has access to data sets that they utilize to evaluate the effectiveness of their efforts. On a monthly basis, Commissioners, Commission Staff, and stakeholders should have access to their analysis of the mandatory default rate and other rate plans to evaluate successes and shortcomings and to propose changes in real time.

Budget and expenditures

Stakeholder Comment: The APS plan does not describe a budget or how funds will be spent. A budget should be provided so that the Commission and stakeholders understand how ratepayer money will be invested. APS should report regularly on actual expenditures relative to its budget.

- **APS response to Stakeholder comment:**
APS, “Included the \$5 million of collected but unallocated Demand Side Management funds approved in the [rate case] Decision for rate education in its 2018 DSM Implementation filing and will provide an update through the normal course of the Annual Performance Report compliance filing.”
- **Stakeholder response:**
The stakeholders find this response inadequate. Commissioners, Commission Staff, and stakeholders should understand how ratepayer money is being spent. APS has not clarified the total budget or how the budget will be allocated amongst tactics and activities. Based on the APS response and the limited information available in the APS 2018 Demand Side Management (DSM) Plan, it appears that APS could be spending \$6.5 million on the Final Plan, not \$5 million. This investment is considerable, and there should be transparency around the total budget amount, how that budget will be spent, and expenditures relative to the total budget.

The APS plan to report on its expenditures is also unclear. Will APS report on its Final Plan expenditures via the DSM reporting process or just the \$1.5 million proposed for “Energy and Demand Education” in its 2018 DSM Plan?

APS should be required to provide a budget and report quarterly on its expenditures in the rate case docket so that interested parties have ready access to the information.

Quantifying, measuring, and reporting on effectiveness

Stakeholder Comment: APS should propose and the Commission should establish and approve metrics for quantifying and measuring the effectiveness of APS’ outreach and education activities. APS should also describe the tracking and reporting mechanisms it will implement to report on these metrics.

- **APS response to Stakeholder comment:**
The Final Plan describes APS’ five goals for its Final Plan but provides no meaningful information on what “success” means relative to these goals; the mechanisms and metrics that will be employed to evaluate “success” relative to these goals; or the process by which APS will report back to the Commission and stakeholders on the effectiveness and “success” of its Plan.
- **Stakeholder response:** The Stakeholders continue to stand by our recommendation. In order for Commissioners, Commission Staff and stakeholders to measure success, APS needs to provide specific goals and actual results. While we understand that some trial

and error is likely to exist, understanding the assumptions and having the ability to provide input early on can likely benefit APS and its ratepayers.

Below are the suggested metrics we previously recommended. We urge the Commission to require APS include such metrics in its Final Plan:

- a. Open rates and click-thru rates for rate education-related emails.
- b. Percent increase in frequency of visits to customers' online accounts.
- c. Number of rate-related customer complaints.
- d. Number of views to rate education web pages.
- e. Number of customers who have changed rates over the last quarter.
- f. Number of events and presentations held in support of rate education and outreach and the number of people reached.
- g. Number of community partners utilized to support rate education and outreach and the number of people reached.
- h. Customer awareness of rate plans that may help them to mitigate electricity expenditures.
- i. Customer knowledge of where to go to get more information about how to manage their energy use.
- j. Customer understanding of how energy use can impact electricity bills.
- k. Customer awareness of the rebates, energy efficiency programs, and tips offered by APS that can help them manage their energy bill.
- l. Length of time, number of pages visited, unique visitors to the APS website.
- m. Number of featured stories in the news regarding APS' rate reform.

Stakeholder Comment: The Commission should ensure that it receives a written report from APS no later than June 30, 2018. This report should describe how well the plan was executed and any lessons learned.

- **APS response to Stakeholder comment:**
APS did not respond to this comment.
- **Stakeholder response:**
The Stakeholders continue to stand by our recommendation. Commissioners, Commission Staff and APS ratepayers should have the ability to understand and evaluate how efficiently and effectively APS implemented its Customer Education and Outreach Program. Lessons learned during this process will be instructive for other plans that come before the Commission.

Regular engagement with consumer groups

Stakeholder Comment: APS should formalize a consumer stakeholder working group that meets regularly to provide input and recommendations on the Plan's development and implementation.

- **APS response to Stakeholder comment:**
APS, “Intends to meet at least twice with stakeholders during the Transition process. These Stakeholder meetings will provide updates on Transition activities and early access to educational and marketing materials with supporting information.”
- **Stakeholder response:**
The Stakeholders appreciate that APS is willing to meet at least twice with stakeholders. These types of meeting are invaluable because participating stakeholders can provide perspectives about the unique constituencies that they understand and represent. We recommend that APS file meeting notices in the APS rate case docket so that all interested stakeholders have fair and equal notice and opportunity to participate in these important stakeholder meetings.

We understand that implementation of the APS Customer Education and Outreach Plan is moving forward. Please require APS to provide more details, such as those outlined above, to the Commission and stakeholders by October 18, 2017.

Sincerely,

Cynthia Zwick
Arizona Community Action Association

Doug Bland
Arizona Interfaith Power & Light

Diane E. Brown
Arizona PIRG Education Fund

Dru Bacon
Conservative Alliance for Solar Energy

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Ellen Zuckerman
Southwest Energy Efficiency Project