Rates & Service Regulations Manual
Modernization

March 10, 2020
Rates & Service Regulations Manual Modernization
Backlog of integrated Rate Action has Occurred

• Due to the rapidly changing industry a backlog of rate work has occurred.
• This backlog is intensified both by a lack of industry standard on how to address industry wide ratemaking challenges as well as fracturing customer perspectives and desires.
• In order to ‘process the backlog’ a multi year, multi phase plan is recommended.
• The phases are critical in order to have organizational alignment around which topics are pursued first, how they are pursued and most importantly being able to understand the integrated nature of all the work streams while maintaining high quality customer outreach on all changes.
Rates & Service Regulations Manual Modernization
Rates Roadmap - Phases of Work

- Rates and Service Regulations
- Critical Clarifications
- Rates Strategy
## Rates & Service Regulations Manual Modernization

### Rates Roadmap - Detailed Phase Breakdown

<table>
<thead>
<tr>
<th>Work Characterization</th>
<th>Rates &amp; Service Regulations</th>
<th>Critical Clarifications</th>
<th>Rates Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example</td>
<td>Language, layout and ease of use</td>
<td>More than language, layout and ease of use but not necessarily structural</td>
<td>Long term plan for significant and structural rate changes</td>
</tr>
</tbody>
</table>

- **Example**: Common terms used consistently, easy to navigate, gets customers what they need efficiently.
- **Critical Clarifications**: More structure around class eligibility and modernization of low participation rates. Necessary prior to Rates Strategy phase.
- **Rates Strategy**: Demand based residential rates, standby, more robust time of use, fuel & purchase power modifications

<table>
<thead>
<tr>
<th>Stakeholder Interaction</th>
<th>Power Panel</th>
<th>Targeted</th>
<th>High</th>
</tr>
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<tbody>
<tr>
<td>Relative Ease of Evolution</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Customer Impact</td>
<td>Low</td>
<td>Targeted</td>
<td>High</td>
</tr>
</tbody>
</table>
The Electric Rate Schedules and Service Regulations of the Omaha Public Power District is currently a 115-page document detailing both
- How retail customers receive electric service, and
- Outlines the charges for varying service levels

There are currently 41 different rates and riders included in the Electric Rate Schedules.
While the language in the rate manual has largely remained unchanged, the electric utility industry has not.

The overall purpose of this initiative is to conduct a thorough review of the entire manual in order to better service our customer/owners and other customers by:

- Updating service regulations and rates to reflect changes in industry standards, technology, definitions and customer expectations.
- Rewriting language, as necessary, to increase ease of understanding for customers, employees and other stakeholders.
- Ensuring consistency and alignment amongst and between all rates and service regulations.
**Rates & Service Regulations Manual Modernization**

**High Level Scope**

- The team is resourced with cross functional members comprised of subject matter experts from:
  - Financial Services
  - Customer Service
  - Public Affairs
  - Energy Delivery
- Conduct research on peer utility rate manuals to identify best practices
- Identify areas for which clarity and consistency could be improved between the rates and service regulations
- Create standard templates
- Simplify wording in schedules while maintaining intent of offering
- Pursue customer feedback on proposed changes
- Define and socialize a change management plan including the effective date of changes
- **Structural rate changes are out of scope**
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Overall Status

• Resource the team with cross functional team comprised of subject matter expert staff from:
  - Financial Services
  - Customer Service
  - Public Affairs

• Conduct research on peer utility rate manuals to identify best practices **COMPLETED**
• Identify areas for which clarity and consistency could be improved between the rates and service regulations **COMPLETED**
• Create standard templates **COMPLETED**
• Simplify wording in schedules while maintaining intent of offering **COMPLETED**
• Pursue customer feedback on proposed changes **COMPLETED**
•Disposition customer feedback from the power panel **COMPLETED**
• Define and socialize a change management plan including the effective date of changes **IN PROGRESS**
Rates & Service Regulations Manual Modernization
Power Panel Research Summary

• Overall findings:
  – Customers appreciate that the nature of a Rates Manual doesn’t lend itself to be as creatively customer-centric as say a marketing piece. However, customers want OPPD to communicate rates and service regulations information to them in ways they can readily understand.
  – OPPD’s proposed Service Regulations outperformed its current Service Regulations.
  – OPPD’s proposed Rates Schedule stimuli did not outperform its current Rates Schedules.

• Key findings:
  – Quantitative: Of the new pages tested, the modernized Service Regulations outperformed its legacy version. New versions of Rate Schedules performed below, or on par in comparison.
  – Qualitative: The bar is low for rates manuals considered to be easy to understand with many respondents indicating there’s no stand-out company doing it the best.
Rates & Service Regulations Manual Modernization
Power Panel Research Summary

• **Key findings** (continued):
  
  — Qualitative:
    
    • **Layout / Look and Feel** – Customers expect simple, clean, modern layouts – the less text and shorter sentences there are, the less overwhelming it seems.
    
    • **Content / Ease of Understanding** – Use plain language, as if you’re explaining something to a primary school student. Include relatable examples, glossaries, FAQ’s, context and clarity.
    
    • **Visuals** – Employ visuals, charts, tables and flow charts that help readers digest the information, taking the pressure off the customer to read the entire page.
    
    • **Navigation** – Improve ease of navigation, ability to quickly click to other reference pages and skim to what’s important by improving contextual layout and information relevance.
Customer feedback has been incorporated in various sections

- Rewrote the introduction to explain what is included in the document and explain the billing components of the Rates.
- Feedback that was not favorable regarding the Rate Schedules was primarily addressed in the Quick Start Guide
  - Customer Experience developed the Quick Start Guide for OPPD’s website
  - Explains the billing components included in the rate, a graph showing the kWh charges, and visuals showing how rates are set
  - Currently have quick start guides for Residential and Business (small commercial) Customers
- Some areas of customer feedback may not be actionable with this phase but could be more effectively reacted to during later phases (baseline understanding of how rates work, demand recovery, etc.)

Finalized Legal and Brattle review and incorporated feedback throughout the document
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Next Steps

• Return to the Board in Q2 for Rate Action to place new Rate & Service Regulations in effect

• Work with Change Management and Corporate Communications
  – Collaborate with corporate communications on a communication plan
  – Complete change management stakeholder analysis and plan