



PASADENA
Water&Power

June 4, 2014

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Via email: rluczynski@hotmail.com

Dear Mr. Luczynski:

Thank you for your ongoing interest in the OPower Home Energy Reports program. PWP has prepared the following responses to your questions in the letter dated May 17, 2014 that you delivered to the Municipal Services Committee on May 20, 2014.

- 1. How many people work for the PWP on this effort to provide a Home Energy Report along with those from OPower employees? What financial additional can be applied to this contract in any way from the help from PWP employees?***

The HERS program requires minimal support from the PWP staff. PWP estimates that less than the equivalent of ½ full time position, spread amongst 3 administrative and 3 implementation staff, support the HERS primarily for phone support.

- 2. When the recent survey was done for public rate payers, why wasn't any mention given in the survey that a third party (OPower) was the company that was being considered for a no bid contract with no mention of the cost for the renewal contract? The survey questions make one believe that PWP was the ones doing the survey?***

The intent of the survey was to ascertain customer use and opinion of the product.

- 3. Since the recent survey is purposed to have called 1000 residential customers by phone. I would like answered, just how many people responded to the entire survey and how long did it take to do each survey?***

1,002 customers responded to the survey. Average call length was 9.76 minutes.

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4. What was the cost of the survey and who asked for the survey and who paid for the survey?

Cost of the survey was \$18,000 and was included as part of the FY2014 service contract.

5. The previous survey done in the past by RKS had a random sample of 150 residential customers. (RKS) states that 47% surveyed recalled receiving the HERS report. The current report states that 8.5% remember receiving the HERS report. Why is there such a wide gap in this survey information of who saw the mailer?

Both RKS and ISA (third-party research firms) conducted telephone surveys and called a random sample of customers. RKS reported 47% of overall customers recalled the report, consistent with the fact that about 25,000 of 53,000 customers receive them. The baseline for the ISA (HERS) survey metric questioned are the 702 randomly selected customers who were part of the "treatment" group; 85% of those customers who received the report remembered receiving the report.

6. Who did the survey this time? Was it again RKS or another organization? Was whoever doing the survey knowledgeable about Pasadena and Independent of any reach of OPower influence?

ISA, a third party vendor conducted the survey, per industry best practices. They were aware that they were calling Pasadena customers.

7. What question in the survey was used to formulate the survey charts? I'm drawn to the statement that "PWP wants to help them reduce their home energy use"! In looking at the Survey it seems very long and complicated to follow over a phone conversation. Is that why that question result was picked to develop?

A number of questions were used to formulate the survey charts. All were based on actual customer responses. The noted question was one of 25+ questions that asked the customer to indicate whether they strongly agreed, somewhat agreed, neither agreed nor disagreed, somewhat disagreed, or strongly disagreed with the following statements:

- PWP wants to help me reduce my home energy use
- PWP wants to help me save money

8. I didn't see any questions that dealt with Behavioral Science as the method being used to help customers save energy. Neighbors use wasn't mentioned once, why?

The intent of the survey was to ascertain customer use and opinion of the product, not customers understanding of the method.

9. Were all or any surveys recorded with the phone conversations?

No.

10. Do you believe that “OPower has discovered that human beings are motivated, not by noble ideals or even economic incentives, but most of all, by what they see their neighbors doing?” This statement is on page 2 of the 4/15/14 PWP Memorandum. I contend that no one knows who his or her neighbor is under this program and is reason in itself to deny a renewal of this program. This is false advertising of their “Robust Research and Analysis”

This has been the subject of numerous psychological studies.

11. Show us how your program gets results? If the concept is simple and it works then why after 3 years with this program hasn't our PWP learned anything about customer behavior?

This was addressed during the MSC presentation. PWP has learned that many of its customers find value in the HERS and will respond to its messages. There have been consistent energy savings observed in the treatment group vs. the control group. The information provided to the treatment group is based on data and analytics. As noted by the Committee members, the numbers are compelling if you believe them.

12. Will the complete data be available of the survey questions answers to the committee members and the public? If not, was public money spent on this survey?

At this time, PWP does not plan to present more details of the survey to the MSC or public.

13. Is there a reason why the mailing of the Energy Report is sent from Logan Utah?

Opower uses a contract print and mail facility for all of its clients. This is the most cost effective approach.

14. Who is in control of all (Pasadena Rate Payers Records) on this behavior experiments and why wasn't this mentioned in the survey?

Customer data is provided securely to Opower solely for the purpose of preparing the HERS under strict confidentiality and security requirements.

15. Is there a break down in the survey of how many people live in Apartments, Condos and Houses? I'm sure you would get different answers from each group on energy uses and fixes to reduce power. This is the only place I could see neighbors competing in your experiment. Apartments and condo projects, but even those people don't really know many of their neighbors.

~56% are in single family homes. ~44% are in apartments.

16. Show how OPower has arrived at the numbers of the KWh power that they claim their program saved PWP? I look at numbers but they are meaningless without support data that is verifiable. In 2011/12 a number that comes is 2,291,523KWh and 2012/13 3,560,000 and the 2114 number so far is 2,433,000. Are you telling me that the control group who gets these HERS reports has saved this much energy and the smaller control has not added any reduce energy savings? This needs clarification to be believed!

This was addressed during the MSC presentation. The support data has been verified by a third-party consultant hired by PWP to evaluate the program results. The specific customer energy use data is confidential and cannot be presented to members of the public.

17. What other sources can be attributed to the people of Pasadena saving money on energy in the home that have no relation to the advise about energy use by your neighbor in the HERS Report? I have several: TV commercials, hardware stores, solar companies advertising, Home remodels, The internet, roofing companies, retail outlets, magazines. All of these sources and others not mentioned need to be factored into this experiment on where people are spending money to cut energy use. You can't give all the credit to OPower! It's unrealistic to believe no other sources help to give PWP these savings.

As explained at the MSC meeting, Opower only claims the savings for differences between the treatment group and the control group. Each of these groups hears the same public messages and advertisements, thus the response of the respective groups to these other influences would be the same and not create any calculated savings.

18. I would like a lot more information about the "Public Benefit Charge" which this program is attached to for funding. If this program is so beneficial (OPower)(HERS) why isn't it mentioned in our billings every two months? Or maybe it is on the bottom of the bill? PWP already lets us know how much energy and water we used for the same time the previous year. The OPower program was just giving us information, with a costly program that ratepayers are not aware of the cost?

The PBC is a line item on the customer bill. Funds collected are restricted to energy efficiency, rate assistance, renewable energy and demonstration of emerging

technologies. PWP provides updates once or twice a year to MSC on how the PBC funds are used. Customer bills do not provide the same information that the HERS reports provide.

19. OPower talks about other clients they have and energy they have saved as if their program of Behavioral Experiments is such a wonderful thing. When they are just giving information out that is widely known of how to save energy use. Their neighbor doesn't buy them light bulbs or refrigerators. Their budget tells them what they can do not OPower, or PWP. If they borrow money then interest expenses eat further into their budgets. PWP doesn't really care, they just seek what is owed and if not paid then late charges will add up quickly and power then may be turned off. Why isn't the money that is spent on this program used to help those in need? Just how many customers on average does PWP have that need additional help paying their bi-monthly bill?

As discussed at the MSC meeting, the HERS program is one of PWP's most cost effective energy saving programs. This program helps PWP inform the community on how to take no-cost actions as well as how to participate in other PWP incentive programs, thus reducing their energy usage and bills. PWP also provides rate assistance and no-cost efficiency items to all approximately 5,300 households in need. These customers receive bill credits, efficient light bulb giveaways, free efficient refrigerator exchanges, and more.

20. How many dollars spent on the contract would buy KWh? I'll bet if the cost of the program was well known to the public they would tell you to spend the money more wisely?

This was also covered in the MSC meeting presentation. The program goal is to encourage energy savings rather than buy energy for consumption.

21. How many people who have electrical upgrades like I did recently who weren't charged for electrical service until PWP came and re-wired the system with a new meter. I waited 3 weeks in which I have no idea of how much power was loss but on the books of OPower I was told by their happy faces how well I did saving energy from my unknown neighbors, when in fact I didn't save anything. It was just a book entry for them and something they could say saved PWP energy in KWh. I would like this issue looked into city wide to see what PWP allows to happen to those numbers of KWh. They have been lost to PWP but they have been an advantage to HERS program.

The HERS reports reflect data captured in PWP's billing system. The underlying behavioral science applying comparative social norming to energy savings is not compromised by potential occasional errors in data due to unusual situations such as your meter change out. Each month, less than 100 customers receive service upgrades.

Therefore, these situations do not significantly impact the reported energy savings amongst 25,000 participants.

22. *There must be seasonal difference in saving energy. I would like to know what months return the best results and the reason why.*

The MWh savings are generally proportional to the level of energy consumption, thus savings tend to higher when usage is higher in the summer (air conditioning use) and during the winter holidays (decorative lighting use).

23. *I'm still not convinced this program is doing what it claims for the money spent to a third party. There is no push to have other programs working harder to get better results to do the steps that are needed to get reduced energy use results. Just how many responses do you get to the web site asking for help? Maybe a breakdown of those requests would be helpful to get a better picture of what this program is trying to do? There are other questions I could ask about this entire program but I would like all these questions and concerns answered first before a vote is taken on this renewal possibility and I would also like the ratepayers to have more information given to them, that they are in a Behavioral Experiment with the unknown neighbors trying to make you feel guilty of using Electrical energy when the City of Pasadena, is building greater numbers of energy users both residential and commercial. I believe PWP can do the job with their organization when they communicate directly with the citizens of this great city, the proper information on these kinds of issues.*

PWP employs a broad range of communication strategies and programs because different message vehicles appeal to different customers. The HERS printed reports and online web portal provides tips and PWP program information which reinforce what customers view in other PWP communications. The PWP team also responds to customer requests for conservation tips and program information via email and telephone, some of which are prompted by users of the HERS print and online tools. The entire HERS concept, as well as its utility-specific results, have been verified by third party companies and meet the utility's expectation for cost-effective results.