

## **Nat Treadway, DEFG**

**Title:** Behavioral Drivers of Prepaid Electric Service

**Abstract:** The presentation will update a 2017 BECC presentation by Mr. Treadway on "Behavioral Drivers of Prepaid Electric Service." He will review the "five C's of prepayment" — 1) communications, 2) currency, 3) commitment, 4) clarity, and 5) choice — that help explain the observed changes in behavior associated with prepayment. He will also explain "the sixth C" Control to examine the significance of customer agency and empowerment. (E.g., focus groups in Tulsa, Oklahoma, in March 2018, provided deep insights with quotes like, "Now you're in control; they're not in control of you.") The audience will begin to appreciate electricity prepayment as a smart-grid offering, not merely another way to pay. They will understand how the behavioral lessons of prepayment can improve customer engagement and satisfaction. Numerous public power utilities and member-owned electric cooperatives offer voluntary prepay offerings because they cannot justify cross-subsidies for customers who do not pay utility bills. Prepayment reduces debt because service is disconnected as soon as a customer's account balance reaches zero. With advanced meters and communications, prepay customers get timely and relevant information and they take greater control of their usage. The daily flow of cost information increases awareness of family behaviors that drive daily usage. Armed with information, consumers become engaged, and presumably do a better job investigating and modifying household behaviors. Conservation savings of 10% to 15% have been verified. Many customers are happy with prepayment: they avoid a security deposit; they avoid surprise utility bills they cannot pay; they have easy access to their account balance; they pay whatever amount they are able to whenever they want to in whatever manner they prefer (i.e., it suits their lifestyle). Finally, they gain control. Customer satisfaction increases and energy waste is reduced. DEFG's Prepay Energy Working Group, created in 2010, has been studying customer behavior and attitudes and the energy savings associated with prepay. This presentation will address customer communications, mobility, convenience, lifestyle and the practical implications of communicating about daily energy transactions in dollars and cents.