

Data Request IURC DR 1 - 1

Please explain how Uplight, Inc. was selected as the vendor responsible for offering the AES Indiana PLUS Subscription program to participating customers. Were other potential companies or vendors considered?

Response:

AES Indiana wants to provide a flat bill, no true-up offering to its customers to provide an option for those wanting the convenience of such a program. A challenge posed by the conventional approach to a flat bill is the reduction or elimination of an appropriate price signal that encourages customers to consume energy efficiently.¹ The conventional flat bill offering also does not address customer interest in being served through clean energy. AES Indiana also wanted to provide a digital experience for its customers to modernize the engagement platform with customers. Doing so is responsive to consumers' increasing interest in being served digitally and through a subscription.² This modernized "flat bill" offering would be voluntary and offered as an alternative to the Company's "standard tariff rate".

AES Indiana's objective is to develop a voluntary offering that addressed clean energy, energy efficiency and customer desire for a mobile interaction and to do so in a way that safeguarded interests of the non-participants and protected the company from potential loss.

When exploring flat bill options, AES Indiana found that the fixed bill or flat bill electricity rate design concept is offered through 1) regulated utility in a vertically integrated market; 2) through bill pay agents or brokers that operate without regard to whether a state is fully regulated or retail choice; and 3) through retail suppliers in deregulated markets.³

1. Examples of regulated utilities is discussed in AES Indiana's response to IURC DR 1-2.
2. Bill pay agents or brokers include Cirro Energy⁴, Inspire Energy⁵, and Arcadia Power⁶.
3. Retail suppliers include Spark Energy⁷ and NOCO⁸.

¹ Fixed Bill+ Making Rate Design Innovation Work for Consumers, Electricity, Providers and the Environment, Working Paper June 2020, The Brattle Group, at pp. 3, 9.

(https://brattlefiles.blob.core.windows.net/files/19251_fixedbill_working_paper_brattle_june_2020.pdf).

² AES Indiana Witness Schroder Direct Testimony, IURC CN 45584, p. 8 Lines 11-13.

³ Fixed Bill+ Making Rate Design Innovation Work for Consumers, Electricity, Providers and the Environment, Working Paper June 2020, The Brattle Group, at pp. 14-15.

(https://brattlefiles.blob.core.windows.net/files/19251_fixedbill_working_paper_brattle_june_2020.pdf).

⁴ https://www.cirroenergy.com/en_US/lp/simply-flat.

⁵ <https://www.inspirecleanenergy.com/answer-center/#inspire-plans>.

⁶ <https://www.arcadia.com> – Arcadia offers bundled agency services for customers, including a flat-rate green power program.

⁷ <https://www.sparkenergy.com/for-home/fixed-price-energy-plan/>.

⁸ <http://www.noco.com/home-energy/electric/>.

All three types of electricity service providers are exploring alternative ways to price electricity that may better align with both consumer preferences and the needs of the power system.⁹

While the agency/broker model was explored as part of the development research, this construct is a competing option, not a model that could be implemented by the utility. That being said, the availability of this unregulated alternative, is another reason that underpins AES Indiana's interest in updating its voluntary customer offerings and customer engagement experience.

No vendors were identified that offered the desired utility offered product (i.e. offer via mobile app, integrate clean energy and energy efficiency, safeguard non-participants and company, and have potential to expand digital engagement as customer interests and technology evolves (e.g. demand response)).

The Company next looked at how it might develop this concept. Offering solely through the utility is challenging because AES Indiana does not maintain all the subject matter expertise in analytics, computer systems design, customer engagement and related technical services needed to develop the new product. The Company's resources are necessarily focused on the ongoing provision of retail service and facilities and not on the development of innovative new products. When additional subject matter expertise is necessary, the Company generally contracts with vendors for the additional support.

Because the desired service offering was not available in the market, it was necessary for the Company to find a partner to collaborate with in the development of the desired service.

At the time, Uplight, Inc. ("Uplight") was already an integrated vendor working on the Company's DSM initiatives following a competitive solicitation undertaken with the Company's DSM Oversight Board. As stated in Witness Schroder's direct testimony (QA15) Uplight currently manages [AESIndianamarketplace.com](https://aesindianamarketplace.com) and is a provider of AES Indiana sponsored DSM programs. Uplight had also been engaged by AES Indiana to develop, maintain and roll out the mobile application. Both engagements reflect the unique experience of this industry services provider.

Uplight was founded in 2019 and is an energy industry leader in end-to-end customer-centric technology solutions. Uplight was born from the merger of Tendril and Simple Energy, and the acquisitions of FirstFuel, EEme and EnergySavvy.

Uplight's expertise includes the use of advanced customer and energy analytics for customer engagement; innovation, demand management and energy efficiency; and attaining decarbonization goals. Uplight partners with more than 80 of the world's leading electric and gas utilities. Uplight's personnel include software engineers, customer success and implementation

⁹ Fixed Bill+ Making Rate Design Innovation Work for Consumers, Electricity, Providers and the Environment, Working Paper June 2020, The Brattle Group, at pp. 5-6.
(https://brattlefiles.blob.core.windows.net/files/19251_fixedbill_working_paper_brattle_june_2020.pdf).

experts, data/behavioral scientists, and consumer and user experience (UX) and /user interface (UI) experts.¹⁰

Because Uplight had the desired energy industry, customer engagement, analytics and digital solutions expertise as well as Company specific experience, AES Indiana explored a joint development agreement with Uplight to develop the innovative flat fee subscription program. As Uplight is an affiliate, this agreement was developed in compliance with the affiliate cost standard and filed with the Commission. The model that was developed enables the Company to safeguard non-participants as well as itself from potential financial loss.

As discussed in Uplight's August 21, 2021 press release¹¹:

“Uplight is the first utility partner to offer a subscription-based customer experience allowing customers to pay the same amount each month. Plus provides customers with a new level of clarity into their gas and electricity usage. From digital, fixed subscription payments to energy usage information and savings incentives, the personalized solution connects customers to the right programs at the right time with easy-to-understand options to enroll in plans that work best for them. To create the personalized energy bundles, Plus uses customer-provided feedback on offer types, information on utility program eligibility, and innovative propensity modeling tailored to individual customers.”

¹⁰ <https://uplight.com/about-us/>.

¹¹ <https://uplight.com/press/uplight-launches-plus-empowering-utility-customers-to-participate-in-the-clean-energy-transition-with-personalized-subscription-energy-bundles/>.

Data Request IURC DR 1 - 2

On page 29 of her testimony, Ms. Schroder states that Petitioner's proposed subscription offering has been available in neighboring areas for many years. She states that allowing Petitioner to offer the proposed program in accordance with the proposed ARP will level the playing field as customers choose where to live. Please provide examples of jurisdictions in which regulated utilities offer similar programs to the one proposed in this proceeding.

Response:

A general description of the market providers is provided in AES Indiana's response to IURC DR 1-1. Although not an exhaustive list, examples of regulated electric utility and energy cooperative offerings include:

- Alabama - Alabama Power – FlatBill Rate¹²
- Florida - Gulf Power – Residential/Commercial Fixed Rate¹³
- Georgia - Georgia Power – FlatBill¹⁴
- Georgia – Cobb Electric Cooperative- Even Bill¹⁵
- Indiana - Duke Energy Indiana – Your FixedBill¹⁶
- Indiana - Indiana Michigan Power – EZ Bill¹⁷
- Oklahoma – Oklahoma Gas & Electric – Guaranteed Flat Bill¹⁸
- Wisconsin - Madison Gas & Electric – Renewable Flat Bill¹⁹

¹² <https://www.alabamapower.com/residential/residential-pricing-and-rate-plans/flat-bill-rate.html>.

¹³ <https://www.gulfpower.com/content/dam/gulfpower/us/en/pdf/rates/business/flat-1.pdf>.

¹⁴ <https://www.georgiapower.com/residential/billing-and-rate-plans/pricing-and-rate-plans/flatbill.html>.

¹⁵ <https://cobbemc.com/content/even-bill>.

¹⁶ https://desitecoreprod-cd.azureedge.net/_media/pdfs/for-your-home/rates/electric-in/iurc-15/010-de-in-rider-20-fixed-bill.pdf?la=en&rev=3fc5fb054afe44e5bd0ec47f3358a40e.

¹⁷ <https://www.indianamichiganpower.com/account/bills/ezbill>.

¹⁸ <https://www.oge.com/wps/wcm/connect/8e8d52e5-2e96-4e4e-861e-d1ad79f93b67/3.40+-+R-GFB+Stamped+Approved.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-8e8d52e5-2e96-4e4e-861e-d1ad79f93b67-nPAYsE1>.

¹⁹ <https://www.mge.com/customer-service/for-homes/electric-rates/renewable-flat-bill>.

Data Request IURC DR 1 - 3

Please provide estimated customer bill impact projections for a hypothetical customer subscribed to the AES Indiana PLUS Subscription program using 500 kWh/month, 1500 kWh/month, and 2000 kWh/month with a breakdown regarding the calculation of the Program Fee and Usage Adder.

Response:

The Subscription Offer calculation for the hypothetical customer profiles would use the following input data from AES Indiana tariffs (month by month details are provided in AES Indiana Docket Response Attachment B):

- Residential Rate RS Customer Charge (\$12.50 for bills under 325kWh / \$17 for bills over 325kWh)
- Residential Rate RS Energy Charge
- Standard Contract Rider costs, including AES Indiana Standard Contract Rider 21, Green Power Initiative

For each hypothetical customer profile, a typical AES Indiana Residential customer load profile (see AES Indiana Docket Response Attachment B) is utilized to project monthly usage. This illustrates that in some months the subscription offer will cost more than their actual utility-calculated bill, and in other months the subscription offer will cost less than their actual utility-calculated bill. This program will offer bill certainty across the 12-month subscription.

The hypothetical calculation utilizes the maximum allowable usage adder of 4% for the 'basic bundle' (flat bill, 100% clean energy, no DSM), and a lowered usage adder of 2% for a customer enrolled in a 'DSM bundle' (basic bundle elements, but customer also elects DSM programs).

The hypothetical calculation utilizes the maximum allowable Program Fee of 10%.

For each hypothetical customer profile, see below for the annual cost for energy, usage adder, and program fee, as well as the Subscription Offer that would be presented to that customer. The calculations are for the basic bundle as well as for a customer enrolled in a DSM bundle. For the detailed calculations supporting the results presented below, see AES Indiana Docket Response Attachment B.

Customer 1: Average projected usage of 500kWh / month

Total Annual Charge on AES Indiana Tariff²⁰: \$887.05
Average Monthly Charge on AES Indiana Tariff: \$73.92
Range on AES Indiana Tariff: \$56.69 - \$100.06

Basic Subscription Bundle:

Total Annual Charge = \$1,004.09
Total Annual Usage Adder = \$25.75
Total Annual Program Fee = \$91.28

Monthly Subscription Offer = \$83.67
Average Monthly Usage Adder = \$2.15
Average Monthly Program Fee = \$7.61

Subscription DSM Bundle:

Total Annual Charge = \$989.92
Total Annual Usage Adder = \$12.88
Total Annual Program Fee = \$89.99

Monthly Subscription Offer = \$82.49
Average Monthly Usage Adder = \$1.07
Average Monthly Program Fee = \$7.50

²⁰ Assumes participation in AES Indiana Standard Contract Rider 21, Green Power Initiative at 100%.

Customer 2: Average projected usage of 1,500kWh / month

Total Annual Charge on AES Indiana Tariff²¹: \$2,243.84
Average Monthly Charge on AES Indiana Tariff: \$186.99
Range on AES Indiana Tariff: \$145.78 – \$250.48

Basic Subscription Bundle:

Total Annual Charge = \$2,553.83
Total Annual Usage Adder = \$77.83
Total Annual Program Fee = \$232.17

Monthly Subscription Offer = \$212.82
Average Monthly Usage Adder = \$6.49
Average Monthly Program Fee = \$19.35

Subscription DSM Bundle:

Total Annual Charge = \$2,511.03
Total Annual Usage Adder = \$38.91
Total Annual Program Fee = \$228.28

Monthly Subscription Offer = \$209.25
Average Monthly Usage Adder = \$3.24
Average Monthly Program Fee = \$19.02

²¹ Assumes participation in AES Indiana Standard Contract Rider 21, Green Power Initiative at 100%.

Customer 3: Average projected usage of 2,000kWh / month

Total Annual Charge AES Indiana Tariff²²: \$2,892.38
Average Monthly Charge AES Indiana Tariff: \$241.03
Range on AES Indiana Tariff: \$186.09 - \$325.69

Basic Subscription Bundle:

Total Annual Charge = \$3,295.76
Total Annual Usage Adder = \$103.77
Total Annual Program Fee = \$299.61

Monthly Subscription Offer = \$274.65
Average Monthly Usage Adder = \$8.65
Average Monthly Program Fee = \$24.97

Subscription DSM Bundle:

Total Annual Charge = \$3,238.69
Total Annual Usage Adder = \$51.88
Total Annual Program Fee = \$294.43

Monthly Subscription Offer = \$269.89
Average Monthly Usage Adder = \$4.32
Average Monthly Program Fee = \$24.54

²² Assumes participation in AES Indiana Standard Contract Rider 21, Green Power Initiative at 100%.

Data Request IURC DR 1 - 4

In rebuttal, Ms. Schroder discusses some of the benefits conferred upon Petitioner and Petitioner's customers by using an affiliate to offer the AES Indiana Plus Subscription program. Please further explain why Petitioner cannot or chose not to offer the proposed AES Indiana PLUS Subscription program directly to its customers and why Uplight, Inc. is the appropriate partner.

Response:

As discussed in the Response to IURC DR 1-1, the proposed subscription offering is a new and innovative concept. AES Indiana chose not to offer the proposed subscription itself for the following reasons:

- 1) The Company does not have the internal expertise to develop this innovative program alone.
- 2) Because this is a new product offering, a vendor solution for the product implementation was chosen because this approach allows the Company to test the design without incurring the cost to develop and maintain the in-house capability to implement the program just for AES Indiana.
- 3) Working with an industry vendor reduces the cost of the product development.
- 4) Working with this industry vendor safeguards non-participating customers and the Company from program costs and potential program loss. It also avoids the need for the costs and revenues to be booked below the line while advancing AES Indiana's goals of pursuing clean energy, energy efficiency, subscription offers and digital customer engagement.

Uplight, Inc. is the appropriate partner for this project because it is well qualified to undertake this work and is already integrated into and familiar with AES Indiana from Uplight's role in AES Indiana's DSM programs. This is further explained in the Company's Response to IURC DR 1-1.