



Rocky Mountain Power | Pacific Power

**WASHINGTON
AUTOMATIC PAYMENT CREDIT
AND FEE-FREE CARD AND PAY
STATION PAYMENTS PILOT**

Program Evaluation

November 2024

I. Introduction

PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp) conducted a pilot offering a \$1 per month credit for customers who enroll in automatic payments from a checking account in concert with offering card and pay station payments fee-free. This pilot became effective in May 2021 and was studied for a three-year period.

II. Customer Satisfaction

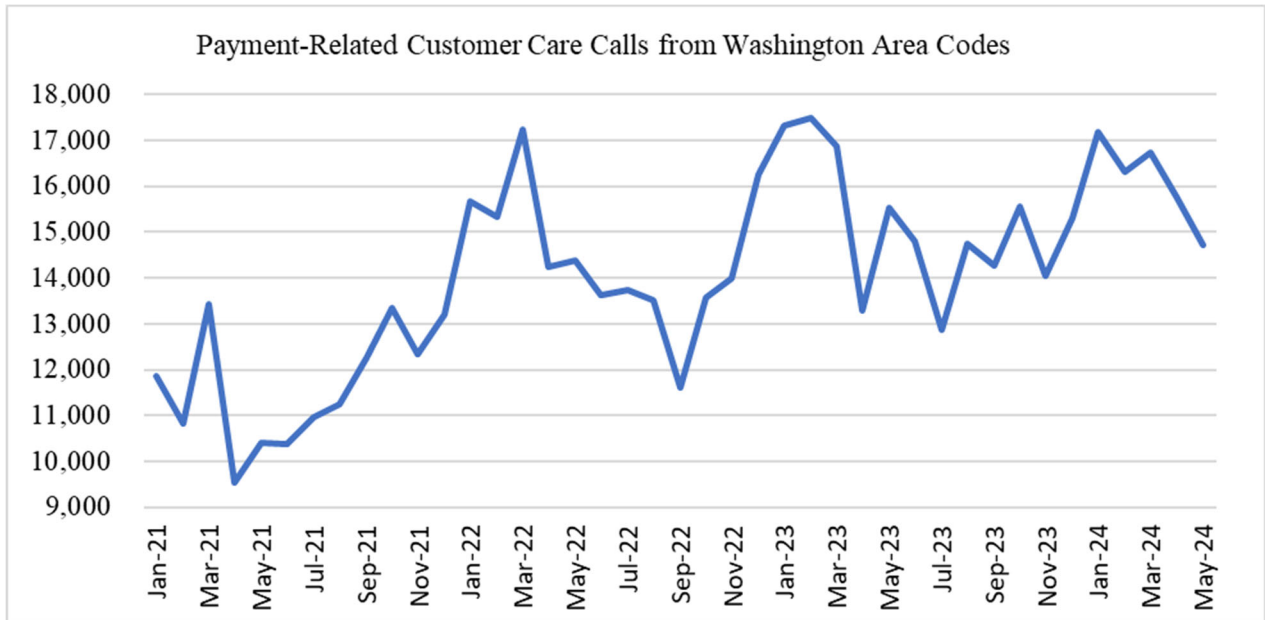
One key area of evaluation for this pilot is how offering a \$1 auto-pay credit and fee-free payments impacts customer satisfaction. To evaluate changes to customer satisfaction, three primary inquiries were identified in the monitoring and reporting plan:

- o Does making card and pay station payments fee-free and offering a \$1 automatic payment credit increase customer satisfaction?
- o Does PacifiCorp receive less payment-related customer care calls?
- o Does removing the fee change the use of pay stations?

Customer satisfaction was measured by an examination of Washington residential survey results related to “Billing and Payment” before and after implementation. Customers responding to a survey question about satisfaction when not incurring a fee for paying by card demonstrated a 12 percent increase in very satisfied responses before the pilot was active and during the 2021 measurement period. The increase in satisfaction dropped to 10 percent in 2022, 6 percent in 2023, with a further reduction to 1 percent in Q1 2024 when the pilot ended. Customer satisfaction in Washington for billing and payment overall in 2024 was 778 (on a 1000-point scale), down 38 points since 2020, with declines for “clarity of information on bill”, “variety of methods to pay”, “reasonableness of billing cycle” and “ease of paying bill”. Removing fees for payment improves satisfaction initially but with diminished impacts over time. Once customers get used to fee-free payments, it becomes “normal” and has less of a positive impact on satisfaction.

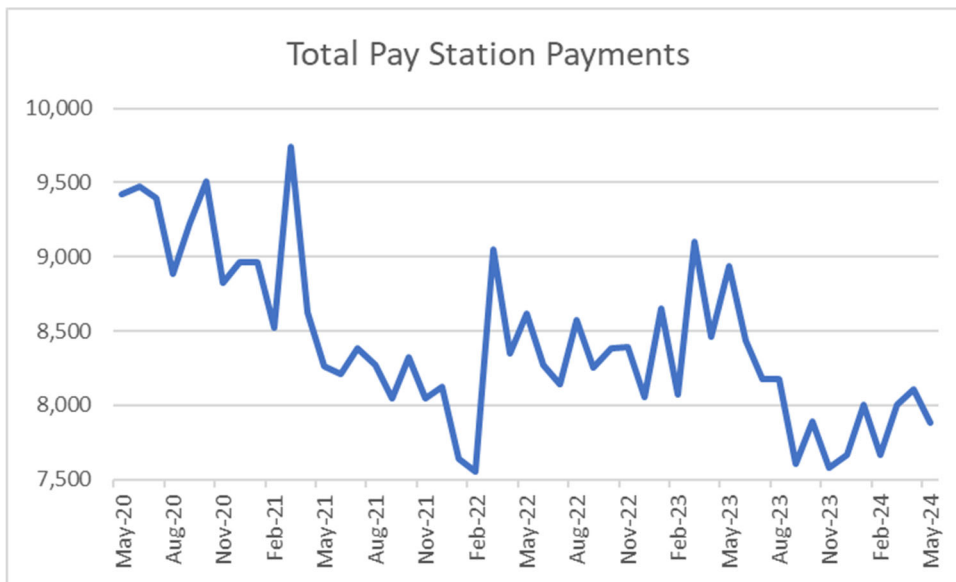
Figure 1 below shows that payment-related customer care calls increased by approximately 30 percent over the reporting period.

Figure 1. Payment-Related Customer Care Calls from Washington Area Codes



Between May 2020 and May 2024, use of pay stations decreased by 16.3 percent. Figure 2 below shows customer pay station use over time.

Figure 2. Pay Station Use from May 2020 to May 2024



III. Economic Efficiency

Economic efficiency is another area of evaluation for the pilot. Two primary inquiries were identified in the monitoring and reporting plan for evaluating the economic efficiency of the pilot:

- o Does offering the \$1 automatic payment credit affect the adoption rate of card payments?
- o Does the \$1 credit increase adoption of the automatic payment option?

Adoption of automatic payments from checking/savings were monitored to see if customer adoption increased. Between May 2021 and May 2024, automatic payments from a checking/savings account increased by 4.5 percent.

Adoption of card and pay station payments before and after implementation were tracked. Between May 2021 and May 2024, card payments increased by 36.0 percent. Between May 2020 and May 2024, pay station payments decreased by 16.3 percent.

PacifiCorp examined whether adoption of the \$1 credit resulted in complaints about bank overdraft fees or PacifiCorp's return payment charge being triggered. PacifiCorp is not aware of any complaints from its Washington state customers about bank overdraft fees or PacifiCorp's return payment charge being triggered during the pilot period from May 2021 through April 2024.

IV. Equity

Examining the pilot through the lens of equity is a critical component of this evaluation. To evaluate equity, two primary inquiries were identified in the monitoring and reporting plan:

- o Do low-income customers/vulnerable populations benefit from fee-free payments?
- o Do low-income customers/vulnerable populations benefit from the \$1 automatic payment credit?

Between May 2023 and April 2024, eliminating payment fees produced an average savings of \$5.62 for customers participating in the Low Income Bill Assistance (LIBA) program compared to \$3.50 for customers not on the program. During this same timeframe, about 64.5 percent of LIBA participants made a fee-free payment compared to 29.3 percent of non-participants. Between May 2023 and April 2024, eliminating payment fees produced an average savings of \$5.07 for customers located in highly impacted communities ("HIC") compared to \$3.05 for customers not located in a HIC. During this same timeframe, about 43.9 percent of customers located in a HIC made a fee-free payment compared to 26.4 percent of customers not located in a

HIC. Appendix A lists the count of fee-free payments participants and savings of eliminating payment fees by census tract.

Between May 2023 and April 2024, providing a \$1 per month credit for customers enrolled in autopay from a checking account produced an average annual savings of \$0.51 for customers participating in the LIBA program, and \$2.35 for customers not on the LIBA program. During this same timeframe, about 5.3 percent of LIBA participants received an autopay credit compared to 22.9 percent of non-participants. Between May 2023 and April 2024, customers located in a HIC received an annual average of \$1.41 from the autopay credit and customers who are not located in a HIC received an annual average of \$2.56 from the autopay credit. During this same timeframe, about 14.2 percent of customers located in a HIC received an autopay credit compared to 24.8 percent of customers not located in a HIC. Appendix B lists the count of autopay credit participants and the savings from the \$1 autopay by census tract.

VII. Conclusion/Recommendation

Through the lens of customer satisfaction and economic efficiency, the results for both aspects of the program (elimination of payment fees and the \$1 autopay credit) are inconclusive. Satisfaction with PacifiCorp related to “Billing and Payment” declined over the relevant period at the same time that call volume increased. The autopay credit did not appear to encourage enrollment in autopay from a checking/savings account, nor did it appear to discourage card payments that have higher costs.

However, from the perspective of equity, it is fairly clear that eliminating payment fees benefits vulnerable customers and the \$1 autopay credit does not. Nearly two-thirds of LIBA participants saved on fees for making a payment. Their average annual savings was markedly higher than for non-LIBA customers. Customers located in HICs also had a higher participation and average benefit than customers who are not located in HICs. Participation in the \$1 autopay credit was low for all customers, but was particularly low for LIBA participants at only about a five percent participation rate. Both LIBA participants and customers who are located in HICs have a lower rate of participation and a lower average benefit from the \$1 autopay credit than their peers who are not on the LIBA program and are not located in a HIC.

In light of the benefit that eliminating payment fees provides vulnerable customers, PacifiCorp recommends that this aspect of the pilot be made permanent. Since the \$1 autopay credit is a cost to customers that does not seem to curb card payments nor provide significant benefits to vulnerable customers, PacifiCorp recommends eliminating this aspect of the pilot. PacifiCorp recommends eliminating the \$1 autopay credit in its next general rate case, so that elimination of the program can occur at the same time as the resulting reduction in revenue requirement.

Appendix A. Participation of and Savings from Fee-Free Payments by Census Tract

Census Tract	HIC?	Participants	Savings
1, YAKIMA, WA	Yes	572	\$6,593.19
10, YAKIMA, WA	No	1026	\$11,720.89
11, YAKIMA, WA	No	1145	\$13,851.79
112, WALLA WALLA, WA	Yes	1	\$7.96
118, BENTON, WA	No	8	\$115.08
118, YAKIMA, WA	No	5	\$65.24
12.01, YAKIMA, WA	Yes	819	\$9,566.08
12.02, YAKIMA, WA	Yes	1350	\$16,431.25
13, YAKIMA, WA	Yes	632	\$7,212.29
14, YAKIMA, WA	Yes	831	\$11,997.93
15.01, YAKIMA, WA	Yes	1552	\$16,151.46
15.02, YAKIMA, WA	Yes	725	\$8,341.87
16.01, YAKIMA, WA	No	290	\$3,718.32
16.02, YAKIMA, WA	No	1083	\$11,299.34
17.01, YAKIMA, WA	No	610	\$7,008.58
17.02, YAKIMA, WA	No	852	\$10,532.93
18, BENTON, WA	No	1	\$3.98
18, YAKIMA, WA	No	872	\$11,390.95
19.01, YAKIMA, WA	No	748	\$8,882.62
19.02, YAKIMA, WA	No	1066	\$12,445.79
2, YAKIMA, WA	Yes	1286	\$12,822.95
20.01, YAKIMA, WA	No	1770	\$23,451.54
20.02, YAKIMA, WA	No	1512	\$19,212.25
21.01, YAKIMA, WA	No	243	\$3,168.41
21.02, YAKIMA, WA	Yes	1304	\$16,119.89
22, YAKIMA, WA	No	1205	\$14,865.68
27.01, YAKIMA, WA	No	477	\$6,276.24
28.01, YAKIMA, WA	No	602	\$6,760.28
28.02, YAKIMA, WA	No	901	\$10,465.93
29, YAKIMA, WA	No	1017	\$11,605.79
3, YAKIMA, WA	Yes	995	\$10,897.02
30.01, YAKIMA, WA	No	973	\$11,133.99
30.02, YAKIMA, WA	No	469	\$5,771.23
31, YAKIMA, WA	No	640	\$7,086.08
32, YAKIMA, WA	No	970	\$10,834.72
34, YAKIMA, WA	No	464	\$5,367.02
4, YAKIMA, WA	No	724	\$7,761.24

Appendix A. Participation of and Savings from Fee-Free Payments by Census Tract (Continued)

5, YAKIMA, WA	Yes	761	\$8,638.40
6, YAKIMA, WA	Yes	1465	\$14,373.96
7, YAKIMA, WA	Yes	1565	\$18,106.71
8, YAKIMA, WA	No	567	\$5,963.45
9.01, YAKIMA, WA	No	1228	\$13,736.87
9.02, YAKIMA, WA	No	732	\$8,345.13
9200, WALLA WALLA, WA	Yes	388	\$4,737.11
9201, WALLA WALLA, WA	No	421	\$5,378.62
9202, WALLA WALLA, WA	No	424	\$4,815.91
9203, WALLA WALLA, WA	No	927	\$9,485.60
9205, WALLA WALLA, WA	No	514	\$5,465.45
9206, WALLA WALLA, WA	No	960	\$10,964.19
9207.01, WALLA WALLA, WA	No	499	\$5,147.36
9207.02, WALLA WALLA, WA	No	459	\$4,223.82
9208.01, WALLA WALLA, WA	No	778	\$7,917.07
9208.02, WALLA WALLA, WA	No	273	\$4,000.78
9209, WALLA WALLA, WA	No	557	\$5,747.80
9400.01, YAKIMA, WA	Yes	876	\$11,103.33
9400.02, YAKIMA, WA	Yes	461	\$5,438.03
9400.03, YAKIMA, WA	Yes	256	\$2,904.45
9400.04, YAKIMA, WA	Yes	1111	\$14,493.86
9400.05, YAKIMA, WA	Yes	954	\$10,750.14
9400.06, YAKIMA, WA	Yes	937	\$10,957.85
9602, COLUMBIA, WA	No	469	\$4,562.46
9703, GARFIELD, WA	No	253	\$2,868.19
Census Tract 18, Yakima County, Washington	No	4	\$55.84
Census Tract 2, Yakima County, Washington	Yes	1	\$3.00
Census Tract 20.01, Yakima County, Washington	No	31	\$446.38
Census Tract 20.02, Yakima County, Washington	No	61	\$874.87
Census Tract 21.01, Yakima County, Washington	No	3	\$25.87
Census Tract 21.02, Yakima County, Washington	Yes	2	\$21.00
Census Tract 28.02, Yakima County, Washington	No	1	\$3.98
Census Tract 29, Yakima County, Washington	No	1	\$1.99
Census Tract 30.01, Yakima County, Washington	No	3	\$33.83
Census Tract 4, Yakima County, Washington	No	1	\$15.98
Census Tract 9200, Walla Walla County, Washington	Yes	2	\$13.93
Census Tract 9400.03, Yakima County, Washington	Yes	1	\$23.88
Census Tract 9400.04, Yakima County, Washington	Yes	1	\$17.91

Appendix B. Participation of and Savings from the \$1 Autopay Credit by Census Tract

Census Tract	HIC?	Participants	Savings
1, YAKIMA, WA	Yes	330	\$3,077.96
10, YAKIMA, WA	No	813	\$7,934.00
11, YAKIMA, WA	No	786	\$8,166.00
112, WALLA WALLA, WA	Yes	0	\$0.00
118, BENTON, WA	No	6	\$72.00
118, YAKIMA, WA	No	3	\$28.00
12.01, YAKIMA, WA	Yes	195	\$1,920.00
12.02, YAKIMA, WA	Yes	357	\$3,550.00
13, YAKIMA, WA	Yes	211	\$2,059.00
14, YAKIMA, WA	Yes	325	\$3,254.99
15.01, YAKIMA, WA	Yes	170	\$1,662.00
15.02, YAKIMA, WA	Yes	124	\$1,185.00
16.01, YAKIMA, WA	No	295	\$3,180.00
16.02, YAKIMA, WA	No	1,359	\$13,486.00
17.01, YAKIMA, WA	No	643	\$6,940.00
17.02, YAKIMA, WA	No	606	\$6,311.00
18, BENTON, WA	No	2	\$15.00
18, YAKIMA, WA	No	502	\$5,157.00
19.01, YAKIMA, WA	No	263	\$2,739.00
19.02, YAKIMA, WA	No	361	\$3,849.00
2, YAKIMA, WA	Yes	222	\$1,950.46
20.01, YAKIMA, WA	No	460	\$4,607.66
20.02, YAKIMA, WA	No	447	\$4,745.00
21.01, YAKIMA, WA	No	189	\$1,991.00
21.02, YAKIMA, WA	Yes	356	\$3,787.00
22, YAKIMA, WA	No	847	\$8,939.00
27.01, YAKIMA, WA	No	81	\$718.00
28.01, YAKIMA, WA	No	779	\$8,180.00
28.02, YAKIMA, WA	No	1,231	\$12,863.43
29, YAKIMA, WA	No	755	\$8,001.00
3, YAKIMA, WA	Yes	597	\$5,890.36
30.01, YAKIMA, WA	No	1,477	\$15,389.05
30.02, YAKIMA, WA	No	573	\$6,047.00
31, YAKIMA, WA	No	717	\$7,802.72
32, YAKIMA, WA	No	931	\$9,497.54
34, YAKIMA, WA	No	641	\$7,047.98
4, YAKIMA, WA	No	1,322	\$14,128.59

Appendix B. Participation of and Savings from the \$1 Autopay Credit by Census Tract (Continued)

Census Tract	HIC?	0	\$0.00
5, YAKIMA, WA	Yes	775	\$8,072.99
6, YAKIMA, WA	Yes	239	\$2,152.35
7, YAKIMA, WA	Yes	599	\$5,834.12
8, YAKIMA, WA	No	716	\$7,562.00
9.01, YAKIMA, WA	No	1,295	\$13,272.99
9.02, YAKIMA, WA	No	541	\$5,376.00
9200, WALLA WALLA, WA	Yes	303	\$3,237.91
9201, WALLA WALLA, WA	No	682	\$7,262.00
9202, WALLA WALLA, WA	No	700	\$7,234.86
9203, WALLA WALLA, WA	No	1,059	\$10,721.56
9205, WALLA WALLA, WA	No	284	\$2,835.00
9206, WALLA WALLA, WA	No	811	\$8,093.17
9207.01, WALLA WALLA, WA	No	783	\$7,631.17
9207.02, WALLA WALLA, WA	No	775	\$8,154.78
9208.01, WALLA WALLA, WA	No	680	\$6,726.20
9208.02, WALLA WALLA, WA	No	513	\$5,056.00
9209, WALLA WALLA, WA	No	1,399	\$15,144.00
9400.01, YAKIMA, WA	Yes	344	\$3,653.00
9400.02, YAKIMA, WA	Yes	171	\$1,459.00
9400.03, YAKIMA, WA	Yes	209	\$2,013.00
9400.04, YAKIMA, WA	Yes	206	\$2,175.34
9400.05, YAKIMA, WA	Yes	219	\$2,219.00
9400.06, YAKIMA, WA	Yes	147	\$1,480.00
9602, COLUMBIA, WA	No	457	\$4,681.00
9703, GARFIELD, WA	No	225	\$2,299.00
Census Tract 18, Yakima County, Washington	No	2	\$24.00
Census Tract 2, Yakima County, Washington	Yes	1	\$6.00
Census Tract 20.01, Yakima County, Washington	No	13	\$134.00
Census Tract 20.02, Yakima County, Washington	No	54	\$601.00
Census Tract 21.01, Yakima County, Washington	No	3	\$25.00
Census Tract 21.02, Yakima County, Washington	Yes	3	\$36.00
Census Tract 28.02, Yakima County, Washington	No	0	\$0.00
Census Tract 29, Yakima County, Washington	No	0	\$0.00
Census Tract 30.01, Yakima County, Washington	No	2	\$24.00
Census Tract 4, Yakima County, Washington	No	0	\$0.00
Census Tract 9200, Walla Walla County, Washington	Yes	5	\$50.00
Census Tract 9400.03, Yakima County, Washington	Yes	0	\$0.00
Census Tract 9400.04, Yakima County, Washington	Yes	1	\$10.00