

The logo for Consumers Energy, featuring the company name in a bold, dark blue sans-serif font. A green swoosh underline is positioned beneath the text, starting under 'Consumers' and ending under 'Energy'.

Consumers Energy

Count on Us®

HOUSE ENERGY POLICY COMMITTEE

Lauren Youngdahl Snyder
Vice President of Customer Experience

Cold Weather Customer Bills

February 13, 2018

Intro:

Good Morning Chairman Glenn, Vice Chair Hauck, Vice Chair Lasinski and distinguished committee members. My name is Lauren Youngdahl Snyder and I am the Vice President of Customer Experience at Consumers Energy. Sitting to my left is Amy Walt, Executive Director of Customer Operations. Thank you all for giving me the opportunity to testify today.

My Background:

My role at Consumers Energy is to ensure we are delivering consistent end-to-end customer experiences and to lead Consumers Energy's customer programs, including Energy Efficiency and Renewable Energy programs, research, marketing, our digital channel, and our experience design team.

I am a Jackson, Michigan native, born and raised in our great state and have been with the company my entire career, since 2004.

I've had the pleasure to serve our 6.7 million customers in a variety of roles including: meter reading operations, the contact center, the Smart Energy program, regulatory affairs, policy and research, and strategy.

It is through these experiences, especially in my customer-facing experiences, that I feel uniquely qualified to talk to you today about the latest cold weather bills and the impact it is having on our customers – who are our families, friends, and neighbors.

Contact Center Check-In/Passion for Customers:

My office is next to one of our contact centers. I always love checking in and talking with my co-workers. I was there just yesterday and heard from our own customer service team.

If only you could have been with me yesterday to see them within the Contact Center walls, you would see and feel the passion and commitment our team has for customers.

Our team is as frustrated as you are, if not more, because we are doing everything they can to help Michigan citizens and families.

Sticker Shock/My Bill:

Customers have had sticker shock when they opened their energy bills this winter and I understand where they are coming from. Because I live here, too.

I am feeling the sticker shock. Among hosting family gatherings and many cold weather days in December, including the school "snows days" we've had, my own household's energy use has increased month-over-month.

Anticipating Needs:

We do our best to anticipate our customers' needs. And we're getting better each day. Late last year, we began preparing for this cold weather period, starting our communications' efforts and outreach with customers about how they could prepare for the winter blast and how we are there to support them.

Keeping a Pulse:

Over the last several weeks, we've actually taken less calls in the contact center on cold weather billing issues than a year ago – but, rest assured, we are quickly diving in the issue at the highest levels of the company.

In fact, my colleague Amy Walt and I participate on a daily operating review and know on a daily basis the number of calls we are taking, why customers are calling, if the call was resolved and if not, why; and how satisfied customers are with the experience.

We are keeping a very close pulse and this is very top of mind for us. We have taken took a two-prong approach:

- looking at what our customers are experiencing; and
- ensuring the accuracy of our bills and meters.

We've done our research and the data has made it apparent that there are a few reasons for the higher bills during the cold weather this year.

1. MICHIGAN'S COLD SPELL

Furnace:

To start, extensive cold snaps have kept furnaces working hard around the clock and using a lot of energy.

Our employees have performed well to keep up with demand from these sometimes record-setting low temperatures, ensuring residents stay warm.

Cold Weather Data:

To put this in perspective for the committee,

- December was colder than any December during the last decade, including the two recent "Polar Vortex" winters.

- Over the last 10 years, Michigan experienced fewer than three days in December with temperatures below 10 degrees, on average. In December 2017, Michigan experienced eight days of temperatures below 10 degrees.
- January 2018 also was colder than any January since 2014 with 10 days of high temperatures below 20 degrees.

Similar to a car using more gas on a long trip compared to a local errand, furnaces have been on over-drive. They are using more natural gas this winter compared to the same time period last year as they work hard to keep the insides of homes and businesses warm.

- Natural gas use for households that we serve climbed by 38 percent in January compared to last year.
- Household natural gas use is 18 percent higher in total this winter compared to a year ago.

The bottom line is: we are experiencing a winter of above-average energy use due to cold weather.

Electric customers:

For electric customers, many homes also have:

- an electric heat component or
- supplemental space heat which can also lead to higher electric bills.

Electricity is also used during the heating process as furnace blower motors are run by electricity.

In addition, other supplemental heating devices, such as fireplace inserts and wood-burning heaters rely on electricity to run blowers to distribute the heat within.

Households: Households can pay energy costs that vary tremendously depending on the appliances used to generate heat. That's why we're constantly offering energy efficiency tips to our customers.

2. LONGER BILL CYCLE

Secondly, in December, due to the way the holidays fell on the calendar, we had a longer billing cycle, at 35 days, against a normal cycle of 30 days. Bills are not due on holidays to benefit customers. So we aren't delivering a bill for a customer to pay on a holiday.

This is an industry practice.

3. NATURAL GAS CHOICE PROGRAM

Furthermore, some customers have called us not realizing that they are actually enrolled in the gas choice program. As you know, we don't control the rates of the alternative gas suppliers. We're reminding customers to check their bill to see who their provider is.

In most instances, choice providers are more expensive than we are.

4. CHOOSE YOUR DUE DATE

We also launched a voluntary program for selecting your bill due date last year. While this is a great choice for customers to manage their pocketbooks, when folks sign up, they may see a longer, one-time billing cycle before receiving their next bill.

I don't want to leave here today with the impression that we are only providing excuses for our customers. Far from it. Consumers Energy is doing everything we can to determine the cause or causes of these issues because we live here, too.

5. METER TESTING

For those who may have concerns about the accuracy of their meter, we can assure you that the meters have been certified by the American National Standards Institute (ANSI) and Underwriters Laboratories.

The meters are 100% tested for accuracy by the meter vendor prior to installation, and each meter socket is inspected with a voltage test to ensure safe electrical operation. Any resident or business that would like their meter tested can give us a call.

6. PROGRAM ASSISTANCE

Consumers Energy is also providing help and information to customers who are receiving winter heating bills that are higher than last year.

- In January, we **donated \$10 million** to seven statewide Customer Assistance programs.
- We're taking part in 30 Walks for Warmth throughout the state, many of which in partnership with elected officials in the Michigan House and Senate, between February 3 and March 24 with the goal to raise \$300,000 dollars to support Michigan families and businesses with their heating bills.
- In addition, **CARE, a unique program** to help customers, is a two-year payment plan that provides monthly bill credits, payment rewards and catch-up assistance for those customers who qualify.
- There are some tools that customers can use to help themselves avoid unexpected bills: sign up for billing alerts, utilizing the web portal (if customer has a smart meter, there is detailed consumption data), or take complete control and participate in the Pay As You Go program (available to customers with smart meters).
- We rolled out a program at the beginning of February which increases flexibility for our Billing Installment Program.
- One program that can help prevent bill fluctuations is the **Budget Plan** which spreads out annual energy costs into equal monthly payments, making it easier to manage your household budget.

- Other programs to note includes Energy Efficiency programs, billing alerts, interval web portal, Pay As You Go program.

Finally, if customers are having trouble paying their bill, they can give us a call – we are one phone call away. Or dial 2-1-1, a free service that connects people with resources in their community.

The bottom line is: we get the situation we're in/we're in this with our customers, we care about our customers, and we are committed to helping them.

Thank you for letting us speak with you today.

I, along with my colleague Amy Walt, Executive Director of Customer Operations, would be happy to take any questions.