

SRP M-Power[®] Provides Outstanding Energy Conservation

Over 44,000 customers are served under SRP's voluntary prepaid electricity tariff, M-Power[®], making M-Power the largest electricity prepayment program in North America. SRP intends to grow participation by 10,000 customers per year over the next 5 years. M-Power is so named because the program empowers customers to take control of their electricity usage. M-Power grew out of a pilot program involving 100 customers in 1993.

An electric meter, incorporating an integrated disconnect switch, located on the outside of the home, is connected via power line carrier to an in-home user display. A customer may purchase power at any of 71 SRP-developed and -owned kiosks located principally in grocery stores throughout the service territory. The purchase is encoded on a smart card, which the customer takes home and inserts into the in-home user display. The purchase is then uploaded to the electric meter. The display provides in real-time the current hourly usage, in dollars and cents, and the balance of purchase remaining, among other useful information. The display thus makes electricity tangible.

Weather-adjusted analysis of customer consumption for the year immediately preceding and the year immediately following M-Power participation demonstrates a 12.8% (or 1,751 kilowatt-hours) average annual reduction in household energy consumption. The entire class of M-Power customers is therefore currently saving 77 gigawatt-hours per year and has saved 377 gigawatt-hours since 2000.

SRP imported its third-generation meter technology from Ampy Metering Limited, which is the largest provider of prepay meters to the UK market, and, in fact, served as Ampy's launch customer for the US market. SRP worked closely with Ampy in the design of the meter and supporting operational software to ensure a cost-effective solution would be available to the US market. (Because of a different meter socket standard, a different distribution system voltage level, and the placement of meters inside the home in Europe, Ampy's traditional meter solution could not be imported "as is".)

SRP also has garnered the support for the program from the Arizona Community Action Agency and key local community action agencies. Not only do these agencies find a strong customer preference for the program, the conservation effect of the program extends the reach of their limited funds. In addition, SRP has worked with the agencies to use M-Power as a tool to help keep the power flowing to customers with sizeable delinquencies. To wit, when customers with large delinquencies on standard credit billing opt onto M-Power, their security deposit is applied to pay down part of the arrearage, and a percentage of each future purchase is also applied to the arrearage until it is paid off. In this way, a customer avoids disconnection of service.

SRP continually surveys M-Power customers for their satisfaction with the program and with the utility. Over 85% of M-Power customers are highly satisfied with SRP overall; 90% are highly satisfied with the M-Power program; and 95% say they have more control over their electricity costs. Through open-ended survey questions, customers have told us why they are so satisfied:

- I can pay at my own pace with no pressure of a bill.
- I am able to monitor power usage and am more aware of energy used; I am more in control.
- It's cheaper because I don't use as much power.
- It's easier on my budget because I can buy power when I want and in increments comfortable for me and my family.

For customers who have had difficulty paying their electric bill in a timely manner, M-Power has restored their dignity and peace of mind. It eliminates the surprise of a large monthly electric bill that can't be paid, the delinquency notices, and the fears of being cut off for non-payment.

SRP is working closely with Ampy on a "smart meter", a fourth-generation electricity meter that will have two-way radio communication with the host utility. SRP will be the launch customer, with first meter installations scheduled for Fall 2008. M-Power customers will be able to buy power over the phone or internet and have the purchase wirelessly loaded onto their meter, thereby increasing purchase convenience. Additionally, SRP will be incorporating an optional time-of-use tariff for M-Power, to better manage peak system loads.