**Subject:** Investigating PowerCo's Customer Churn Problem

Dear AD,

PowerCo is a prominent energy utility provider that serves corporate, SME, and residential customers. To address the issue of significant customer churn in the SME segment, we need to understand the problem thoroughly and develop a targeted approach.

**Problem Overview:**

1. The deregulation of the energy market has intensified competition, leading to higher churn rates among SME customers.
2. Changes in pricing significantly impact customer retention.

**Client Hypothesis:**

1. Predictive models could identify customers at risk of churning due to current pricing levels.
2. Offering discounts might help retain these customers and reduce churn.
3. The SME segment is considering a 20% discount strategy to mitigate churn.

**Data Requirements:**

1. Customer data: Details such as electricity usage patterns, the date they joined, monthly bills, and industry classification.
2. Churn data: Information on customers who have switched providers.
3. Historical pricing data: PowerCo’s price history over the relevant period.

**Methodology and Approach:**

1. Define a pricing threshold: Identify the pricing levels at which customers are more likely to churn.
2. Conduct data analysis: Explore the collected data to identify trends and correlations, focusing on price sensitivity.
3. Feature engineering: Derive meaningful insights from the data and utilize machine learning models such as Logistic Regression or Random Forest to predict churn likelihood.
4. Deep dive into price impacts: Analyze how price changes have historically influenced churn rates.
5. Develop a discount strategy: Based on insights, design a targeted discount plan to retain at-risk customers.

By following this process, we aim to provide actionable recommendations for PowerCo to enhance customer retention effectively.

Looking forward to your feedback and approval to proceed with this plan.

Best regards,  
Sai Teja