

MEMORANDUM

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TO: UTILITIES ADVISORY COMMISSION

FROM: UTILITIES DEPARTMENT

DATE: FEBRUARY 1, 2006

**SUBJECT: STATEWIDE AND PALO ALTO BUSINESS CUSTOMER
SATISFACTION SURVEY RESULTS**

This is an information report and no action is required.

BACKGROUND:

A sample of Palo Alto business customers were surveyed by telephone by RKS Research and Consulting as part of a statewide customer satisfaction survey conducted by California Municipal Utilities Association (CMUA). This is the second time City of Palo Alto Utilities (CPAU) has conducted a survey of this type, with its initial benchmark study first done in 2003, also in conjunction with the CMUA Statewide Survey of Business Customer Satisfaction.

Interviews for both the CMUA statewide survey and the CPAU survey were conducted by telephone. The statewide survey was done during the summer of 2005 and the CPAU survey was done between September 28 and October 20, 2005. The statewide CMUA survey is based on 500 telephone interviews conducted among energy decision-makers at businesses throughout California. The City of Palo Alto over-sample consists of 100 interviews based on a list of business customers provided by CPAU.

Interviews for the statewide survey are distributed as follows:

- 400 interviews among businesses served by Municipal Utilities
 - 250 in Southern California
 - 150 in Northern California
- 100 interviews among businesses served by California Investor-Owned Utilities

Interviews for the Palo Alto over-sample are distributed as follows:

- 11 Key Accounts
- 20 Large Customers
- 69 Small Customers

The survey addresses business attitudes and opinions on subjects such as utility image, power delivery, account services, key accounts, billing services, pricing, value, public benefit programs, and economic development.

DISCUSSION:

The results of this research confirm that the CPAU has a strong relationship with its business customers. Business customers have a great deal of trust and confidence in CPAU as an organization, seeing it as a well-run, service-oriented operation that values their business. Even though many believe their electricity prices are higher than in the past, they feel good about the value and service that CPAU provides.

Business customers also express very positive feelings about CPAU's ability to provide them with consistent, reliable power – its power delivery record ranks well above other California municipal utilities. CPAU's response to outages also plays a part – business customers give CPAU high praise for its quick response, for notifying them in advance about planned outages and for being easy to reach for information when outages occur.

Judging by the Business Performance Record (BPR), an RKS proprietary statistical model used to measure business customers' satisfaction with their utility, CPAU continued to score above the norm for California municipal utilities; however, the margin was not as wide as in 2003. The most notable shift is in the Price factor, which declined significantly over the past two years. By contrast, CPAU customers' perceptions of its performance on Value, Image and Power Information have held steady, while Relationship and Power Delivery have fallen since 2003. The table below summarizes the various BPR statistics in comparison with average of other Muni's and CPAU's score in 2003.

BPR MODEL COMPONENTS			
	CPAU '05	Total Muni '05	CPAU '03
Total BPR	8.2	8.0	8.4
Price	3.4↓	3.8	4.8
Value	8.2	8.0	8.2
Relationship	7.8	7.7	8.2
Image	8.4	8.2	8.4
Power Information	8.5	7.6	8.5
Power Delivery	8.4	8.3	8.7

↓ Significantly lower than CPAU 2003

It's interesting to note that despite declines in some BPR factors, customers are more likely to say their opinion of CPAU has improved over the last few years; just a handful say their opinion has gotten worse.

OPINION OF UTILITY COMPARED TO A FEW YEARS AGO			
Base:	CPAU '05 (100) %	Total Muni '05 (400) %	CPAU '03 (100) %
Improved	19	12	13
Stayed about the same	78	81	71
Gotten worse	3	5	7
Not sure	-	2	9

CPAU's performance on various components of image provides a clear view of its strengths and weaknesses. Business customers award it highest scores for being trustworthy and being a good community citizen, scoring it well above the statewide norm. CPAU customers also award their utility above-average scores for "values us as a customer" and "works hard to retain our business."

Although CPAU's performance continues to rank at or above the statewide norm on most measures, some declines since 2003 merit a closer look:

- Customer service.** Overall satisfaction with customer service reps declined significantly in 2005, indicating some opportunity for improvement. While businesses express confidence in customer service reps' knowledge, they appear more frustrated with the length of wait to speak to a rep and the time it takes to resolve problems. Given customers' positive feelings of CPAU as a company, it is very important that their contact experience confirm that view. Although most business customers are satisfied with their overall contact experience, there is clearly an opportunity to bridge a gap in this area.
- Website enhancement.** CPAU might consider retooling its website to improve its user-friendliness and information value to business customers. Given businesses' interest in obtaining energy information, it may be worthwhile to spend more time talking to customers about the types of information they would find useful on the CPAU site, and ways to improve its navigability. Keeping the website informative and up to date will also be important as it continues to grow as a key customer interface. On January 23, 2006 Council approved two contracts (CMR:102:06) for implementation of website management and redesign.
- Energy efficiency programs.** CPAU has done an excellent job of generating awareness and interest in its energy programs among its business customers. As a result, businesses show a higher than average interest in energy efficiency programs, demonstrated by their high level of calls to request additional information. This area represents an important opportunity for CPAU to add value and forge stronger relationships with its customers. Key accounts with plans for expansion are prime targets for these programs. It's in CPAU's

best interest to address businesses' needs by providing them with energy efficiency information and advice as much as possible. In addition to giving customers a sense of added value for their money, these programs promote a sense of partnership and a feeling that CPAU values their business.

Staff will return to the UAC in spring with recommendations to address the opportunities and shortcomings highlighted in the survey.

ATTACHMENTS:

A: CMUA 2005 Palo Alto Business Customer Satisfaction Survey - Presentation

B: CMUA 2005 Palo Alto Business Customer Satisfaction Survey - Report

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