

MEMORANDUM

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TO: UTILITIES ADVISORY COMMISSION

FROM: UTILITIES DEPARTMENT

DATE: APRIL 4, 2007

SUBJECT: 2006 STATEWIDE AND PALO ALTO RESIDENTIAL CUSTOMER SATISFACTION SURVEY RESULTS

This is an information report and no action is required.

EXECUTIVE SUMMARY:

A sample of Palo Alto residential customers were surveyed by telephone by RKS Research and Consulting as part of a State-wide customer satisfaction survey conducted by CMUA. This is the third time Palo Alto has conducted a survey of this type, with its initial benchmark study first done in 2002, and the subsequent one done in 2004 both also in conjunction with the CMUA Statewide Survey of Residential Customer Satisfaction.

The overall project goal was to obtain an updated measurement of customer satisfaction with municipal utilities in general. The City of Palo Alto Utilities (CPAU) has opted to extend this survey to an additional "over sample" of its residential customers in order to gain Palo Alto-specific results for comparison against both the state-wide results as well as its own results in 2004.

The statewide CMUA survey was based on 601 telephone interviews conducted among residential customers in California. Interviews were distributed as follows:

- 501 interviews conducted among customers served by municipal utilities (300 in Southern California, 201 in Northern California)
- 100 interviews conducted among customers served by California investor-owned utilities

The CPAU over sample consisted of 101 interviews based on a sample provided by Palo Alto.

The survey addresses residential customers' attitudes and opinions on subjects ranging from electricity service and overall customer satisfaction (repeated from previous surveys) to more current energy issues such as global warming, green energy and public benefit programs.

On the Value Rating, CPAU's scores were consistent with 2004. The Value Rating is calculated based on RKS' Value Model which provides a measurement tool to monitor utility performance in a variety of areas. CPAU received scores at or above the state average on all measures, with significantly higher scores on Value, Bill Qualities and Power Delivery. Compared against its own performance results in 2004 however, CPAU performance in 2006 was slightly lower, or the same in most areas. The only area of improvement was measured in the Power Delivery category.

The results of this survey indicate that CPAU continues to have a solid relationship with its residential customers, even in spite of rising electricity and natural gas costs.

What is particularly interesting is the finding, validated in the result, that CPAU customers are different from their counterparts at other municipal utilities throughout California.

These differences are reflected in several places in this research:

1. On the global warming/climate change issue, CPAU customers are significantly more likely than other municipal utility customers in California to be aware of the issue and to express concern about it. And, while CPAU customers are significantly more likely to believe their utility is actively involved in controlling greenhouse gas emissions, it is equally noteworthy that a plurality of nearly half (45%) are uncertain about what CPAU is doing in this area. RKS concludes from these findings that CPAU customers have much higher expectations from CPAU on global warming and related issues than do other municipal utility customers of their respective utilities.
2. Another important distinction found in this research is that, while CPAU still does well on the price/value dimension, there is some slippage from the previous reading among residential customers. This is a natural result of increasing bills. It is RKS' experience that, while price increases result in short-term declines in customer satisfaction, so long as utility performance on the other dimensions hold steady, the erosion due to price will be generally short term in nature.
3. A third area where CPAU customers are different is their facility with using websites and their preferences for doing things online. The challenge for CPAU is that its customers have higher expectations than their counterparts around the state, and as a result, the CPAU website garners average ratings at best.

Overall, CPAU performs quite positively across all measures in this survey. A few findings that merit special highlighting include the following:

- CPAU residential customers appear to be much more informed about energy and environmental issues and more concerned about the serious nature of these issues than the typical California municipal customer. The energy crisis in

California and global warming are very much on their minds. These customers are a prime target for continued programs centered on green energy and energy conservation, as evidenced by their high participation in CPAU's green energy program.

- Customers give CPAU high scores for its efforts to keep outages down and commend CPAU for providing reliable power during the heat waves of summer.
- From a cost/value standpoint, customers continue to feel they receive a solid value for their money from CPAU. CPAU's customers' perceptions of the price they pay for electricity have remained stable and continue to be more positive than the statewide perceptions of customers.
- Online bill payment has become one of the most widely preferred ways to pay utility bills with over half of CPAU's customers preferring to pay through the utility website or through a third party online.

ATTACHMENTS:

A: RKS 2006 Utilities Residential Customer Survey – Report

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**CITY OF PALO ALTO PUBLIC UTILITIES
2006 RESIDENTIAL CUSTOMER SURVEY
COVERING ELECTRICITY
REPORT OF FINDINGS**

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Introduction

This report summarizes and highlights the City of Palo Alto Utilities' (CPAU) 2006 survey among residential customers. This is the third time CPAU has conducted this survey, with its initial benchmark study first done in 2002, also in conjunction with the CMUA Statewide Survey of Residential Customers.

This survey is an oversample of CMUA's 2006 Statewide Survey of Residential Customers Served by California Municipal Utilities covering electricity. Interviews for both the CMUA statewide survey and the CPAU survey were conducted by telephone. The Statewide survey was conducted between October 27 and November 9, 2006 and interviewing on the CPAU oversample was done during the same time period.

(A short additional series of questions was asked among those CPAU customers having recent contact, in a separate interview conducted in February 2007. Results generated by these questions can be found on page 10 of this report.) Both the Statewide and CPAU surveys were designed and implemented by RKS Research & Consulting.

The City of Palo Alto oversample consists of 101 telephone interviews drawn from a sample provided by CPAU. The statewide CMUA survey is based on 601 telephone interviews conducted among residential customers throughout California. Interviews are distributed as follows:

- 501 interviews conducted among residential customers served by municipal utilities (300 in Southern California, 201 in Northern California)
- 100 interviews conducted among customers served by California investor-owned utilities

The survey addresses residential customers' attitudes and opinions on subjects ranging from electricity service and satisfaction (repeated from previous surveys) to such energy issues as global warming, green energy and public benefit programs.

CPAU results are described and summarized in this report along with comparative results from the most recent CPAU survey conducted in 2004 (and which was based on a sample size of 151 telephone interviews). Updated results from the CMUA 2006 Statewide Survey, along with findings recorded for NCPA-member utilities as a group, are also included to provide an additional gauge for judging CPAU's performance. All findings are weighted to assure accurate trending.

Attached to this document is a questionnaire that shows results on a question-by-question basis. For easy reference, the tables in this document contain question number references to the questionnaire.



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The Current Energy Situation

Palo Alto residents express concern about California’s energy situation, as just over half (54%) of CPAU customers view it as “very serious” compared to 50% of municipal customers across the state. [Q1a]

They also feel more strongly about the importance of conserving electricity now compared with the past. About three-fifths of CPAU customers (60%) say it is more important to conserve electricity than it was a year ago, reflecting the attitudes of all municipal customers.

IMPORTANCE OF CONSERVING ELECTRICITY COMPARED TO A YEAR AGO [Q1c]				
	CPAU 2006	Total Muni 2006	NCPA 2006	IOU 2006
	%	%	%	%
More important now	60	60	62	67
Less important now	2	5	3	-
Equally important	37	34	36	30

Global Warming

Palo Alto customers are more familiar with the issue of global warming than municipal utility customers throughout the state. Some three-fifths of CPAU customers (61%) say they are very familiar with the issue, significantly above the number expressing this level of familiarity of customers of NCPA-member utilities (43%) and for municipal utilities statewide (48%).

And over two-thirds of CPAU customers (70%) also express deep concern about the global warming issue – much higher than the statewide municipal utility average (60%) or the average among customers of NCPA members (48%).

FAMILIARITY AND CONCERN ABOUT GLOBAL WARMING [Q13a,b,d]				
	CPAU 2006	Total Muni 2006	NCPA 2006	IOU 2006
% Very familiar	61 [†]	48	43	45
Mean rating	7.7 [†]	6.6	6.5	7.0
% Very concerned	70 [^]	60	48	59
Mean rating	8.2 [†]	7.3	6.3	7.1

[†]Significantly higher than NCPA and Total Muni at the 95% level of confidence

[^]Significantly higher than NCPA at the 95% level of confidence



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Asked whether they think most scientists agree about global warming and climate change, about two out of three (68%) CPAU residential customers answer affirmatively that most scientists do agree. A much smaller proportion (24%) believes that scientists disagree, while another 8% are not sure. These results are quite different from those for municipal utility customers statewide, where opinions were mixed – just 44% believed scientists agree, while 38% believed they disagree. [Q13c]

About four in five Palo Alto customers also consider global warming and climate change more serious now than in the past. As the table below shows, this opinion among CPAU customers is more strongly held than among customers of municipal utilities statewide:

SERIOUSNESS OF GLOBAL WARMING AND CLIMATE CHANGE [Q13d]				
	CPAU 2006	Total Muni 2006	NCPA 2006	IOU 2006
	%	%	%	%
More serious today	81	72	78	77
Less serious today	4	3	-	-
About the same as it was	12 [↓]	21	20	18
Not sure	2	3	2	5

↓Significantly lower than NCPA at the 95% level of confidence

When asked directly about utility involvement in controlling greenhouse gas emissions, about half (49%) of CPAU residential customers believe their utility has been either very involved (26%) or fairly involved (23%). And, while only 6% think CPAU has not been involved, a plurality of 45% are not sure.

UTILITY INVOLVEMENT IN CONTROLLING GREENHOUSE EMISSIONS [Q13g]				
	CPAU 2006	Total Muni 2006	NCPA 2006	IOU 2006
	%	%	%	%
Very involved	26 [^]	16	20	17
Fairly involved	23	32	17	24
Not too involved	5	9	15	7
Not at all involved	1	6	5	1
Not sure	45	38	42	51

[^]Significantly higher than Total Muni at the 95% level of confidence



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As the previous table shows, the percent of CPAU customers who believe their utility is “very involved” (26%) is 10 points higher than the statewide municipal utility average, and is six points higher than the average among NCPA members. But what is also important for CPAU is that a plurality approaching one-half –45% – are not sure what it is doing.

RKS Residential Value Model

The RKS Residential Value Model provides a measurement tool to monitor utility performance in a variety of areas and to understand individual strengths and weaknesses and their effect on residential customers’ value perceptions. In addition, each score provides a snapshot of utility performance in specific areas by summarizing the data in one number.

The **Value Rating** is particularly important, as this one number summarizes customers’ opinions regarding utility performance on several measures. Although CPAU’s Value Rating remains significantly higher than the statewide benchmark, it has fallen slightly since the previous survey, undoubtedly reflecting the fact that CPAU is a four-service utility and provides natural gas to customers.

For the most part, CPAU’s scores are consistent with 2004. CPAU receives scores at or above the state average on all measures, with significantly higher scores on Value, Bill Qualities and Power Delivery.

VALUE MODEL COMPONENTS					
	CPAU 2006	CPAU 2004	Total Muni 2006	NCPA 2006	IOU 2006
Value	7.7†	7.9	7.1	7.9	6.4
Price	4.9	5.0	4.8	5.0	3.9
Affect	8.4	8.4	8.2	8.4	7.4
Customer Focus	8.4	8.4	8.1	8.4	7.5
Customer Interface	8.1	8.2	7.7	8.2	7.5
Expectation Fulfillment	7.8	8.2	7.8	8.2	7.1
Bill Qualities	8.7†	8.8	8.2	8.8	7.7
Power Delivery	8.6†	8.4	8.2	8.4	7.6
Bill Amount	\$163	\$91	\$91	\$166	\$141

†Significantly higher than Total Muni at the 95% level of confidence



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Overall Satisfaction

Another snapshot measurement of customer satisfaction is obtained when Palo Alto customers are asked for their overall satisfaction assessments of CPAU. Palo Alto residents express high overall satisfaction with their utility, awarding higher satisfaction scores than in 2004 and higher scores than other NCPA or California customers:

OVERALL SATISFACTION WITH UTILITY [Q2a]					
	CPAU 2006	CPAU 2004	Total Muni 2006	NCPA 2006	IOU 2006
% Very satisfied	83	75	75	74	57
Mean rating	8.6	8.4	8.2	8.0	7.4

When asked about meeting and exceeding expectations, despite strong, stable satisfaction, customers are a bit less likely to feel CPAU “exceeds their expectations” than they were two years ago (down from 76% to 65%).

UTILITY’S ABILITY TO EXCEED EXPECTATIONS [Q2b]					
	CPAU 2006	CPAU 2004	Total Muni 2006	NCPA 2006	IOU 2006
% Exceeds expectations	65	76	67	56	48
Mean rating	7.8	8.2	7.8	7.4	7.1

Rate 8, 9 or 10 on a 0 (falls short) to 10 (exceeds expectations) scale

*Significantly higher than Muni 2004 and IOU 2006 at the 95% level of confidence



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Reliability

This survey finds CPAU residential customers reporting significantly fewer outages lasting more than five minutes compared to 2004. In fact, about two-thirds report no outages (64%), up from 48% responding that they had no outages in 2004. The average number of outages also declined from 0.8 to 0.5. CPAU customers report power interruptions dropping significantly between 2004 and 2006 from 4.4 to 0.9.

POWER RELIABILITY [Q3a-b]					
	CPAU 2006	CPAU 2004	Total Muni 2006	NCPA 2006	IOU 2006
Zero outages (%)	64 [↑]	48	37	53	38
Average outages	0.5 [↓]	0.8	1.6	1.0	2.1
Zero interruptions (%)	54 [^]	40	29	42	26
Average interruptions	0.9 [*]	4.4	2.9	1.3	4.0

[↑]Significantly higher than Palo Alto 2004 and Total Muni at the 95% level of confidence

[↓]Significantly lower than Palo Alto 2004, Total Muni and NCPA at the 95% level of confidence

[^]Significantly higher than Palo Alto 2004 and NCPA at the 95% level of confidence

^{*}Significantly lower than Palo Alto 2004 and Total Muni at the 95% level of confidence

Relatedly, CPAU residential customers award their utility high ratings on attributes related to power reliability. They are particularly pleased with CPAU's efforts to keep power outages down and the utility's work to restore power after an outage:

RATING ON ASPECTS OF RELIABILITY [Q3c.a-d]					
	CPAU 2006	CPAU 2004	Total Muni 2006	NCPA 2006	IOU 2006
Quickly restoring service after an outage	8.6	8.4	8.0	8.4	7.4
Maintaining poles, wires and other equipment	8.4	8.3	8.2	8.5	7.7
Working hard to keep down the number of outages	9.0 [↑]	8.7	8.8	8.3	8.0
Informing customers when power will be restored after an outage	7.2	6.5	6.6	7.0	6.4

[↑]Significantly higher than Total Muni at the 95% level of confidence



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Residential customers also give CPAU high marks for delivering reliable power during the heat waves in California last summer. Four out of five (81%) award CPAU excellent ratings.

RATING JOB DONE IN DELIVERING RELIABLE POWER DURING SUMMER HEAT WAVE [Q1b]				
	CPAU 2006	Total Muni 2006	NCPA 2006	IOU 2006
	%	%	%	%
Excellent job	81	75	80	66

Price and Value

The majority of CPAU residential customers believe they do receive their money's worth from their electric utility. Asked whether "what you receive is worth the price you pay," almost two out of three (63%) award their utility an excellent rating. At an average rating of 8.0, Palo Alto customers feel significantly more positively about receiving their money's worth than California municipal utility customers as a whole.

PERCEIVED VALUE OF ELECTRICAL SERVICE [Q8e]					
	CPAU 2006	CPAU 2004	Total Muni 2006	NCPA 2006	IOU 2006
% Excellent	63	65	56	63	44
Mean rating	8.0 [†]	7.9	7.3	7.6	6.6

Percent saying 8, 9 or 10 on a (poor) to 10 (excellent) scale

[†]Significantly higher than Total Muni at the 95% level of confidence



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CPAU customers' perceptions of the price they pay has remained stable over the past two years. Just one in three (33%) call the price they pay for electricity high, significantly less than the statewide municipal utility average (47%) and even lower than the prevailing opinion among customers of NCPA-member utilities (40%). But it should be emphasized that customers' price sensitivity is up five points, from 28% to 33%.

ELECTRICITY PRICING PERCEPTIONS [Q8c] PERCENT CALLING PRICE "HIGH"					
	CPAU 2006	CPAU 2004	Total Muni 2006	NCPA 2006	IOU 2006
% Price high	33↓	28	47	40	49
Mean rating	6.3	6.4	6.8	6.5	7.2

↓Significantly lower than Total Muni at the 95% level of confidence
Percent saying 8, 9 or 10 on a (price is low) to 10 (price is high) scale

CPAU customers' perceptions of their utility's efforts to keep prices down have fallen off a bit compared to 2004, though they are still more positive than California municipal utility customers as a whole. CPAU customers give their utility an average rating of 7.0 on this measure, compared to 6.6 among municipal customers across the state.

UTILITY EFFORTS TO KEEP PRICES DOWN [Q8d] "WORKS VERY HARD"					
	CPAU 2006	CPAU 2004	Total Muni 2006	NCPA 2006	IOU 2006
% Works very hard	38	40	41	41	21
Mean rating	7.0	7.2	6.6	6.9	5.4

Percent saying 8, 9 or 10 on a 0 (does not work hard at all) to 10 (works very hard) scale



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Billing

Palo Alto customers feel very positively about the information content of the bills they receive from CPAU, awarding the utility’s bills significantly higher marks for being “easy to understand” than other municipal utility customers in California (CPAU 86%, Total Muni 76%). On bill accuracy and content that contains the information needed, CPAU customer attitudes are typical of other municipal utility customers in the state:

RATINGS ON ASPECTS OF BILLING [Q8g]					
	CPAU 2006 %	CPAU 2004 %	Total Muni 2006 %	NCPA 2006 %	IOU 2006 %
Providing bills that are easy to understand	86†	83	76	85	53
Providing bills that accurately reflect HH electricity usage	69	NA	69	75	65
Providing bills that contain the information you need	77	NA	76	80	63

Rate 8, 9 or 10 on a 0 (poor) to 10 (excellent) scale
†Significantly higher than Total Muni at the 95% level of confidence

When asked how they would prefer to pay their bill, most prefer to mail a check or pay online. Over half (52%) prefer an online method – 26% would prefer to pay through the CPAU website, while 26% would choose a third party online payment. One in three (33%) prefer to mail a check. The remainder would drop it off (5%) or are unsure (11%).

HOW PREFER TO PAY CPAU BILL [Q8h]	
	%
Drop off	5
Mail check	33
Third party on-line payment	26
Pay through CPAU website	26
Other	11



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Contact

Questions on contact were covered in a small separate telephone survey done in February, 2007, during which 51 customers who had recent contact with CPAU were called to ask about their contact. The average interview took about five minutes to conduct.

When asked what type of recent contact they had with CPAU, all said they called while small numbers visited, wrote or contacted CPAU by e-mail.

Further probing found that 86% responded that they spoke to a customer service representative. Only 4% said their call was answered by an automated voice response unit.

HOW CALL WAS ANSWERED [Q6b]				
Base:	CPAU 2006 (51) %	Total CA Muni 2006 (87) %	NCPA 2006 (24) %	IOU 2006* (16) %
Spoke to CSR	86	73	80	38
Voice response unit	4	10	8	38
Both	2	13	8	25
Not sure	8	5	13	-

*Caution: small base

CPAU customers' experience with speaking to a CSR is similar to that of other NCPA utilities, and a bit higher than the statewide municipal utility average. Although the number of IOU customers having recent contact is small, the evidence suggests many more customers reach an automated response as opposed to a live person among IOU customers.

CPAU customers contacted their utility mostly for billing or service issues:

REASONS FOR MOST RECENT CONTACT WITH CPAU [Q6b-1]	
	%
Billing	44
Service	20
Other	33
Not sure	2



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Further probing among those who mention billing finds high bills the number one reason, followed by payment options.

When asked whether the amount of time they waited was reasonable, 93% responded affirmatively.

And when asked if when they are on hold waiting to speak with someone whether they prefer to hear music or to hear information on utility programs or to have silence, opinion is divided, with a plurality opting for music:

PREFERENCE FOR WHAT WANT TO HEAR WHEN ON HOLD [Q6b-4]	
	%
Music	33
Information on utility programs	20
Silence	22
Not sure	24

Customer Service Representatives

Customers award CPAU customer service reps with high scores across the board, with ratings mostly similar to CPAU's 2004 scores and at or above the average for both the NCPA and the state. Customers award CSRs particularly high scores for their listening skills, making them feel their concerns were heard. CSRs also stand out for their efforts in showing customers they are valued, resolving customers' issues and doing so in a timely manner.

CUSTOMER SERVICE REPRESENTATIVE ASSESSMENT [Q6c.a-f]				
	CPAU 2006 (45)	CPAU 2004 (67)	Total CA Muni 2006 (87)	NCPA 2006 (29)
Base:				
Convince you that your concerns were heard	8.4	8.7	7.2	7.4
Knowledgeably answer questions about the subject of your call	8.6	8.5	7.8	7.7
Demonstrate that you are cared about as a valued customer	8.6	8.6	7.3	7.0
Resolving your issue fully	8.4	NA	NA	NA
Resolving your issue in a timely manner	8.4	NA	NA	NA



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Nearly three out of four customers came away from their recent contact with CPAU feeling very satisfied with the outcome, about the same as 2004 and a notable increase over 2002.

OVERALL SATISFACTION WITH RECENT CONTACT [Q6d]					
	CPAU 2006	CPAU 2004	CPAU 2002	Total CA Muni 2006	NCPA 2006
Base:	(51)	(76)	(45)	(114)	(38)
% Very satisfied	71	75	63	69	73
Mean rating	8.1	8.2	7.8	7.5	7.5

Response categories 8, 9 or 10 on a 0 (very dissatisfied) to 10 (very satisfied) scale

Website

A high 42% of CPAU customers report visiting the utility website within the past year:

VISITED UTILITY WEBSITE IN PAST YEAR [Q7a]					
	CPAU 2006	CPAU 2004	Total Muni 2006	NCPA 2006	IOU 2006
	%	%	%	%	%
% Visited	42 [^]	36	27	20	24
Average number of visits	1.5	1.1	0.9	1.0	1.2

[^]Significantly higher than Total Muni at the 95% level of confidence

But in rating various aspects of the website, CPAU customers award relatively unenthusiastic assessments.

RATING UTILITY WEBSITE ON VARIOUS DIMENSIONS [Q7b]				
Base:	CPAU 2006	CPAU 2004	Total CA Muni 2006	NCPA 2006
	(42)	(54)	(133)	(29)
Usefulness of information	7.5	NA	7.5	7.2
Ease of navigating	6.9	7.5	7.4	7.1
Ability to answer your questions	6.9	NA	7.0	6.7
Amount of time needed to find an answer to your question	6.7	NA	6.9	6.9
Overall rating of website	7.0	NA	7.2	6.5

NA= Not Asked



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CPAU customers appear to be saying that the information is useful when they find it. But they offer less praise on ease of navigation, and amount of time needed to navigate.

When they compare the CPAU website to others they use, the ratings for CPAU customers continue to be lukewarm:

COMPARING CPAU WEBSITE TO OTHERS THEY VISIT [Q7c]				
Base:	CPAU 2006 (42) %	CPAU 2004 (54) %	Total CA Muni 2006 (133) %	NCPA 2006 (29) %
Among the best	12	NA	7	20
Above average	24	NA	31	31
About average	43	NA	38	18
Below average	17	NA	3	12
Among the worst	2	NA	5	10
It varies	2	NA	11	9

NA = Not Asked

About one-third (38%) of CPAU customers call the website among the best or above average. This is the same as the number of municipal utility customers statewide responding this way, but is lower than the 51% of website visitors among residential customers of NCPA-member utilities responding this way.

Two additional questions were asked of CPAU customers. First, when they want information from CPAU or need answers to questions, what is their preference for obtaining this information? This survey finds a plurality approaching nearly half preferring to get the information online:

PREFERENCE FOR OBTAINING INFORMATION OR ANSWERS TO QUESTIONS [Q7d]	
	%
Rather talk to a person	38
Rather do it online	48
It depends	14



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And when asked what kinds of suggestions they have for making the website better, here are the major suggestions:

SUGGESTIONS FOR MAKING CPAU WEBSITE BETTER [Q7e]	
	%
On-line billing	21
Improve navigation/search engine	12
Information on outages/interruptions	7
Other	14
Not sure	45

Online billing and improving the navigation and search engine were the major suggestions.

Communications

About two in five CPAU customers (43%) recall seeing, reading, or hearing a public communication or advertising from their utility in the past year. In comparison, about 49% statewide and NCPA-member customers recall seeing, hearing or reading communications from their utility. [Q12b]

Their views of the effectiveness of CPAU communications have remained consistent over the past two years, with roughly half calling these communications “very effective”. Although CPAU customers award utility communications scores that are in line with the state average (CPAU 7.3, Total Muni 7.4), they a bit are less willing to award highest marks for being “very effective” compared to their statewide peers (CPAU 48%, Total Muni 58%, NCPA 62%).

COMMUNICATIONS VERY EFFECTIVE* [Q12a]					
	CPAU 2006	CPAU 2004	Total Muni 2006	NCPA 2006	IOU 2006
% Very effective*	48	53	58	62	50
Mean rating	7.3	7.2	7.4	7.5	7.2

*Percent saying 8, 9 or 10 on a 0 (not effective at all) to 10 (very effective) scale



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When CPAU customers are asked whether they support added spending on utility communications, opinions are divided. Almost half (48%) agree that CPAU should spend more on communications to customers. A similar proportion (44%) disagree. Municipal utility customers across the state are more likely to endorse additional spending in this area.

WHETHER SUPPORT OR OPPOSE ADDITIONAL SPENDING TO COMMUNICATE WITH CUSTOMERS [Q12d]				
	CPAU 2006	Total Muni 2006	NCPA 2006	IOU 2006
	%	%	%	%
Support	49	61	56	58
Oppose	44	33	37	29
Not sure	8	5	7	13

Public Benefits Programs

Of the public benefits programs offered by CPAU, incentives for energy-efficient appliances and solar energy are the best known, with over half of residential customers stating awareness of the programs. In addition, almost half are aware of discounted rates for income-qualified customers (48%), home energy audits (46%) and high efficiency toilets (46%). A higher than average proportion say they have taken advantage of CPAU's incentives for energy-efficient appliances, though few have participated in other programs.

AWARENESS AND PARTICIPATION IN PUBLIC BENEFITS PROGRAMS [Q10a]					
	Awareness			Participation	
	CPAU	Muni	IOU	CPAU	Muni
	%	%	%	%	%
Incentives to purchase energy-efficient appliances	62	55	67	14	8
Solar energy incentives	54	44	41	1	2
Discounted electric rates for income-qualified customers	48 [↓]	60	65	3	6
Home energy audits	46 [↑]	31	34	1	4
High efficiency toilets	46	NA	NA	5	NA
Water wise home calls	30	NA	NA	1	NA
Online bill analysis	25 [↓]	42	40	1	3
Thermostat in-store rebate	25	NA	NA	4	NA
LED Xmas light in-store rebate	24	NA	NA	-	NA

[↑]Significantly higher than Total Muni at the 95% level of confidence
[↓]Significantly lower than Total Muni at the 95% level of confidence



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Although the cell sizes are small, participants in CPAU public benefits programs are more enthusiastic about the effectiveness of the program than they have been in the past. They also award CPAU higher scores than municipal utility customers statewide for helping them lower energy costs, providing practical, useful information and making them aware of the benefits of renewable energy.

PARTICIPANTS RATE ASPECTS OF PUBLIC BENEFITS PROGRAMS [Q10b]				
	CPAU 2006	CPAU 2004	Total Muni 2006	NCPA 2006
Helping customers like you lower your energy costs	6.9	6.0	6.8	7.7
Providing practical, useful info that helps you use less energy	7.4	6.9	7.1	7.3
Making customers aware of the benefits of renewable energy	7.8 [†]	6.9	6.8	7.0

†Significantly higher than Total Muni at the 95% level of confidence
Mean rating on a 0 (completely ineffective) to 10 (completely effective) scale
Caution: low base size n=25

When customers were asked, “if you really worked hard and made a commitment to save energy at home, by what percent could you reduce your electric bill?”, CPAU customers appear a bit more optimistic about the ability to reduce bills compared to municipal utility customers statewide. About 44% of CPAU customers believe they can save more than 14% of their current monthly bill. By contrast only 26% of state municipal utility customers statewide feel the same. On average, CPAU customers say they would expect to save about 16.5% if they really worked at it.

ESTIMATED REDUCTION TO MONTHLY ELECTRICITY BILL IF REALLY TRIED TO CONSERVE [Q10d]				
	CPAU 2006	Total Muni 2006	NCPA 2006	IOU 2006
	%	%	%	%
Zero	13 [†]	5	7	7
1-13	30	40	45	35
14-25	28 [†]	18	18	26
26+	16	8	18	14
Not sure	14	20	22	22
Mean	16.5%	18.5%	15.8%	16.8%

†Significantly higher than Total Muni at the 95% level of confidence



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Green Energy

CPAU residential customers demonstrate very high awareness of their utility’s green energy option, with two in three (69%) customers saying their utility offers this. This is slightly below 2004 levels, though far above the state and regional average (31% Total Muni, 19% NCPA). However, reported participation in CPAU’s green energy program has nearly doubled over the past two years, rising from 26% in 2004 to 47% in 2006 ,so that now it is significantly above all of the groups measured in this survey.

AWARENESS AND PARTICIPATION IN UTILITY’S GREEN ENERGY PROGRAM [Q9b]					
	CPAU 2006	CPAU 2004	Total Muni 2006	NCPA 2006	IOU 2006
	%	%	%	%	%
Aware	69 [^]	74	31	19	13
Participate	47 [†]	26	30	36	NA

[^]Significantly higher than Total Muni or NCPA at the 95% level of confidence
[†]Significantly higher than Total Muni or CPAU 2004 at the 95% level of confidence

When customers were asked what CPAU needs to do to get them to participate in the green energy program, the most common response was to lower the cost (38%). [Q9b-1]

Palo Alto customers’ satisfaction with the green energy program remains very high, though it’s declined slightly since 2004 (2006: 8.9, 2004: 9.2). By comparison, municipal utilities around the state receive a much lower score at 7.5. NCPA utilities receive ratings similar to CPAU at 9.0. [Q9c]

Summary and Conclusions

The following are areas where CPAU customers in 2006 award their utility scores that, from a statistical standpoint, are significantly higher than municipal utility customers statewide:

- Customer Satisfaction (RKS Value Rating 7.7 for CPAU vs. 7.1 for municipal utilities statewide)
- Power Delivery ratings (8.6 for CPAU vs. 8.2 for municipal utilities statewide)
- “Bill Qualities” rating (8.7 vs. 8.2)
- Average number of outages recalled last year (.46 vs. 1.63)
- Average number of power interruptions recalled last year (.87 vs. 2.87)
- Perception of value received for price paid (8.0 vs. 7.3)

- Rating of providing bills that are easy to understand (8.8 vs. 8.3)
- Rating of providing bills that accurately reflect the amount of electricity your household uses (8.7 vs. 8.2)
- Awareness that utility has green power option (69% aware vs. 31%)
- Participation in utility's green power option (47% vs. 30%)
- Satisfaction with utility's green power option (8.9 vs. 7.5)
- Awareness of home energy audits offered by utility(46% vs. 31%)
- Awareness of discounted electric rates for income-qualifying customers (49% vs.60%)
- Familiarity with global warming and climate change issue (7.7 vs. 6.6)
- Concern about global warming and climate change (8.2 vs. 7.3)
- Belief that most scientists agree with one another about the global warming and climate change issues (68% vs. 45%)
- Belief that utility is very involved in controlling green house gas emissions (26% vs. 16%)

The results of this survey indicate that CPAU continues to have a solid relationship with its residential customers, even in spite of rising electricity and natural gas costs.

What is particularly interesting is the finding – validated in the results – that CPAU customers are different from their counterparts at other municipal utilities throughout California.

These differences are reflected in several places in this research:

1. On the global warming/climate change issue, CPAU customers are significantly more likely than other municipal utility customers in California to be aware of the issue and to express concern about it. And, while CPAU customers are significantly more likely to believe their utility is actively involved in controlling greenhouse gas emissions, it is equally noteworthy that a plurality of nearly half (45%) are uncertain about what CPAU is doing in this area. RKS concludes from these findings that CPAU customers have much higher expectations from CPAU on global warming and related issues than do other municipal utility customers around the state have from their utility. Stated differently, the onus is on CPAU to become active and to inform and educate customers about what it is doing.



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2. Another important distinction found in this research is that, while CPAU still does well on the price/value dimension, there is some slippage from the previous reading among residential customers. This is a natural result of increasing bills. It is RKS' experience that, while price increases result in short-term declines in customer satisfaction, so long as utility performance on the other dimensions hold steady, the erosion in customer satisfaction caused by price will be generally short term in nature.
3. A third area where CPAU customers are different is their facility with using websites and their preferences for doing things online. But the challenge for CPAU is that their customers have higher expectations than their counterparts around the state. And, as a result, the CPAU website garners average ratings at best.

Overall, CPAU performs quite positively across all measures in this survey. A few findings that merit special highlighting include the following:

- CPAU boasts an excellent record for power delivery in 2006, with the majority of customers saying they never experienced an outage over the past year – a significant improvement over 2004. Customers also reported fewer interruptions, with both falling far below the state average. In turn, customers give CPAU high scores for its efforts to keep outages down and commend it for providing consistent power during summer heat wave.
- From a cost/value standpoint, customers continue to feel they're receiving a solid value for their money and that CPAU gives them their money's worth in electricity and service. Customers' perceptions of the price they pay for electricity has remained stable and continue to be more positive than that for the state at large. Online bill payment has become one of the most widely preferred ways to pay utility bills – over half prefer to pay through the utility website or through a third party online.