TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DEPARTMENT: UTILITIES
DATE: APRIL 28, 2008
CMR: 211:08
SUBJECT: 2007 UTILITY BUSINESS CUSTOMER SATISFACTION SURVEY RESULTS FOR CALIFORNIA AND PALO ALTO

This report is for the Council’s information only. No action is required.

BACKGROUND
A sample of Palo Alto business customers was surveyed by telephone by RKS Research and Consulting as part of a statewide customer satisfaction survey conducted by the California Municipal Utilities Association (CMUA). The survey is conducted every other year with the initial benchmark survey first completed in 2001, making this the fourth time Palo Alto has participated in a survey of this type.

The overall project goal is to obtain an updated measurement of customer satisfaction with municipal utilities in general. The City of Palo Alto Utilities (CPAU) opted to extend this survey to an additional “over-sample” of its business customers in order to gain Palo Alto-specific results for comparison against both the statewide results as well as its own results in 2005.

The statewide CMUA survey was based on 557 telephone interviews conducted among business customers throughout California, including:
- 454 interviews conducted among business customers served by municipal utilities (251 in Southern California, 203 in Northern California)
- 103 interviews conducted among customers served by California investor-owned utilities

The CPAU over-sample consisted of 150 interviews based on a sample of customers provided by CPAU. Of these, five interviews were conducted among key accounts, eight were among large businesses and 137 interviews were among small businesses.

The survey addresses business 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 efforts towards energy efficiency.
DISCUSSION
The survey uses the Business Performance Record (BPR) to measure business customers’ satisfaction with their utility. The BPR provides a picture of utility performance as assessed by customers in areas such as power delivery, customer service, and image; and provides an overall score that offers a basis for comparison against previous CPAU results and with other utilities. On total BPR, CPAU did as well as it did in 2005 and just above the statewide norm for California municipal utilities for 2007. However, CPAU’s scores remain below those of its high-scoring neighbors on the overall rating – total BPR – as well as on individual components.

One interesting finding of the survey, consistent with last year’s findings for CPAU’s residential customers, is that CPAU’s business customers are different from their counterparts at other municipal utilities throughout California. CPAU customers are clearly more environmentally conscious. In addition to voicing much more concern about global warming, they are more likely to be taking action – to have an energy efficiency plan or a carbon dioxide reduction plan – than others in California, and show a greater willingness to help fund solutions to global warming and climate change with higher electric rates.

Other survey findings include:

- Given a choice, the vast majority (76%) of business customers prefer to be served by a municipal utility – significantly more than the state and regional average. This is a number that has held steady since 2005.
- Customers perceive that electric prices are competitive, but are also increasing.
- Customers feel that they receive good value for their money, but there has been slippage when asked whether they receive good service for their money.
- Although reported outages and interruptions for CPAU customers are lower than the California average for other municipally-owned utilities, customers give CPAU slightly lower ratings than in 2005 for providing reliable power, restoring power quickly and being easy to reach in an outage.
- Most CPAU customers who have an account representative give their representatives excellent ratings for being easy to get in touch with, for responding promptly and for their overall performance. Customers indicate a preference for more site visits and money saving advice.
- Although CPAU business customers are generally satisfied with their contact experience, CPAU’s ratings are lower than those for other Northern California Power Agency (NCPA) utilities. For customers not having an account representative, the Phone Center customer service representative’s ability to answer questions in a timely manner and in one call show the largest performance gaps compared to other NCPA utilities.
- Most business customers consider CPAU’s website to be at least average and reasonably simple to navigate. However, it falls somewhat short as an information source or a resource for basic questions or problems when compared with other municipal utilities.

In summary, the survey findings provide valuable insights into business customers’ perception of value for CPAU services and point out areas for improvements in the future.
POLICY IMPLICATIONS
There are no policy implications.

ENVIRONMENTAL REVIEW
This informational report does not meet the definition of a project for the purpose of the California Environmental Quality Act (CEQA) pursuant to Section 21065 of the California Public Resources Code, thus no environmental assessment is required.

ATTACHMENT

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