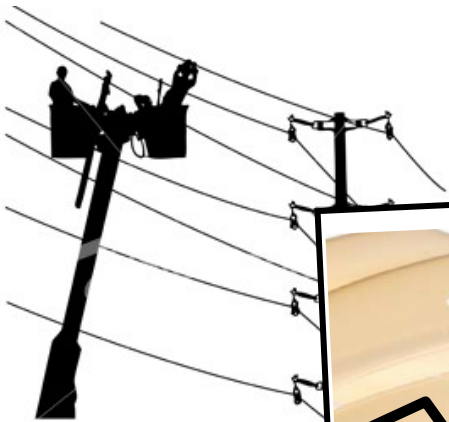


HYDRO  XYZ



**SAMPLE**  
UTILITY PURPOSE

June 2007

# Hydro XYZ

## 9<sup>th</sup> Annual Electric Utility Customer Satisfaction Survey



**The purpose of this report is to profile the connection between Hydro XYZ and its customers.**

The primary objective of the Electric Utility Customer Satisfaction Survey is to provide information that will support discussions about improving customer service at every level in your utility.

The UtilityPULSE Report Card® and survey analysis contained in this report do not merely capture state of mind or perceptions about your customers' needs and wants. *The UtilityPULSE Electric Utility Customer Satisfaction Survey is a measurable and clear assessment of what is important in the customer's overall experience with Hydro XYZ.*

By allowing your customers to have "a voice", and in turn "hearing and listening" to what they have to say will allow you to build and create a superior value proposition.

It's about comparing service quality performance from the "voice of the customer" point of view.

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# Hydro XYZ Customer Service Quality Poll

This is privileged and confidential material and no part may be used outside Hydro XYZ without written permission from UtilityPULSE, the electric utility survey division of Simul Corporation.

All comments and questions should be addressed to:

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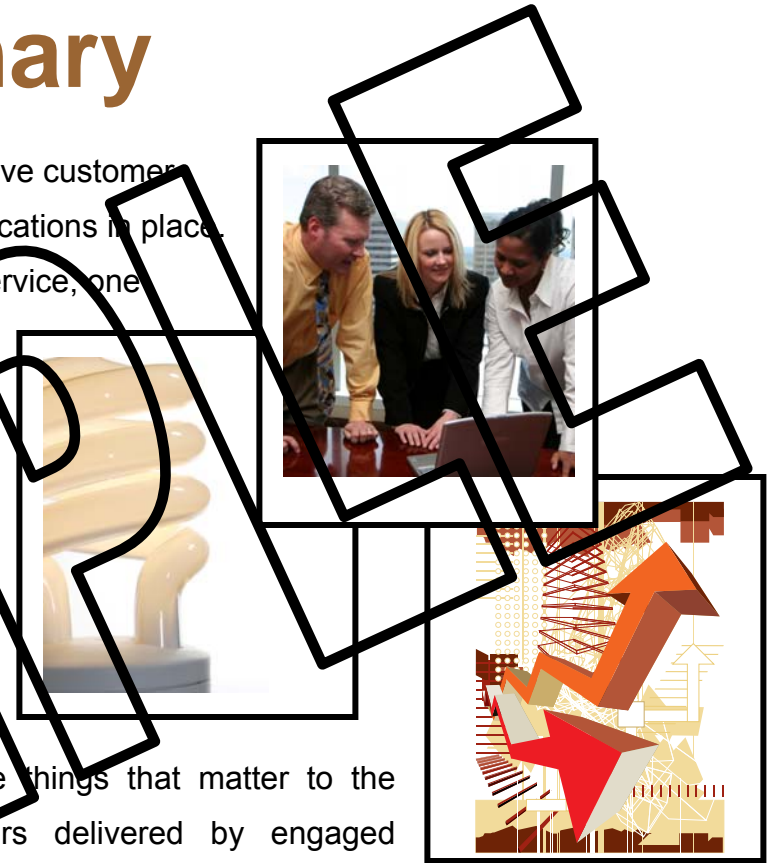
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# Executive summary

The time is now to ensure that Hydro XYZ has effective customer friendly energy conservation programs and communications in place. When asked what Hydro XYZ could do to improve service, one third of the customers with comments made an energy conservation or environment-related suggestion.

Providing excellence in the customer experience won't come from corporate directives. As Simul consultants have learned by working with executives and managers, it will come from better listening to customers, better measurement of the things that matter to the customer, and better interactions with customers delivered by engaged employees. Respondents to the 2007 UtilityPULSE Customer Satisfaction survey show that Hydro XYZ is a "benchmark" performer in the industry, though one with opportunity



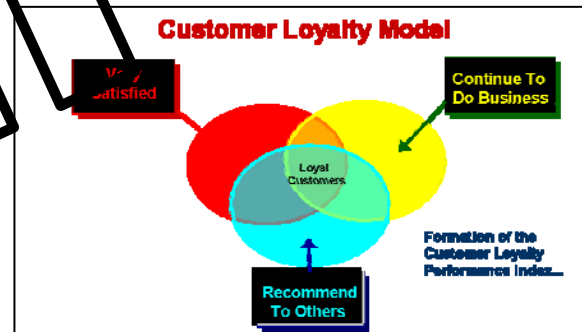


areas. Respondents were critical of Hydro XYZ in the areas of Company Leadership and Accurate billing & meter reading. The good news is, the progress that Hydro XYZ has made over the past three years ensured that it's performance is still rated benchmark. See UtilityPULSE Report Card®.

Information gained through conducting the 2007 survey augmented with data from our files shows that building and sustaining an excellent reputation or brand with the customer requires the utility to constantly demonstrate that it is credible and trustworthy. Unfortunately an advertising campaign won't help you achieve the desired results. What will is the many "moments of truth" experienced by customers when they receive information or help from your employees, printed communications or website.

### Customer Loyalty and Satisfaction with Hydro XYZ

Simul uses three factors to compute a loyalty score: satisfaction with bill payers' local electricity utility, how likely they are to continue with the utility, and how likely they are to recommend it. Based on their opinions, Simul sorts the bill payers into four loyalty groups: the





Secure group (the most loyal), Still Favorable, Indifferent, and At Risk.

Why measure loyalty when customers can't defect to competitors?

The Hydro XYZ survey shows that customers in the Secure segment are much less price-sensitive than customers in the At Risk group. Fewer than half the At Risk customers agree that Hydro XYZ tries to keep rates reasonable and works with customers to keep energy costs affordable. But nearly all secure bill payers think so.

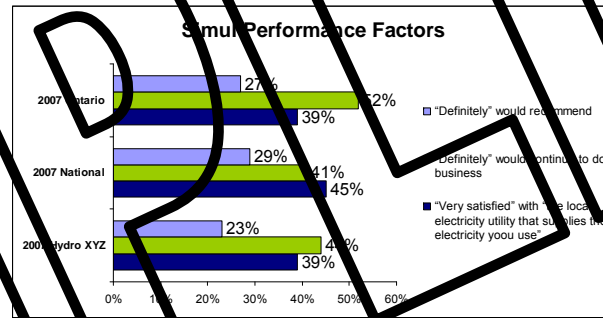
At Risk (and Indifferent) bill payers' trash-talk the company. They are much more likely than Secure and Favorable customers to think Hydro XYZ is not well managed financially, not involved in the community and does not have competent, knowledgeable employees. Secure customers are almost three times as likely as At Risk customers to believe Hydro XYZ provides good value for their money.

At Risk customers are seven times more likely to say that they had a billing problem in the last 12 months. When they complain about bills, At Risk customers are less likely to be satisfied with the company's response. As every utility knows, the vast majority of the calls into the call centre deal with blackouts and bills. At Simul we call them the "killer B's".

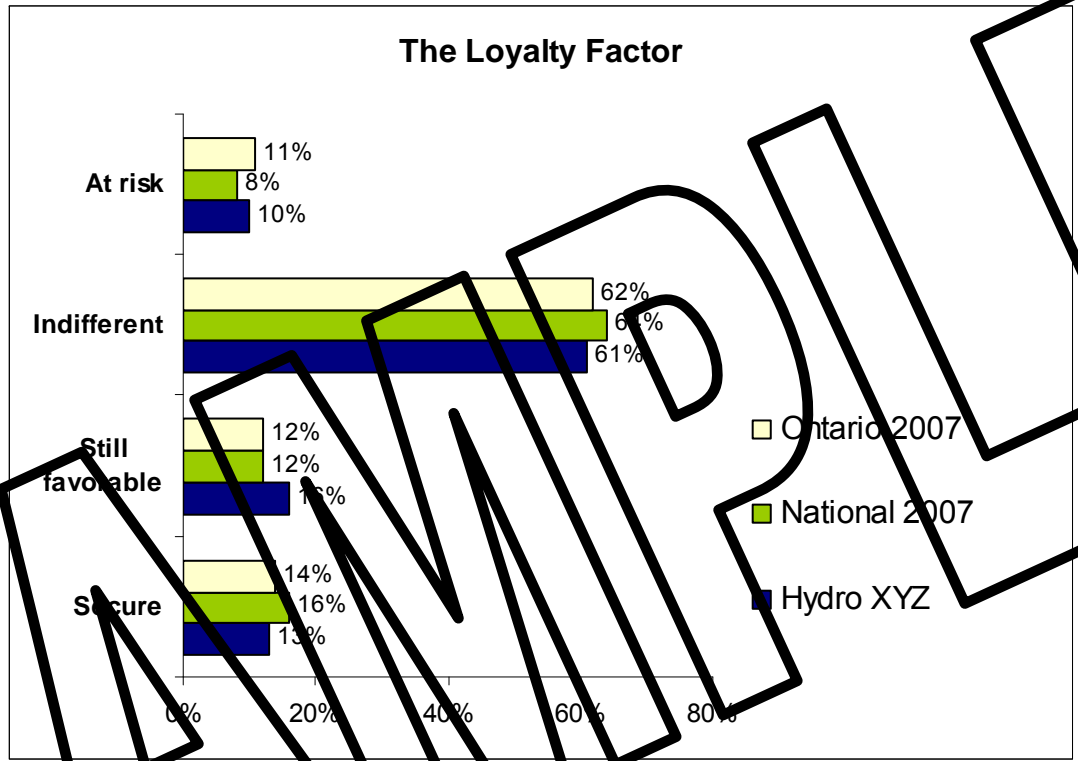
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Simul/UtilityPULSE Loyalty Performance Score Factors	Hydro XYZ	National	Ontario
“Very satisfied” with “the local electricity utility that supplies the electricity you use”	39%	45%	39%
“Definitely” would continue to do business with it	44%	41%	52%
“Definitely” would recommend it	23%	29%	27%



Simul/UtilityPULSE Customer Loyalty Score Segments	Hydro XYZ	National	Ontario
Secure	15%	16%	14%
Still Favorable	16%	12%	12%
Indifferent	61%	64%	62%
At Risk	10%	7%	11%

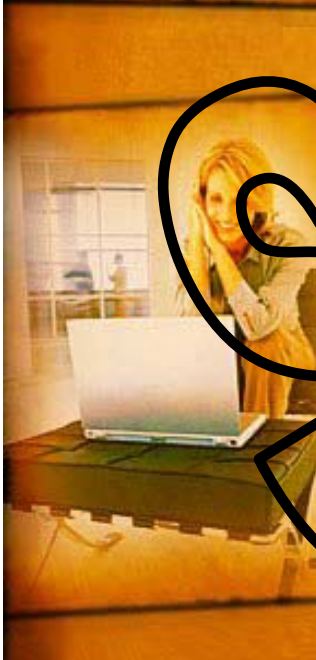


Loyal customers enhance the value of the utility. Loyal customers are more likely to see the world the way management sees it. Committed customers feel their interests and their utility's are often in common. When customers are committed, they voluntarily tell others how they feel.



Based on the new findings, 27% customers who buy from Hydro XYZ are in the Simul/UtilityPULSE Secure or Still Favorable groups, meaning they are committed to Hydro XYZ. Other electricity bill payers in the country are slightly less loyal to their present electricity provider. Some 28% of electricity customers nationally are in the Secure and Favorable groups.

	Secure	Favorable	Indifferent	At Risk
Hydro XYZ Total	12%	15%	64%	9%
Residential	12%	15%	63%	9%
Commercial	10%	13%	70%	7%



The Simul/UtilityPULSE checks overall customer satisfaction twice in its bill payer interviews to examine how the dimensions of service reviewed in the survey affect opinions. Discussing blackouts, billing issues, energy conservation and 22 aspects of customer care produces a modest but measurable change in bill payers' viewpoints.



Hydro XYZ bill payers who are 'very' or 'fairly' satisfied with ...			
	Total	Residential	Commercial
Initially: "Local electricity utility..."	83%	82%	86%
End of interview: "Hydro XYZ"	89%	90%	87%

Base: all bill payers

Two key conclusions. The first, about 8 out of 10 Hydro XYZ bill payers are satisfied ("very" or "fairly") with their local electricity utility (83%) a level of customer approval a little under ratings for other electricity utilities in Canada (88%) but the same as utilities in Ontario (83%).

The second, as customers learn more about their utility there is a modest improvement in overall satisfaction. Simul recommends that utilities ensure that their customer communications and marketing programs are designed and executed in ways that build the image of the utility.



- ❑ **UtilityPULSE Report Card®: Simul examines six drivers of customer perception as it relates to utility performance.**

Customer care begins with the reliable delivery of electricity to customers. Utilities are expected to maintain high levels of operational service. Nine in 10 bill payers surveyed for the Hydro XYZ Simul/UtilityPULSE survey agree (strongly or somewhat) that Hydro XYZ provides “consistent, reliable energy.”

It might seem obvious to say that the simplest route to customer satisfaction is to maintain high levels of operational service and avoid outages. In truth, people often judge organizations more by how they behave when things go wrong than when they go right. Communications with customers during crisis events, power outages and billing issues play a crucial role in satisfaction.

The **UtilityPULSE Report Card®** provides feedback in two ways. The **first** helps you understand the importance or weighting that Customers put on each of the drivers when forming their perception about your. The **second** represents your customers’ views about how your utility performs when compared to the National and Ontario benchmarks.



Company Leadership, when compared to the National benchmark is rated as a liability performance. When compared to the Ontario benchmark it is considered benchmark performance – though at the extreme low-end of the benchmark range. We recommend refining your public relations strategy and stepping up your investments in the PR arena.

The six drivers of satisfaction identified are:

- Price & Value
- Power Quality & Reliability
- Operational Effectiveness
- Customer Service
- Corporate Stewardship
- Company Image

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# Hydro XYZ's UtilityPULSE Report Card<sup>®</sup>

## Part 1: Importance to Customers

CATEGORY		Hydro XYZ	National	Ontario
1	<b>Customer Care</b>	83%	27%	28%
	Price and Value	10%	7%	8%
	Customer Service	24%	21%	21%
2	<b>Company Image</b>	17%	22%	21%
	Company Leadership	9%	12%	12%
	Corporate Stewardship	8%	9%	9%
3	<b>Management Operations</b>	46%	51%	51%
	Operational Effectiveness	25%	26%	26%
	Power Quality and Reliability	25%	25%	25%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>

Shares may not add exactly to 100% due to rounding.



# Hydro XYZ's UtilityPULSE Report Card®

## Part 2: Performance

	CATEGORY	NATIONAL	CANTARIO
1	<b>Customer Care</b>	<b>Benchmark</b>	<b>Benchmark</b>
	Price and Value	Benchmark	Benchmark
	Customer Service	Benchmark	Benchmark
2	<b>Company Image</b>	<b>Benchmark</b>	<b>Benchmark</b>
	Company Leadership	Liability	Benchmark
	Corporate Stewardship	Benchmark	Benchmark
3	<b>Management Operations</b>	<b>Benchmark</b>	<b>Benchmark</b>
	Operational Effectiveness	Benchmark	Benchmark
	Power Quality and Reliability	Benchmark	Benchmark
<b>OVERALL</b>		<b>Benchmark</b>	<b>Benchmark</b>

**Strength:**  
Indicates the utility is performing better than the benchmark

**Potential Strength:**  
Indicates the utility is doing well or slightly above benchmark

**Benchmark:**  
Indicates the utility is performing the same as the benchmark

**Potential Liability:**  
Indicates the utility is performing slightly below the benchmark

**Liability:**  
Indicates the utility is performing below the benchmark



❑ **Corporate Image**

Simul uses a comprehensive list of attributes to analyze the reputation of the utility. Image, hence brand, is a feeling.

The following table illustrates the top five of the 22 factors that forge the brand reputation in the minds of Hydro XYZ customers:

Attributes of a hydro utility's image			
Agree 'strongly' + 'somewhat'	Hydro XYZ	National	Ontario
Provides consistent, reliable energy	91%	94%	91%
Accurate billing and meter reading	75%	79%	79%
Quickly handles outages and restores power	79%	85%	84%
Keeps customers well informed	79%	75%	72%
Makes using electricity safely a top priority	78%	82%	81%
A financially well managed organization	36%	53%	42%



□ ***An integral part of the customer experience is the billing process; for most customers, critical aspects of billing are accuracy, timeliness, being clear and understandable, billing the correct party for the appropriate services.***

- 16% of Hydro XYZ bill payers had a billing problem in the past 12 months, which is virtually no change from 2006, when 15% reported having a problem with their bill or statement. Bill problems were much more common in 2005, when 20% recalled a billing issue.
- 9% of hydro bill payers reported a problem with a bill across the country, 11% across Ontario.
- Commercial accounts (20%) had a higher incidence of bill problems than residential bill payers (15%).

Billing is one of the few areas over which a utility has complete control. Ensuring that an efficient billing process is in place will create positive customer experiences.



❑ **What are customers recommending as improvements?**

- The most frequently mentioned – unprompted – improvement for customers with comments is lower prices, 26% of the respondents making suggestions mention that, followed by changes to conserve energy at 24%. Like consumers everywhere, Hydro XYZ bill payers expect continually improved service at steady prices.
- Commercial customers, by 21% to 5%, are more likely than residential bill payers to complain about Hydro XYZ's staff (not following up on consumer complaints, not being polite, not being knowledgeable).

Hydro XYZ's brand is building. Overall in the 2004 Simul poll, 66% of all Hydro XYZ customers were "very" or "fairly" satisfied with their "local electricity utility" compared with only 70% in 2005. In 2007, the numbers were 85% and 81% in 2006.

Satisfied customers focus more on conservation than on reliable service and cost. Satisfied customers are the greenest customers in the Hydro XYZ market. They say the reason to conserve electricity is to protect the environment. Dissatisfied customers say



the reason is to save money. Satisfied customers notice the steps Hydro XYZ has taken to protect the environment. Dissatisfied customers don't see the company that way.

☐ ***“How many light bulbs does it take to change the world?”; What are the reasons cited prompting consumers to conserve ...***

Respondents were asked to identify the most important reason to conserve electricity.

- From the East coast to the West coast the idea of protecting the environment was forefront in everyone's mind as a reason to conserve; Hydro XYZ (44%) ON (42%), National (47%).

Most important reason to conserve electricity			
	Hydro XYZ	National	Ontario
To protect the environment	44%	47%	42%
To maintain a secure supply of electricity	25%	22%	24%
To save money	14%	14%	16%
To be seen as a conserver not a waster	12%	14%	14%



Most important reason to conserve electricity			
	Total	Residential	Commercial
To protect the environment	44%	45%	39%
To maintain a secure supply of electricity	25%	24%	33%
To save money	14%	15%	11%
To be seen as a conserver not a waster	12%	12%	13%

As part of individual conservation efforts, 89% this year (in 2006, 69%) indicated that they had installed energy-efficient light bulbs or other lighting over the past 12 months. This year 65% (in 2006, 60%) said they shifted their use of electricity to off-peak times.

In the unprompted question, 8% of the sample with suggestions, identified - as a customer service improvement - that Hydro X/YZ start or expand the use of SMART meters.

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## □ **Smart Meter Awareness**

Two thirds (68%) of Hydro XYZ bill payers are familiar with the term SMART meter. Two thirds (66%) also have heard of the government's plan to require people to have a SMART meter.

Two thirds say the government's "main goal" is to reduce peak-hour demand for electricity (67%); as opposed to saving money (8%), protecting the environment (6%), or providing consumers with information on their electricity costs and usage (14%).

Hydro XYZ customers are not certain the program will succeed. Half feel it's not likely to reduce electricity demand "substantially." About 6 in 10 are supportive about paying "a little more" to use SMART meters if it will help the environment. However 23% disagree strongly about paying more. About 2 in 3 bill payers agree that SMART meters will allow consumers to spend less for electricity; 1 in 4 however have doubts. And 5 in 10 thinks it's a bad idea unless it saves them money.



### ❑ *Ability to Pay*

Empirical analysis indicates a negative association between the level of customer satisfaction and the degree of price tolerance. This means that only highly satisfied customers are willing to pay more and very dissatisfied customers are definitely not willing.



However, 3 in 10 Hydro XYZ customers (30%) often or sometimes worries about finding the money to pay their bill, a substantive number of people. This means helping customers conserve energy or save on their bill is not only smart from an environmental perspective but important from a customer's viewpoint.

It would seem that Hydro XYZ should revisit or revise its marketing and communications strategy because only 49% acknowledge Hydro XYZ's efforts to "keep electricity rates reasonable." Only 52% agree that Hydro XYZ "works with customers to keep their energy costs affordable."

At Hydro XYZ the factors most closely correlated with high satisfaction are reliable energy, quickly restoring power when it fails, accurate billing and meter reading, safe



operations and keeping customers informed. These are the electricity bill payers' "specs" for customer service. Hydro XYZ has received low scores for accurate billing and meter reading in the 2007 survey.

In the rest of the nation as a whole, these are big ingredients in high customer satisfaction as well. These are, after all, the core activities of an electric utility that customers expect will be done professionally and responsibly at all times.

Recognizing that there are many "moments of truth" that add up to a customer experience then it is important that your utility:

- Demonstrate its knowledge about the things that matter to customers (reliability, safety, conservation).
- Ensure that every utility employee recognizes that every interaction with a customer is an opportunity to delight or disappoint, therefore always be helpful.
- Effectively communicate, in customer-friendly ways, about its energy conservation and billing programs.
- Leadership recognizes that organizational culture, leadership and performance are tightly tied together.



The primary goal of really listening to customers and responding effectively to them is to create a higher level of affinity with your organization. With higher levels of affinity come higher levels of confidence that you and your people will handle their problems with speed and professionalism. This results in less stress on your call centre. It also results in higher levels of acceptance of various communiqués and marketing messages that you send to the customer.

By effectively leveraging results from your 2007 customer survey, derived from speaking with 614 Hydro XYZ customers (April 8-24), you can identify ways to improve both customer and employee satisfaction.

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## Table of contents

Executive summary	4
Satisfaction with services in the community (pre & post)	25
Bill payers' recent problems	30
Bill payers' problem resolution	43
Corporate Image	46
UtilityPULSE Report Card®	53
How can Hydro XYZ improve its service to customers?	62
Customer commitment	67
Word of mouth	71
The Loyalty Factor	75
What are customers doing about energy efficiency?	81
How do bill payers view SMART meters?	88
What do customers think about hydro costs?	94
What do Small commercial customers think?	97
Method	103
About Simul	107

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