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Utilities Advisory Commission Staff Report

From: Kiely Nose, Interim Utilities Director
Lead Department: Utilities

Meeting Date: February 5, 2025
Report #: 2412-3949

TITLE

Results of the Business and Key Account Customer Electric and Water Utility Satisfaction Survey

RECOMMENDATION

This item is an informational report and no action is requested.

EXECUTIVE SUMMARY

This report presents the findings from the recent business and key account customer survey conducted for the City of Palo Alto Utilities (CPAU) from August through October 2024. The survey aimed to assess customer knowledge and satisfaction on the following topics: organizational trust, service reliability, utility rates, infrastructure, customer programs, sustainability practices, and overall engagement with CPAU's services. The results provide valuable insights into customer perceptions, highlighting strengths for CPAU and opportunities for improvement.

Two versions of the survey were administered; one version focused on water as a commodity. This version was distributed to key accounts with dedicated irrigation meters and higher water consumption. Another version focused on electricity was distributed to both business and key account (larger business) customers.

The surveys were conducted in collaboration with the California Municipal Utilities Association (CMUA) and administered by GreatBlue Research Inc., who also partnered with other utilities for a statewide survey of business customers. This is the second survey of business and key account customers through GreatBlue Research, following an initial survey of this sector in 2022. The 2022 survey included water and electricity questions, with 48 completed responses, but did not have a dedicated water component specific for key account customers. As a result, some water-related questions in the 2024 survey do not have a benchmark comparison to 2022. The 2024 survey expanded data collection on water-related topics with a strong focus on water conservation. In total, 87 completed surveys were collected (30 on water, 57 on electricity). Future surveys will continue to assess water-related topics with dedicated questions for key account customers to provide a comparative analysis.

ANALYSIS

Overall Satisfaction

Electric Services: 61.5% of customers reported positive satisfaction ratings with CPAU's electric services, which is a decline from 2022 (80.0%).

Water Services: Satisfaction with CPAU's water services was significantly higher, with 86.7% of customers scoring a positive satisfaction rating, compared to 68.0% for all municipal-owned utilities (municipal) statewide.

The weighted average for the satisfaction scores, between both survey versions, calculates to 70.3%, which presents a 9.7% decrease from CPAU's 2022 results.

Trust and Value

Electric Customers: 39.2% of electric customers view CPAU as "a valued energy partner," which is consistent with 2022, but lower than the statewide municipal customer benchmark (64.1%).

Water Customers: Conversely, 80.0% of water customers consider CPAU "a valued energy partner." 90.0% of water customers trust CPAU's water supply meets drinking water standards, while 86.7% are confident CPAU would act swiftly to resolve water supply issues.

Reliability

Electric customers provided CPAU with an 82.1% average positive rating when evaluating CPAU on several power delivery characteristics, outperforming the 2024 statewide municipal average (69.6%).

Similarly, 86.7% of water customers rated CPAU positively for providing reliable water service.

Rates and Affordability

Satisfaction with electric rates was lower than expected, scoring 46.8%, compared to the statewide municipal score of 62.8% and CPAU's 2022 score of 50%.

Water rate satisfaction was higher at 70.4%, compared to 52.8% for statewide municipal utility customers, and 55% for Investor-Owned Utilities (IOU) customers.

Only 49.1% of electric customers and 56.7% of water customers understood how CPAU's rates are determined, falling below scores of municipal (66.4% for electric and 64.1% for water) and IOU customers (73.2% for electric and 75% for water) on both surveys.

Water Infrastructure and Investments

46.7% of water customers support infrastructure upgrades funded by CPAU rate increases, compared to 39.8% and 45% for municipal and IOU customers, respectively.

73.3% of water customers support such efforts if funded by the state, a score that finished up 12.9% higher than municipal, and 10.3% higher than IOU customers.

Electrification and Conservation

Engagement in electrification is limited; 24.6% of electric customers are actively electrifying their buildings, and 14.0% are electrifying their fleets. Both of these figures trail behind municipal and IOUs for building and fleet electrification.

The top barriers to commercial electrification include high upfront costs (42.1%), retrofit challenges for existing buildings, including space constraints (26.3%), and complex permitting processes and code requirements (24.6%).

Interest in efficiency programs is strong, with 35.1% expressing interest in On-Bill-Finance options.

73.3% of water customers are likely to recommend water efficiency programs. Moreover, 43.4% of respondents reported being satisfied with CPAU's water conservation rebates and audits, and 40% reported satisfaction with the Waterfluence Landscape Budget Program. However, two-fifths of water customers desire more guidance on these conservation and rebate programs, specifically the Waterfluence Landscape Budget Program. However, almost a quarter are aware of but have not used the Waterfluence Landscape Budget Program, with another 30% unaware.

Customer Engagement

Satisfaction with recent interactions is high; 82.8% of electric customers and 95.8% of water customers were satisfied with their most recent contact with CPAU.

Among the water customers with key account managers (63.3% of all water respondents), CPAU received positive ratings across all six (6) key account manager characteristics, with three (3) characteristics receiving scores of 100%.

Key Account Satisfaction

The key account program satisfaction was rated in the following six areas: key account representative responds promptly, provides money-savings advice, performs as a valued partner, is easy to reach, understands what your organization does and how commodities are involved in your business, acts as a source of information about emerging technologies and how they benefit you. The average score for the criteria listed above was very strong at 92.5%, which represents a 28.2 percentage point improvement from CPAU's 2022 results (64.3%).

Net Positive Score (NP+S)

CPAU water customers achieved an impressive 96.7% NP+S (advocates + loyal + satisfied customers), indicating strong loyalty and advocacy, while electric customers achieved a 70.1% NP+S.

Key Takeaways

1. Strong water utility performance: Business and key account customers score CPAU with a strong performance in water utility services. CPAU's water utility outperforms municipal benchmarks in customer satisfaction, reliability, and trust, but faces challenges in raising infrastructure awareness.
2. Electric satisfaction decline: Satisfaction with CPAU's electric service has decreased, particularly around rates and trust in affordability efforts.
3. Education and awareness gaps: Customers of both utilities lack sufficient understanding of rate structures and awareness of conservation and efficiency programs.
4. Interest in efficiency programs: Significant interest exists in programs supporting energy and water efficiency, but financial barriers persist for energy upgrades, while water customers seek more guidance on conservation and rebate programs.
5. Infrastructure support varies: While most customers back state-funded water infrastructure investments, support is reduced if tied to rate increases. Sentiments for infrastructure support is significantly higher for CPAU versus municipal and IOU customers.
6. Positive engagement and service: Customer satisfaction with CPAU interactions remains high for both utilities, providing a strong foundation for increased engagement.
7. Engaging key accounts program: The program is a strategic and successful service that fosters relationship building and trust, as demonstrated by the strong engagement with CPAU's largest commercial customers.

Action Items

1. Enhance education on rates and programs: Develop educational resources about rate structures and affordability initiatives for electric services. Launch campaigns to inform water customers about efficient usage and rebate opportunities. For the electric utility, develop webinars, FAQs, and interactive guides on rate structures and affordability initiatives. For the water utility, launch campaigns educating customers on efficient water use and rebate opportunities like the Waterfluence Landscape Budget Program.
2. Expand awareness and participation: Promote CPAU's energy and water efficiency programs through email, newsletters, social media, webinars, in-person meetings, and utility bill inserts. Use testimonials from satisfied participants to drive broader engagement and education.

3. Implement financing options: Offer On-Bill Financing for electrification and efficiency upgrades to address financial barriers. Provide personalized water and energy consultations to help businesses identify cost-saving opportunities and navigate rebate programs.
4. Improve communication on infrastructure: Regularly update customers on water and energy infrastructure projects to showcase reliability improvements and conservation benefits. Clearly articulate how these investments align with CPAU's mission and customer priorities.
5. Leverage high satisfaction ratings: Use positive interaction ratings to foster greater trust among customers. Highlight CPAU's high satisfaction ratings for recent customer interactions as a foundation to build greater trust and loyalty.
6. Establish targeted outreach cadence: Establish a quarterly communication schedule to reinforce key messages and promote relevant programs.

Expected Outcomes

CPAU plans to implement the identified action items and address key takeaway results to improve customer satisfaction, trust, awareness, and engagement. Survey results indicate that an improved understanding of rates and the value of what goes into those investments, including program benefits, will lead to increased satisfaction and trust. Dedicated efforts to raise awareness among customers about programs and resources will lead to higher participation in energy and water efficiency initiatives, as well as accelerate adoption of electrification solutions and conservation practices. Expanding educational outreach and awareness will build greater support for infrastructure investments. Customer relationships will be strengthened, solidifying CPAU's reputation as a reliable utility provider focused on community needs.

This report serves as a foundational document for the Utilities Advisory Commission to consider strategic actions based on customer feedback and insights gained from results of the survey conducted in 2024.

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