



## City Council Staff Report

**From: City Manager**

**Report Type: INFORMATION REPORTS**

**Lead Department: Utilities**

**Meeting Date: May 6, 2024**

Staff Report: 2403-2715

### **TITLE**

City of Palo Alto Utilities Residential Electric and Water Utility Customer Survey Results; CEQA status: not a project.

### **RECOMMENDATION**

This report is for informational purposes only and no action is required by the Palo Alto City Council.

### **EXECUTIVE SUMMARY**

The City of Palo Alto Utilities is a member of the California Municipal Utilities Association (CMUA) and frequently participates in surveys of utilities customers to gauge perspectives and satisfaction with how utilities operate statewide and at the local level. In fall 2023, CMUA contracted with consultant, GreatBlue Research, Inc. (GreatBlue), to survey customers of investor-owned and municipal utilities to provide CMUA members with a benchmark comparison of results year over year as it relates to topics including utility rates, utility service quality and reliability, communications, programs, and customer service. The City of Palo Alto Utilities (CPAU) also opted-in for GreatBlue to perform an “oversample” of Palo Alto residents using the same questions as were provided in the statewide survey but also to dive deeper into Palo Alto-specific issues and interests such as City Council priorities and City policies focused on environmental sustainability and programs.

These survey results were presented to the City of Palo Alto Utilities Advisory Commission on February 7, 2024 ([Staff Report 2401-2507](#)<sup>1</sup>).

### **BACKGROUND**

Statewide residential electric and water utility customer surveys were conducted by GreatBlue in September 2023. GreatBlue received responses from a total of 1,200 utility customers from each statewide survey or 2,400 unique responses from customers. For the Palo Alto oversample,

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<sup>1</sup> Staff Report 2401-2507 <https://www.cityofpaloalto.org/files/assets/public/v/2/agendas-minutes-reports/agendas-minutes/utilities-advisory-commission/archived-agenda-and-minutes/agendas-and-minutes-2024/02-feb-2024/02-07-2024-item-3.pdf>

GreatBlue received responses from approximately 400 residents for each of the electric and water surveys in October 2023. Electric and water utility customers were surveyed individually and were not contacted more than once for both the electric and water surveys.

GreatBlue collected data from a statistically significant, statewide random sampling of the targeted customer base. The consultant worked closely with all CMUA participants, including the City of Palo Alto, to develop and refine each survey instrument to ensure all topics of interest were addressed and to accomplish year-over-year benchmark comparisons. The specific goals, objectives, and areas of investigation were agreed to and finalized prior to survey implementation.

Survey data will be used to help utilities track statewide performance metrics, gauge interest in future programs and services, assess satisfaction locally, regionally, and statewide, and compare progress over time. Ultimately these research studies will provide CMUA member utilities, including CPAU, with actionable insights and recommendations that can be used to make decisions and better operate their organizations.

## **ANALYSIS**

### **Electric Customer Survey Results**

CPAU received significantly higher ratings than northern California utilities and the State of California as a whole when comparing responses between the statewide and Palo Alto oversample results. CPAU customers provided an average positive score of 70.9 percent (compared to 65.5 percent nationwide) based on a series of organizational characteristics, including providing consistent and reliable service to customers, being committed to green, renewable, or carbon neutral energy, and restoring power in a reasonable amount of time after an outage. This rating is higher than averages provided by municipal customers statewide of 62.8 percent. The Net Positive Score (NP+S) for CPAU was 82.1 percent, which is slightly higher than the national average. The net positive score is a different metric than net promoter score, in which NP+S measures advocate, loyal, satisfied and less than satisfied customers, whereas the net promoter score, or NPS, is a metric to measure likelihood to recommend a company, product, or organization, to other consumers. The CPAU NP+S score is consistent with that of customers in northern California and the State of California as a whole.

When asked how frequently CPAU meets their expectations, nearly 80 percent, or four-fifths, of customers reported their expectations are met "all" or "most of the time," which is significantly higher than the frequency of customers in northern California and in the State of California who reported the same. One of the most important characteristics that customers indicated they care about is power outage response, restoration and communication. A key finding is that the most preferred channel for outage and emergency management notifications is through "automated text messages," with the highest number of respondents choosing this option as their number one channel. Email and automated phone calls are the next most preferred channels.

Three out of ten CPAU customers reported they already own an electric vehicle (EV), which is 21.8 percentage points higher than the frequency of customers in the State of California who reported the same. When broken down by age, at least 25 percent of customers in each age group own an EV. Customers in the age range of 55 to 64 have the highest rate of EV ownership, which is significantly higher than those aged 65 and older. The interest in buying an EV is high for all age groups, with at least 40 percent of customers in each age group being likely to make an EV purchase. However, there is significantly higher interest in purchasing an EV among customers 55 years of age and younger compared to those 65 years of age and older. When asked about barriers to purchasing an EV, CPAU customers responded: "long charge time," "limited range / distance per charge," and "higher initial cost to purchase." Other barriers include the "low availability of charging stations" and "low availability of EV options (makes / models)."

Among those CPAU customers who currently have or plan to purchase an EV, over four-fifths reported being more likely to charge their EV during off-peak hours. As for charging station types, there is a strong preference for Level 2 chargers, with significantly more customers reporting a preference for using a Level 2 charger over a Level 1 charger. More customers who are planning to purchase an EV were unsure which charger type they would prefer than those who already own an electric vehicle. Over one-half of CPAU customers that reported a preference for Level 2 chargers indicated they are "very" or "somewhat likely" to install a Level 2 EV charger in their home if it meant it would take longer for them to charge their vehicle, but would reduce the need for CPAU to perform electric system upgrades that could be costly to them, as opposed to a faster charging system.

Two-thirds of customers indicated they "strongly" or "somewhat support" CPAU investing in electrification, with over one-third indicating they "strongly support" these investments. CPAU customers from all age groups reported consistent support for CPAU investing in electrification. Nearly one-half of customers reported they are aware of CPAU's program for residents to switch from gas water heaters to electric heat pump water heaters. Age has a positive correlation with awareness, and the survey revealed that customers are significantly more aware of this electrification option as the respondent age increases. Over one-half of CPAU customers reported considering the purchase of any electrification products, with more customers considering a purchase of a heat pump water heater, ducted heat pump heating, ventilation, and air conditioning (HVAC) system, or induction stove than other electrification products. While not statistically significant, respondents aged 55 to 64 years reported greater consideration of electrification products than those under 55 years of age or 65 years of age and older. Further, significantly more homeowners reported awareness of CPAU's electrification program than renters.

CPAU respondents provided higher ratings than customers across northern California, the State of California, and nationwide for ten of the eleven organizational characteristics that seem most important to customers. The top-rated characteristics among CPAU customers are "providing consistent and reliable electric service to customers," "restoring power in a reasonable amount

of time after an outage," "providing good service and value for the cost of electricity," and "maintaining modern and reliable infrastructure." Conversely, customers placed less importance on CPAU "communicating with customers," "offering innovative programs and services," and their "community involvement."

Two-thirds of CPAU customers responded that their electric rates are "very reasonable" or "somewhat reasonable," which is consistent with customers in northern California and the national average, and slightly higher than the State of California as a whole.

CPAU customers who had a recent customer service interaction provided high ratings for the representative they spoke with, including "being courteous to you and treating you with respect," "understanding your problem or need," and "explaining things you needed to know about your problem." CPAU customers reported a significantly higher average positive rating for the customer service representative they spoke with than customers in Northern California and the State of California.

Among CPAU customers, the top reasons for contacting their utility were to "report an outage," discuss a "high bill," and ask a "question on bill (not a complaint)." The most common methods for contacting CPAU were by telephone, CPAU's website, visiting the office or service center, and email. When looking at the difference between traditional contact methods (phone call, in-person visits) and digital methods (website visit, email, text message, smart phone app, or social media comment), significantly more customers reported utilizing traditional methods of contact than digital methods.

Over three-fifths of customers reported a preference for receiving information from CPAU through email, followed by bill inserts and direct mail. Significantly more CPAU customers prefer digital channels (website, email, social media, mobile app, and text message) than traditional channels (TV, radio, newspaper, bill inserts, and direct mail). Customers 65 years of age or older reported a preference for receiving information through traditional channels than those under 55 years of age, and conversely significantly more customers under 55 years of age reported a preference for receiving information through digital channels than those 65 years of age or older.

### **Water Customer Survey Results**

CPAU water utility customers provided an average positive rating of 78.9 percent (compared to 67.0 percent statewide) based on a series of organizational characteristics similar to the electric utility related to quality, service, reliability, communication, rates, and customer service. Customers provided a NP+S (advocates + loyal + satisfied customers) score of 87.4 percent. Of note, over one-quarter of customers (28.1 percent) reported being either an advocate of or a loyal customer of CPAU.

CPAU received the highest ratings for "maintaining an adequate supply of water," and received higher ratings than customers in northern California and the State of California as a whole for this characteristic. Of CPAU customers, 85 percent indicated that the utility meets their expectations

all or most of the time. More than 80 percent of customers reported being satisfied with their most recent customer service experience.

Nearly one-half of water utility customers indicated they "try hard to use less water but could probably do a little more," while nearly two-fifths indicated they are "already doing everything I possibly can to use less water." Significantly more customers who rent their residence indicated they "try not to waste water but I do not focus very much on the amount of water I use" compared to homeowners.

Among customers, the top reasons for contacting CPAU were for a "billing question," "high bill or consumption call," "general maintenance" or a "water leak / broken pipe." The most common methods for contacting CPAU were by phone, email, and visiting CPAU's website. Over four-fifths of water utility customers reported a preference for receiving information from their utility through email, followed by direct mail and then the CPAU website. As a whole, customers indicate a preference for digital communication channels (website, email, social media, and text message) significantly more than traditional channels (TV, radio, and direct mail). Customers from all age groups reported a significantly greater preference for receiving information through digital channels than through traditional channels.

Customers provided an average positive score of 78.9 percent when rating CPAU on a series of organizational characteristics, which was significantly higher than the average positive ratings provided by customers from both the northern region and throughout the State of California. Customers rated "monitoring water quality," "maintaining an adequate supply of water," and "providing good service and value for the cost of water," as the most important organizational characteristics to them. Conversely, customers placed less importance on their utility "valuing its customers and being committed to providing excellent customer service," "communicating effectively with customers," and their "community involvement."

When asked how frequently their utility meets their expectations, over four-fifths of customers reported their expectations are met "all" or "most of the time." Notably, significantly more customers indicated CPAU meets their expectations "all" or "most of the time" than customers in northern California or the State of California. Customers who had a recent customer service interaction provided the highest positive ratings for the representative "being courteous to you and treating you with respect." Customers provided a significantly higher average positive rating for their customer service experiences than compared to northern California utilities and customers in the State of California as a whole. Over one-half of customers indicated CPAU's customer service is among the best or above average, with one-half of customers indicating they are "among the best" compared to other service providers, such as banks, the telephone or cable company, or other utilities.

Over two-fifths of customers indicated they are familiar with the "WaterSmart Home Water Report Program," the "Landscape Rebate Program" and "Landscape Workshops." Close to 90 percent of customers responded that their utility provides them data or a report of how much

water their household used in the prior bill period. Of these respondents, nearly three-quarters indicated they find this data or report helpful. Slightly more renters who receive a household water consumption report indicated this report is helpful than homeowners who receive a similar report.

Over two-thirds of customers indicated they would find "materials on specific ways to reduce your household's water use at no cost to you" useful, while nearly three-fifths reported they would find it useful to have a reading of how much water their household is using compared to other households in the neighborhood. Of note, slightly more customers who own their residence indicated they would find materials on ways to reduce water use to be useful than those who rent their household.

Over four-fifths of customers reported a preference for receiving information from their utility through email, followed by direct mail and the CPAU website. As a whole, customers prefer digital channels (website, email, social media, and text message) significantly more than traditional channels (TV, radio, and direct mail). Customers from all age groups reported a significantly greater preference for receiving information through digital channels than through traditional channels.

### **Key Findings from Survey Responses**

Results of these studies suggest that it is important for CPAU to elevate and optimize its online presence. This involves ensuring the website is not only user-friendly and mobile-responsive but also provides seamless access to critical information, including important updates, educational content, and avenues for customer inquiries and feedback. By prioritizing digital channels, CPAU can efficiently communicate essential updates, such as company operations and policies, while also creating opportunities to promote awareness of forthcoming programs and rebates. Staff will continue to seek out opportunities to reach utility customers in the most efficient and effective way for them to receive information on important programs, projects, and initiatives.

As it relates to the electric utility, implementation of the City's new outage management system (OMS), which enables automated notifications to customers, will improve communication efforts for power outages and electrical incidents. CPAU staff will strive to communicate more broadly about its operations and efforts to maintain and upgrade its infrastructure and systems to support technological innovations, such as beneficial electrification and advanced metering infrastructure.

By recognizing variations in customer behavior and responses, CPAU can strategically target outreach efforts to ensure homeowners, renters, businesses, and other customer groups, have access to resources tailored to their specific concerns about utility usage, efficiency, and sustainability. This inclusive approach will foster a collective commitment to environmental sustainability throughout the community, regardless of housing, economic, or other demographic statuses.

**FISCAL/RESOURCE IMPACT**

Funding of \$23,000 is available in the FY 2024 Electric and Water operating budgets for the statewide residential electric and water customer satisfaction and Palo Alto oversampling surveys of Council priorities.

**STAKEHOLDER ENGAGEMENT**

CPAU staff were consulted to review and provide input to these statewide and oversample customer surveys. City of Palo Alto residential electric and water utility customers were contacted to gather responses to these surveys.

**ENVIRONMENTAL REVIEW**

The surveys are categorically exempt from the California Environmental Quality Act (CEQA).

**ATTACHMENTS**

None

**APPROVED BY:**

Dean Batchelor, Director of Utilities

Staff: Catherine Elvert, Utilities Communications Manager