

Annual TQS Benchmark Customer Satisfaction of Large Key Accounts

1994 - 2015

BACKGROUND ON TQS RESEARCH

- Established in 1994 in Atlanta, GA by Joe Ellis, previously of Southern Company
- Nationally survey 6500+/- Key Accounts a year to benchmark 49 holding companies
- Experience
 - Best Practices of Top 10 Utilities
 - Corporate Energy Manager's study
 - Benchmarked satisfaction of 6 state PUCs for PacifiCorp
 - Identify Products and Services for Transmission Dept. for MidAmerican

BEST PRACTICES

- Best practices as viewed by Corporate Energy Managers
- Face to Face qualitative research
- Roundtable of top 10 utilities to their views of why they are held in high esteem
- Idea Generation to select and rank the 12 best practices to improve customer service to Key Accounts

SEGMENT OF ONE

Intel	BOC Gases (Linde)
Corporate Energy Manager	Corporate Energy Manager
Importance: Reliability	Importance: Price
Why: 3 days to reset robotics	Why: 87% of O&M is energy costs
Ramifications: HLF – 8760 – Production lost forever; Employees paid while off the job. Delivery	Ramifications: Earnings, stock prices, growth
Willing to pay more for 100% reliability. Dual 115kv lines; split bus, dual breakers, backup.	Demand response, buy back energy, load curves, interruptible, interruptible with buy through, RTP

SEGMENT OF ONE

- Conduct a census of largest customer, rather than a sample
- Ask respondent to allow sharing of results with rep
- Create database showing customer name
- Sort database to identify
 - specific issues
 - reliability problems
 - Candidates for rate options or demand response
- Ability to target specific communication opportunities
- Joint planning

WHY BERKSHIRE HATHAWAY RANKS #1

6

96.1% VERY SATISFIED

- Setting high performance goals
- Tie pay for performance
- Improving communications
- Increasing the number of customer contacts
- Managing by a segment of one
- Assisting customers to reduce their energy costs
- Conducting joint planning programs
- Excellent support from their upper management

SUGGESTIONS FOR IMMEDIATE IMPROVEMENT

- CRM
- Segment of One
- Joint Planning
- Eliminate reliability as a Dissatisfier
- Tie pay/bonuses to results
- Executive involvement

SUCCESSFUL IMPROVEMENTS

Utility	Improvement
PacifiCorp (BHE)	Improved from 29 th to 1 st in 2007 (92%)
MidAmerican (BHE)	Improved from 15 th to 1 st in 2010
Berkshire Hathaway Energy	1 st in 2013 and 2015 (96%)
Southern Co	1 st in 2011, 2012, and 2014 (96%) Continuous improvement every year.
Allegheny (Now First Energy)	Improved from 27 th in 2007 to 6 th in 2009
Portland General	Improved from 17 th in 2005 to 3 rd in 2011 to 3 rd in 2014 (91%)
Xcel	Improved from 27 th in 2003 to 10 th in 2014 (81%)

REASONS KEY ACCOUNTS ARE⁹ “VERY SATISFIED”

Reason	Percent of Times Mentioned
Response to Specific Problems	26%
Overall They Are a Good Company	18%
Excellent Account Rep	12%
Improved Reliability to Our Facility	12%
Tailored Solution to Specific Issue	11%
Value concept – Good Price with Excellent Service	9%
Never Have a Problem	6%
Special Contracts	3%

It's a Segment of One

REASONS FOR OVERALL SATISFACTION BELOW AN 8

Reason	% of Total
Customer Service/Slow Response	30%
Reliability	29%
Price	22%
PQ Issues	9%
No cost reduction/ Energy efficiency	7%
Other	3%

It's a segment of one!

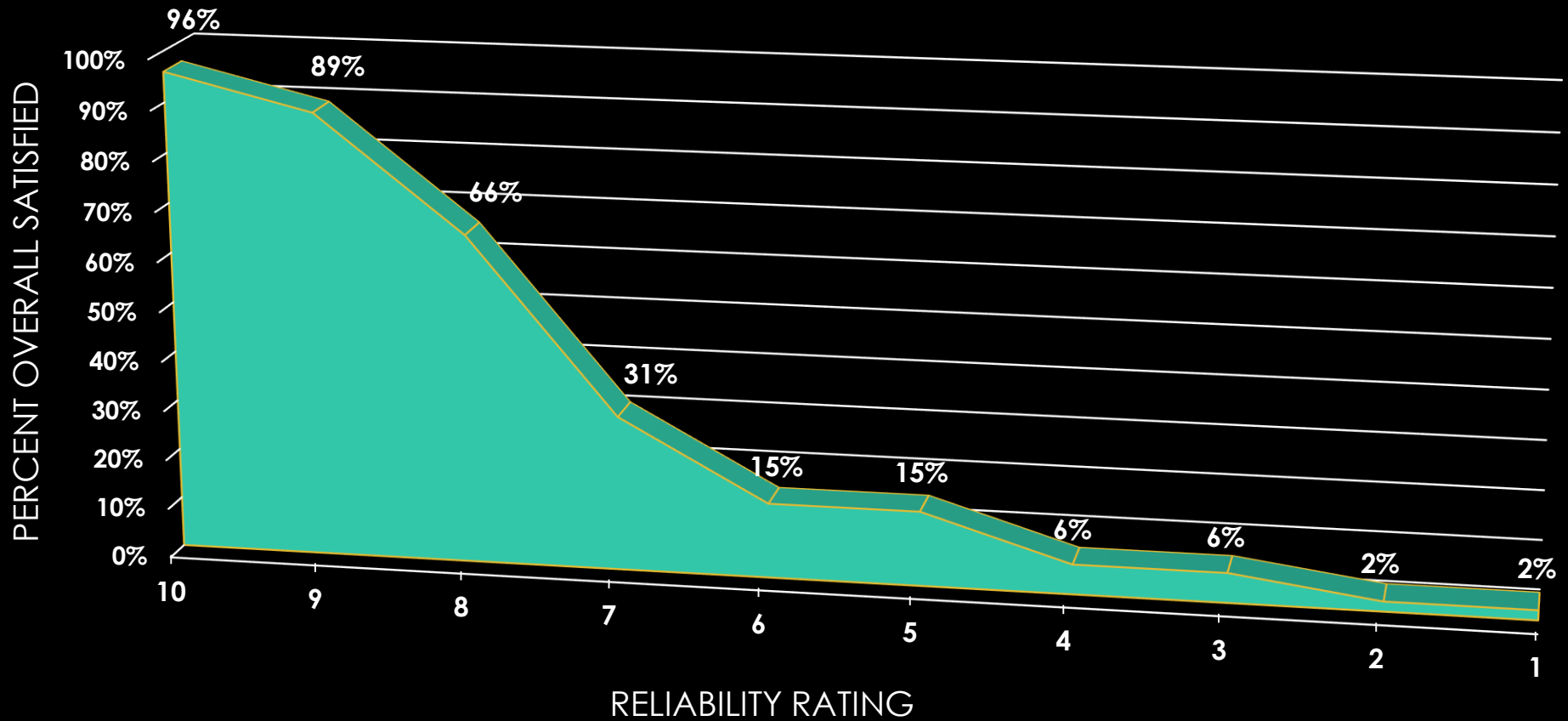
ANNUAL JOINT PLANNING

- LAMP by Miller Hyman
- Use individual reports and database to assess issues
- Meet with key account to jointly develop a written strategic plan for meeting customer needs
- Without “confronting”, use data collected to assist in joint planning documentation, conversation starter
- Individually planning will force communication between customer and utility, improving relations
- Following up to give updates and progress reports for identified issues

RELIABILITY AS A DIS-SATISFIER

- Customers who rated their utility less than a five on Overall Reliability
 - Only 8.8% rated their utility above a seven on Overall Customer Satisfaction.
 - 82% have at least some propensity to switch suppliers.
 - Only 4.9% are very likely to stay with their incumbent utility.
 - Only 4.7% would highly recommend the utility to others.

SLIPPERY SLOPE



PERCEPTION OR SAIDI/ SAIFI

- Saifi is average frequency of outages
- Saidi is average duration of outage
- Breaker operations have little to no impact on these measurements
- Breaker operations have tremendous impact on perception, especially

Robotics

Extrusion

Molten Metals,

EXECUTIVE INVOLVEMENT

It starts from the top

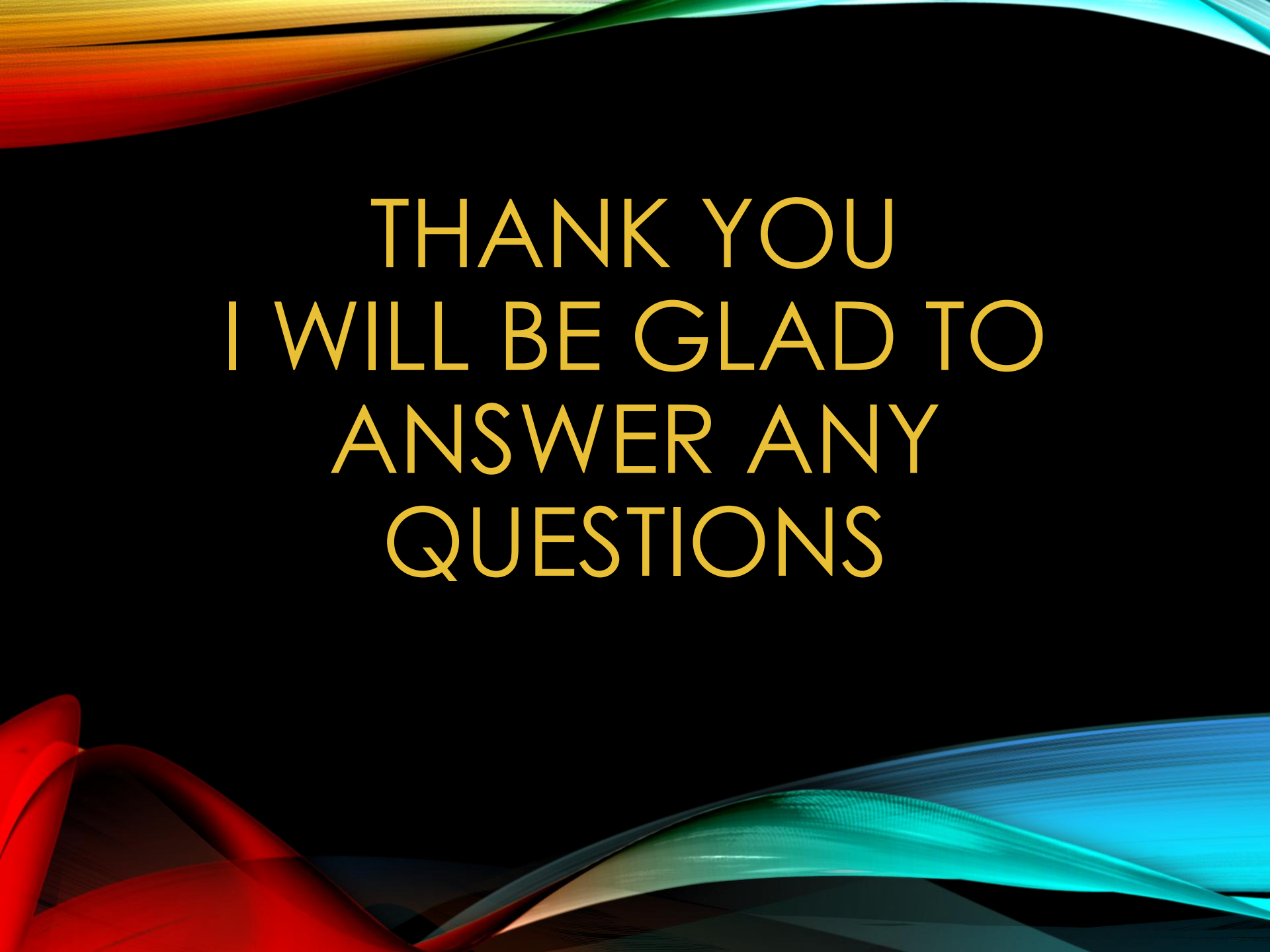
- APCo invites executives from 50 largest customers
- Customers view companies in a better light if executives are seen “in the trenches”
- Make visits to customers
 - Be careful not to over-promise and under deliver
- Communication from executive management regarding pricing, work on reliability, etc.
 - PacifiCorp, Florida Hurricane for example

COMMUNICATION OPPORTUNITIES

Don't Know	National
Competitive Price	25%
Rate Options	19%
Working hard to control costs	18%
Accurate Bills	14%
Rep Authority	11%
Understands Billing Statement	14%
Assistance on reducing cost	10%
Assistance to solve PQ problems	10%

OTHER COMMUNICATIONS

- FP&L Hurricanes
- Rate Increases at Pacific Power
- News Letters
- Offer seminars: Safety; National Electric Code, Industrial Wiring; Motor Controls
- How a substation breaker operates
- Image



THANK YOU
I WILL BE GLAD TO
ANSWER ANY
QUESTIONS