

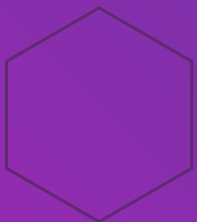


Future-Proofing Your Utility with an **Improved Customer Experience**

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Stop us if you've heard this before: The energy utility industry is changing. *But this time, it's different. Really!* Advanced technology, changing customer expectations, rising energy prices and decarbonization pressures are creating a turbulent and less predictable business environment for utilities. Future-proofing your utility from these strategic challenges requires a deep understanding of your customers and using that knowledge to create outstanding customer experiences. If you don't give customers a reason to look elsewhere, they won't.





“A relevant, personalized digital experience is a basic customer expectation these days.”

Rethinking CX to Meet Changing Customer Expectations

Many utilities are seeking to become the trusted, authoritative, one-stop shop that customers turn to for energy services and information. But before a customer can trust a company, it must demonstrate a detailed understanding of a customer's needs. Think about how much time and effort you spend considering a piece of mail that is addressed to “Occupant.” The answer is zero: You toss it right into the recycling bin.

It's no different with utilities. Developing a more nuanced, personalized understanding of what makes your customers tick is the first step toward achieving a truly compelling customer experience. For too long, utilities designed their services and programs around what was efficient or convenient for the utility. However, this has changed as customer expectations have changed.

Energy utilities have many offerings relevant to customers, from energy efficiency programs to smart home products. But how easy is it for customers to access these resources? What level of effort do customers need to make in order to

find what they want? Is information about these offerings available to customers on the devices they prefer?

One of the reasons why global leaders like Google, Amazon and Zappos are so successful is that they provide their goods and services through an easy-to-use customer interface on a wide variety of platforms.

“A relevant, personalized digital experience is a basic customer expectation these days,” said Brian Lindamood, Vice President of Marketing and Content Strategy at Questline Digital. “Every brand that customers engage with — from Netflix and Apple to their favorite retailers — offers a great experience, from laptop to smartphone.

“That means the bar is set high, and those heightened expectations extend to all brands the customer engages with. If they can get personalized service from their streaming video service or smartphone provider, why can't they get the same level of service from their energy utility?”

Organizational Transformation: Utility Executives Making Customer Experience a Top Priority

Utility leaders interviewed invoked the adage, “It’s a journey, not a destination,” when describing their efforts to develop detailed, actionable and personalized knowledge about customers. It takes time, technology, money and effort. Not in equal measures, perhaps, but there was also general agreement that creating a customer-centered vision is a necessary

first step. Achieving that vision requires looking at every aspect and every process of the utility business and asking, “Does this exist for the customer’s convenience — or ours?”

According to Harvard Business Review Analytics Service (Figure 1), improving the customer experience (CX) was the top priority among 73 electric, gas and water utility business executives around the world. Utility executives ranked improving their CX a higher priority than increasing efficiency, lowering costs,

increasing sustainability or increasing revenues.

“Customer satisfaction (CSAT) is an important ingredient in CX,” acknowledged Elise Gould, Senior Director of Insights, Brand Strategy and Communications at Salt River Project (SRP). “CSAT is largely one-dimensional, though: Is the power reliable? CX, on the other hand, is a broader and richer set of touchpoints that could be used to understand and assess the organization’s performance against the unique aspirations, needs and goals of each customer.”

Customer Experience Is a Top Priority for Utilities

Which of the following business priorities are among your organization’s top five for the year ahead?

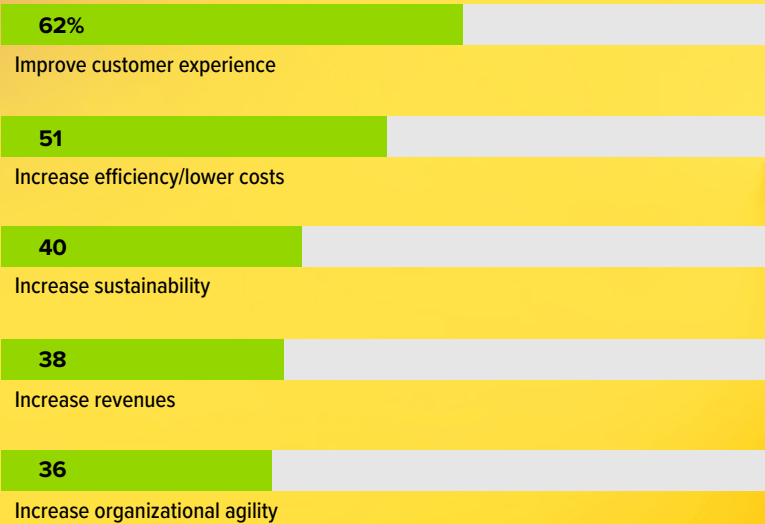


Figure 1



“So, you’re thinking about going solar. There’s a lot to consider before you make a decision.”

Figure 2

The Journey to Improved Utility Customer Experience

As might be expected, companies operating in competitive industries, such as consumer products, finance and technology, were early adopters of customer experience strategies. The consequences of not making CX a priority could be potentially catastrophic.

CX first became a strategic priority for leading utilities about two decades ago, and many have made significant CX improvements in recent years. However, industry leaders acknowledge their journey is not complete. Other utilities only recently started on the road to better CX.

Building a Personal Connection with Customers

The journey to improving CX has many steps. Providing a specific employee’s name and face as a customer-friendly resource can be a great first step to demystifying complex energy topics like demand response, beneficial electrification and renewable energy.

Roseville Electric, the city-owned utility serving a suburb of Sacramento, was forward-thinking when it selected an employee, David Dominguez, to be the public face and voice of the utility’s “Your Trusted Solar Advisor” program (Figure 2). Dominguez’s smiling face adorned bus advertisements, the utility’s website, customer newsletters and countless other marketing collateral. Messaging always featured the same tagline: “If you have questions about solar, you can ask me.”

The utility distributed Dominguez’s contact information and made him available to speak to groups about solar power. He has become the trusted one-stop shop for rooftop solar information for hundreds of customers since 2015.

“We’re pro-solar,” said Dominguez. “If people want to install solar panels on their roof, my job is to make sure they are well informed and understand their options and let them decide.”

With about 50,000 electric customers in eastern Washington state, Chelan County Public Utility District (PUD) has adopted a similar effort to create a personalized customer experience.

“Our Trusted Energy Advisor goal is about being a team of real, live community members with names who customers can contact for any of their energy questions,” said Neil Neroutsos, APR, Corporate Communications Manager at Chelan County PUD. “For example, we include our energy advisors by name and photo in most

of our communications, including webpages, email marketing, mailings, brochures and audit scheduling, to make a more personal connection with customers.”

Chelan County PUD also expanded its in-person, one-on-one home energy audit offerings and created a livestream Q&A called “Power Hour” (held monthly on Facebook Live) to transparently answer customer questions (Figure 3). For the “Power Hour” events, the utility district’s Lacy Stockton, an Energy Efficiency Marketing Strategist,

hosts subject matter experts to discuss energy topics with the community.

Neroutsos said the utility district also has found door-to-door outreach particularly effective to inform high-energy-burden customers about programs that could positively impact them. “We’re focused on making key outreach materials and efforts bilingual and bicultural to build trust with our Hispanic-Latino customers as well.”

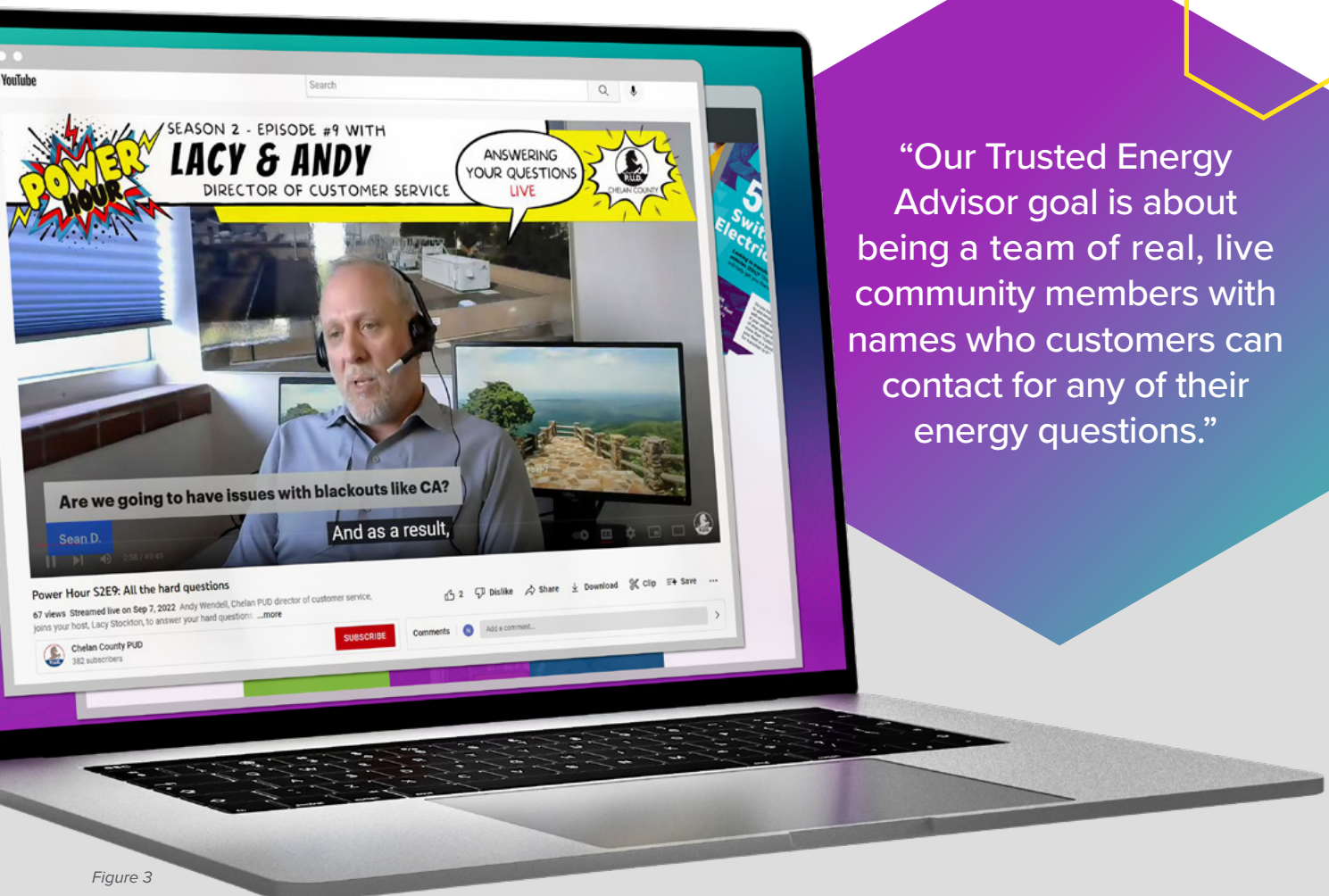


Figure 3

Evolving Business Processes: Customer Experience is Everyone's Responsibility

Any serious attempt to improve the utility customer experience means engaging in internal silo-busting. Utilities are heavily process-driven, and those processes evolved for very good reasons over the course of a century or more. Specialization was the way to achieve process excellence, and that led to the creation of organizational silos with a “go-it-alone” approach.

But new customer engagement technologies — such as advanced metering infrastructure (AMI) and enterprise resource planning (ERP) platforms — only achieve their full value when overall business processes are rethought and redesigned. That means busting organizational silos.

In Southern California, Burbank Water and Power (BWP) is using a combination of new leadership, new expertise, advanced technology, a fresh organizational structure, expanded stakeholder outreach and a tweak to the utility's values to become more customer-centric, according to General Manager Dawn Roth Lindell.

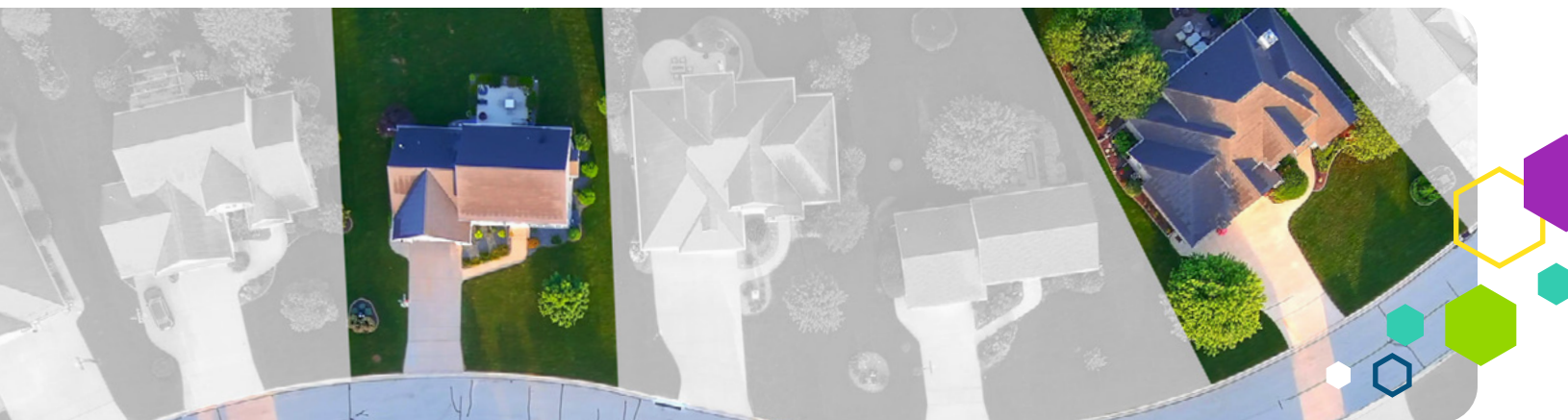
External challenges, such as California's prolonged drought and the state's aggressive greenhouse gas (GHG) reduction laws, have added an external

urgency to BWP's internal organizational change effort. “We want to be the first, best-trusted source of information for our customers,” Roth Lindell said.

BWP's multipronged efforts reflect the wide range of challenges utilities confront as they seek to improve CX (Figure 4).

The critical takeaway is that delivering a world-class customer experience cannot be the sole responsibility of the employees who work on a CX initiative or in a workgroup. It is everyone's job, because in a customer-centric utility, everyone's job involves serving the customer.





Leveraging Data to Personalize the Customer Experience

During summer of 2022, as California was entering its third year of drought, water agencies like BWP needed to implement limits on lawn watering to stretch the state's water resources. In fact, watering a turf lawn can account for 50% to 75% of a residential customer's water usage. The lush turf lawns in Burbank were evidence that some residents were not following the city's twice-a-week watering restrictions.

Because BWP had installed AMI for both water and electricity some years ago, they were able to pinpoint which residential customers were watering on days when lawn watering was prohibited.

As a result, roughly 3,000 BWP residential customers received emails and hard-copy letters from the utility reminding them of the watering restrictions. Within two weeks, 750 of those customers cut back lawn watering to comply with the

restrictions. An additional 250 customers became compliant in the third week. By the end of five weeks, a total of 1,400 customers — nearly half the number of out-of-compliance customers — had changed their behavior and were watering their lawns on the designated days.

"We had the water usage data, but we weren't using it," Roth Lindell recalled. "Data is super-powerful when you know how to use it. We just needed someone to help us use it."

A newly hired data analyst quickly helped BWP track excess water usage, which allowed the utility to target and personalize its communications.

Many of the customers who were contacted said they were unaware of the city's watering restrictions, despite the utility's ongoing "flood the zone" approach to communications.

Burbank's customer profile looks like a barbell, with young customers on one end of the spectrum and retirees on the other. Roth Lindell said one of the utility's operational and

communications challenges is to do a better job meeting the expectations of environmentally minded customers without eroding the utility's affordability.

In many ways, data is the life-blood of utilities, not electrons, methane or water molecules. It's no easy task to pivot a utility's data infrastructure from documenting transactions, as most legacy customer information systems (CIS) were designed to do, to supporting engagement decisions. Executing that pivot can be costly, complex and fraught with risk. But it must be done and done well.

The deployment of advanced meters and AMI systems generates many new terabytes of data that can provide valuable insights into customers' energy usage behaviors. Forward-thinking utilities have hired data analysts to turn those data streams into actionable information and intelligence. This data supports the decision-making and engagement strategies that ultimately leads to a successful customer experience.

Segmentation Strategies: The Right Messages in the Right Channels

Messaging and media are two critical elements to becoming a customer's trusted, one-stop shop for energy services and information. Utilities need to communicate with customers and stakeholders in language they understand, and they must deliver those messages in channels they prefer. Some customers still prefer traditional written communications while others want a digital experience. Communications should also be easy to understand and free of industry jargon, as a majority of customers don't want to hear about kilowatt-hours or load shifting.

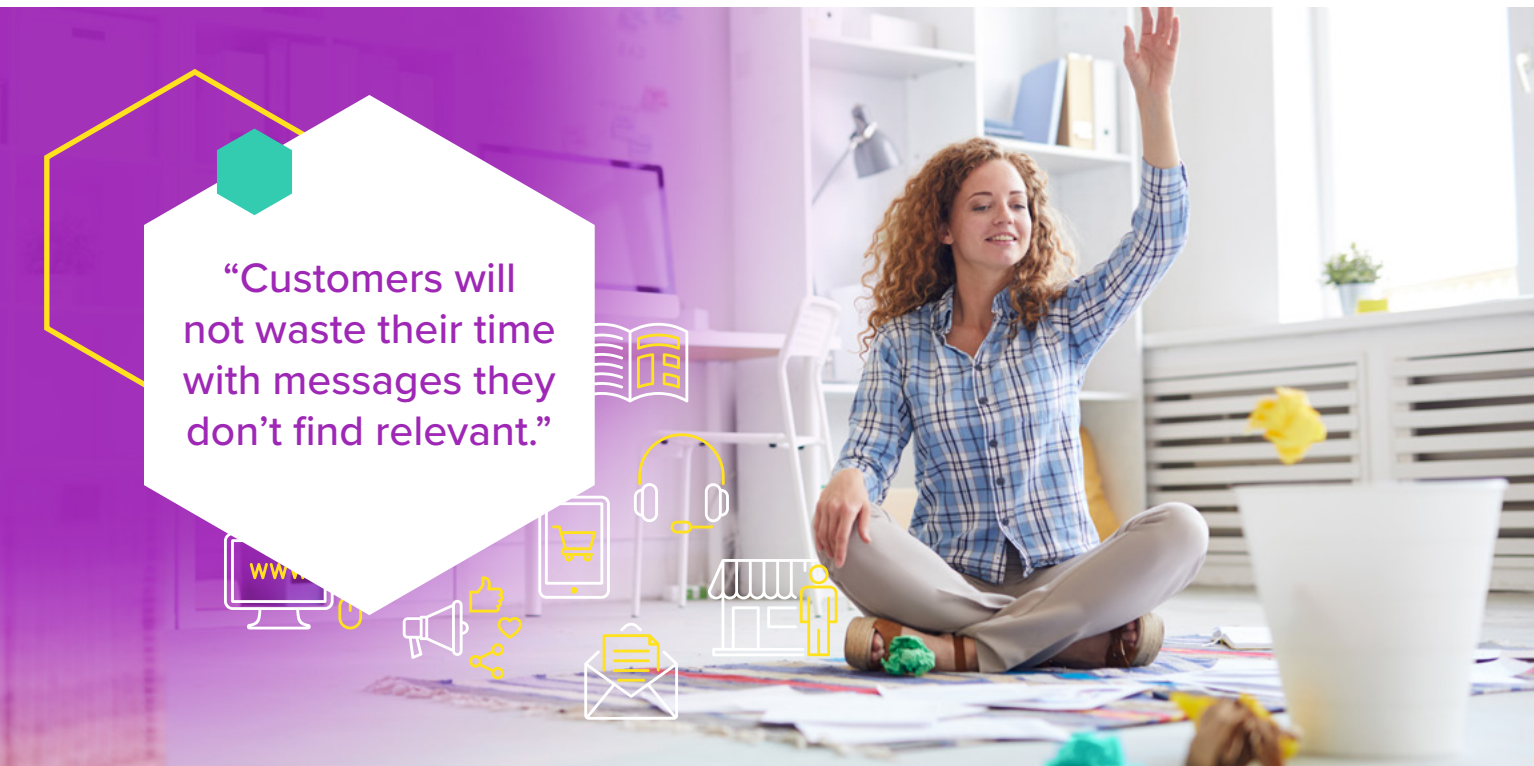
"Energy utilities need to pay attention to each customer's preferences," Lindamood explained. "They need to understand what topics or technologies customers are interested in, what programs would be relevant, and how the customer wants to hear from their utility — the best channel or device to reach them."

Often, utilities have this information, but it may be siloed in different departments or stranded on disparate systems. "It's critical for utilities to collect these customer preferences in one accessible place and actually put the data to use," Lindamood added. "Customers will not waste their time with messages they don't find relevant. It shows that their utility doesn't understand them or care about their interests — the

surest way to undermine the customer experience."

He recommended that utilities adopt the marketing automation tools that are commonly used in many other industries. "Energy providers need to stop communicating as if their customers are a single, monolithic group.

"A simple segmentation strategy — organizing customers into a handful of personas — is a start, but frankly it's not enough," he continued. "Utilities should be delivering targeted, personalized messages to individual customers via email, SMS, social and mobile channels, leveraging the modern digital engagement tactics that are used successfully by most other businesses."



"Customers will not waste their time with messages they don't find relevant."

A Culturally Relevant Experience for Every Customer

Nearly 30% of Chelan County PUD's customers self-identify as Hispanic-Latino. Building positive relationships with this community has become an increasingly important priority for the utility district in recent years, Neroutsos said.

Much of Chelan County PUD's emphasis on diversity came after discussions with community members, who identified a need to establish more two-way communications with key audiences. In 2014, the utility created a community

engagement coordinator position and hired Mario Cantu to lead it. He has valuable ties to the Latino-Hispanic community in Chelan County (Figure 5).

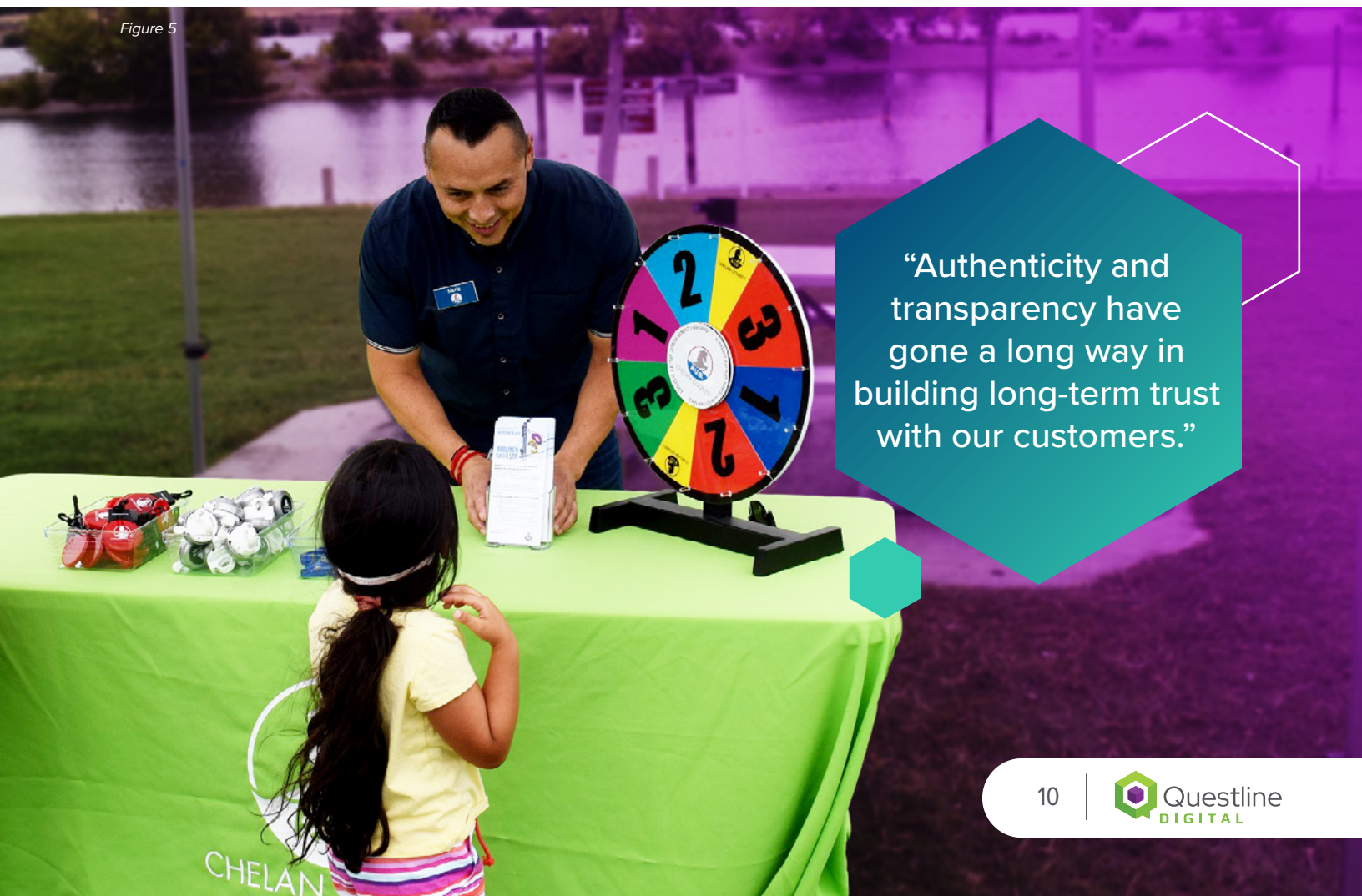
"One of our strategies has been to reach people in the places where they're most receptive to a conversation," said Cantu. "We've found face-to-face outreach to be one of the most effective means to connect with the Latino-Hispanic community. We also know we need to be culturally relevant in our communications."

Observed Neroutsos:
"Authenticity and transparency have gone a long way in building long-term trust with

our customers. We can't please everyone, but when we're honest and take the time to explain our programs and limitations, customers learn to trust us over time, even if they don't always agree."

Historically the utility customer experience was viewed strictly through the lens of price. Today, customers also experience their utility through its processes, technology, people, communications and value-added services. Improving their experience means utility leaders need to spend as much time and effort thinking about the non-price attributes of their service.

Figure 5



CX Can Be a Driver for Organizational Transformation

For the last few years, some internal presentations at Salt River Project (SRP), a power and water utility based in Tempe, Arizona, opened with a tongue-in-cheek comment: invoking Henry Ford's promise, made a century earlier, that consumers could buy a Model T Ford car in any color they wanted — as long as it was black.

SRP's Elise Gould shared that anecdote as an example of the way many utilities — including SRP itself — used to do business. Kilowatt-hours were sold in only one color — brown — and the people who purchased electricity were referred to as “ratepayers” and sometimes even “meters.”

Those days are long gone. After dominating annual utility residential customer satisfaction rankings for about two decades, the utility embraced CX as an internal rallying cry.

It is not a case of corporate slogan du jour. Gould, with decades of experience outside the utility industry, was brought on about five years ago. She reports to an executive with extensive experience in healthcare. However, they are not isolated boats fighting the current. In fact, employees with significant experience outside the utility industry are helping steer the SRP ship into a more customer-centric future.

Gould also credits SRP General Manager and CEO Mike Hummel, a longtime employee, with providing vital leadership on the CX journey. “Mike's leadership has been critical,” Gould said. “He challenges us to think outside the box. He wants a diversity of thought in the organization, and his appetite for innovation, from inside the utility industry and outside it, has guided our journey.”

The Power of New Perspectives

SRP is not the only utility relying on outside hires to guide its CX journey. Chelan County PUD has hired leaders from Microsoft and other companies outside the utility industry to help steer it through the industry's transformation.

“Our hires from outside the utility industry have helped us reconsider several aspects of our service,” Neroutsos said. “Their breadth of knowledge and diverse backgrounds have served us well as we consider CX issues.”

CX and internal organizational transformation are iterative forces that shape each other in an ongoing interplay (Figure 6).



Building a Better Customer Experience with Data Analytics

Technology has made a huge difference in utilities' ability to listen and learn from customers, according to James Riley, a partner at Appos Advisors who has provided CX consulting services to large utilities for nearly two decades. "The ability to analyze huge volumes of unstructured data from social media posts, contact center call recordings and web self-service apps represents a huge opportunity to reduce friction and provide a better CX," Riley said.

In 2021, a select group of employees at NorthWestern Energy spent an estimated 144,000 hours on outage communications. This number refers only to a select group of power dispatchers, customer service representatives (CSRs) and communicators who communicated with each other, and customers, about power outages. It does not include the time spent by field workers who restored power.

The situation was nuts, according to Steve Kludt, Director of Data Analysis for the Sioux Falls, South Dakota-based investor-owned utility. Expensive and inefficient, too. Internal communications about an outage were conducted via email, forcing CSRs and dispatchers to scroll through long email strings to find information about restoration status. Sometimes information was lost, which delayed the restoration of power. The problem was particularly pronounced when shifts changed.

To improve this inefficient process, the utility convened a cross-functional group of about 10 employees to find a better way to collect, visualize and utilize outage information. They created an outage dashboard, which is expected to save the utility at least \$8 million in labor costs alone, estimated Kludt.

The cross-functional group focused on two things:

What data did the utility have about outages, and who needed to use that information?

"We've been working for quite a while on aspects of the customer experience to align technology, customer needs and our capabilities," said Bobbi Schroepfel, Vice President of Customer Care, Communications and Human Resources at NorthWestern Energy. "Ultimately, we want to be able to tell customers they're out of power before they call us."

"The CSRs love the outage dashboard," commented Lori St. Aubin, Director of Customer Care at NorthWestern Energy. "They can't say enough about it because it helps them perform their job better."

The utility's communications team uses the dashboard to provide social media updates on outages and estimated restoration times. Previously, they had to contact the controllers or dispatchers to obtain this information. With the dashboard, each member of the team has the information they need to perform their jobs better, faster and cheaper.

Focusing on Moments that Matter

SRP has been pursuing an improved customer experience by focusing on "moments that matter" to customers. "Sometimes that moment is when electric service was turned on or off, sometimes it is their experience using web-based self-service applications, and other times it is something else," Gould said.

She shared an example of customers experiencing confusion using SRP's pre-pay metering service, called "M-Power." Customers pay in advance for electricity in amounts and at times of their choosing.

Over 150,000 residential customers — more than 10% of SRP's customer base — use M-Power. During heat emergencies in Greater Phoenix, a frequent occurrence during the area's blazing hot summers, SRP does not turn off electric service to those customers when their accounts run out of money.

When these heat- or holiday-based disconnection moratoriums were in effect, the M-Power monitoring devices at the customer's premise continued to alert them about their depleted balance — even though there was no risk of disconnection. This confused many customers, who concluded their devices were broken and contacted the utility, concerned that there was a malfunction or that they'd be charged more than they expected.

Because SRP was using the Qualtrics XM customer survey platform to better understand what's working for customers and what isn't, the utility was able to see that its communications to M-Power customers were not as clear as it could be.

SRP modified its communications around heat emergencies, then passed the word to its CSRs so they could better answer questions on M-Power. The CSRs, equipped with this new information, were able to turn concerned, possibly dissatisfied, customers into highly satisfied ones.

This always-on approach to enhancing the customer

experience is championed by the nearby Arizona State University Center for Services Leadership. As a member, Gould said this relationship has helped the utility make big changes in its pursuit of delivering a frictionless, positive customer experience.

Holistic Understanding of Customers Helps Diagnose Problems

Like all utilities, NorthWestern Energy faces challenges getting timely bill payments from some low-to-moderate income (LMI) customers. In a research project orchestrated by the Edison Electric Institute, NorthWestern Energy was able to see that its LMI customer segment consisted of three subgroups. In a classic illustration of the 80-20 rule, the utility found that fewer than 10,000 LMI customers accounted for approximately 75% of bill payment calls to its contact center.

"I thought that group of LMI customers was far larger than 10,000 customers because we were hearing from them all the time," commented Schroeppel.

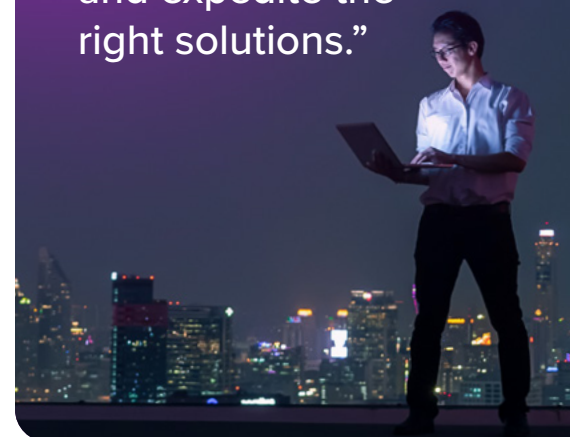
The utility has not yet determined how it will use this new insight, but it certainly has a better understanding of its LMI customer segment.

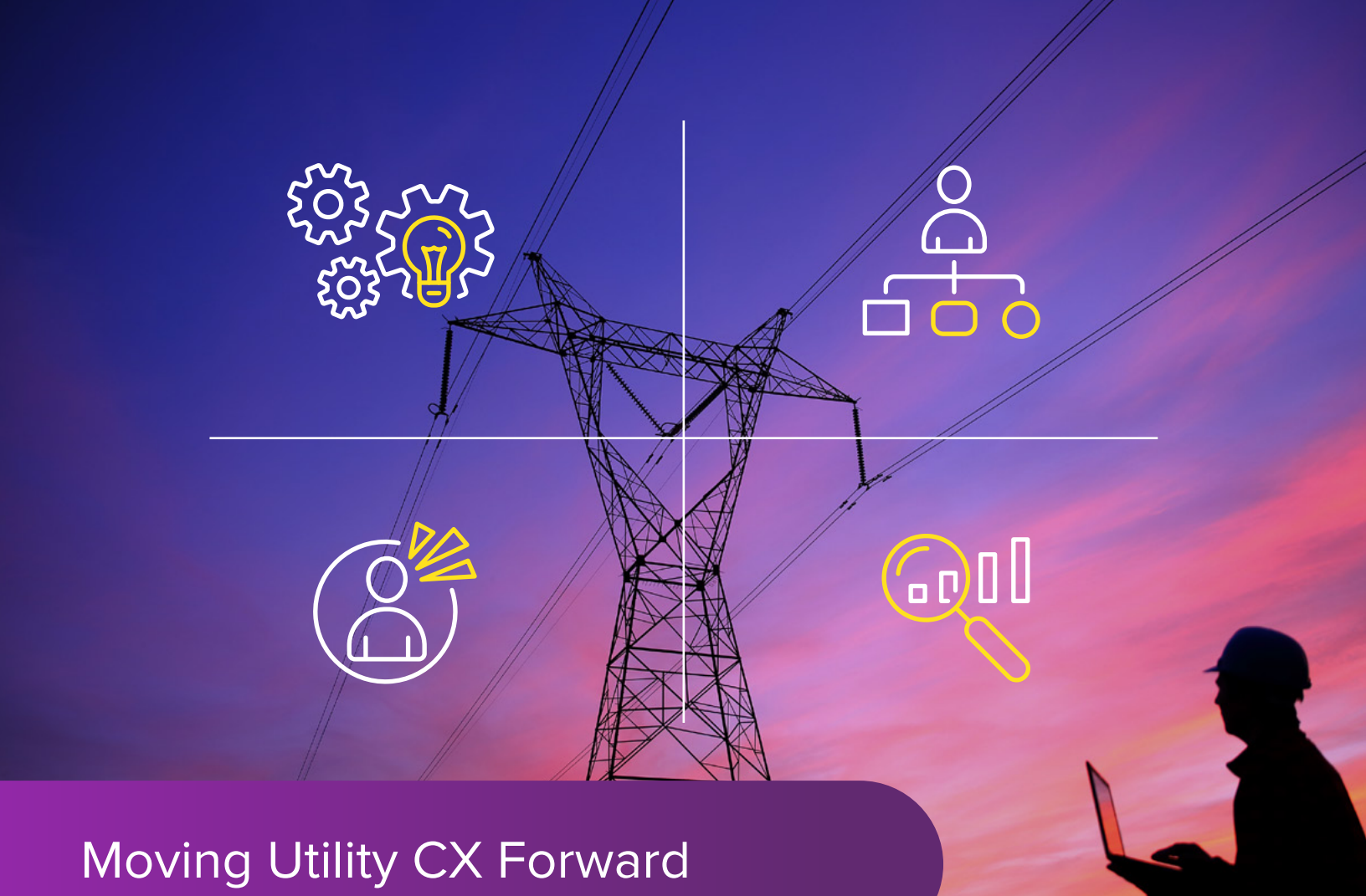
"We've been collecting structured and unstructured data about customers for a long time," said Kludt. "Now we're working on integrating all

of that data — including customer social media posts on outages, bill payment history, demographic information, efforts to use our self-service applications, interactions with our interactive voice response (IRV) system, calls to the contact center — to develop a more nuanced and holistic understanding of our customers, their preferences, their hot buttons, and how we can best serve them."

"The data analytics tools we are using are really helping us diagnose problems and expedite the right solutions," added Schroeppel. "We're also using the data analytics to help us separate 'green-thinking' customers from 'green-doing' customers."

"The data analytics tools we are using are really helping us diagnose problems and expedite the right solutions."





Moving Utility CX Forward

Redesigning the utility customer experience is a strategic undertaking with considerable moving parts. However, there is no “one-size-fits-all” solution, partly because utilities have highly customized technologies and businesses processes.

Utility leaders must work to more deeply understand all the ways customers experience their utility. This includes everything from electric reliability and website self-service options to the voice in the contact center and their monthly bills.

A utility’s journey to achieving a superior customer experience has four critical elements: **organizational transformation, business process redesign, personalization and data analytics**. While some industry leaders have been working on improving CX for years, others are starting their journey. Wherever your utility is on the road to better CX, it is clear that a compelling customer experience will be critical for energy utilities to meet evolving customer expectations.

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1. Cited in “Improving the Customer Experience in the Utilities Industry: Customers Expect More from Utilities, Which Requires a Better Approach to Data,” a white paper sponsored by Salesforce (2021), published by Harvard Business Review Analytic Services, posted to EnergyCentral (July 2022).
 2. See Michael Hammer and James Champy, *Reengineering the Corporation* (New York: Harper Business, 1993).
 3. Cited in “Improving the Customer Experience in the Utilities Industry: Customers Expect More from Utilities, Which Requires a Better Approach to Data,” a white paper sponsored by Salesforce (2021), published by Harvard Business Review Analytic Services, posted to EnergyCentral (July 2022).

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