NOT MUCH TRUST IN UTILITY OVERSIGHT

by DAVID C. LINEWEBER, Ph.D | JANUARY 2013
# Table of Contents

3  Not Much Trust in Utility Oversight

4  Customers Are Not Thrilled With the Quality of Utility Oversight

5  About the Authors

5  Contact Us
Not Much Trust in Utility Oversight

Summary 1:

No more than a quarter of US households places much trust in the job that both regulators — and consumer advocates — do in protecting their interests as consumers. In fact, as many customer households have a strongly negative opinion of the job these groups do in protecting customer interests as have a strongly positive opinion. In addition, while these perspectives link to income and political ideology, they also strongly link to satisfaction with utility performance. As a result, those who are unhappy with the performance of their utility, also tend to be the ones who believe that they have do not have adequate consumer protection.

Implication:

These results suggest that for many (half or more of) utility customers, there is no “unbiased third party” that can be trusted to protect their interests, or to whom they can go for credible and reliable information. As a result, finding information channels that will be viewed by customers as valid and trustworthy channels of information on issues around new rates and Smart Meters is a particularly difficult challenge.

1 Results are based on a survey of 600 residential energy decision-makers who are directly billed for electricity service. Surveys were completed online and selected from among a sample of online survey panel members.
Just under a quarter (23%) of residential customers rate the agency or commission that is responsible for regulating their utility as doing an excellent job (rating their performance as an 8-10 on a 10—point scale). Even fewer (19%) give customer advocacy groups an “excellent” rating for protecting customer interests.

What is particularly interesting here is that fact that the proportion of the population that gives “terrible” ratings (“1” to “3” on the 10-point scale) is almost as large as the proportion that gives excellent ratings.

How good a job [are your utility regulatory agency / commission] [are customer advocacy groups] doing in protecting your interests as a customer?

<table>
<thead>
<tr>
<th>How good a job is your regulatory agency or commission doing?</th>
<th>Terrible</th>
<th>Not Very Good</th>
<th>Good</th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>How good a job do customer advocacy groups do?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18%</td>
<td>25%</td>
<td>34%</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>17%</td>
<td>32%</td>
<td>32%</td>
<td>19%</td>
<td></td>
</tr>
</tbody>
</table>

Some of the demographic differences on these questions are also interesting, since while many demographics do not differentiate responses, there are a few do, including that:

- Customer satisfaction with utility performance is highly correlated with ratings for both of these categories of actors; so those who are unhappy with utility performance, also rate the performance of regulators and consumer advocates more poorly.
- Higher income respondents tend to rate the performance of regulators less positively, but the job being done by consumer advocacy groups more positively than do other respondents.
- Liberals and Conservatives are equally likely to rate the job being done by regulators positively, although Conservatives tend to rate the job done by consumer advocates much more negatively than do Liberals.

Those who rate the job being done by regulators positively tend to focus on their perceived ability to keep rates and service at satisfactory levels. Those who rate the job being done by regulators less well are concerned about corruption, and about inadequate resistance to rate increases.
About the Author

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David Lineweber has more than 25 years research experience including roles as Head of Research at Cambridge Reports and Lead Energy Practice at National Analysts - Booz Allen. He was previously President at Primen & Momentum Market Intelligence.

David earned his B.A. from University of Delaware and his Ph.D is from Stanford University.

Contact Us

Contact us for a free consultation to learn more about how we can help you create a successful segmentation effort. We will work with you to customize a solution for your specific needs.

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