PG&E Bill Redesign project:
Customer testing research results

CONFIDENTIAL

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Research objectives

Prinova conducted one-on-one interviews from September 5th to September 8th, 2006 with 26 Pacific Gas and Electric customers across three customer testing locations (San Francisco, Walnut Creek, and West Sacramento). The customers recruited were a mix of residential, commercial, agricultural and multi-premise.

In order to qualify for the research, customers needed to be the individual in the household or corporation who received and paid for the PG&E monthly bill. Names and profiles of participants are included as an Appendix.

The objectives of the research were to see how easily customers could find and understand the redesigned bill and to get some overall preferences on a few elements (line graph vs. bar charts, component charges included with details or within the definitions; use of baseline tiers vs. a more plain language approach, etc.) The study was qualitative in nature so the results should not be viewed as conclusive. PG&E will now conduct some quantitative research with 1500 or so customers to validate some of the initial responses/direction provided in this initial round of research.

This report includes key findings we learned and some initial recommendations; however, the changes should not be incorporated until further validated by the quantitative research study.

Methodology

The interview began by probing participants some on their behavior with the current bill and their overall understanding of information presented. We wanted to glean the key information they looked for, their current method of payment and who they would contact if they had any questions.

The participants were then presented with the re-designed bill. They were asked to quickly scan it and provide first impressions. Then we walked them through each section in detail to determine what information was meaningful, what information they didn't need included and what information (if any) was missing that they wanted to see. We also probed customers' understanding of various terms and what action they would take with the bill – for example, what would they do if they felt there was incorrect information or if they had questions? What would they do if they had a past-due balance?

In addition to the bill prototype, PG&E requested that Prinova test various methods for communicating marketing information. The three methods that were discussed were: inserts, inline messaging/marketing page, and a newsletter.

And finally, 23 out of the 26 clients were asked to rank the following 4 categories of information at the end of the session:
1. Ease of finding exact amount to pay
2. Usefulness of information on the bill
3. Ease of understanding information on your bill, other than current usage and amount due
4. Ease of finding payment due date

Key Findings
We have summarized our findings below. We have included the interview questions and each of the participant's responses as an Appendix.

Existing bill
- Residential customers tend to only scan their bill to see what they owe and compare their usage against last year (95% of respondents spend less than 1 minute reviewing their monthly bill) while commercial, agriculture and multi-premise customers spend a bit more time reviewing it (3 to 5 minutes on average) and are more interested in seeing the breakdown of usage and charges between electricity and gas.

- For 77% of customers interviewed, the first item they look for when opening their bill is the amount due. The other information that customers look for (and not necessarily in this order) is:
    - current usage
    - usage compared to last year
    - usage compared to last month
    - last payment made
    - breakdown of electricity and gas
    - account number
    - due date
    - site address
    - meter address

- Over 37% of clients have had a negative experience calling the PG&E customer service line.

- o "Have to go through telephone hell when you have to call for questions"
  - o "PG&E does not have bright people on the customer 1-800 line"

- Customers find the existing bill confusing
  - o "Current bill is not user friendly. Whatever literature is put in it now, does not catch my eye."
  - o "PG&E bills are never clear"
  - o "Existing bill never made sense to me"

- The majority of residential customers interviewed pay their bill online, while the opposite is true for commercial, multi-premise and agricultural. There seems to be a great need to promote the online bill pay option for agricultural customers in particular.

Bill Type	Online Payment	Check Payment
Residential	71%	29%
Commercial	14%	86%
Multi Premise	38%	62%
Agriculture	0%	100%

- Customers who pay their bill online do not want to receive the return envelope. Residential customers who pay their bill online tend to not want the paper bill at all, but commercial customer would prefer to still receive the paper bill even though they pay online. One respondent suggested that PG&E offer an incentive/discount to pay online like some other companies do.

New bill – overall impressions
- 85% stated that the new bill design was a positive change
  - o "Front page looks cleaner and is easier to read then the current bill"
  - o "The font is great. I wish I could see more bills like that."
  - o "Blue is more friendly - as opposed to yellow/black"
  - o "feels more modern - definitely from 2006"
  - o "when you look at it, you see the information right away, the way things are laid out, you don't have to search for the information"

- o   places that are bold are the places he normally looks

- One agricultural customer did not prefer the larger 8 ½ x 11 paper size but majority preferred it.

New bill – details

- Graphs – 88% of customers chose the line graphs over bar charts for the first page of the bill; customers also liked the bar chart comparing this month's usage to the same month last year (found on second page of bill); one agricultural customers commented she would like to see figures with the graph; some suggested reversing the order of the graphs; i.e. the 2-bar comparison on the first page with the historical usage (line) on the second.

- Icons – there were mixed feelings about having the icons; some customers liked them (although not all readily knew what they were) and others didn't notice them or commented they didn't find them useful

- Account number – 92% of customers found it easily and reported that it is in an appropriate location

- Call center number – 88% of customers indicated that the 1-800 number was in the correct location and easy to locate

- Amount due and due date – 85% of customers commented it was easy to locate and in an appropriate location

- Usage – 58% people had little to no trouble finding the amount of gas and electricity used during the bill period being tested; but only 50% understood "therms" and kWh"; one suggested the bill needed to provide more explanation, but only on the initial bill and not repeated on a regular monthly basis; some could infer these terms were a unit of measure and said it wasn't really important and would only look into their usage more if the amount of the bill was higher than expected.

- Meter reading – this information was deemed by agriculture customers to be critical, while residential customers were less interested in seeing it (only 12% felt "it was comforting to have this information on the bill").

- Multiplier – this term was not readily understood and there were questions around why it existed in the first place. Overall feeling that if this information is required to be on the bill, then it should be moved to the "Things you should know page"

- Procurement and transportation costs – 73% of customers do not believe it is necessary to see the breakdown of gas charges into procurement and transportation costs. Many commented that not only do they think this information is not necessary, but that they would not want to see it on the bill.

- Details of charges – most felt the math was clear and they could calculate their bill easily; one respondent was confused by gas surcharge and demand; one participated stated they preferred "x" instead of the "@"; one commented that they didn't need to see the detailed charges every month and would like something "more streamlined"; it was a 50/50 split between seeing the component charges in the Ts and Cs vs in the side column

- Tiered charges – 80% of respondents preferred the "for the first kWh @ " vs "baseline or tier1"; some customers clearly understood why there were different rates while others didn't understand at all.

- Rate schedule – only 15% of the clients interviewed knew their rate schedule, and only 27% even recognized the term.

- Serial – all but one customer understood what this meant; would need to put actual meter reading dates on the bill

- Service ID # - critical for agricultural customers but not necessary for residential

- When questioned what it would take to pay their bill faster, 50% of clients indicated that they would pay faster if there was a benefit to them; over 80% of commercial clients indicated that they would pay faster:
    - "It would depend on how big the discount"
    - "Oh yeah, how much? The how would depend on the how fast"
    - "Yes, just use common sense"

- Things you should know – 58% of respondents said they would not read this page

Messaging

- 96% of clients indicated that they would throw away any inserts received, but of this amount, 40% stated they would take a "quick glance" to identify if the information was relevant to them.

- 77% of customers overall preferred inline messages over inserts – all residential customers stated they preferred inline messaging and would be more apt to read the information; the only mixed reaction was from commercial customers

- A few customers stated they would only read the messages if the content was targeted to them; one stated this approach would be more cost-effective

- 42% of respondents said they "might" look at a newsletter, and 50% of these respondents indicated that it should not be sent out more frequently than quarterly

PG&E survey results

PG&E Survey Results
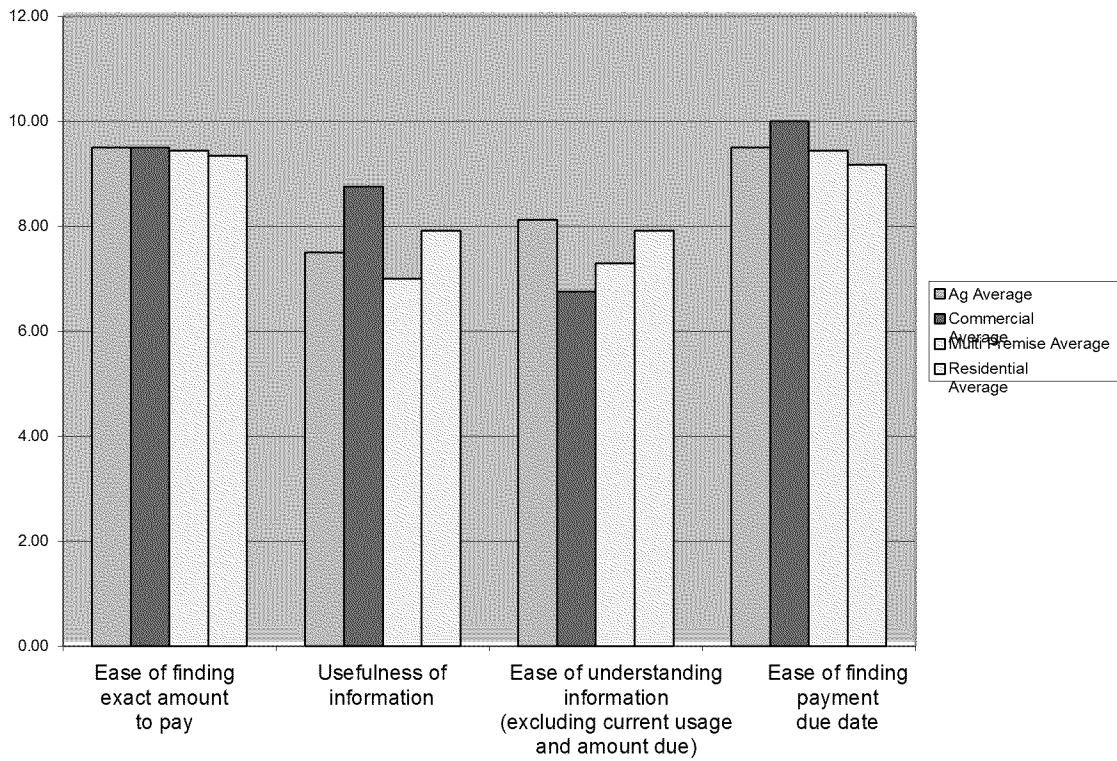
Conclusions

Overall, PG&E is heading in the right direction with the newly designed bills, in both the overall look and feel (page size, preprinted stock with blue and fonts) as well as the layout of the information. All customers preferred the new designs over the existing ones and there was a preference for treating messages inline with the bill rather than inserts or newsletters.

There was also a stronger preference towards the line graph, but further research is required to determine if the line graph (showing history of usage) should be on the inside detailed pages and the comparison of the month's usage to previous year (bars) on the front page.

There also seems to be a preference for showing the component charges with the definitions on the Terms and Conditions page and using plain language descriptions (i.e. "for the first x kWh x rate) instead of baseline and tiers for the various rates, but this direction should be further validated with the quantitative research results.

The following changes are adjustments we recommend that PG&E make to their bills based on the customer feedback received to date:

- Bold all message headings so customers can easily scan and ensure content is relevant/targeted to customer segment
- Include the billing period and not just the "bill date" on the first page
- Add the following terms and definitions to the "Things you should know" page:
  - Multiplier
  - Therms
  - kWh
  - Serial
  - Baseline, Tier 1, Tier 2
- If possible reduce the amount of legally-required content and direct customers to pge.com for further information. By doing this, you can also enlarge the font size on this page, which will be appreciated by your customers.
- Display Service ID Number for commercial, multi premise, and agricultural clients only.
- If Serial to be kept on the bill, include the actual bill meter reading dates and include with the meter reading information.

- Gas procurement and transportation changes confuse the client and should not be added to the bill.
- Explore further options for the electricity icon.