PG&E Bill Redesign project:

Customer testing research results for Credit notices, Direct Access and Streetlight prototypes

CONFIDENTIAL

November 27, 2006

SUBMITTED TO:

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PROFIT 100 CANADA'S FASTEST GROWING COMPANIES 2005

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1. Background

The monthly bill is a "regularly scheduled appointment" that PG&E has with its customers. In fact, for many customers, the bill is the only touch point that PG&E has. Yet the bill is difficult to understand, so is causing a lot of calls to the call center and not reinforcing the positive brand awareness that PG&E wants to convey.

As a result, PG&E has hired Prinova to redesign its bill so it is easier for customers to use as well as provide them with more meaningful information that will help them better manage their energy usage. As part of this process, Prinova is conducting research with PG&E customers to get their feedback on selected bill formats.

Eight one-on-one interviews were conducted with residential customers late October 2006 to test the credit notices (both the 15 day and 48-hour), Direct Access prototypes (those customers who received procurement from a third party provider), and the streetlights bill. (Note that additional research was completed on other formats earlier in the project, followed by a quantitative research study on those same formats. Those results would be summarized in another report.)

This report summarizes the results of the testing for the credit notices, Direct Access and streetlight bill formats. This information will need to be compared against the findings from the earlier research, then based on all of the gathered results, PG&E and Prinova will be able to incorporate the necessary changes to finalize the bill design. It is not anticipated that the bill formats will need to undergo further customer review before the redesigned bill is implemented.

2. Objectives

The specific objectives of the research were to help PG&E identify and understand customers':

- Ability to find the amount they owe and when it is due,
- Behavior of late-paying customers,
- Preferences on the use of charts and graphs,
- Ease of understanding how charges were calculated,
- Usefulness of information (details vs. summary and terms and conditions),
- Reactions to a marketing page (compared to inserts), and
- Understanding and interest in some payment programs and payment options.

3. Methodology

- Prinova conducted a total of 22 interviews. These interviews included both residential and small business customers. Specifically:
  - October 30th – 8 residential customers who have a history of receiving past due notices
  - October 31st – 8 small business customers who are either currently receiving procurement from a third party provider or had received this service within the past two years; most of the customers received a bill from PG&E for both services, although one did receive a separate bill from Commerce Energy.
  - November 1st – 6 small business customers who receive a bill for their streetlights

- The groups were moderated by Tamara Sargeant, VP of Design Services at Prinova and transcribed by Shannon Hadfield, one of Prinova's Project Manager. (Notes are included as an appendix to this report.)
- Each interview lasted approximately 30 minutes.
- PG&E customers were recruited to participate from PG&E customer lists.
- Participants received remuneration from PG&E to thank them for their time and to encourage those invited to show up ($75 for each residential customer and $200 for each small business customer).
- The interviews were audio recorded. Both PG&E and Prinova have copies of the DVD's.
- Samples of each bill tested are attached as an appendix to this report.

4. Discussion guide

A. Credit notices

- Behavior with current bill
  - Before we start looking at the bill, I'd like to ask you a few general questions:
  - What do you typically do when you receive your bill from PG&E (open it? Throw it out? Pay right away?)
  - What information do you look for when you open your bill? Can you find this information easily today?
  - Anything else you look for?
  - How do you pay for your bill – online, with a check, at a payment center? Do you pay the same way each time?
  - Do you ever recall receiving a past due notice? What made you know it wasn't your regular bill?
  - What happens if you don't pay your bill on time?

- Ability to find key reference information
  - What is this document? (Do they think it's a bill or know it's not a bill but a past due notice?)
  - What do you notice that is different about this bill than the one you receive today?
  - What would you do if you got this in the mail?
  - How much do you have to pay to PG&E and by when?
  - What will happen if you don't?
  - If you had any questions regarding this, what would you do? (can they easily find call center number)
  - Would you want service in English or another language? (If another language, do they know they are different customer service numbers they can call and if so, where they are located?)
  - If you did call, the call center rep would likely ask you for your account number. Can you find it on this document?

- Ease of understanding payment information and consequences for not paying on time
  - What did you notice first? Where did your eye first go on the page?
  - What did you see next?
  - Did you read the first paragraph – why or why not?
  - Did you read the "How to make your payment" section? Why or why not?
  - How would you make your payment? Would this be different from the normal way you'd pay?
  - Is this section useful for you to see or could PG&E take it off?
  - Did you read the "Details of what you owe" section?
  - What is the difference between "your past-due amount" and "current amount due"?
  - What amount would you pay and why?

- Ease of understanding and usefulness of terms and conditions
  - Would you turn the page over and read the back? Why or why not?
  - What do you think this information is telling you?
  - Is there any information here that is important, useful or interesting to you?
  - Is it important for you to see all of this information? Is there any information you think PG&E could take off?

- Knowledge and interest in other PG&E services
  - Have you heard of PG&E's APS (Automatic Payment Service?) It is a service that automatically takes the money from your bank account each month when your bill is due

so that you never have to worry about being late, and it's free. Is this something you'd be interested in joining? Why or why not?

  - Would you call to sign up for this service? Would you go online and sign up for it there? If PG&E put something on the back of the payment stub as an example, would you sign up and mail it back in?

- Wrap-up questions
  - So if you received this notice in the mail, would you pay it?
  - If not….what can we do so that you would pay it?
  - What is the most important piece of information on this notice? What is the thing that made you pay attention and want to pay it? (Was it the title? The message in bold abut service being disconnected in 15 days?)
  - Do you have any suggestions for how we could improve this notice? Anything you would add, delete or change?

- Ability to recognize disconnection notice (48 hours)
  - Now I'm going to give you another document. Can you tell me what this document is?
  - What is different about this one than the one you just looked at? (Do they notice it's a disconnection?)
  - When will PG&E disconnect your service if you don't pay this notice?
  - What would you do if you got this in the mail? (pay right away? and how?)
  - What amount do you have to pay and when?
  - What amount would you pay? (Really probe to see if they would pay just the past due amount of the entire amount they owe. If they wouldn't pay the entire amount, why not and when would they pay the remainder?)
  - Do you really think that PG&E will disconnect your service if you don't pay within 2 days – why or why not?
  - What would you do if they do disconnect your service? (call, etc.)
  - Will there be a charge to reconnect? How do you know? (Did they see this information on their notice?)
  - How would you pay this notice? Would you mail a check with the remittance stub? (Do they see they can't pay by mail?)

B. Direct Access bills

- Behavior with current bill and understanding of 3rd party provider charges
    - What do you typically do when you receive your bill from PG&E (open it? Throw it out? Pay right away?)
    - What information do you look for when you open your bill? Can you find this information easily today? Anything else you look for?
    - How do you pay for your bill – online, with a check, at a payment center? Do you pay the same way each time?
    - Do you get a bill from PG&E today for gas and electricity charges or just one? (need to establish if they are familiar with receiving a gas only bill like the prototype we are testing or results may be skewed)
    - Do you get billed any gas/electricity charges from another company as well? If so, then what is the difference? Why do you get charges from 2 different companies? (see if they understand that the third party charges are for procurement vs. PG&E for delivery)
    - Do you get a separate bill from this company or are all charges on your bill from PG&E? (Need to establish if customer has UDC Consolidated billing. If customer has dual billing or ESP, the research results may be skewed.)
    - If you receive charges from two different companies on the same bill, how do you know which company is charging you for what?

- Ability to find key information
    - What do you notice that is different about this bill than the one you receive today?
    - What would you do if you got this in the mail?
    - Pretending this is your bill for a moment, how much do you have to pay to PG&E and by when?
    - If you didn't agree with your bill, what would you do? (Did you see the information on page 4 in their bill?)
    - If you had a question regarding the rate you are on, where would you look for the information (web site, page 4, call?)
    - If you did have to call the call center, could you find the number on your bill?
    - Would you want service in English or another language? (If another language, do they know they are different customer service numbers they can call and if so, where they are located?)

- If you did call, the call center rep would likely ask you for your account number. Can you find it on this document?
- Is it important for PG&E to include the phone number on the bill?
- Would you want service in English or another language? (If another language, do they know they are different customer service numbers they can call and if so, where they are located?)
- Would you ever go online to PG&E's website? If so, what for? Do you know what their website is? Can you find it on this bill for me?
- Would you want to see your address in top right hand corner of your bill?

• Understanding account summary information and preferences for graphs

  - What did you notice first? Where did your eye first go on the page?
  - What did you see next?
  - What time period is this bill for?
  - Did you notice the "Direct Access Service" in the top right hand corner?
  - What does this term mean? Is it important for you to see this on your bill? Why or why not?
  - Do you understand what "Transitional Bundled Service" means? Does "Community Core Aggregation (CCA)" mean anything to you?
  - Have you heard of PG&E's APS (Automatic Payment Service)? (If not, briefly explain). Is this something you would be interested in signing up for?
  - Pretending for a minute that you get charges from a company called "ThirdParty Energy", how much are their charges? How much are PG&E charges?
  - What is the difference – that is, what is PG&E charging you for and what is ThirdParty Energy charging you for? (do they understand PG&E is delivery and ThirdParty Energy for procurement? Do they understand what these terms mean?)
  - Let's say the ThirdParty Energy gas charges were higher than you expected, where would look to find the details?
  - How would you pay for this bill? Do you have to send one check or pay the ThirdParty Energy charges separately?
  - If you had questions about your ThirdParty Energy charges, who would you call? Where would you find that number?

- What is the graph telling you? Are the time periods they are showing you useful or would you like to see different times? Do you like to compare your usage over time?
- Is this the line you would expect to see for you? Do you know what you could do to lower your gas usage?
- Did you see the message on the right hand side? Would you go to pge.com to review up to 3 years of history like the message indicated – why or why not?
- Now that we've walked through this first page and you know how much you owe and when and seen your usage at a glance, is there any more information you'd want to see on this bill or would this first page be enough?

- Ease of understanding of billing charges and ability to calculate charges
  - What information is this page telling you?
  - Can you tell me how much gas you used this month? How can you verify if this is correct?
  - Do you ever verify your meter reading? Is it important for you to see this information on your bill? If PG&E took it off, would you care?
  - Can you tell me how much PG&E is charging you per therm?
  - Is it important for you to see how PG&E calculated your charges?
  - Do you usually read through the details on your bill? Why or why not?
  - On page 1, it says that the PG&E gas delivery charges were $646.27. How did they get to that number? Can you walk me through how they got to that number?
  - Can you tell me what "gas multiplier" means? (If not, where would you look for a definition? (would they look at Ts and Cs, website, call or do they even care?) Is there another term that would make more sense to you?
  - What is a "customer charge"? How does PG&E calculate this charge? (do they understand it's based on days instead of therms?)
  - What are the gas charges and how did they arrive at this number? Does this include tax? (do they notice that tax is shown as a separate line item?)
  - Do you know what the "procurement credit" line means? (PG&E charges only for gas only because client has chosen another party for procurement so they reverse out their charges).
  - What is the graph showing you on the right hand side?
  - How is this information different from the information presented on page 2? (do they recognize that the rates changed during the month?) If not, explain, then probe as to what

PG&E could do to make it clearer for them?

- Show alternate page with $ in front of the rates. Is it more helpful for you to see dollar signs in front of the rate?
- Did you see the message "Details of your gas procurement charges from ThirdParty energy appear on page 5"?
- What does procurement charges mean and how are they different than gas charges listed on pages 2 and 3? (If they don't know what they mean, do they care? Where would they go to find the definition?)
- Just before we move on, did you read the message? Is this information interesting to you?
- Should PG&E put messages like this on the bill? What type of information would you like them to put on that would be meaningful to you?

* Recognition and understanding of 3rd party charges
    - What is the information on this page? (Do they recognize this is now the third party charges? If so, how? Did they notice the title?)
    - You'll notice this started on its own page. Is that important to you?
    - Is this meter reading information on this page different than the meter reading information on page 2?
    - Why do you think it's on this page as well?
    - If you had questions about these charges, who would you call?
    - Can you tell me what "Service ID" is?
    - What is your rate? Do you know what GA-1 is? Where would look to get this information?
    - What is the number displaying beside "Meter"? Do you know that means? What does "Serial W" mean?
    - Why are there two sets of charges showing on this page? (Do they realize there are 2 different rates?)
    - What does the ThirdParty Energy charge per therm for procurement? What does PG&E charge for this?
* Likelihood to read and usefulness of marketing information
    - What is the information on these two pages?

- Do you ever read the inserts you receive in the envelope with your bill? Why or why not?

- PG&E is thinking about eliminating their inserts and putting the information as a page on their bill instead. Do you prefer this approach? Would you read these pages?

- If PG&E could personalize these messages for you, what would you like them to give you?

- Should this information start on page 6? Would you ever throw out the marketing page?

- Wrap-up
  - Now that we've gone through the bill in detail, is there any information that you think shouldn't be on it? Information that you wouldn't need? Any information missing?

  - Rate the importance of having the following information on your bill (from 1 to 10, with 10 being very important and 1 it doesn't matter to me at all and PG&E should take it off the bill):
    - Meter reading
    - Marketing page
    - Usage at a glance graph on page 1
    - Bar charts on page 2
    - Details of charges
    - Details of ThirdParty Energy charges on its own page
    - Things you should know

  - You'll notice this bill is 4 pages – is that okay for you?

  - Can you tell me what PG&E charges you for and what ThirdParty Energy charges you for? (really want to ensure they understand the difference between delivery vs. procurement)

  - Was it clear to you where to find your PG&E charges vs. your ThirdParty Energy charges? (if not, what could we do to make that clearer for you?)

  - (Show previous bill) – Rate this bill from 1 to 10. (Show new bill) – Rate this bill from 1-10.

  - What could we do to make it a 10? Do you have any further suggestions for improving it?

C. Streetlights

- Behavior with current bill
  - What types of bills do you get from PG&E today? (gas and electricity as well as streetlight?)
  - How do you know when you open it which service it is for?
  - What do you typically do when you receive your bill(s) from PG&E (open it? Throw it out? Pay right away?)
  - What information do you look for when you open your streetlight bill? Can you find this information easily today?
  - Anything else you look for? Is there any information you wish your streetlight bill had on it that it doesn't include today?
  - How do you pay for your bill – online, with a check, at a payment center? Do you pay the same way each time?
- Ease of understanding streetlight billing information
  - What do you notice that is different about this bill than the one you receive today?
  - How would you know this bill is for your streetlights? (did they notice the title?)
  - Pretending this is your bill for a moment, how much do you have to pay to PG&E and by when?
  - If you didn't agree with your bill, or thought it was too high, what would you do?
  - If you did have to call the call center, could you find the number on your bill?
  - If you did call, the call center rep would likely ask you for your account number. Can you find it on this document?
  - Would you ever go online to PG&E's website? If so, what for? Do you know what their website is? Can you find it on this bill for me?
- Ability to understand account summary information
  - What time period is this bill for? How do you know that? (did they see the Your charges from Aug 22, 2006 to Sept 20, 2006?)
  - Let's look through the Account summary. Can you tell me what "Your charges" are and what "Field inventory adjustment charges" are?
  - What's this next section all about - "Changes to your number of lamps"?
  - Do you refer to streetlights as "streetlights", "lamps" or "lights"? Do you have a preference?
  - What is the difference between lamps installed and removed and lamps added and removed due to field inventory adjustment?

   - Do you know what "field inventory" means?
   - If you didn't know, what would you do – for example, would you call the call center, keep looking in your bill somewhere for more information, go to the website – or do you even care?

- Ease of understanding billing details and ability to calculate charges
   - What is this section all about?
   - Let's look at the first line - What is HPSV 120V 70W 5,800 lm? (do they understand it's a type of streetlight and what V, W and lm mean?)
   - Can you walk me through how they got to $9.74? Why did they use / 30 x 10? What does that mean? (do they understand it's prorating?)
   - (If they don't understand - read the message on the right and see if you can tell me now what that means.)
   - Have you ever heard about "half-hour energy adjustments"? Can you explain this line to me?
   - Why are there two different sets of charges? (Do they understand the rates changed?)

- Understanding of "field inventory" charges
   - What is "Your field inventory adjustment" section about?
   - What do they mean by + 18 lamps and – 6 lamps? (do they know that means they added and removed them?)
   - Did you read the message at the bottom of the page? Now that you have, does it make sense to you?
   - Why are they repeating the charges (10 days and then 20 days)?

- Likelihood to read and usefulness of marketing information
   - What is the information on these two pages?
   - Do you ever read the inserts you receive in the envelope with your bill? Why or why not?
   - PG&E is thinking about eliminating their inserts and putting the information as a page on their bill instead. Do you prefer this approach? Would you read these pages?
   - If PG&E could personalize these messages for you, what would you like them to give you?

- Wrap-up
   - Now that we've gone through the bill in detail, is there any information that you think is missing that you'd want to see? Is there any information that you wouldn't need?

- Was there any information you found confusing?
- How easy was it for you to find out how much you owed and when it was due?
- (Show previous bill) – Rate this bill from 1 to 10. (Show new bill) – Rate this bill from 1-10.
- What could we do to make it a 10? Do you have any further suggestions for improving it?

5. Key findings - Credit notices

The key findings from the interviews for credit notices are organized into the following sections: (A) Customers' ability to find key information, (B) Customers' behaviors and understanding of the payment process, (C) Customers' knowledge and interest in PG&E's payment options and services, and (D) Customers' responses to the new notice format.

A. Customers' ability to find key information

When asked how much they owed, most customers indicated $155.13 (the total amount they owed) and not just the past-due amount of $77.12. Even when probed on the amount they would have to pay before being disconnected, most indicated still indicated the full amount. Only a few knew it was only the past due amount of $77.12 that had to be paid immediately. Although not accurate, this answer is obviously good news for PG&E.

Some customers, however, were confused by the due date. They would refer to the "Details of what you owe" section on the right-hand side and thought that perhaps October 31, 2006 was the due date. Eventually they would understand the correct date, but it was confusing at first glance. One customer suggested adding the due date under the amount due right at the top and that it would catch your eye more in that prominent position. One customer said that seeing the words *"on or before"* made it clear that November 25th would be the disconnection date. Another suggested that adding *"by 5pm"* would make it seem like it was the actual date. It was also suggested that PG&E include the date the 15 days starts from as they likely wouldn't have 15 days by the time they received their notice.

All customers were familiar with the process of receiving a 15-day notice. While a couple indicated they always paid their bill at that point, most were also familiar with receiving (or at least understood) there was also a 48-hour notice. And although the names of the redesigned documents were "Past due notice" and "Disconnection notice", they immediately understood the difference between the two notices.

One stated that the "Disconnection notice" was an *"eye popper."*

One man commented that *"15 days is more alarming and I would take action faster. Past due notice title is nice, but not as much of a red flag. It should really pop as a warning."*

[about the Disconnection notice] *"Clearly, this is more alarming."*

One woman suggested PG&E add "We're here to help you" on the Disconnection notice. She felt people would be distraught at that point (she assumed that most people who don't pay are in dire straights) and that a gentler voice would be reassuring and encouraging.

While customers read the first page and saw there would be a re-connection fee, some thought that it was the same as the re-established deposit and didn't realize they were two different charges. One man commented *"That's nasty."* He thought it was "sneaky" for PG&E to put it on the back – *"it is like they were hiding the amount."* A few commented the line should appear in bold or be more prominent as this was important information for them to know and they would like to see the actual amount as they weren't sure how PG&E calculated the re-connection fee. All commented they would like to see the re-establishment deposit on the first page, which would help to eliminate the confusion and there was a consistent response that seeing numbers (actual amount of re-connection fee and re-establishment deposit) would be a trigger or an incentive for them to pay. One customer suggested that you could put a more "positive spin" by stating something to the effect of *"Save the $x.xx reconnection fee by paying now."*

All customers knew they could not pay the disconnection notice by mail. One woman commented that *"everyone would know not to pay by mail. There's not a prayer that it would make it on time."*

All customers could easily find the 1-800 call center number.

B. Customers' behaviors and understanding of the payment process

Most customers did not pay their bills on time due to circumstances beyond their control – for example, being out of town or financial hardship. They would either pay their bill when they got the 15-day notice or call PG&E to make a payment arrangement. A couple responded they would call to make a payment arrangement for the $77.12 that was past due – not realizing that is really the only amount they had to pay by the due date. Several people commented that PG&E was very lenient and gave them lots of time to pay their bill. *"You can give them a little something and they will be okay."* Another comment was *"They don't turn people off easily. They are great people."*

There were only a couple of customers interviewed who were clearly "repeat offenders" and had even experienced their service being disconnected. They were low-income earners and spoke quite freely about the fact they didn't pay their bills on time and they both really "knew the system". (One woman even noted that she knew she wouldn't qualify for making a payment arrangement if she had previously failed twice to make an existing arrangement and also indicated that she sometimes gets a courtesy call prior to being disconnected .)

When probed about what would make them pay their past due amount, all indicated that the fear of being disconnected was enough. The good news is that no one doubted that PG&E would actually disconnect them, but a few customers commented they would still receive a phone call or have a bit of a grace period after the due date prior to being disconnected.

"November 25th isn't really the cut-off date – you'd still get another notice."

"If you don't pay, you will get a 24 hour notice. They will send it on the 25th."

Only one woman indicated that *"I will make more effort with the 48 hour notice since it will be cut off anytime."*

One man indicated that seeing the amount of the re-connection fee and the re-establishment deposit amount would *"make me run out and pay the bill. If I saw how much it was, I would certainly pay it. I have no idea how to calculate that amount."* His service had been disconnected before and he thought he paid $90.00 to reconnect.

Another commented: *"Customers need to understand the punishment for not paying."*

C. Customers' knowledge and interest in PG&E's payment options and services

Customers had not heard of PG&E's Automatic Payment Service and once explained to them, were not interested in signing up for it. They either had a fear they would not have sufficient funds in their account to pay the full amount of their bill on the due date, felt they would be losing control if the signed up, or simply don't have a bank account.

One woman commented that her daughter would like it as it was a plan for convenience – *"perhaps for younger people."*

Another comment is that *"it would be too hard to manage."*

One woman said that *"They may take it out and I won't have the money. It would make double trouble for me with PG&E and my bank."*

Some customers understood there were financial assistance programs available but some didn't until they read the information on the back. One respondent suggested that a reference to it be made on the front. It was also interesting to note that some CARE customers didn't realize they were already receiving some financial assistance. (We knew they were on CARE because of the recruiting list but the customer was unaware.)

Some customers wanted to see the payment options, while others indicated it wasn't necessary as they always paid their bill in person. While most paid in person at a payment center, some did indicate that it was helpful to see they could pay by phone. (Note that some customers indicated they had tried to pay over the phone but their debit card wasn't accepted and they didn't understand why. They were frustrated and felt the bill should specify which cards don't work.) One suggested that up to 3 local payment centers be listed on the bill.

Most customers had not heard of the Balanced Payment Plan option but it did generate some interest. Two people indicated they would be interested in the Automatic Payment Service if they knew their amount would be the same each month. "*It would be easier to plan if I knew the fixed amount.*"

A few customers suggested that the "what to do if you can't make your payment" should appear on the first page – or at least a reference to it.

One customer suggested that for some consistently-late paying customers, PG&E could offer some money-saving tips or even some coupons in order to help them afford their bill.

D. Customers' response to the new notice format

All customers recognized the notice by the title and understood the difference between Past due notice and Disconnection notice. One woman indicated that she liked the word "reminder" from the current notice as she felt that conveyed a friendlier tone. 2/8 indicated they preferred "15 day notice" to "past due notice". All but one seemed to prefer "Disconnection notice" to "48-hour notice." One respondent felt that "Disconnection notice" was too alarming and would like to have a 3rd notice – something in between the Past due and disconnection notices. (Note however that this man would always pay after seeing the first notice.) One suggested that "15 day disconnection notice" would be a good title for the first notice.

Customers suggested that "red" or a "bright orange" indicated something serious or "bad" and that the new bill formats – although different from the regular bill – were still too "nice". The light yellow was *"too laid back and relaxed."* The consistent response was that customers want to know that it's serious. They do not feel that PG&E has to be "nice" with the first notice.

> *"It's not bright enough to get the attention it needs. This looks like a resume, not like a past due notice. It's too pretty. The current orange is an eye catcher. The new design needs to catch the eye more."*

Customers wanted to see their service would be disconnected in bold. Some suggested that the Past due notice follow the same format as the Disconnection notice with putting that information right up front in larger type and in bold.

All customers wanted to see the re-establishment deposit on the front – not necessarily the entire paragraph but a mention of it and refer to the back for further details.

Most customers appreciated seeing the payment options on the front page.

All customers felt the information on the back was important and none of it should be deleted; some suggested that perhaps a reference be made on the front page to refer to it, so that it doesn't get overlooked.

The "Details of what you owe" section caused a bit of confusion with the various dates and there was a suggestion that the due date be right up front and more prominent.

6. Recommendations - Credit notices

Based on the key findings noted above, we recommend that the following changes be made to the credit notices:

1. Maintain the titles "Past due notice" and "Disconnection notice" but highlight on the first one a bit more that it is a 15-day notice.

2. Remove the shaded yellow background and change the thin yellow rule to a thicker red (or perhaps brighter orange) bar. These changes will help to make the notices appear more stark and serious, which is what customers indicated they wanted to see.

3. Put the due date underneath the "Total amount you owe" line at the top of the bill under the title.

4. Maintain a consistent format across both notices. Customers understand the difference by the title and indicated they do not need a "softer" or "friendlier" feel for the first notice. They want to know they will be disconnected and the consequences for not paying on time. The first two lines should be in the same format as presented on the Disconnection notice and read: "Your service will be disconnected in 15 days [or 48 hours] if we don't receive payment of your past-due amount on or before Nov 25, 2006 by 5pm."

5. Unless legally-required, remove the sentences "If you have already paid your past-due amount in full, please disregard this notice. Thank you for your payment. This is not a new bill. It is a request for payment for services already billed." Customers all readily understood the notice was not their bill and

did not need to see any "sugar-coated" information.

6. Indicate the re-connection fee amount, if possible, and also indicate that a re-establishment deposit fee will also be required if service is disconnected. Include the amount of the deposit if possible. Refer the customer to the back for further information.

7. Indicate on the front of the notice that PG&E wants to help – there are financial assistance programs and options if they can't make their payment and refer them to the back for further details. Also promote the Budget Billing Plan. This plan was seen as helpful for people who are trying to budget and pay their bills on time. Finally, offer rebates, coupons or promote ways to conserve energy if space allows.

8. Keep the "How to make your payment" options on the front page but use a graphic of the "STAR" symbol rather than the words, to more clearly explain which debit cards can be used.

9. Indicate the past-due amount, current amount due and total amount you owe, but present it in a different format and without the ("for service to Sept, 30, 2006" and "for service to Oct. 31, 2006") as customers were confused by seeing several dates.

7. Key findings - Direct Access bill formats

The key findings from the interviews for Direct Access bill formats are organized into the following sections: (A) Customers' understanding of third party energy charges, (B) Customers' ability to find key information, (C) Customers' ability to calculate their charges, (D) Usefulness of information and (E) Customers' responses to the new notice format.

A. Customers' understanding of third party energy charges

For the most part, customer interviewed understood they were receiving service from a third party in addition to PG&E. (2/8 were not aware that they were.) And although the customer profile we received indicated that all customers being interviewed received one bill for both sets of charges, 2/8 said they received a separate bill from the third party provider, but both commented that it would be perfect to receive one bill with both sets of charges as they'd have *one less check to write.*

Two customers did not know if their third party was providing a better rate than PG&E and were thinking of canceling and going back to PG&E. There was an interesting suggestion by one customer to show a comparison chart – what would PG&E have charged vs. the third party so he could evaluate his options.

There were mixed reactions as to whether the charges should be broken out on a separate page. There was not a strong preference one way vs. the other.

B. Customers' ability to find key information

When asked, customers easily found the:

- total amount they owed and the due date,
- breakdown of PG&E vs. third party energy charges,
- customer service number,
- account number, and
- time period (although one also suggested including # of billing days as well)

C. Customers' ability to calculate and understand their charges

Overall, customers did not understand many of the terms or how calculations were derived; however, they didn't really care as they just look for the amount due and pay it.

Most commented that that the first page provided all the information they needed, but when probed about just having a one page bill, they said they still wanted to see the detailed charges. Although customers didn't typically read the details, having them there provided a level of comfort for them.

Customers preferred seeing the dollar sign in front of the rates. One even commented that it would be *incorrect* to not have the dollar sign.

Some areas in particular that were not easily understood were the pro-ration – customers did not understand why there were two sets of charges being shown, and the difference between delivery and procurement.

Some terms customers struggled with were:

- *gas multiplier* – preferred *meter constant*
- *customer charge* – one suggested *basic charge*
- *Procurement credit*
- *Franchise fee*
- *Therms*
- *Direct Access*– the term was not understood by customers and even when explained, was not useful for them to see on their bill. When questioned, customers also stated that *Transitional Bundled Service* or *Community Core Aggregation* meant nothing to them.

D. Usefulness of information

It was interesting that most of these customers interviewed did not seem to want or need the meter reading information. However, customers did like to see:

- Usage chart on first page – One customer indicated she was thinking of switching to a space heater and seeing the graph on her bill would show her if it made a difference. One suggested also including the # of days and another suggested showing average daily usage. One customer commented that it would be better if the price (how much he paid) was also added.

  Any info you can get that anchors you into what is going on in your business – past, present and future – is good.
- Comparison bar chart on second page – some indicated their preference of this chart vs. the one on the first page, but both were seen as useful. Only one customer commented that the graph on page two was a *waste of ink. Just show the numbers, don't bother with the graph.*
- *Things you should know* section – would refer to it if an issue arose. There was a suggestion to put explanation of terms in the section where the term is used – rather than on this page while some suggested the detailed charges section could refer them to this section for explanations. Several mentioned having this page would save a call to the call center.

- Details – only one commented that if he just received the bottom line and the graph on page 2 that would be enough, and yet the same customer remarked that including the details kept PG&E honest. Most felt that there was comfort in knowing they were there, even if they didn't read them. They didn't concern themselves with the numbers but they should be there in case of issues.

There was mixed reaction to receiving messages – one commented that the information was useful, but it should stand out more; another stated that as long as the bill isn't overcrowded, PG&E can go ahead and add messages, while others didn't need to see them. Most customers indicated they would tend to read the marketing page more than inserts, but that the information should be relevant to them.

E. Customers' responses to the new format

The overwhelming response with this group of customers was that the new bill was an improvement from the current bill. The current bill received ratings from 3 to 5 while the new one scored from 8 to 10. There was one exception – one customer preferred the current bill but he acknowledged it was because it was familiar to him. He ranked the new bill a 9.5 and the current bill a 10.

- *It's got more color than the current bill.*
- *It's cleaner and contemporary.*
- *This is a clearer bill – more itemized for sure. There is definitely more information on the new design and it's more readily available.*
- *It's easier to read, for sure. Less cramped.*

There was positive feedback on the font size. One customer stated it may make him want to read the bill a little more.

In general, there was positive feedback to including a marketing page instead of inserts – the general comment that people would read it more. They are interested in receiving money saving tips, energy conservation tips and coupons. Only one customer stated that one message per month was needed on the front of the bill and *don't waste my time with a full page.* Another customer commented that he was only concerned with his bill and would want to receive any marketing information in a separate envelope.

Business customers prefer the larger payment stub as the return envelope will fit their business check. Some also commented the size of the paper was better to fit in a [file] folder and easier to maintain/file.

8. Recommendations – Direct Access

For the most part, the bill that was tested was seen as an improvement and key information was easily found, so we do not recommend making any major structural changes. However, the following are some minor adjustments we would recommend PG&E make to the particular DA format, as well as some global changes across all bill formats.

Direct Access bill formats

1. Delete *Direct Access Service* from the top right hand corner of the bill as it meant nothing to customers.

2. Change *Here's how we calculated your gas charges* to *Here's how we calculated your gas **delivery** charges* for PG&E gas charges to reinforce that it is a Direct Access bill.

3. Re-order the information so that the *Details of the third party energy charges* section flows right after *Details of your PG&E gas delivery charges*. It did not seem important enough to customers to have these charges appear on their own page. There would be greater concern over the perceived waste of paper. If there was not a rate change during a billing period, the third party charges would appear on page 3, with the *Things you should know* section appearing on the back of that page.

All formats

1. When a rate change occurs during a billing period, include a message in the right hand column stating there was a rate change and that the charges shown on the left are broken out by the previous rate and the current rate. We'd also recommend changing the line: *Rates effective from [date] to [date] (# days)* to: ***Previous rates** – [date] to [date (# days)* and ***New rates** – [date] to [date] (# days)*

2. In the *Details of your charges* section, use the right hand column message area to point people to the definitions on page 4.

3. Use a dollar sign in front of the rate, but reduce the number of decimal places to 2 (instead of 5). People find too many decimal places confusing. By having the number of therms or kWh with 5 decimal places and the rate also appearing with 5 decimal places, it adds a level of complexity that PG&E should try to avoid.

9. Key findings – Streetlight formats

It is important to note that we were not able to test this bill format with large commercial customers. The customers we tested the bill with had only one or two streetlights and never added or removed lights. The bill we presented to them was more complex than the typical bill they would receive, so our findings were very limited and we were not able to accurately test understanding of all aspects of the new format. We also had one customer who was the person who paid the bills but was not the one familiar with the actual streetlights content.

PG&E has agreed to do some field testing with the larger customers themselves. The results of those one-on-one interviews should be used to validate this bill format or to provide any necessary revisions. However, we were able to draw some conclusions for some areas of the bill and also gain insights into the overall design.

A. Customers' ability to find key information

- All customers were able to recognize the bill as a streetlights bill by the title. (This was seen as a big improvement as customers currently have to look for a meter number, a service address or an account number to know that it is their streetlight bill.)
- All customers were able to find the amount due and the due date.
- All customers were able to find the customer service number and the billing period.
- One customer suggested including the street name beside each lamp so they could easily see where the streetlight was located, while a couple of other customers suggested that PG&E include a reference # or lamp ID (with the recognition that these customers only have 3 or 4 lamps).
- One customer suggested including the service address on the first page.
- No customers interviewed were familiar with the field inventory program so needed to look on page 3 for details.
- No customers interviewed were familiar with "half-hour energy adjustments".
- Customers found the breakdown of lamps installed and removed on the first page to be very helpful.
- One customer suggested putting the usage comparison table back on.

B. Customers' reactions to the new bill format

- All customers preferred the new format to the current PG&E bill format.
- One customer indicated the larger page size was better as the new remittance envelope would be better and better suited for the check size.
- Customers liked seeing the "changes to your number of lamps" section.

- All customers indicated they would be more apt to read the Marketing page rather than inserts. One customer indicated that PG&E could provide trouble-shooting tips on what you could do if you had problems with your streetlights.

10. Recommendations – Streetlight formats

1. Keep the title "streetlight" and use "lamps" throughout the bill.

2. Add a dollar sign in front of the rate in the details section.

3. Include the total kWh used this year compared to last year as some customers do look for this information. Ideally, this information would be included on the first page. We recommend displaying this information as a bar graph, similar to the other bill formats.

4. Only include the "Change to your number of lamps" module if there was a change during the statement period; otherwise, just include the total number of lamps as a reference.

5. When field inventory adjustments occur, include a message in the right-hand column on the first page pointing customers to page 3 for further information on field inventory adjustments. Once customers read the information on page 3, they understood what the adjustments were for; it would just be helpful for them to see a reference on the first page so they don't have to "go digging" to find it.

6. Include the starting and ending date of the field inventory, if possible. Or, if it is going to be a one-time adjustment only, then indicate that it is a one-time only charge. For example, in the Account summary, the line item would read "One-time field inventory adjustment charge".

7. Change "field inventory *adjustment*" to "field inventory *audit* or *survey*".

8. For those customers who have fewer than 10 lamps, then perhaps PG&E could provide specific reference numbers for each lamp rather than the type as the reference or ID would be more meaningful to customers.