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# ABC COMPANY FOCUS GROUPS EXECUTIVE SUMMARY

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## **PROJECT OVERVIEW AND PARTICIPANT PROFILE**

On October 18 and November 27, 2001, Satisfaction Development Systems (SDS) facilitated four focus groups comprised of residents and business owners, all of whom are current customers of ABC Company.

On October 18, two focus groups were conducted. A group comprised of commercial customers met from 12:00pm-2:00pm and a group made up of residents met from 6:00pm-8:00pm.

The groups on November 27 were both comprised of residential customers. The first group met from 5:00pm-6:30pm and the second from 7:00pm to 8:30pm.

The first half-hour of each group was spent bringing the group together and personalizing the experience (see Facilitator's Discussion Guide in Appendix A). An optimum number of eight participants per sessions was achieved with a total of 33 participants in the four groups.

The objective of these focus groups is to:

- (1) Determine the level of satisfaction participants have with their current power provider
- (2) Ascertain the attitude of the participants regarding the current and future role of the City in the area of power generation and delivery
- (3) Identify reasons that would motivate a change in provider

The opinions, attitudes, and ideas reported here are the perceptions of the participants. They can be effectively used to help in the decision-making process regarding the future direction of the City. Care should be taken, however, to avoid projecting specific comments to the entire customer population.

A Facilitator Discussion Guide was used to conduct these groups. This tool was custom designed and used to guide the normal flow of conversation in order to meet the predetermined objectives. The questions were not necessarily asked exactly as written, but were discussed as appropriate within the context of the conversation. A copy of the Facilitator Discussion Guide can be found in Appendix A.

Additionally, a summary of our conclusions can be found on page 6 of this report.

The following charts list the name and, where applicable, organization of each participant.

**Group #1: Commercial Participants (October 18, 12:00pm – 2:00pm)**

<b>NAME</b>	<b>COMPANY</b>
Bob Cox	Jersey County Community College
Shane Smith	Friends of Paulsboro Botanic Gardens
Robert Shriner	Pioneer Printing & Stationary
Mike Schroll	Mike Schroll Cabinets
Kent Holtcamp	Holiday Inn
William Dancer	Presswood Homes
Gary Imig	Sierra Trading Post
Duane Rasmussen	TMA Global Wind Energy Systems
Phil Noble	CheeseMover
Larry Michelin	Luv Homes

**Group #2: Residential Participants (October 18, 6:00pm – 8:00pm)**

<b>Name</b>
Dawna McCart
Sam Powell
Shari Anderson
Bill Pomeroy
Joey Purdy
Louis Wenzel
John Abas

**Group #3: Residential Participants (November 27, 5:00pm – 6:30pm)**

<b>Name</b>
Johnny Jones
Fred Milam
Kirk Haynes
Cyrena Flohr
Dona Wilson
Bryan Yeomans
Koral Lerwick
Anna Burchill
Lisa Murray

**Group #4: Residential Participants (November 27, 7:00pm – 8:30pm)**

<b>Name</b>
Tarrell Gardner
Leonard Swanson
Sally Kennedy
Layme Brucher
Randy Knox
James Mobley
Terry Snyder

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## **LEVEL OF SATISFACTION WITH CURRENT PROVIDER**

In general, these participants have a positive perception of the level of service they receive from their current provider. This level of satisfaction seems to be related to the actual quality of the service itself by the residential groups – few brownouts, very reliable, and quick response time. One participant stated it this way: “I don’t know if I’m typical of the average resident, but the lights work when I flip the switch, the furnace works when I turn up the thermostat – I’ve always been satisfied with the service. I’ve lived in other communities and had bad experiences with privately owned utilities, but never here – whether it’s ABC Company or XYZ Company.” Above all, reliability was the most positive of the issues discussed regarding service. The participants value and demand reliable, dependable service from their provider.

In the commercial group, there was a level of frustration that they have more brownouts than they believe is normal. The reliability issue was not as positive in the commercial group. However, nearly every participant in the commercial group commented on their positive relationship with a particular employee of ABC Company that had kept them closely informed and worked individually with them. Their perception of ABC Company seemed to be very positive, based solely on their experience with this individual.

While most participants are satisfied with the service quality, there is a perception that quality has gone down since the XYZ Company takeover of ABC Company. As one participant said: “I never had any problem with ABC Company. They were very responsive. Overall, I haven’t been too happy with XYZ Company.”

However, there are negative issues that effect the overall satisfaction of these participants. The issue of increased rates is the most crucial point of concern. Many participants recognize that rate increases are happening all over the country: “I cringe like everybody else when I open my bill every month. I guess it’s like that all over the country, though.” However, there is a frustration that ABC Company’s rate increases have been more severe than in other areas. As stated in the commercial group: “They’ve had a bad PR rap the past year. The speaker at a national convention pointed to this City as having the highest rate increase in the country. The handling of the rate jump was very poor. I think ABC Company lost confidence from the community.”

The concern for some is not the level of the rate increase, but the way it was handled by ABC Company. In regards to the rate increase, one participant commented: “I think they handled that very poorly. All you heard as a consumer was the news report that made ABC Company look like the bad guy. The rate increase was a budget buster and they just didn’t give anyone any notice. Did they do the right negotiations? There was a general bad feeling about that.”

Another stated: “The rate increase wasn’t that far above what other people ended up paying. There’s just a criticism out there that the rates are quick to go up and slow to go down. You don’t hear much response from ABC Company.”

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A commercial participant put the issue of poor P.R by ABC Company this way: “With a huge rate increase, there’s no way to get around that increase without passing it straight to your customers. They didn’t give us any warning, so there was no way to prepare for it. There was no way for us to recuperate what we lost. If that continued for a few months, I’d be out of business.” One participant who seemed quite knowledgeable said, “The gripe is that they didn’t do a good job of tying down their sources of gas from their providers. They got burned by a business decision.”

All participants seem to value a high level of reliability and dependability, while maintaining a desire for some major improvement in communication and PR from the current power provider.

### **ROLE OF THE CITY**

A wide spectrum of opinions was generated within the context of the four separate groups on the question of the City’s role. The Commercial Group clearly dismissed the value of a municipal power provider. The general attitude of this group is best described by the comment, “I just look at it from an entrepreneurial perspective. I think it needs to stay in the private arena. I don’t want another government agency. I don’t think the City has the capital. I can’t imagine the City doing a better job than ABC Company; I just don’t know if they can do the job as well.” However, a more fragmented opinion began to surface when participants were asked what role the City should play. One person suggested, “I think it may be well worthwhile for the City to look into the generation capacity. People want stable prices and they don’t want to get caught in another bad business deal.” Another said, “I think the problem is the generation of power, it’s not the transmission.” Still another said, “I think the City needs to monitor ABC Company to make sure they avoid the bad decisions they have made before. I think the City needs to have input, but I don’t think they should take it over.” The need for “better communication” between the City and ABC Company to “protect businesses and people from unfair pricing;” working with the State to provide “more teeth” for the Public Utilities Commission; and the need for the City to “monitor ABC Company” are some of the most well received by the commercial group.

Residential participants, particularly in the last two groups, are much more favorable toward a municipal-owned utility. While much of the positive was driven by a perception that a municipal utility would create lower, and more stable, energy prices, most residential participants also seem to have much less loyalty to the current provider. They express a feeling of isolation from ABC Company with few personal ties. Many seem to feel that XYZ Company has distanced itself from residential customers and the “hometown” atmosphere of their energy provider has been lost. One person summed up the attitude of his group by saying, “I just can’t understand how we can have all this energy capacity in our own state and send it all to California.” The residential groups also endorsed a perception that the City could have an effective role in the creation of new, and perhaps environmentally friendly, sources of energy. Many participants have a guarded view of the City as an energy provider because of “some past experiences”

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with City departments, especially the water department. The general view of the residential groups is centered in the counsel to “create another separate entity to manage the power if the City decides” to become a municipal utility. Most would not be comfortable with the “City Council also being the management team” to run the utility. “It needs to be taken out of the political arena,” was the comment of one participant. The prevailing opinion is that the City could be effective in stabilizing or lowering energy prices if the organization was structured with professional operations employees and managed by a board separate from the City.

It should be noted that the first residential group expressed a more contrary view. They are considerably more negative about the City becoming a municipal utility. Their perspective compares more closely to the commercial group than to the other residential groups. Indeed, the opinions seem to germinate from a “business” rather than a “residential” perspective.

### **REASONS TO CHANGE PROVIDER**

Price is the operative word here. While some participants (especially commercial) have a definite bias toward utilizing the private sector for their energy, a near-consensus of all four groups agree that a comparable level of service and a marginal rate reduction of even 3%-5% would capture their interest. One commercial participant said, “We’ve seen a 48% increase in utilities over the last year. It will end up being \$100,000 for us. It is not just the money; it’s the effect of that cost on employees, ownership, and anything else.” While high price is clearly the catalyst for much of the current concern and interest in other alternatives, it should be noted that many participants are cynical about the City being able to duplicate the perceived high quality level of service provided by ABC Company.

The last two residential groups perceive the alternatives for the future as competition between multiple providers rather than an “either-or” scenario. Their perspective seems to be generated from the telecommunications model of long-distance provider choices. Many express the opinion that individual choice of an energy provider would maintain “balance” and eliminate the “monopoly effect” of one private sector provider. Still, the issue of recent price increases, and not the level of current service, is the overriding concern.

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## **SUMMARY AND CONCLUSION**

Our overall analysis of the four groups generates the following points:

1. The level of satisfaction with the service provided by ABC Company is quite high for all groups. Commercial customers have much deeper loyalty to the current provider than the residential customers, probably due to the personal relationships that large users have developed with key personnel at ABC Company. On the other hand, residential customers tend to feel isolated and somewhat abandoned by XYZ Company.
2. The rate increases of this past year are a powerful catalyst for most participants. Both residential and commercial customers feel “blind-sided” by the spikes in the rates and the instability for the future. Negative perceptions about the communication and PR blunders regarding the rate increases are almost universally held.
3. Commercial customers have a stronger “private sector” mentality than the residential customers. While all groups express some degree of reservation about the City as a municipal utility, residential customers are far more receptive to the idea and far more likely to actively support such a move. Commercial customers are quite negative about the City becoming involved in the transmission of energy, but are susceptible to other roles such as partnering in energy generation and monitoring/lobbying/oversight of private sector decisions and plans.
4. Even residential customers who are supportive of a municipal-owned utility are united in their perspective that the operation and management of such an entity should be removed from the political process with a separate board and operations structure. Participants in more than one group used past experiences with the City Water Department as negative examples.
5. It is our opinion that the first residential group did not reflect the perceptions of most residential customers due to the composition and personalities of the group. While opinions expressed by members of this group are as valid as any other, it is clear that some participants reflected a personal agenda and may have actually used this forum to manipulate the process.
6. An overriding message from our discussions is the sense of appreciation expressed by many participants that the City is actively seeking to understand the perspectives, concerns, and opinions of residents. As one participant suggested, “There’s a vast lack of education on rates and costs. Simple things can make a big difference.”

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# APPENDIX A

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# FACILITATOR DISCUSSION GUIDE

## ABC Company Focus Groups

### October 18 and November 27, 2001

#### INTRODUCTION AND WELCOME

- Name, occupation, company, job
- Where are you from originally?
- If you weren't here today, where would you want to be?
- OK to disagree, have an opinion or have no opinion
- Everyone should feel comfortable to participate
- Please respect the time constraints and the other participants
- Session is being recorded (smile at the camera)
- Quantitative survey was conducted previously
  1. Telephone survey of 375
  2. Two focus groups
  
- You have been randomly selected to be here from a general list of residents.
- The City is considering options for possible roles that the city may pursue regarding energy.

#### LEVEL OF SUPPORT AND LOYALTY TO CURRENT PROVIDER

- What about your current service is satisfying to you?
  - Prompts:
    - Reliability, Dependability?
    - Cost?
    - Value?
- Survey indicates that the three most important considerations are:
  - Prompts:
    - Reliability
    - Low Cost
    - Stable Rates
    - How do you feel about these issues?
- What level of loyalty do you have to your current provider?

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- Under what circumstances would you consider changing providers?
    - Prompts:
      - Additional rate Increases
      - Declining service levels
      - Loss of local identity
      - Volatile or unstable rates

### **CONCERNS WITH CURRENT PROVIDER**

- What concerns do you have regarding your current electricity/gas service? Why are they important?
  - Prompts:
    - No input to rate decisions?
    - Lack of value?
    - Not keeping costs down?

### **CITY AS PROVIDER**

- How do you feel about the City providing electricity and/or gas services?
- What advantages do you see?
- What level of interest do you have in:
  - Consolidating “utility” costs into one bill
  - Green energy programs
  - Having input to rate decisions
- Why should the City be involved as an electricity and gas provider?

### **POSSIBLE AREAS OF CONCERN**

- Why should the City avoid becoming a municipal power provider?

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- What concerns/potential problems do you see should the City choose to provide electricity and gas?
    - Prompts:
      - Obstacles?
      - Community perception?
      - Competitive rates?
      - Financial?
      - Legal?
      - Current provider opposition?

### **OTHER ISSUES**

- What other related issues or concerns do you have?
- Considering all that has been discussed, how likely would you be to use the City, should they provide electricity and gas?
- For those of you unlikely to use the City, would you change your mind for a savings?
  - Prompts:
    - 5%
    - 10%
    - 15%
    - 20%