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Staff Evaluation of Ohio's Natural Gas Customer Choice Program Volume II

Billing information and meter reading

Independent Variable: Question 6: *How interested are you in The East Ohio Gas Company's Energy Choice Program?*

- *Not interested*
- *Neither interested nor disinterested*
- *Interested*

There is a statistically significant relationship between interest in the Program and, for those who have experienced problems choosing a supplier, their identifying "Billing information and meter reading" as information that would make choosing easier. The relationships are more apparent when comparing the row percentages between the independent variable categories.

Interest in Energy Choice Program/ Problems in selecting a Supplier: Billing Information and Meter Reading

	No	Yes
Not interested	41 89.13	5 10.87
Neither interested nor disinterested	126 88.73	16 11.27
Interested	185 79.06	49 20.94

Number of Respondents answering Questions 6 and 7(Billing information and meter reading): 422
Frequency missing: 59

Across all levels of interest, the response rates are proportionately similar to the business response rate of 16.3%. One may note, however, that as the level of interest in the Program increases, the rate of customers indicating problems in selecting a supplier with a need for more information regarding "Billing information and meter reading" increases.

Discounts/ rebates/ incentives

Independent Variable: Question 6: *How interested are you in The East Ohio Gas Company's Energy Choice Program?*

- *Not interested*
- *Neither interested nor disinterested*
- *Interested*

There is a statistically significant relationship between interest in the Program and, for those who have experienced problems choosing a supplier, their identifying "Discounts/ rebates/ incentives" as information that would make choosing easier. The relationships are more apparent when comparing the row percentages between the independent variable categories.

Interest In Energy Choice Program/ Problems in selecting a Supplier: Discounts/Rebates/Incentives

	No	Yes
Not interested	42 91.30	4 8.70
Neither interested nor disinterested	112 78.87	30 21.13
Interested	161 68.80	73 31.20

Number of Respondents answering Questions 6 and 7(Discounts/rebates/incentives): 422
Frequency missing: 59

Both those "Neither interested nor disinterested" and those "Interested" in the Program had response rate which were similar to the business response rate of 24.9%. Those who were "Not interested" were proportionately less likely to indicate that a lack of information regarding "Discounts/ rebates/ incentives" had served as a problem in selecting a supplier. Those "Not interested" in the program were proportionately less likely than both the other interest level categories and the business response rate to have responded affirmatively.

Future of the Program

Independent Variable: Question 6: ***How interested are you in The East Ohio Gas Company's Energy Choice Program?***

- ***Not interested***
- ***Neither interested nor disinterested***
- ***Interested***

There is a statistically significant relationship between interest in the Program and, for those who have experienced problems choosing a supplier, their identifying "Future of the Program" as information that would make choosing easier. The relationships are more apparent when comparing the row percentages between the independent variable categories.

Interest In Energy Choice Program/ Problems in selecting a Supplier: Future of Program

	No	Yes
Not interested	35 76.09	11 23.91
Neither interested nor disinterested	119 83.80	23 16.20
Interested	161 68.80	73 31.20

Number of Respondents answering Questions 6 and 7(Future of program): 422
Frequency missing: 59

Across all levels of interest, the response rates are proportionately similar to the business response rate of 25.2%. One may note, however, that the affirmative response rate of those "Not interested" in the Program is higher than those who were "Neither interested nor disinterested."

No problems

Independent Variable: Question 6: ***How interested are you in The East Ohio Gas Company's Energy Choice Program?***

- ***Not interested***
- ***Neither interested nor disinterested***
- ***Interested***

There is a statistically significant relationship between level of interest and, for those who have experienced problems choosing a supplier, their indicating "No problems." The relationships are more apparent when comparing the row percentages between the independent variable categories.

Interest in Energy Choice Program/ Problems in selecting a Supplier: No Problems

	No	Yes
Not Interested	19 41.30	27 58.70
Neither interested nor disinterested	70 49.30	72 50.70
Interested	149 63.68	85 36.32

Number of Respondents answering Questions 6 and 7(No problems): 422
Frequency missing: 59

Across all levels of interest, the response rates are proportionately similar to the business response rate of 44.3%. One may note, however, that as the level of interest in the Program decreases, the rate of customers indicating "No problems" in selecting a supplier decreases.

Independent Variable: Question 16GPR: ***Approximately what is your Annual natural gas bill? $_________.***

- ***Below average customer ($1,500 or less)***
- ***Above average customer (Greater than $1,500)***

There is a statistically significant relationship between annual bill and for those who indicated "No problems" when asked what information that would make choosing easier. The relationships are more apparent when comparing the row percentages between the independent variable categories.

Annual Bill/ Problems in selecting a Supplier:
No Problems

	No	Yes
Below average customer	83 47.98	90 52.02
Above average customer	104 61.54	65 38.46

Number of Respondents answering Questions 16GRP and 7(No problems): 342
Frequency missing: 139

Those customers in the Above average customer category are less likely to indicate that there were "No problems" in selecting a supplier than those in the Below average customer category. The Below average customer category demonstrates a higher affirmative response rate than the business population response rate of 44.3%. Alternatively, the Above average customer category demonstrates a lower affirmative response rate than the business response rate of 44.3%.

The cross-tabulation and statistical analysis of Question 7 offers some important insights regarding customer perceptions of, and behavior in, the Energy Choice Program. It is important to bear in mind that the focus of Question 7 is for customers who are experiencing problems in making their choice of a supplier to identify the information that would have made the decision process easier for them to accomplish. Customers who are "Not interested" in the Program report disproportionately high responses indicating that they are not experiencing problems in making their choice of a supplier. The customers who are "Not interested" in the Program also offers consistently lower responses indicating less need for more information about the Program, across all of the Program information categories.

Interest in the Energy Choice Program is a good predictive variable of a number of important issues surrounding customer perceptions and behavior. The customers who are "Interested" in the Program are more likely to experience problems in making their choice. Those who are "Interested" in the Program are also more likely to identify information that would have made the selection process easier. This identification of the need for information was made by the interested customers in all 13 of the Program categories offered as choices in the survey. Those who are "Not interested" in the Program are not experiencing problems in choosing, because in large part, they are not seeking out information about the natural gas suppliers. It is also likely that they are not experiencing problems in choosing, because they are choosing to remain customers of The East Ohio Gas Company without learning about their alternatives in the marketplace.

It is a reflection of serious problems in the Energy Choice Program that those customers who are interested in the Program are experiencing problems in making their choice. Their problem is that they need information to make their choice, and they are not receiving satisfactory information or they are not receiving any information at all. Their primary concern is for information regarding the "Benefits and risks of switching," but they are also focused on all of the other aspects of the Program. Those who are most interested in the Program are the most likely to select a different supplier. It is also clear that customers are hesitant to make a choice without having the information they need to assess the marketplace. The East Ohio Gas Company Energy Choice Program is experiencing serious problems, in part, because customers are not getting the information they need to make their choice.

8. *What information about the natural gas suppliers has been confusing? Please check as many choices as you like.*

- *Benefits/risks of the program*
- *Customer rights and responsibilities*
- *Pricing options or price comparisons*
- *Terms of the contract*
- *Taxes and billing*
- *Did not receive information*
- *None of it was confusing*
- *Other*

Question 8 was both a closed-ended and open-ended question. The frequency represents the number of times the above choices were selected by a respondent, and the percentage is calculated based on the 415 business customers who answered this question. For the closed-ended part of the question, 212 or 51.1% of the respondents indicated that "Pricing options or price comparisons" was information about the natural gas suppliers they found confusing. There were 181 or 43.6% of the respondents who selected "Benefits/risks of the program," 117 or 28.2% reported that "None of it was confusing," 116 or 28.0% selected "Terms of the contract," 110 or 26.5% selected "Customer rights and responsibilities," 57 or 13.7% selected "Taxes and billing," and 26 or 6.3% of the respondents "Did not receive information." There were no respondents who offered an "Other" response regarding information about the natural gas suppliers that has been confusing. The following table summarizes the customer responses to the closed-ended portion of Question 8.

Confusing Information	Frequency	Percentage
Pricing options or price comparisons	212	51.1
Benefits / risks of the program	181	43.6
None of it was confusing	117	28.2
Terms of the contract	116	28.0
Customer rights and responsibilities	110	26.5
Taxes and billing	57	13.7
Did not receive information	26	6.3
Other	0	0.0

The baseline study provided the following information for Question 8. Question 8 was both a closed-ended and open-ended question. There were 464 or 90.1% of the 515 business customers that responded to this question. The frequency represents the number of times the above choices were selected by a respondent, and the percentage is calculated based on the 464 business customers. For the closed-ended part of the question, 264 or

56.9% of the respondents indicated that they found the "Pricing options or price comparisons" confusing, 225 or 48.5% found the "Benefits/risks of the program" confusing, 154 or 33.2% found the "Terms of the contract" confusing, 140 or 30.2% of the respondents found "Customer rights and responsibilities" to be confusing, 95 or 20.5% indicated that "None of it was confusing," and 30 or 6.5% responded "Did not receive information." There were 22 or 4.7% of the respondents who offered an open-ended response. The following table summarizes the customer responses to the closed-ended portion of Question 8.

Confusing Information	Frequency	Percentage
Pricing Options or Price Comparisons	264	56.9
Benefits / Risks of the Program	225	48.5
Terms of the Contract	154	33.2
Customer rights and responsibilities	140	30.2
None of it was confusing	95	20.5
Did not receive information	30	6.5
Other	22	4.7

Of the 464 business customers in the baseline sample, 22 or 4.7% responded to the open-ended portion of Question 8. A content analysis was performed on the responses that were provided to Question 8. It was determined that each response could be classified into 1 of 4 different categories. In this case, the frequency represents the number of times the category was provided by the 22 respondents, and the percentage is calculated based on the 22 business respondents. The following table presents the responses for the Other category of information the business customers found confusing.

Confusing Information	Frequency	Percentage
Need more information/confused	15	72.7
All of the above	3	13.6
Possible suppliers	2	9.1
Trying to compare	2	9.1

The text of Question 8 in the baseline study is the same as the text as it appeared in the follow-up survey as Question 8. There was a selection added to the follow-up survey based on the "Other" responses that were provided in the baseline survey; "Taxes and billing" was added to the selections. .

The selections that appeared in both the baseline and follow-up versions of Question 8 were given the same rank order by the business customers, with the exception of "None of it was confusing" which became the third most popular choice in the follow-up study. Additionally, the proportionate responses only changed slightly between the baseline and the follow-up studies for the "Pricing options or price comparisons" category. "Pricing options or price comparisons" remained the area of the Program which most confused the customers. While the number of respondents declined by 5.8%, almost half of the customers are confused about "Pricing options or price comparisons." The next most confusing area of the Program is the "Benefits/risks," followed by "Terms of the contract," "Customer rights and responsibilities," and "Taxes and billing."

The number of customers who report that none of the information was confusing has increased between the study periods. There are over one-quarter of the customers who indicate that none of the Program areas has been confusing. The number of customers who did not have information remained unchanged between the study periods and was under 10%.

Question 8 does reveal problems with the Energy Choice Program. Only about one-quarter of the respondents were not confused about any aspects of the Program. Also, not everyone has received information about the Program. It is apparent from the study that price is the most important element of the Program for consumers, and they are most confused about price. Half of the respondents are confused about "Pricing options or price comparisons" and almost a half are confused about "Benefits/risks of the Program." There are large numbers of consumers who are confused about the most fundamental areas of the Energy Choice Program. These results indicate that the consumers are not yet making the most informed decisions in the marketplace for natural gas.

9. ***How would you like to receive information about your natural gas choices? Please check all that apply.***

- ***Bill inserts***
- ***Newspaper articles***
- ***Advertising on radio***
- ***1-800 phone hotline***
- ***PUCO Internet site***
- ***Direct mail***
- ***Advertising in newspapers***
- ***TV advertising and news***
- ***Public meetings***
- ***Other***

Question 9 was both a closed-ended and open-ended question. The frequency represents the number of times the above choices were selected by a respondent, and the percentage is calculated based on the 412 business customers who answered this question. For the closed-ended part of the question, 293 or 71.1% of the business customers indicated that "Direct mail" was their preference as to how they would like to receive information about their natural gas choices. Continuing, there were 189 or 45.9% of the customers who indicated "Bill inserts," 62 or 15.0% indicated "Newspaper articles," 47 or 11.4% indicated "1-800 phone hotline," 39 or 9.5% indicated "Public meetings," 38 or 9.2% indicated "PUCO Internet site," 35 or 8.5% indicated "TV advertising and news," 29 or 7.0% indicated "Advertising in newspapers," and 15 or 3.6% indicated "Advertising on radio" as the ways they would like to receive information. There were 3 or 0.7% of the respondents who offered an "Other" response as to their preference regarding how they would like to receive information. The 3 respondents who indicated an "Other" response provided answers that could be classified into 2 distinct categories. There were 2 respondents who indicated personal contact, and 1 respondent reported a Web site. The following table summarizes the customer responses to the closed-ended portion of Question 9.

Ways to receive information	Frequency	Percentage
Direct mail	293	71.1
Bill inserts	189	45.9
Newspaper articles	62	15.0
1- 800 phone hotline	47	11.4
Public meetings	39	9.5
PUCO Internet site	38	9.2
TV advertising and news	35	8.5
Advertising in newspapers	29	7.0
Advertising on radio	15	3.6
Other	3	0.7

Question 9 from the baseline study asked the respondents to identify the educational approaches that were effective in getting them the information they needed to make a choice of a supplier. It was designed as a broad question and covered the numerous options that could be employed to disseminate information. The question was revised in the follow-up study in order to make the results more meaningful for the Commission's educational efforts. The selections included in the follow-up study are educational approaches that could be employed by the Commission in disseminating information. Again, the frequencies represent a rank ordering since the customers were permitted to select as many choices as they desired.

"Direct mail" was selected by the vast majority of the respondents as the way they would like to receive information. This choice was followed by "Bill inserts," which was identified by more than 40.0% of the respondents. The remaining methods were reported by fewer than 20% of the respondents. "Direct mail" and "Bill inserts" are the methods that would be most effective in reaching the largest audience of business customers about the Energy Choice Program.

10. What factors did you consider, or are you considering, in making your choice of a natural gas supplier? Please check as many factors as you like.

- ***Billing***
- ***Customer education***
- ***Customer service***
- ***Length of contract***
- ***Name recognition***
- ***Price***
- ***Reliable gas supply***
- ***Reputation***
- ***Terms of the contract***
- ***Other***

Question 10 was both a closed-ended and open-ended question. The frequency represents the number of times the above choices were selected by a respondent, and the percentage is calculated based on the 421 business customers who responded to the question. For the closed-ended part of the question, 331 or 78.6% of the respondents considered "Price" in making their choice of a supplier. There were 249 or 59.1% of the respondents who selected "Reliable gas supply," 187 or 44.4% selected "Reputation," 176 or 41.8% selected "Customer service," 152 or 36.1% selected "Length of contract," 148 or 35.2% selected "Terms of the contract," 147 or 35.0% selected "Billing," 70 or 16.6% selected "Name recognition," and 37 or 8.8% indicated "Customer education" as the factors they considered in making their choice of a natural gas supplier. There were no respondents who provided an "Other" response. The following table summarizes the customer responses to the closed-ended portion of Question 10.

Factors considered in choice	Frequency	Percentage
Price	331	78.6
Reliable gas supply	249	59.1
Reputation	187	44.4
Customer service	176	41.8
Length of contract	152	36.1
Terms of the contract	148	35.2
Billing	147	35.0
Name recognition	70	16.6
Customer education	37	8.8
Other	0	0.0

The baseline study provided the following information for Question 11. Question 11 was both a closed-ended and open-ended question. Of the 515 business customers, 472 or 91.7% responded to this question. The frequency represents the number of times the above choices were selected by a respondent, and the percentage is calculated based on the 472 business customers. For the closed-ended part of the question, 359 or 76.1% of the respondents considered "Price" in making their choice of a supplier. There were 262 or 55.5% of the respondents who selected "Reliable gas supply," 176 or 37.3% selected "Customer service," 155 or 32.8% selected "Reputation," 153 or 32.4% selected "Terms of the contract," 142 or 30.1% selected "Billing," 140 or 29.7% selected "Length of contract," 61 or 12.9% selected "Name recognition," 23 or 4.9% selected "Customer education," and 0 or 0.0% selected "Other." The following table summarizes the customer responses to the closed-ended portion of Question 11.

Customer Choice	Frequency	Percentage
Price	359	76.1
Reliable Gas Supply	262	55.5
Customer Service	176	37.3
Reputation	155	32.8
Terms of the Contract	153	32.4
Billing	142	30.1
Length of Contract	140	29.7
Name Recognition	61	12.9
Customer education	23	4.9
Other	0	0.0

Question 11 in the baseline survey and 10 in the follow-up survey had the same text and the same selections. "Price" remains the primary selection as the factor consumers are considering in making their choice of a natural gas supplier. In the baseline study, "Price" was identified by 76.1% if the respondents, and it was selected by 78.6% of the respondents in the follow-up study. The second selection in both studies was "Reliable gas supply." It was noted by 55.5% of the respondents in the baseline study and 59.1% of the respondents in the follow-up study.

There were only minor changes in the rank order of factors being considered by business customer between the baseline and follow-up studies. There was a slight increase in the number of respondents who identified "Reputation" and a slight decrease in the number of respondents who identified "Customer service" in the follow-up study; the rank order of "Reputation" and "Customer service" were switched between the baseline and follow-up studies. Also, "Length of contract," "Terms of the contract" and "Billing" all increased. However, "Length of contract" moved up in rank, ahead of "Terms of the contract" and "Billing," due to the increase.

For the business customers in the Energy Choice Program, the choice of a supplier appears to be driven primarily by "Price" and then by "Reliable gas supply." Business customers are considering a multitude of factors as they make their choices. Most of the factors listed in the survey were selected by more than 30% of the respondents. The only factors that were considered by fewer than 30% of the respondents were "Name recognition" and "Customer education." These appear to be less important factors for the consumers. From the questions in the survey it is apparent that information is a central aspect to consumers making a choice. It is possible that in the context of this question, the respondents are communicating that, while they believe that "Customer education" is important from the perspective of the decision-making process, they are not concerned whether their natural gas supplier is going to be a good source of that information on which they are going to rely to make their choice.

11. How many different suppliers did you consider before making your selection? Please include The East Ohio Gas Company in your total if applicable.

- *1*
- *2*
- *3*
- *4*
- *5 or more*
- *Have not considered changing*

The responses to Question 11 were grouped for the purpose of analyzing the results. There were 4 categories defined regarding the number of suppliers that were considered in making a choice. There were 436 or 90.6% of the business customers who answered this closed-ended question. There were 36 or 8.3% of the respondents who considered "1 supplier," 193 or 44.3% considered 2, 3 or 4 suppliers, and 23 or 5.3% considered "5 or more" suppliers in making their selection. There were 184 or 42.2% of the respondents who reported that they "Have not considered changing." The table below summarizes the results for Question 11.

Number of suppliers considered	Frequency	Percentage
1 supplier	36	8.3
2, 3 or 4 suppliers	193	44.3
5 or more suppliers	23	5.3
Have not considered changing	184	42.2

The baseline study provided the following information for Question 12. Question 12 was structured as a closed-ended question and, of the 515 business customers in the sample, 467 or 90.7% responded to this question. There were 50 or 10.7% of the respondents who reviewed "1 proposal," 265 or 56.8% who reviewed "2, 3, or 4 proposals," 50 or 10.7% who reviewed "5 or more proposals," and 102 or 21.8% indicated they "Have not yet considered any proposals." The following table summarizes the customer responses to Question 12.

Supplier Proposals	Frequency	Percentage
1 Proposal	50	10.7
2, 3, or 4 Proposals	265	56.8
5 or more Proposals	50	10.7
Have not yet considered any proposals	102	21.8

For those business customers who were considering "1 proposal," there was relatively no change between the baseline and follow-up study periods. The smallest numbers of customers are reviewing "5 or more proposals" and the next smallest number are considering only "1 proposal."

Between the baseline and follow-up studies, there have been dramatic changes among the business population. In the baseline study, there were 56.8% of the respondents who reported that they were reviewing 2, 3, or 4 proposals. In the follow-up study, this number had decreased to 44.3%. There has been a corresponding increase in the number of customers who report that they "Have not yet considered changing." In the baseline study, there were 21.8% of the respondents who had not yet considered changing, and in the follow-up study, there were 42.2% who had not considered changing. During the baseline study, there were more business customers considering the change to a supplier than in the follow-up study. It is possible that as the Program was initiated, there were customers who began to consider alternatives. For some reason, a portion of these customers has decided not to continue considering making a change of suppliers. There are some customers making the change; the market share of The East Ohio Gas Company has decreased between the study periods. There is a reverse process, however, being captured by Question 12 which indicates that fewer customers are considering a choice of suppliers.

12. ***If you have a new natural gas supplier, have you experienced any problems with your service from that supplier? In your answer, please consider all aspects of service, including price, customer service and education, billing, contract terms, resolution of problems, etc.***

- ***Yes***
- ***No***
- ***Have not selected a new supplier***

If YES, please describe the problems and how they were resolved. If they were not resolved, please indicate the problems that were not resolved.

Question 12 was both a closed-ended and open-ended question. The first half of Question 12 was closed-ended, with the respondents having been asked to select either Yes or No. The second half of this question was open-ended, giving those respondents who indicated that they have experienced problems an opportunity to identify these problems. Of the 481 business respondents, 419 or 87.1% responded to this question. Of these 419 respondents, 20 or 4.8% answered "Yes," they had experienced service problems from their new natural gas supplier. Conversely, 123 respondents or 29.4% answered "No," they had not experienced any problems. There were 276 or 65.9% of the respondents that answered, "Have not selected a new supplier."

The second half of this question was designed to enable respondents who answered "Yes" in the first part of the question to specifically list the problems they have experienced in their service from their natural gas supplier. Respondents were able to provide multiple responses. Fifteen respondents each provided 1 response. The responses were analyzed and placed into a category according to the topic conveyed by the response. This process resulted in 4 distinct categories. The table below presents these categories, as well as their respective frequencies. The percentages are calculated based on the 15 customers who provided an open-ended response to Question 12.

Service problems from a new supplier	Frequency	Percentage
Billing problems	9	60.0
Higher prices	3	20.0
No record of switch to new company	2	13.3
Unreturned phone calls	1	6.7

The following information was presented in the baseline study from the results of Question 14. The first portion of the question is close-ended. Of the 515 business respondents, 391 or 75.9% answered Question 14. Of those answering the first portion of this question, 64 or 16.4% of the business respondents indicated a "No" response when asked if they had experienced problems with service from a new supplier. Continuing with those who answered the first portion of the question, 237 or 60.6% of the respondents indicated they "Have not selected a new supplier," and 9 or 2.3% of the respondents chose "Yes" when asked if they had experienced problems with service from a new supplier. There were 81 or 20.7% of the respondents that chose "Have not had enough experience with supplier to make a judgment."

The following table presents the business responses to the open-ended portion of Question 14. The 9 respondents who indicated "Yes" in the first portion are eligible respondents on this portion of the question. Please note of the 9 respondents who answered "Yes," only 7 indicated a written answer. There were 2 respondents who checked "Yes" but failed to respond with a written answer. The 7 customers who provided an open-ended response offered answers that were classified into 2 categories. The percentages are based on these 7 respondents.

Problems with new supplier	Frequency	Percentage
Billing	6	85.7
Changing supplier	1	14.3

The text of Question 12 in the follow-up study was similar to the text as it appeared in Question 14 in the baseline study. The open-ended portion, however, was revised in an attempt to elicit some additional and more detailed information from the respondents. In the baseline study, the respondents were asked to describe their service problems. In the follow-up study, the respondents were asked to describe the problems and then to discuss how the problems were resolved. Additionally, the respondents were asked to report any of their problems that were not resolved. Unfortunately, none of the respondents included information about the resolution of problems in their open-ended answers.

In the baseline study, there were 60.6% of the respondents who indicated that they had not selected a new supplier. There were also 20.7% of the respondents who reported that they did not have enough experience with their supplier to make a judgment about their service. In the follow-up study, there were 65.9% of the respondents who indicated that they had not selected a supplier. Thus, approximately the same number of business respondents had not selected a new supplier between the 2 study periods. In the baseline study, there were 2.3% of the respondents who reported that they had experienced service problems from their new supplier. Most of the open-ended responses involved billing problems. In the follow-up study, there were 4.8% of the respondents who indicated that they had experienced service problems from their new supplier. Again, the majority of the problems involved billing practices. The proportionate increase in service problems was greater than the increase in the proportion of customers who switched to new suppliers between the baseline and follow-up study periods. There are going to be problems surrounding the customers' adjustments to receiving service from a new supplier, and billing problems could be one of the issues requiring some experience before service is administered efficiently. Customer service is certainly an area that should continued to be monitored as the Energy Choice Program develops.

13. ***How do you feel about each of the following areas of the program? Please check the appropriate box.***

- ***Prices***
- ***Customer service***
- ***Contract terms***
- ***Freedom of choice***
- ***Reliability/dependability***

Question 13 was a closed-ended question. The respondents were asked to rate their level of satisfaction with 5 different areas of the Energy Choice Program. These areas were defined from the results of Question 15 from the baseline study of the Program. Question 15 was an open-ended question in the baseline study and asked the respondents to identify the benefits they expected from the Energy Choice Program. The customers' identification of benefits were used as measures of customer satisfaction in the follow-up survey. Based upon the results of the analysis of Question 15, the 5 areas were defined for the purpose of measuring customer satisfaction in the follow-up survey.

Of the 481 business customers, 361 or 75.1% responded to the Prices section of Question 13. There were 177 or 49.0% of the business customers who were "Satisfied" with the "Prices" area of the Program. Continuing, there were 46 or 12.7% of the customers who were "Dissatisfied" with the "Prices" area of the Program, and 138 or 38.2% of the customers who were "Neither satisfied nor dissatisfied" with "Prices." The following table presents the results for the Price component of the Program.

Satisfaction with prices	Frequency	Percentage
Satisfied	177	49.0
Dissatisfied	46	12.7
Neither Satisfied Nor Dissatisfied	138	38.2

Of the 481 business customers, 354 or 73.6% responded to the Customer service section of Question 13. There were 219 or 61.9% of the business customers who were "Satisfied" with the "Customer service" area of the Program. Continuing, there were 13 or 3.7% of the customers who were "Dissatisfied" with the "Customer service" area of the Program, and 122 or 34.5% who were "Neither satisfied nor dissatisfied" with the Customer service component of the Program. The following table presents the results for the Customer service component of the Program.

Satisfaction with customer service	Frequency	Percentage
Satisfied	219	61.9
Dissatisfied	13	3.7
Neither Satisfied Nor Dissatisfied	122	34.5

Of the 481 business customers, 339 or 70.5% responded to the Contract terms section of Question 13. There were 170 or 50.1% of the business customers who were "Satisfied" with the "Contract terms" area of the Program. Continuing, there were 25 or 7.4% of the customers who were "Dissatisfied" with the "Contract terms" area of the Program, and 144 or 42.5% who were "Neither satisfied nor dissatisfied" with the "Contract terms" area of the Program. The following table presents the results for the Contract terms component of the Program.

Satisfaction with contract terms	Frequency	Percentage
Satisfied	170	50.1
Dissatisfied	25	7.4
Neither Satisfied Nor Dissatisfied	144	42.5

Of the 481 business customers, 347 or 72.1% responded to the Freedom of choice section of Question 13. There were 220 or 63.4% of the business customers who were "Satisfied" with the "Freedom of choice" aspect of the Program. Continuing, there were 10 or 2.9% of the customers who were "Dissatisfied" with the "Freedom of choice" aspect of the Program, and 117 or 33.7% who were "Neither satisfied nor dissatisfied" with the "Freedom of choice" aspect of the Program. The following table presents the results for the Freedom of choice component of the Program.

Satisfaction with freedom of choice	Frequency	Percentage
Satisfied	220	63.4
Dissatisfied	10	2.9
Neither Satisfied Nor Dissatisfied	117	33.7

Of the 481 business customers, 351 or 73.0% responded to the Reliability/dependability section of Question 13. There were 211 or 60.1% of the business customers who were "Satisfied" with the "Reliability/dependability" aspect of the Program. Continuing, there were 12 or 3.4% of the customers who were "Dissatisfied" with the "Reliability/dependability" aspect of the Program, and 128 or 36.5% who were "Neither satisfied nor dissatisfied" with the "Reliability/dependability" aspect of the Program. The following table presents the results for the Reliability/dependability component of the Program.

Satisfaction with reliability/dependability	Frequency	Percentage
Satisfied	211	60.1
Dissatisfied	12	3.4
Neither Satisfied Nor Dissatisfied	128	36.5

The business customers report their highest levels of satisfaction for the "Freedom of Choice" and "Customer service" aspects of the Program. There were 63.4% who indicated they were satisfied with "Freedom of Choice" and 61.9% who indicated they were satisfied with "Customer service." The next highest level of satisfaction was reported for "Reliability/ dependability," which was reported by 60.1% of the respondents. The lowest satisfaction levels were reported for "Contract terms" and "Price." There were 50.1% of the customers who reported that they were satisfied with "Contract terms." There were 49.0% who reported that they were satisfied with "Price."

The levels of dissatisfaction were similar across all of the elements of the Program except "Price." For the other 4 elements of the Program, few customers indicated dissatisfaction, with the responses ranging from 2.9% to 7.4%. The highest level of dissatisfaction was reported by the 12.7% of business customers who indicated that they were dissatisfied with "Price."

Most of the business respondents report that they are satisfied with all aspects of the program. Across all aspects of the Program, more than one-third of respondents indicated that they were Neither satisfied nor dissatisfied. For most of the elements of the Program, from 33.7% to 38.2% of the customers are effectively neutral regarding their level of satisfaction. The highest reported response by business customers indicating they were Neither satisfied nor dissatisfied came from the 42.5% with regard to "Contract terms."

The highest level of dissatisfaction comes with "Price," where 12.7% of respondents indicating they were Dissatisfied. For the most part, customers appear to be somewhat satisfied with all aspects of the Program, with over 40% of customers indicating their satisfaction across the 5 elements given in the survey.

14. Would you be interested in having The East Ohio Gas Company's Customer Choice Program continued in your area?

- ***Yes***
- ***No***
- ***Not Sure***

This question was structured as a closed-ended question, with the respondents having been asked to select either Yes, No, or Not Sure. Of the 481 business respondents, 451 or 93.8% provided a response to Question 14. The frequency represents the number of times the above choices were selected by a respondent, and the percentage is calculated based on the 451 business customers who answered Question 14. A review of the results demonstrates that 268 respondents indicated a response of "Yes," they would be interested in having the Program continued in their area. This represents 59.4% of the respondents that completed this question. Conversely, 40 respondents or 8.9% indicated a response of "No," and 143 or 31.7% of the business customers were "Not Sure" if they were interested in having the Program continued in their area. This data clearly demonstrates that the vast majority of this question's respondents are interested in having the Program continued in their area. The results from Question 14 are presented in the following table.

Continue the program	Frequency	Percentage
Yes	268	59.4
No	40	8.9
Not Sure	143	31.7

The following information was presented in the baseline study from the results of Question 17. Of the 515 business customers, 474 or 92.0% responded to this closed-ended question. Of the 474 responding, 265 or 55.8% indicated "Yes," they were interested in having The East Ohio Gas Company's Energy Choice Program continued, 46 or 9.7% indicated "No," they were not interested in having the program continued, and 163 or 34.3% were "Not Sure" about having the program continued in their area. The following table summarizes the results for Question 17.

Program Continued	Frequency	Percentage
Yes	265	55.8
No	46	9.7
Not Sure	163	34.3

The text of Question 14 in the follow-up survey was the same as Question 17 from the baseline study. In both cases, it was a closed-ended question and the selections were the same in both studies. The results from the baseline to the follow-up study are relatively unchanged. There are fairly equal numbers of respondents who are interested in having the Program continued and who are not sure if they would be interested in having the Program continued. The results indicate that business customers are interested in having the Program continued and remain uncertain about it at the same time. It is clear that few respondents are not interested in having the Program continued. The results from Question 14 are consistent with conclusions in this study which indicate that there is some general confusion and uncertainty among customers about the Program.

15. Do you think the program can be improved?

- *Yes*
- *No*
- *Not Sure*

If YES, how do you think the program should be improved?

The first portion of this question was a closed-ended question. Of the 481 business respondents, 433 or 90.0% provided an answer to this question. There were 128 or 29.6% of the respondents who indicated that "Yes," they thought the Program can be improved. There were 24 or 5.5% of the respondents who selected "No," they thought the Program can not be improved. Continuing, there were 281 or 64.9% of the business customers who were "Not Sure" if the Program can be improved. The following table summarizes the results for Question 15.

Program Improved	Frequency	Percentage
Yes	128	29.6
No	24	5.5
Not Sure	281	64.9

The second portion of this question was open-ended. The 128 respondents who identified that the Program can be improved were offered the opportunity to express their ideas in this regard. Of the 128 respondents, 79 offered an open-ended answer. A qualitative analysis was performed with the responses that were provided to Question 15, and it was determined that each response could be classified into 1 of 7 different categories. Each of the 79 respondents provided an answer that was coded as a single category. The following table summarizes the results for the business customers who responded with ideas for improving the Program. The frequency denotes the number of times the 79 respondents provided a response for each particular category. The percentage is calculated based on the same 79 customers who responded to this question.

Program Improvements	Frequency	Percentage
Give more information	31	39.2
Improved comparison chart	23	29.1
Lower prices	17	21.5
Eliminate tax and recovery charges on gas	3	3.8
Improved contract terms	2	2.5
More providers	2	2.5
PUCO should force companies to be honest	1	1.3

Only 5.5% of the respondents were of the opinion that the Program does not need improvement. There were 29.6% of the respondents who reported that the Program should be improved and 64.9% were not sure. Most of the customers are not yet certain enough about the Program to have an opinion whether the Program should be improved. This uncertainty is reflected in the open-ended responses which demonstrate that the majority of customers are of the opinion that the Program should be improved by providing them with "More information" (39.2%) and "Improved comparison chart" (29.1%).

There were 21.5% of the respondents who requested "Lower prices" as a way to improve the Program and 3.8% who indicated "Eliminate Tax and recovery charges on gas." The business customers have made it clear that price is the primary factor considered in making a decision about a supplier. Also, in Question 14 the lowest level of satisfaction, and highest level of dissatisfaction, was reported in regards to prices. Customer expectations about price are not clearly understood, and it would be useful to have a better understanding about the amount of decrease customers anticipate resulting from a competitive marketplace for natural gas.

16. Approximately what is your ANNUAL natural gas bill?

There were 381 or 79.2% of the 481 business respondents who answered Question 16. The business responses to this open-ended question were coded according to the median value of the annual gas bills as reported by the 381 respondents. Median value was chosen as an indicator of central tendency in order to allow for the inclusion of all responses to this question, while guarding against extreme values or outliers. Such a method prevents a skew, either high or low, of the division point. Those business responses less than or equal to the median reported value of $1500 represent 193 or 50.7% of those answering the question. Those business responses greater than the median reported value of $1500 represent 188 or 49.3% of those answering the question. The 2 categories of below and above average gas costs were developed for the purpose of cross-tabulation and statistical analyses. The table below summarizes the results.

Annual gas bill	Frequency	Percentage
Less than or equal to $1500	193	50.7
Greater than $1500	188	49.3

Question 16 was treated as an independent variable in the research design in both the baseline and follow-up studies. In the baseline and follow-up surveys, it was an open-ended question with the same text.

17. Please check the term that best describes your business:

- ***Agriculture, forestry, and fishing***
- ***Finance, insurance, and real estate***
- ***Mining***
- ***Transportation and public utilities***
- ***Wholesale trade***
- ***Construction***
- ***Manufacturing***
- ***Retail trade***
- ***Services (including medical, educational, religious, and governmental organizations)***
- ***Other***

Of the 481 business customers, 442 or 91.9% responded to this closed-ended question. There were 202 or 45.7% of the respondents that selected "Services" as the term that best describes their business. Continuing, there were 132 or 29.9% of the customers that selected "Retail trade," 30 or 6.8% selected "Finance and insurance," 28 or 6.3% selected "Manufacturing," 18 or 4.1% selected "Construction," 14 or 3.2% selected "Wholesale trade," 10 or 2.3% selected "Agriculture, forestry and fishing," 6 or 1.4% selected "Transportation and public utilities," and 2 or 0.5% selected "Mining" as their business classification. There were no business respondents that offered an "Other" response. The following table summarizes the customer responses to Question 17.

Business Description	Frequency	Percentage
Services	202	45.7
Retail trade	132	29.9
Finance, insurance, and real estate	30	6.8
Manufacturing	28	6.3
Construction	18	4.1
Wholesale trade	14	3.2
Agriculture, forestry, and fishing	10	2.3
Transportation and public utilities	6	1.4
Mining	2	0.5
Other	0	0.0

Question 17 was treated as an independent variable in the research design in both the baseline and follow-up studies. The question had the same text with the same response categories in both surveys.

18. How would you classify your organization? Please check your response.

- *For-profit*
- *Not-for-profit*
- *Government / Public*

Of the 481 business customers in the sample, 470 or 97.7% responded to this closed-ended question. There were 382 or 81.3% of the respondents that classified their business as a "For-profit" organization. Continuing, there were 72 or 15.3% of the respondents who classified their organization as "Not-for-profit," and 16 or 3.4% of the respondents who classified their organization as "Government/public." The following table summarizes the customer responses to Question 18.

Classification of organization	Frequency	Percentage
For-profit	382	81.3
Not-for-profit	72	15.3
Government/Public	16	3.4

Question 18 was treated as an independent variable in the research design in both the baseline and follow-up studies. The question had the same text with the same response categories in both surveys.

19. Please place a check next to the number of persons employed by your organization. Please check only one box.

- *1-4*
- *5-10*
- *11-25*
- *26-100*
- *101-500*
- *Greater than 500*

There were 465 or 96.7% of the 481 business respondents who answered this closed-ended question. Of the 465 respondents, there were 170 or 36.6% who employ between "1-4" people, 127 or 27.3% employ between "5-10" people, 74 or 15.9% employ between "11-25" people, 66 or 14.2% employ between "26-100" people, 24 or 5.2% employ between "101-500" people, and 4 or 0.9% employ "Greater than 500" people. The following table presents the results for Question 19.

Number of employees	Frequency	Percentage
1-4	170	36.6
5-10	127	27.3
11-25	74	15.9
26-100	66	14.2
101-500	24	5.2
Greater than 500	4	0.9

Question 19 was treated as an independent variable in the research design in both the baseline and follow-up studies. The question had the same text with the same response categories in both surveys.

20. Select the choice that best characterizes the area where your business is located. Please check only one box.

- ***Rural***
- ***Village/Town***
- ***Suburban***
- ***Urban***

Of the 481 business customers in the sample, 466 or 96.9% responded to this closed-ended question. There were 38 or 8.2% of the respondents who indicated their business was located in a "Rural" area, 268 or 57.5% of the respondents indicated their business was located in a "Village/town," 93 or 20.0% of the respondents indicated their business was located in a "Suburban" area, and 67 or 14.4% of the respondents indicated their business was located in an "Urban" area. The following table presents the results for Question 20.

Business location	Frequency	Percentage
Rural	38	8.2
Village/Town	268	57.5
Suburban	93	20.0
Urban	67	14.4

Question 20 was treated as an independent variable in the research design in both the baseline and follow-up studies. The question had the same text with the same response categories in both surveys.

Business Customers Not Aware of Choice

"Unaware" customers are respondents who were not aware that they had a competitive choice of natural gas suppliers before they received the survey. These customers were not removed from the sampling frame, and therefore needed to be identified in order to appropriately analyze the information. There are 57 business respondents who identified themselves as unaware customers on the survey. Of the 538 business customers who completed and returned the survey, the 57 unaware customers represent 10.6% of the business sample. Unaware customers were asked to provide information regarding their length of service from, and their level of satisfaction with, The East Ohio Gas Company. They were also asked to provide the demographic information that was solicited from all business customers who responded to the survey. Unaware customers answered Questions 1, 2, 3, and 16 through 20 of the survey. They were instructed not to respond to Questions 4 through 15 of the survey. If they did provide responses to these specific questions, they were not coded or recorded in the data set.

This section of the business chapter presents the unaware customer responses to the questions they were instructed to answer in the survey. This information is described and analyzed as a subsample of the business customer sample. This analysis also includes a comparison to the overall business population. From the perspective of customer education, this is an important group in the population that needs to be targeted for the dissemination of information. That there are 10.6% of the business customers who are not aware of the Energy Choice Program reflects a need for more customer education.

1. ***How long have you been (or were you) purchasing gas from The East Ohio Gas Company ? Please place a check next to your choice.***

   - ***5 years or less***
   - ***6-10 years***
   - ***11-15 years***
   - ***16-20 years***
   - ***More than 20 years***

Customers were categorized by how many years they purchased gas from The East Ohio Gas Company. There were 57 or 100.0% of the 57 unaware business customers who responded to this closed-ended question. There were 16 or 28.1% of the customers who had purchased gas for "5 years or less," 11 or 19.3% had purchased gas for "6-10 years," 4 or 7.0% had purchased gas for "11-15 years," 4 or 7.0% had purchased gas for "16-20 years," and 22 or 38.6% of the customers had purchased gas from The East Ohio Gas Company for "More than 20 years." The table below presents the results from Question 1.

Unaware of Choice

Length of Service	Frequency	Percentage
5 years or less	16	28.1
6-10 years	11	19.3
11-15 years	4	7.0
16-20 years	4	7.0
More than 20 years	22	38.6

The following table presents the results from the overall business population for Question 1.

Aware of Choice

Length of Service	Frequency	Percentage
5 years or less	59	12.3
6-10 years	61	12.7
11-15 years	49	10.2
16-20 years	51	10.6
More than 20 years	259	54.1

There are proportionately more unaware than aware customers who have been customers of The East Ohio Gas Company for "5 years or less." There are fewer unaware customers than aware customers who have been customers of The East Ohio Gas Company for "More than 20 years." There are no critical differences between the remaining categories of years of service for the unaware and aware business customers. It may be concluded that the unaware business customers have been natural gas customers for a slightly shorter period of time than the aware customers.

2. ***How would you rate your level of satisfaction with The East Ohio Gas Company's service? In your evaluation, please consider all aspects of service, such as customer service, price, reliable gas supply, customer education and billing practices.***

- ***Very dissatisfied***
- ***Somewhat dissatisfied***
- ***Neither satisfied nor dissatisfied***
- ***Somewhat satisfied***
- ***Very satisfied***

There were 57 or 100.0% of the 57 respondents who selected 1 of the above choices for this closed-ended question. The percentages are determined based on the 57 customers who responded to Question 2. There were 9 or 15.8% of the respondents who rated their level of satisfaction with service as "Very dissatisfied." There were 2 or 3.5% who reported that they were "Somewhat dissatisfied," 11 or 19.3% reported that they were "Neither satisfied nor dissatisfied," 13 or 22.8% reported that they were "Somewhat satisfied," and there were
22 or 38.6% of the respondents who rated their level of satisfaction as "Very satisfied." The table below presents the results for Question 2.

Unaware of Choice

Level of Satisfaction	Frequency	Percentage
Very dissatisfied	9	15.8
Somewhat dissatisfied	2	3.5
Neither satisfied nor dissatisfied	11	19.3
Somewhat satisfied	13	22.8
Very satisfied	22	38.6

The following table presents the results from the overall business population for Question 2.

Aware of Choice

Level of Satisfaction	Frequency	Percentage
Very dissatisfied	64	13.4
Somewhat dissatisfied	19	4.0
Neither satisfied nor dissatisfied	51	10.7
Somewhat satisfied	105	22.0
Very satisfied	239	50.0

Regarding the levels of satisfaction, there are no critical differences between the unaware and aware customers in the dissatisfaction range of the scale; both groups responded with similar levels of dissatisfaction. The unaware customers are slightly less satisfied with their service from the Company than the aware customers. There were 72.0% of the aware customers who rated the Company on the positive side of the scale and 61.4% of the unaware customers who offered these ratings.

3. If you are you are not aware that you are able to choose between The East Ohio Gas Company and other natural gas suppliers, please check the box.

- ***Not aware of choice***

There are 57 or 10.6% of the 538 business respondents who identified themselves as customers "Not Aware of Choice" on the survey.

16. Approximately what is your ANNUAL natural gas bill?

There were 49 or 86.0% of the 57 unaware business respondents who answered Question 16. The business responses to this open-ended question were coded according to the median value of the annual gas bills as reported by the 49 respondents. Median value was chosen as an indicator of central tendency in order to allow for the inclusion of all responses to this question, while guarding against extreme values or outliers. Such a method prevents a skew, either high or low, of the division point. Those business responses less than or equal to the median reported value of $1500 represent 32 or 65.3% of those answering the question. Those business responses greater than the median reported value of $1500 represent 17 or 34.7% of those answering the question. The 2 categories of below and above average gas costs were developed for the purpose of cross-tabulation and statistical analyses. The table below summarizes the results.

Unaware of Choice

Annual gas bill	Frequency	Percentage
Less than or equal to $1500	32	65.3
Greater than $1500	17	34.7

The following table presents the results from the overall business population for Question 16.

Aware of Choice

Annual gas bill	Frequency	Percentage
Less than or equal to $1500	193	50.7
Greater than $1500	188	49.3

The unaware customers demonstrate a lower annual gas bill than the aware customers. A greater percent of unaware customers are in the Less than or equal to $1,500 category, while a smaller percent of unaware customers are in the Greater than $1,500 category.

17. Please check the term that best describes your business:

- ***Agriculture, forestry, and fishing***
- ***Finance, insurance, and real estate***
- ***Mining***
- ***Transportation and public utilities***
- ***Wholesale trade***
- ***Construction***
- ***Manufacturing***
- ***Retail trade***
- ***Services (including medical, educational, religious, and governmental organizations)***
- ***Other***

Of the 57 unaware business customers, 53 or 93.0% responded to this closed-ended question. There were 25 or 47.2% of the respondents that selected "Services" as the term that best describes their business. Continuing, there were 14 or 26.4% of the customers that selected "Retail trade," 7 or 13.2% selected "Finance and insurance," 3 or 5.7% selected "Construction," 2 or 3.8% selected "Manufacturing," 1 or 1.9% selected "Transportation and public utilities," 1 or 1.9% selected "Agriculture, forestry, and fishing," and 0 or 0.0% selected "Wholesale trade" as their business classification. There were no business respondents that selected the "Mining" sector or responded to the "Other" response. The following table summarizes the customer responses to Question 17.

Unaware of Choice

Business Description	Frequency	Percentage
Services	25	47.2
Retail trade	14	26.4
Finance, insurance, and real estate	7	13.2
Construction	3	5.7
Manufacturing	2	3.8
Transportation and public utilities	1	1.9
Agriculture, forestry, and fishing	1	1.9
Wholesale trade	0	0.0
Mining	0	0.0
Other	0	0.0

The following table presents the results from the overall business population for Question 17.

Aware of Choice

Business Description	Frequency	Percentage
Services	202	45.7
Retail trade	132	29.9
Finance, insurance, and real estate	30	6.8
Manufacturing	28	6.3
Construction	18	4.1
Wholesale trade	14	3.2
Agriculture, forestry, and fishing	10	2.3
Transportation and public utilities	6	1.4
Mining	2	0.5
Other	0	0.0

There are no critical differences between those customers who are aware of choice and those customers who are not aware of choice with regard to their business descriptions.

18. How would you classify your organization? Please check your response.

- *For-profit*
- *Not-for-profit*
- *Government / Public*

Of the 57 unaware business customers in the sample, 55 or 96.5% responded to this closed-ended question. There were 45 or 81.8% of the respondents that classified their business as a "For-profit" organization. Continuing, there were 7 or 12.7% of the respondents who classified their organization as "Not-for-profit," and 3 or 5.5% of the respondents who classified their organization as "Government/public." The following table summarizes the customer responses to Question 18.

Unaware of Choice

Classification of organization	Frequency	Percentage
For-profit	45	81.8
Not-for-profit	7	12.7
Government/Public	3	5.5

The following table presents the results from the overall business population for Question 18.

Aware of Choice

Classification of organization	Frequency	Percentage
For-profit	382	81.3
Not-for-profit	72	15.3
Government/Public	16	3.4

There are no critical differences between those customers who are aware of choice and those customers who are not aware of choice with regard to their type of organization.

19. Please place a check next to the number of persons employed by your organization. Please check only one box.

- *1-4*
- *5-10*
- *11-25*
- *26-100*
- *101-500*
- *Greater than 500*

There were 55 or 96.5% of the 57 unaware business respondents who answered this closed-ended question. Of the 55 respondents, there were 23 or 41.8% who employ between "1-4" people, 13 or 23.6% employ between "5-10" people, 15 or 27.3% employ between "11-25" people, 3 or 5.5% employ between "26-100" people, 0 employ between "101-500" people, and 1 or 1.8% employ "Greater than 500" people. The following table presents the results for Question 19.

Unaware of Choice

Number of employees	Frequency	Percentage
1-4	23	41.8
5-10	13	23.6
11-25	15	27.3
26-100	3	5.5
101-500	0	0.0
Greater than 500	1	1.8

The following table presents the results from the overall business population for Question 19.

Aware of Choice

Number of employees	Frequency	Percentage
1-4	170	36.6
5-10	127	27.3
11-25	74	15.9
26-100	66	14.2
101-500	24	5.2
Greater than 500	4	0.9

There are no critical differences between those customers who are aware of choice and those customers who are not aware of choice with regard to their number of employees.

20. ***Select the choice that best characterizes the area where your business is located. Please check only one box.***

- *Rural*
- *Village/Town*
- *Suburban*
- *Urban*

Of the 57 unaware business customers in the sample, 57 or 100.0% responded to this closed-ended question. There were 6 or 10.5% of the respondents who indicated their business was located in a "Rural" area, 34 or 59.6% of the respondents indicated their business was located in a "Village/town," 10 or 17.5% of the respondents indicated their business was located in a "Suburban" area, and 7 or 12.3% of the respondents indicated their business was located in an "Urban" area. The following table presents the results for Question 20.

Unaware of Choice

Business location	Frequency	Percentage
Rural	6	10.5
Village/Town	34	59.6
Suburban	10	17.5
Urban	7	12.3

The following table presents the results from the overall business population for Question 20.

Aware of Choice

Business location	Frequency	Percentage
Rural	38	8.2
Village/Town	268	57.5
Suburban	93	20.0
Urban	67	14.4

There are no critical differences between those customers who are aware of choice and those customers who are not aware of choice with regard to their location.

The unaware customers demonstrate only minor differences from the aware customers. The unaware consumers have been customers of The East Ohio Gas Company for a slightly shorter period of time than the aware customers. The unaware customers are slightly less satisfied with their service from The East Ohio Gas Company. The unaware customers also have lower annual bills. In general, the differences are small between the business customers who are aware of choice and those who are not aware of choice. That 10.6% of the customers are not aware that they have a choice of natural gas suppliers is a problem with the Energy Choice Program. Efforts must be focused on the dissemination of information in order to ensure that these customers become aware of the changing market for natural gas.

Appendix 1

Baseline Residential Survey
Follow-Up Residential Survey

Baseline Business Survey
Follow-Up Business Survey

PUCO

The Public Utilities Commission of Ohio
180 East Broad Street, Columbus, Ohio 43215-3793

George V. Voinovich, *Governor* **Craig A. Glazer**, *Chairman*

January 6, 1998

Dear Residential Natural Gas Customer:

You have the opportunity to voice your opinions about the future of The East Ohio Gas Company's Energy Choice Program. As you may be aware, the Public Utilities Commission of Ohio (PUCO) has authorized a pilot program in your area which allows residential and small business customers to purchase natural gas from either The East Ohio Gas Company or from a new supplier.

The survey will take **less than ten minutes** to complete. Your opinions will influence whether the natural gas pilot program is extended into the future and, if so, will help us to improve the program so that it works for all customers. You have been randomly selected to participate in the survey. You do not need to put your name on the survey. It was designed to protect your anonymity.

Thank you for your time and consideration in completing this questionnaire. Your opinions about the program are important to the PUCO.

Sincerely,

Craig A. Glazer

Craig A. Glazer
Chairman

PLEASE RETURN THE SURVEY IN THE ENCLOSED POSTAGE-PAID ENVELOPE BY JANUARY 14, 1998.

If you have additional comments, questions or concerns about the Energy Choice Program, please feel free to contact the PUCO at our toll free number: 800-686-PUCO (7826) or 800-686-1570 for *TTY-TDD hearing impaired.*

1. How long have you been (or were you) purchasing gas from The East Ohio Gas Compan
Please place a check next to your choice.

- ❑ 5 years or less
- ❑ 6-10 years
- ❑ 11-15 years
- ❑ 16-20 years
- ❑ More than 20 year

2. How would you rate your level of satisfaction with The East Ohio Gas Company's service? your evaluation, please consider all aspects of service, such as customer service, price, reliable g supply, customer education and billing practices.

- ❑ Very dissatisfied
- ❑ Somewhat dissatisfied
- ❑ Neither satisfied nor dissatisfied
- ❑ Somewhat satisfied
- ❑ Very satisfied

3. If you are a Percentage of Income Payment Plan (PIPP) customer or if you are not aware that yo are able to choose between The East Ohio Gas Company and other natural gas suppliers, pleas check the appropriate box.

- ❑ PIPP customer
- ❑ Not aware of choice

If you checked either box in question 3, please skip to question 20 and complete th rest of the survey.

4. Please write the full name of your natural gas supplier in the space provided. If you do not knov your natural gas supplier, please write "do not know" in the space: ____________________

5. How would you describe the information you have received to assist you in making a choice of natural gas supplier?

- ❑ Not useful
- ❑ Neutral
- ❑ Useful
- ❑ Don't have any information

6. How interested are you in The East Ohio Gas Company's Energy Choice Program?

- ❑ Not interested
- ❑ Neither interested nor disinterested
- ❑ Interested

7. Please describe the information you would like to have to make a choice of a natural gas supplier:

____

8. What information about the natural gas suppliers has been confusing? Please check as man choices as you like.

- ❑ Benefits/risks of the program
- ❑ Customer rights and responsibilities
- ❑ Pricing options or price comparisons
- ❑ Terms of the contract
- ❑ Did not receive information
- ❑ None of it was confusing
- ❑ Other ____________________

9. What have been *effective* ways of getting you the *information* you need to make your choice of a natural gas supplier? Please check as many choices as you like.

- ☐ Advertisements
- ☐ The East Ohio Gas Company bill inserts
- ☐ Friends, family, other customers
- ☐ Mail contact from natural gas suppliers
- ☐ Newspaper articles
- ☐ Ohio Consumers' Counsel - printed materials and hotline
- ☐ Personal meeting with supplier
- ☐ Public meetings and forums
- ☐ Public Utilities Commission - printed materials and hotline
- ☐ Telephone contact from natural gas suppliers
- ☐ Television and radio programs
- ☐ None
- ☐ Other____________________

10. Who has provided you with useful information that has helped or is helping you make your decision about a natural gas supplier? Please check as many choices as you like.

- ☐ The East Ohio Gas Company
- ☐ Friends, family, other customers
- ☐ Local government
- ☐ Natural gas suppliers
- ☐ Ohio Consumers' Counsel
- ☐ Public Utilities Commission of Ohio
- ☐ No one
- ☐ Other ____________________

11. What factors did you consider, or are you considering, in making your choice of a natural gas supplier? Please check as many factors as you like.

- ☐ Billing
- ☐ Customer education
- ☐ Customer service
- ☐ Length of contract
- ☐ Name recognition
- ☐ Price
- ☐ Reliable gas supply
- ☐ Reputation
- ☐ Terms of the contract
- ☐ Other____________________

12. How many different supplier proposals did you review before making your selection? If you considered remaining with The East Ohio Gas Company, include that as one of the proposals.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 or more ☐ Have not yet considered any proposals

13. Have you experienced any problems in choosing a natural gas supplier? ☐ Yes ☐ No

If YES, please describe the problems you have experienced:____________________

____

14. If you have a new natural gas supplier, have you experienced any problems with your service from that supplier? In your answer, please consider all aspects of service, including price, customer service and education, billing, contract terms, resolution of problems, etc.

☐ Yes ☐ No ☐ Have not selected a new supplier

☐ Have not had enough experience with supplier to make a judgment

If YES, please describe the problems: ____________________

____

OVER →

15. Do you expect benefits from having a choice of natural gas suppliers? ❑ Yes ❑ No

If YES, please describe the benefits: ______________________________

____

16. Do you expect problems from having a choice of natural gas suppliers? ❑ Yes ❑ No

If YES, please describe the problems: ______________________________

____

17. Would you be interested in having The East Ohio Gas Company's Energy Choice Prog continued in your area?

❑ Yes ❑ No ❑ Not Sure

18. If you have <u>not</u> selected a new natural gas supplier, please describe the reasons why:

____

19. If you <u>have</u> selected a new natural gas supplier, please describe the reasons why:

____

20. Approximately what is your ANNUAL natural gas bill? $______________

21. Please place a check next to the choice that identifies your highest level of education complete

❑ Primary and/or some high school
❑ High school graduate
❑ Some college, associates degree or technical school graduate
❑ College graduate
❑ Post-graduate degree

22. What is your age? ______________

23. Select the choice that best characterizes the area where you live.

❑ Rural ❑ Village/town ❑ Suburban ❑ Urban

24. Please place a check next to the range that identifies your annual household income.

❑ Less than $10,500
❑ $10,500-$24,999
❑ $25,000-$49,999
❑ $50,000-$74,999
❑ $75,000-$100,000
❑ Greater than $100,000

25. What is your 5-digit postal ZIP code? ______________

THANK YOU FOR RETURNING THIS BY JANUARY 14, 1998 IN THE PRE-PAID ENVELOPE PROVIDE

PUCO

The Public Utilities Commission of Ohio
180 East Broad Street, Columbus, Ohio 43215-3793

George V. Voinovich, *Governor*   Craig A. Glazer, *Chairman*

January 6, 1998

Dear Business Natural Gas Customer:

You have the opportunity to voice your opinions about the future of The East Ohio Gas Company's Energy Choice Program. As you may be aware, the Public Utilities Commission of Ohio (PUCO) has authorized a pilot program in your area which allows residential and small business customers to purchase natural gas from either The East Ohio Gas Company or from a new supplier.

The survey will take **less than ten minutes** to complete. Your opinions will influence whether the natural gas pilot program is extended into the future and, if so, will help us to improve the program so that it works for all customers. You have been randomly selected to participate in the survey. You do not need to put your name on the survey. It was designed to protect your anonymity.

Thank you for your time and consideration in completing this questionnaire. Your opinions about the program are important to the PUCO.

Sincerely,

Craig A. Glazer

Craig A. Glazer
Chairman

PLEASE RETURN THE SURVEY IN THE ENCLOSED POSTAGE-PAID ENVELOPE BY JANUARY 14, 1998.

If you have additional comments, questions or concerns about the Energy Choice Program, please feel free to contact the PUCO at our toll free number: 800-686-PUCO (7826) or 800-686-1570 for TTY-TDD hearing impaired.

1. How long have you been (or were you) purchasing gas from The East Ohio Gas Company Please place a check next to your choice.

☐ 5 years or less ☐ 6-10 years ☐ 11-15 years ☐ 16-20 years ☐ More than 20 years

2. How would you rate your level of satisfaction with The East Ohio Gas Company's service? In your evaluation, please consider all aspects of service, such as customer service, price, reliable gas supply, customer education and billing practices.

☐ Very dissatisfied

☐ Somewhat dissatisfied

☐ Neither satisfied nor dissatisfied

☐ Somewhat satisfied

☐ Very satisfied

3. If you are not aware that you are able to choose between The East Ohio Gas Company and other natural gas suppliers, please check the box.

☐ Not aware of choice

If you checked the box in question 3, please skip to question 20 and complete the rest of the survey.

4. Please write the full name of your natural gas supplier in the space provided. If you do not know your natural gas supplier, please write "do not know" in the space: ____________________

5. How would you describe the information you have received to assist you in making a choice of a natural gas supplier?

☐ Not useful ☐ Neutral ☐ Useful ☐ Don't have any information

6. How interested are you in The East Ohio Gas Company's Energy Choice Program?

☐ Not interested ☐ Neither interested nor disinterested ☐ Interested

7. Please describe the information you would like to have to make a choice of a natural gas supplier:

____

8. What information about the natural gas suppliers has been confusing? Please check as many choices as you like.

☐ Benefits/risks of the program

☐ Customer rights and responsibilities

☐ Pricing options or price comparisons

☐ Terms of the contract

☐ Did not receive information

☐ None of it was confusing

☐ Other ____________________

9. What have been effective ways of getting you the information you need to make your choice of a natural gas supplier? Please check as many choices as you like.

- ❑ Advertisements
- ❑ The East Ohio Gas Company bill inserts
- ❑ Friends, family, other customers
- ❑ Mail contact from natural gas suppliers
- ❑ Newspaper articles
- ❑ Ohio Consumers' Counsel - printed materials
- ❑ Personal meeting with supplier
- ❑ Public meetings and forums
- ❑ Public Utilities Commission - printed materials and hotline
- ❑ Telephone contact from natural gas suppliers
- ❑ Television and radio programs
- ❑ None
- ❑ Other ______________________

10. Who has provided you with useful information that has helped or is helping you make your decision about a natural gas supplier? Please check as many choices as you like.

- ❑ The East Ohio Gas Company
- ❑ Friends, family, other customers
- ❑ Local government
- ❑ Natural gas suppliers
- ❑ Ohio Consumers' Counsel
- ❑ Public Utilities Commission of Ohio
- ❑ No one
- ❑ Other ______________________

11. What factors did you consider, or are you considering, in making your choice of a natural gas supplier? Please check as many factors as you like.

- ❑ Billing
- ❑ Customer education
- ❑ Customer service
- ❑ Length of contract
- ❑ Name recognition
- ❑ Price
- ❑ Reliable gas supply
- ❑ Reputation
- ❑ Terms of the contract
- ❑ Other ______________________

12. How many different supplier proposals did you review before making your selection? If you considered remaining with The East Ohio Gas Company, include that as one of the proposals.

❑ 1 ❑ 2 ❑ 3 ❑ 4 ❑ 5 or more ❑ Have not yet considered any proposals

13. Have you experienced any problems in choosing a natural gas supplier? ❑ Yes ❑ No

If YES, please describe the problems you have experienced: ______________________

____

14. If you have a new natural gas supplier, have you experienced any problems with your service from that supplier? In your answer, please consider all aspects of service, including price, customer service and education, billing, contract terms, resolution of problems, etc.

❑ Yes ❑ No ❑ Have not selected a new supplier

❑ Have not had enough experience with supplier to make a judgment

If YES, please describe the problems: ______________________

____

OVER →

15. Do you expect benefits from having a choice of natural gas suppliers? ❑ Yes ❑ No

If YES, please describe the benefits: ______________________________

____

16. Do you expect problems from having a choice of natural gas suppliers? ❑ Yes ❑ No

If YES, please describe the problems: ______________________________

____

17. Would you be interested in having The East Ohio Gas Company's Energy Choice Progra continued in your area?

❑ Yes ❑ No ❑ Not Sure

18. If you have <u>not</u> selected a new natural gas supplier, please describe the reasons why:

____

____

19. If you <u>have</u> selected a new natural gas supplier, please describe the reasons why:

____

____

20. Approximately what is your ANNUAL natural gas bill? $______________

21. Please check the term that best describes your business:

❑ Agriculture, forestry, and fishing
❑ Construction
❑ Finance, insurance, and real estate
❑ Manufacturing
❑ Mining
❑ Retail trade
❑ Services (Including, medical, educational, religious and governmental organizations)
❑ Transportation and public utilities
❑ Wholesale trade
❑ Other ______________

22. How would you classify your organization? Please check your response.

❑ For-profit ❑ Not-for-profit ❑ Government/public

23. Please place a check next to the number of persons employed by your organization.

❑ 1-4 ❑ 5-10 ❑ 11-25 ❑ 26-100 ❑ 101-500 ❑ Greater than 500

24. Select the choice that best characterizes the area where your business is located.

❑ Rural ❑ Village/town ❑ Suburban ❑ Urban

25. What is your 5-digit postal ZIP code? ______________

THANK YOU FOR RETURNING THIS BY JANUARY 14, 1998 IN THE PRE-PAID ENVELOPE PROVIDED.

PUCO

The Public Utilities Commission of Ohio
180 East Broad Street, Columbus, Ohio 43215-3793

George V. Voinovich, *Governor*   Craig A. Glazer, *Chairman*

February 11, 1998

Dear Residential Natural Gas Customer:

You have the opportunity to voice your opinions about the future of The East Ohio Gas Company's Energy Choice Program. As you may be aware, the Public Utilities Commission of Ohio (PUCO) has authorized a pilot program in your area which allows residential and small business customers to purchase natural gas from either The East Ohio Gas Company or from a new supplier. **This is a follow-up to a previous survey that was sent to customers of The East Ohio Gas Company.**

The survey will take **less than ten minutes** to complete. Your opinions will influence whether the natural gas pilot program is extended into the future and, if so, will help us to improve the program so that it works for all customers. You have been randomly selected to participate in the survey. You do not need to put your name on the survey. It was designed to protect your anonymity.

Thank you for your time and consideration in completing this questionnaire. Your opinions about the program are important to the PUCO.

Sincerely,

Craig A. Glazer

Craig A. Glazer
Chairman

PLEASE RETURN THE SURVEY IN THE ENCLOSED POSTAGE-PAID ENVELOPE BY FEBRUARY 20, 1998.

If you have additional comments, questions or concerns about the Energy Choice Program, please feel free to contact the PUCO at our toll free number: 800-686-PUCO (7826) or 800-686-1570 for TTY-TDD hearing impaired.

1. How long have you been (or were you) purchasing gas from The East Ohio Gas Compan
Please place a check next to your choice.

☐ 5 years or less ☐ 6-10 years ☐ 11-15 years ☐ 16-20 years ☐ More than 20 year

2. How would you rate your level of satisfaction with The East Ohio Gas Company's service? I your evaluation, please consider all aspects of service, such as customer service, price, reliable ga supply, customer education and billing practices.

☐ Very dissatisfied

☐ Somewhat dissatisfied

☐ Neither satisfied nor dissatisfied

☐ Somewhat satisfied

☐ Very satisfied

3. If you are a Percentage of Income Payment Plan (PIPP) customer or if you are not aware that you are able to choose between The East Ohio Gas Company and other natural gas suppliers, please check the appropriate box.

☐ PIPP customer ☐ Not aware of choice

If you checked either box in Question 3, please skip to Question 17 and complete the rest of the survey.

4. Please write the full name of your natural gas supplier in the space provided. If you do not know your natural gas supplier, please write "do not know" in the space: ____________________

5. How useful is the information you have received to assist you in making a choice of a natural gas supplier?

☐ Not useful ☐ Neutral ☐ Useful ☐ Did not receive any information

6. How interested are you in The East Ohio Gas Company's Energy Choice Program?

☐ Not interested ☐ Neither interested nor disinterested ☐ Interested

7. If you have experienced problems in selecting a supplier, what information would have made choosing a supplier easier? Please check all that apply. If you did not experience problems in selecting a supplier, please check "no problems."

☐ Price information
☐ List of possible suppliers with contact numbers
☐ Benefits and risks of switching
☐ Billing information and meter reading
☐ Discounts/rebates/incentives
☐ Company reputation and record of reliability
☐ Future of the program
☐ Adequate gas supply
☐ Budget options
☐ Contract terms
☐ Service information
☐ Sales tax information
☐ No problems
☐ Other ____________________

8. Are you aware of the PUCO's Apples to Apples natural gas marketer's price comparison chart?

❑ Yes ❑ No

If you answered **YES**, how would you improve the comparison chart and make it more useful?

____

9. What information about the natural gas suppliers has been confusing? Please check as many choices as you like.

❑ Benefits/risks of the program
❑ Customer rights and responsibilities
❑ Pricing options or price comparisons
❑ Terms of the contract
❑ Taxes and Billing
❑ Did not receive information
❑ None of it was confusing
❑ Other ____________________

10. How would you like to receive information about your natural gas choices? Please check all that apply.

❑ Bill insert
❑ Newspaper articles
❑ Advertising on radio
❑ 1-800 phone hotline
❑ PUCO Internet site
❑ Direct mail
❑ Advertising in newspapers
❑ TV advertising and news
❑ Public meetings
❑ Other ____________________

11. What factors did you consider, or are you considering, in making your choice of a natural gas supplier? Please check as many factors as you like.

❑ Billing
❑ Customer education
❑ Customer service
❑ Length of contract
❑ Name recognition
❑ Price
❑ Reliable gas supply
❑ Reputation
❑ Terms of the contract
❑ Other ____________________

12. How many different suppliers did you consider before making your selection? Please include The East Ohio Gas Company in your total if applicable

❑ 1 ❑ 2 ❑ 3 ❑ 4 ❑ 5 or more ❑ Have not yet considered changing

13. If you have a new natural gas supplier, have you experienced any problems with your service from that supplier? In your answer, please consider all aspects of service, including price, customer service and education, billing, contract terms, resolution of problems, etc.

❑ Yes ❑ No ❑ Have not selected a new supplier

If **YES**, please describe the problems and how they were resolved. If they were not resolved, please indicate the problems that were not resolved. ____________________

____

OVER →

14. How do you feel about each of the following areas of the program? Please check the appropria box.

Area of the Program	Satisfied	Dissatisfied	Neither Satisfied Nor Dissatisfied
Prices			
Customer service			
Contract terms			
Freedom of choice			
Reliability/dependability			

15. Would you be interested in having The East Ohio Gas Company's Energy Choice Prograı continued in your area?

❑ Yes ❑ No ❑ Not sure

16. Do you think that the program can be improved?

❑ Yes ❑ No ❑ Not sure

If YES, how do you think the program should be improved?______________________

____

17. Approximately what is your ANNUAL natural gas bill? $____________

18. What is your age? ____________

19. Select the choice that best characterizes the area where you live. Please check only one box.

❑ Rural ❑ Village/Town ❑ Suburban ❑ Urban

20. Please place a check next to the range that identifies your annual household income. Please check only one box.

❑ Less than $10,500
❑ $10,500-$24,999
❑ $25,000-$49,999
❑ $50,000-$74,999
❑ $75,000-$100,000
❑ Greater than $100,000

21. What is your 5-digit postal ZIP code? ______________

THANK YOU FOR RETURNING THIS BY FEBRUARY 20, 1998 IN THE PRE-PAID ENVELOPE PROVIDED.

PUCO

The Public Utilities Commission of Ohio
180 East Broad Street, Columbus, Ohio 43215-3793

George V. Voinovich, *Governor* Craig A. Glazer, *Chairman*

February 11, 1998

Dear Business Natural Gas Customer:

You have the opportunity to voice your opinions about the future of The East Ohio Gas Company's Energy Choice Program. As you may be aware, the Public Utilities Commission of Ohio (PUCO) has authorized a pilot program in your area which allows residential and small business customers to purchase natural gas from either The East Ohio Gas Company or from a new supplier. **This is a follow-up to a previous survey that was sent to customers of The East Ohio Gas Company.**

The survey will take **less than ten minutes** to complete. Your opinions will influence whether the natural gas pilot program is extended into the future and, if so, will help us to improve the program so that it works for all customers. You have been randomly selected to participate in the survey. You do not need to put your name on the survey. It was designed to protect your anonymity.

Thank you for your time and consideration in completing this questionnaire. Your opinions about the program are important to the PUCO.

Sincerely,

Craig A. Glazer

Craig A. Glazer
Chairman

PLEASE RETURN THE SURVEY IN THE ENCLOSED POSTAGE-PAID ENVELOPE BY February 20, 1998.

If you have additional comments, questions or concerns about the Energy Choice Program, please feel free to contact the PUCO at our toll free number: 800-686-PUCO (7826) or 800-686-1570 for TTY-TDD hearing impaired.

1. How long have you been (or were you) purchasing gas from The East Ohio Gas Compan
Please place a check next to your choice.

☐ 5 years or less ☐ 6-10 years ☐ 11-15 years ☐ 16-20 years ☐ More than 20 year

2. How would you rate your level of satisfaction with The East Ohio Gas Company's service? I your evaluation, please consider all aspects of service, such as customer service, price, reliable ga supply, customer education and billing practices.

☐ Very dissatisfied

☐ Somewhat dissatisfied

☐ Neither satisfied nor dissatisfied

☐ Somewhat satisfied

☐ Very satisfied

3. If you are not aware that you are able to choose between The East Ohio Gas Company and othe natural gas suppliers, please check the box.

☐ Not aware of choice

If you checked the box in Question 3, please skip to Question 16 and complete the rest of the survey.

4. Please write the full name of your natural gas supplier in the space provided. If you do not know your natural gas supplier, please write "do not know" in the space: ____________________

5. How useful is the information you have received to assist you in making a choice of a natural gas supplier?

☐ Not useful ☐ Neutral ☐ Useful ☐ Did not receive any information

6. How interested are you in The East Ohio Gas Company's Energy Choice Program?

☐ Not interested ☐ Neither interested nor disinterested ☐ Interested

7. If you have experienced problems in selecting a supplier, what information would have made choosing a supplier easier? Please check all that apply. If you did not experience problems in selecting a supplier, please check "no problems."

☐ Price information
☐ List of possible suppliers with contact numbers
☐ Benefits and risks of switching
☐ Billing information and meter reading
☐ Discounts/rebates/incentives
☐ Company reputation and record of reliability
☐ Future of the program
☐ Adequate gas supply
☐ Budget options
☐ Contract terms
☐ Service information
☐ Sales tax information
☐ No problems
☐ Other ____________________

8. What information about the natural gas suppliers has been confusing? Please check as many choices as you like.

- ❑ Benefits/risks of the program
- ❑ Customer rights and responsibilities
- ❑ Pricing options or price comparisons
- ❑ Terms of the contract
- ❑ Taxes and billing
- ❑ Did not receive information
- ❑ None of it was confusing
- ❑ Other ______________________

9. How would you like to receive information about your natural gas choices? Please check all that apply.

- ❑ Bill insert
- ❑ Newspaper articles
- ❑ Advertising on radio
- ❑ 1-800 phone hotline
- ❑ PUCO Internet site
- ❑ Direct mail
- ❑ Advertising in newspapers
- ❑ TV advertising and news
- ❑ Public meetings
- ❑ Other ______________________

10. What factors did you consider, or are you considering, in making your choice of a natural gas supplier? Please check as many factors as you like.

- ❑ Billing
- ❑ Customer education
- ❑ Customer service
- ❑ Length of contract
- ❑ Name recognition
- ❑ Price
- ❑ Reliable gas supply
- ❑ Reputation
- ❑ Terms of the contract
- ❑ Other ______________________

11. How many different suppliers did you consider before making your selection? Please include The East Ohio Gas Company in your total if applicable.

❑ 1 ❑ 2 ❑ 3 ❑ 4 ❑ 5 or more ❑ Have not considered changing

12. If you have a new natural gas supplier, have you experienced any problems with your service from that supplier? In your answer, please consider all aspects of service, including price, customer service and education, billing, contract terms, resolution of problems, etc.

❑ Yes ❑ No ❑ Have not selected a new supplier

If YES, please describe the problems and how they were resolved. If they were not resolved, please indicate the problems that were not resolved. ______________________

____

OVER →

13. How do you feel about each of the following areas of the program? Please check the appropri box.

Area of the Program	Satisfied	Dissatisfied	Neither Satisfied Nor Dissatisfie
Prices			
Customer service			
Contract terms			
Freedom of choice			
Reliability/dependability			

14. Would you be interested in having The East Ohio Gas Company's Energy Choice Progra continued in your area?

❑ Yes ❑ No ❑ Not Sure

15. Do you think the program can be improved?

❑ Yes ❑ No ❑ Not Sure

If **YES**, how do you think the program should be improved? ______________________

____

16. Approximately what is your **ANNUAL** natural gas bill? $ ______________

17. Please check the term that best describes your business:

❑ Agriculture, forestry, and fishing
❑ Finance, insurance, and real estate
❑ Mining
❑ Transportation and public utilities
❑ Wholesale trade
❑ Construction
❑ Manufacturing
❑ Retail trade
❑ Services (including medical, educational religious, and governmental organizations)
❑ Other ______________

18. How would you classify your organization? Please check your response.

❑ For-profit ❑ Not-for-profit ❑ Government/Public

19. Please place a check next to the number of persons employed by your organization. Please check only one box.

❑ 1-4 ❑ 5-10 ❑ 11-25 ❑ 26-100 ❑ 101-500 ❑ Greater than 500

20. Select the choice that best characterizes the area where your business is located. Please check only one box.

❑ Rural ❑ Village/Town ❑ Suburban ❑ Urban

21. What is your 5-digit postal ZIP code? ______________

THANK YOU FOR RETURNING THIS BY FEBRUARY 20, 1998 IN THE PRE-PAID ENVELOPE PROVIDED.

Appendix 2

Baseline Study: Summary of Residential Conclusions and Recommendations

SUMMARY OF RESIDENTIAL CONCLUSIONS AND RECOMMENDATIONS

CUSTOMER EDUCATION

Question 3
Unaware of Choice
Conclusions and Recommendations

- Across the demographic variables in the survey, no critical differences are apparent when comparing the unaware residential responses to those of the general residential population.

- The unaware respondents make up approximately 30% of the residential customers surveyed. Given there are not critical differences between the responses given by the unaware and general residential customers, this demonstrates that higher levels of customer education are needed for all customers, not just for particular customer groups based on their demographic associations.

Question 5
How useful was the information
Conclusions and Recommendations

- There were 487 or 87.6% of the 556 residential customers who answered this question. Two hundred and six respondents or 42.3% answered that the information was "Useful," 177 or 36.3% selected "Neutral," and 77 or 15.8% answered that the information was "Not useful." There were 27 or 5.5% of the respondents who indicated that they "Don't have any information."

- These frequencies present a largely positive perception of the information being presented to customers. The most common response, having been mentioned by 42% of this question's respondents, was that the information was "useful." This percentage exceeds that for the "neutral" rating (36.3%), and greatly exceeds the rating of "not useful" (15.8%). The figures also indicate that almost all (94.5%) of the respondents are receiving at least some information. Looked at in isolation, these figures provide a largely positive assessment of the educational and marketing efforts associated with the program.

- The analysis revealed a statistically significant relationship between the perceived usefulness of the information and both interest in the program (Question 6) and customer age (Question 22). Interested customers seem to view the information more positively, as reflected by (a) their relatively low rating of "neutral," and (b) their relatively high rating of "useful." Conversely, customers who are either neutral or not interested in the program reported less positive assessments of the information (i.e., higher "neutral" rating, lower rating of "useful"). In terms of respondent age, customers age 50–64 appear to be particularly likely to find the information "not useful." A trend implied by the proportions suggests that customers age 65 and over may view the information more positively. Customers in this age range have the highest rating of "useful," combined with relatively low ratings of "neutral" and "not useful."

- The analysis revealed a statistically insignificant relationship between the perceived usefulness of the information and both education (Question 21) and location (Question 23). In other words, neither education nor location impacts the perceived usefulness of the information.

- The analysis did not present any statistical findings for the analysis of customer income (Question 24) and the perception of the information. The proportions in the cross-tabulation for this analysis suggest a relationship between income and the perception of the information. Customers in the lowest income range seem particularly likely to have rated the information as "not useful." This same group of customers also seemed particularly unlikely to rate the information as "useful." Combining these observations leads to the conclusion that customers in the "less than $10,500" category offer a much less positive assessment of the information. Although the proportions do suggest a relationship, the absence of a statistical foundation precludes one from making a definitive statement about the relationship between these variables.

Question 7
What information do you need to make a choice
Conclusions and Recommendations

- Residential customers need price information in order to make their choice of a natural gas supplier. It is critical that customer education efforts be focused on disseminating price information to customers in easily understood, clear and detailed materials. Information on other aspects of the Program and natural gas suppliers is important, but not nearly as important as the price information.

Question 8
What information was confusing
Conclusions and Recommendations

- Four hundred and sixty-three residential customers completed Question 8. The responses consist of the following: 252 or 54.4% of the respondents indicated they found "Pricing options or price comparisons" confusing, 220 or 47.5% found the "Benefits/risks of the program" confusing, 147 or 31.7% found the "Terms of the contract" confusing, 136 or 29.4% of the respondents found "Customer rights and responsibilities" to be confusing, 101 or 21.8% of the respondents found "None of it confusing," and 35 or 7.6% indicated that they "Did not receive information."

- Overall there is too much confusion on a number of the major program components. The failure to understand these critical issues will likely either deter participation in the program or result in poor decisions. This observation indicates the need for additional marketing or education efforts, with particular emphasis on the program components addressed by this question.

- Pricing is the issue with which customers are experiencing the most confusion across all educational levels, with the exception of those in the category of Primary or some high school. Benefits / risks are the second most frequently cited issues across all of the educational levels.

- The most confusing aspect across various age groups was Pricing. This selection ranked first for all age groups. Benefits/ risks was the second most confusing aspect across all of the age groups.

- Across all location categories, the topic on which the customers were most confused involved Pricing. Benefits/ risks are a secondary source of confusion.

- Pricing was the number one source of confusion across all income levels, with the exception of those earning Less than $10,500. Benefits/ risks is a secondary choice for all income levels.

- "Did not receive information" was the lowest selection for all categories, whether based on education level, age, income or location.

Question 9
Effective ways of getting information
Conclusions and Recommendations

- Across all levels of interest in the Program, the preferred method for receiving information to make a choice is EOG bill inserts. The second ranking preference across all 3 levels of interest is Mail contact. The lowest 3 rankings across all 3 levels of interest, and in different rank order, are Public meetings and forums, Personal meetings and Telephone contact.

- EOG bill inserts are the number one choice and Mail contact is the second most popular choice across all educational levels with the exception of College graduates, where Mail contact is number one and EOG bill inserts are ranked second. Third most popular across all of the educational levels were Newspaper articles with the exception of those with Primary or some high school where Advertisements were ranked third. The least popular choices across education levels are Personal meeting, Public meeting and Telephone contact. One may note, however, that out of the 12 options, 5 of the choices had a 0.00% response rate for those with the Primary or some high school education level.

- The most effective way to reach customers in various age groups would be with bill inserts. This selection ranked first for all age groups and Mail contact ranked second with the exception of those in the 35-49 category where Mail contact ranked first and bill inserts ranked second. Personal meetings and Public meetings are the least effective means of reaching customers across the age groups.

- Across location categories, the most popular method of getting information are EOG bill inserts and Mail contact is an effective secondary means of gaining information. The exception is Urban customers who listed Mail contact as the most effective means and EOG bill inserts as the second most effective means of gaining information. The least popular choice across all location categories are Personal meetings.

- For 4 out of 6 income categories, EOG bill inserts ranked first and Mail contact ranked second. The exceptions are those in the $75,000-$100,000 and the Greater than $100,000 categories where Bill inserts are the most popular means of gaining information across most income levels and Mail contact is a secondary choice. The lowest ranked choice across categories varies, however, the least popular choices are Personal meetings, public meetings and telephone contact.

Question 10
Source of useful information
Conclusions and Recommendations

- Of the 556 residential customers who responded to the survey, there were 469 or 84.35% who answered Question 10. Of the 469 respondents there were 95 or 20.3% who reported that no one was a source of useful information about the Energy Choice Program. The market for natural gas should be monitored to ensure that customers are able to identify a source of useful information. The education efforts of all organizations participating in the program should also be monitored. Consumers are not going to be able to participate in the program if they are not able to identify a source of useful information.

- The East Ohio Gas Company was identified as a source of useful information by 63.5% of the residential respondents. Natural gas suppliers were identified by 30.3% of the respondents. Friends, family, other customers and the PUCO were each identified by 12.6% of the respondents. The OCC was identified as a source of useful information by 2.8% of the respondents, and local government was identified by 0.2% of the respondents.

SELECTION PROCESS

Question 4
Current natural gas supplier
Conclusions and Recommendations

- For the 457 residential respondents who completed this question, the responses consist of the following: 346 respondents (75.7%) indicated East Ohio Gas Company as their current supplier, 29 respondents (6.3%) indicated "do not know," 24 respondents (5.3%) indicated an other supplier, and 58 respondents (12.7%) indicated East Ohio Energy Corp. These percentages illustrate the relatively low levels of participation in the Energy Choice Program at the time the survey was administered.

- Question 4, acting as the dependent variable, was analyzed against the following variables acting as independent variables: Question 1 (Years of service from EOG), Question 2 (Level of satisfaction), Question 6 (Interest in the program), Question 20 (Annual natural gas bill), Question 21 (Education), Question 22 (Age), Question 23 (Location), and Question 24 (Household income). Based on the statistical analysis, the responses to the following questions were found to be statistically insignificant: highest level of education (Question 21), age (Question 22), and location (Question 23). These findings indicate that education, age, and location do not impact the selection of a natural gas supplier.

- There is a significant finding between a residential customer's current natural gas supplier and a customer's interest in the Energy Choice Program (Question 6). Approximately 356 or 85.58% of the respondents indicated that they were neutral (neither interested or disinterested) or interested in the energy choice program. The proportions indicate that "interested" customers were more likely to switch suppliers.

- There is a significant finding between a residential customer's current natural gas supplier and a customer's annual natural gas bill (Question 20). Regardless of an above or below average bill, a majority of the respondents (80.83%) indicated that their current supplier was EOG. Based on the proportions, it appears that customers with above average bills are more likely to select a new supplier.

- The analysis did not yield any statistical findings between a customer's current supplier and the following independent variables: Years of service with East Ohio Gas Company (Question 1), the level of satisfaction with East Ohio Gas (Question 2), and household income (Question 24). Therefore, there is not conclusive statistical evidence that any of these independent variables impacts a customer's current supplier.

Question 5
How useful was the information
Conclusions and Recommendations

- Of the 556 aware residential respondents, 487 or 87.6% of them answered this closed-ended question. Two hundred and six respondents or 42.3% rated the information "Useful," 177 respondents or 36.3% rated the information as "Neutral," and 77 respondents or 15.8% rated the information as "Not useful." In addition, 27 respondents or 5.5% indicated that they "Did not receive information."

- An effective and efficient selection process is heavily contingent upon the potential participants having access to relevant information. The responses to Question 5 suggest that almost all of the customers are receiving information, and further that the information is generally perceived positively.

- Interest level has a statistically significant impact on the assessment of the information, with interested customers appearing to be more likely to view the information positively. These customers reported a lower likelihood of finding the information "neutral," as well as a higher level of finding the information "useful."

- Customer age has a statistically significant impact on the assessment of the information. A trend implied by the proportions suggests that customers age 65 and over may view the information more positively. Customers in this age range have the highest rating of "useful," combined with relatively low ratings of "neutral" and "not useful."

- The finding of statistical insignificance indicates that neither educational background nor location of residence impacts a customer's perception of the usefulness of the information they have received.

- There was no statistical information available between customer income (Question 24) and customer perception of the information. The proportions in the cross-tabulation for this analysis suggest a relationship between income and the perception of the information. However, the absence of a statistical foundation precludes one from making a definitive statement about the relationship between these variables.

Question 7
Information needed to make a choice of a natural gas supplier
Conclusions and Recommendations

- It appears that customers are focusing on potential cost savings when considering participation in the program. This observation is echoed in response to other questions throughout the survey. Therefore, in order to facilitate the selection process, it is imperative that customers have clear and easily understood pricing data for the various suppliers. Information on other aspects of the program is important, but not nearly as important as the price information.

Question 8
What information was confusing
Conclusions and Recommendations

- By simply referencing the frequencies, it appears that pricing is the primary concern. Almost 55% of the respondents indicated that they find the pricing information they received to be confusing. This finding, combined with the knowledge that perceived cost savings is the factor motivating most participants, highlights an area of major concern. Insufficient data in the area deemed most critical by the potential participants will likely (1) deter participation in the program, and (2) result in questionable decisions, which may adversely impact the customers' satisfaction with the program.

- In addition to pricing, more than 25% of the respondents are confused about the following items: benefits/risks of the program (47.5%), terms of the contract (31.7%), and customer rights and responsibilities (29.4%).

- It is also noteworthy that 21.8% of the respondents indicated that none of the information was confusing. It is clear from these responses that the vast majority of the respondents are confused about at least some aspect of the program.

- With this program, the customers are presented with the opportunity of selecting a gas supplier, yet they remain confused about many of the major components of the program. It is unreasonable to believe that the selection process is operating as effectively as possible given these high levels of reported confusion on critical aspects of the program. It therefore appears clear that steps need to be taken to provide clearer, perhaps more detailed, information.

- The independent variables offer little in the way of conclusive predictive capability. Almost all of the statistical tests either lacked a finding or ultimately revealed a conclusion of statistical insignificance.

Question 9
Effective ways of getting information
Conclusions and Recommendations

- When looking at the responses from the perspective of the selection process, the most important issue is to determine if the respondents have identified at least 1 medium of communication that has been effective in the past. One of the possible responses to Question 9 was "None." It is these responses on which this section will concentrate. The frequencies indicate that 13% of the respondents did not find any of the communication mediums listed in Question 9 to be effective. This is a fairly positive finding, indicating that the vast majority of the respondents have identified at least 1 effective way of receiving information. Although no single manner of communication was cited by more than 55% of the respondents, it appears that the portfolio of approaches provides fairly exhaustive coverage.

- There were findings of statistical significance between a response of "None" in Question 9 and each of the following independent variables: Interest in the program (Question 6), Education (Question 21), and Location (Question 23). The applicable cross-tabulation analysis revealed an inverse relationship between interest in the program and the likelihood of having responded "None" in Question 9. The cross-tabulations for both education and location failed to reveal any discernible trends or patterns.

- There was a finding of statistical insignificance for the analysis of age (Question 22) against a response of "None" in Question 9. Such a finding indicates that customer age does not impact the likelihood of having not yet identified an effective way to get program information. Similarly, the analysis revealed a statistically insignificant relationship between household income (Question 24) and the likelihood of having responded "none" to Question 9.

Question 10
Source of useful information
Conclusions and Recommendations

- The responses to Question 10 provide insights primarily into the education process. When looking at the responses from the perspective of the selection process, the most important issue is to determine if the respondents have identified at least 1 source that provides useful information. One of the possible answers to Question 10 was "No one." It is these answers on which this section will concentrate. According to the frequencies, just over 20% of the respondents answered "No one" in Question 10. This finding is somewhat alarming. In order to make informed decisions, the customers need to have access to adequate information. The responses to this question suggest that nearly one-quarter of the respondents do not have such access. Without a source of useful information, the selection process becomes much more arduous, if not impossible.

- The analysis revealed a significant relationship between a response of "No one" and interest in the program (Question 6). The cross-tabulation for this particular analysis demonstrated an inverse relationship. As interest increases, the likelihood of responding "No one" decreases.

- There were findings of statistical insignificance for the following independent variables: Education (Question 21), Age (Question 22), Location (Question 23), and Household income (Question 24). In other words, none of these 4 independent variables impact the likelihood of having responded "No one" to Question 10.

Question 11
Factors considered in making a choice of a natural gas supplier
Conclusions and Recommendations

- Question 11 was both a closed-ended and open-ended question. The frequencies listed below represent the number of times the above choices were selected by a respondent, and the percentage is calculated based on the 472 residential customers who completed this question. For the closed-ended part of the question, 350 or 74.2% of the respondents considered "Price" in making their choice of a supplier. There were 284 or 60.2% of the respondents who selected "Reliable gas supply," 200 or 42.4% selected "Customer service," 199 or 42.2% selected "Billing," 184 or 39.0% selected "Reputation," 164 or 34.7% selected "Length of contract," 152 or 32.2% selected "Terms of the contract," 93 or 19.7% selected "Name recognition," 47 or 10.0% indicated "Customer education," and 1 or 0.2% of the respondents provided an answer that was classified as "Other."

- Price (74%) is receiving the most attention during the selection process, followed by reliability of supply (60%). Customer service (42%) and billing (42%) were mentioned by more than 40% of the respondents, with the following factors also having been mentioned by more than 30% of the residential respondents: Reputation (39%), Length of Contract (35%), and Terms of the Contract (32%). It therefore appears that although cost savings are the primary incentive in the minds of the respondents, they are not looking at price exclusively. The frequencies suggest that the selection process typically involves a review of several factors, each specific to the individual customer.

- Approximately 42% of the residential respondents reported that they considered, or intend to consider, billing. Obviously this is an area that is receiving a fair amount of attention from the respondents. The statistical analysis demonstrated a significant relationship between billing and both interest level and age. The cross-tabulation revealed a linear relationship between interest in the program and the consideration of billing. When looking at age, the proportions did not reflect a distinct pattern. However, it appears that customers age 50 and older are less likely to consider billing matters.

- Customer service is an item mentioned by 42% of the respondents. Clearly this is not an issue that will disappear in a market environment. Two independent variables, education and income, were found to have a statistical impact on the consideration of customer service. Education, while impacting customer service, did not appear to do so in any recognizable pattern. The cross-tabulation table for income indicated that customers in the $75,000 - $100,000 income range are paying particularly little attention to matters involving customer service.

- Just over one-third of the respondents (34.7%) are, or will be, looking at contract length. It is not surprising that this issue is receiving a substantial amount of attention from the residential respondents, as the idea of a contract represents a fundamental change in the way residential respondents receive natural gas. The statistical analysis revealed that interest in the program significantly impacts the consideration of contract length. Specifically, the proportions in the cross-tabulation illustrate a linear relationship between interest in the program and the likelihood of considering contract length.

- The statistical analysis indicated that the likelihood of considering name recognition is independent of all the variables run against it. As having been considered by approximately 20% of the residential respondents, name recognition appears to be an item of peripheral interest.

- According to the frequencies, just under 75% of the residential respondents considered, or intend to consider, price during the selection process. This was the most commonly reported factor, indicating that respondents are highly price conscious. The analysis revealed several independent variables that have statistically significant impacts on the consideration of price. Level of satisfaction (Question 2), interest in the program (Question 6), annual natural gas bill (Question 20), age (Question 22), and income (Question 24) were all found to have some predictive influence on price. Although satisfaction was found to impact price, it did not appear to do so in any particular pattern. On the other hand, the cross-tabulation suggested a linear relationship between interest in the program and the consideration of price. Not surprisingly, customers with above average natural gas bills were found to be more likely to consider price. Finally, the proportions in the cross-tabulation suggested that older customers placed less importance on price issues, while there appears to generally be a linear relationship between income and the consideration of price.

- Just over 60% of the respondents are considering, or intend to consider, reliability when making their selection. According to the statistical analysis, level of satisfaction (Question 2) was the only independent variable found to have a statistical impact on the consideration of billing. However, a review of the data in the cross-tabulation did not reveal any patterns or trends. Clearly, reliability is an issue of substance in the minds of the residential respondents, as evidenced by the frequency. This tendency to consider issues of reliability appears to be largely independent of demographic characteristics.

- Approximately 40% of the residential respondents considered, or intend to consider, reputation when making their selections. Therefore, it is clear that this is a topic of relative importance in the minds of the residential respondents. Only Level of satisfaction was determined to have a statistically significant impact on reputation, and a review of this cross-tabulation did not reveal any patterns or trends. It appears that the consideration of reputation, while important to the respondents, is largely independent of the demographic variables run against it.

- The contract terms are being considered by approximately one-third of the residential respondents. While receiving a substantial amount of attention, the contract terms were the seventh most commonly considered factor. Therefore, while the terms appear important, they are apparently not a driving force.

Question 12
Number of supplier proposals reviewed
Conclusions and Recommendations

- There were 464 or 83.5% of the 556 residential customers who answered this closed-ended question. Seventy-four or 15.9% considered "1 proposal," 247 or 53.2% reviewed "2-4 proposals," 29 or 6.3% considered "5 or more proposals," and 114 or 24.6% "Have not yet considered any proposals. These figures demonstrate that the majority of the respondents considered 2–4 proposals before making their selection. It further appears that very few respondents are reviewing more than 4 proposals. The figures also indicate that nearly one-quarter of the respondents have yet to consider any proposals.

- The statistical analysis determined that there were insignificant relationships between the number of proposals the customers reviewed and years of service (Question 1), below/above average customer bill (Question 20), customer age (Question 22), and customer location (Question 23). In other words, these 4 independent variables do not impact the number of proposals that a customer reviews prior to selecting a supplier.

- A significant relationship was determined between level of interest in the program (Question 6) and the number of proposals the customers reviewed. The cross-tabulation for this analysis indicated that interested customers were both more likely to have reviewed proposals and more likely to have considered 2–4 proposals.

- There was no statistical information available between the number of different supplier proposals reviewed by the customers and level of satisfaction (Question 2), level of education completed (Question 21), and customer income (Question 24). The cross-tabulations for these analyses suggest that these variables may impact the number of proposals that a customer reviews. However, the absence of a statistical foundation precludes one from making a definitive statement about the relationships between Question 12 and these 3 independent variables.

Question 13
Problems with choosing a supplier
Conclusions and Recommendations

- Of the respondents that returned a completed survey, 447 or 86.8% answered this question. Of these 447 respondents, 109 or 24.4% answered "Yes," they have had problems choosing a natural gas supplier. Conversely, 338 respondents or 75.6%

answered "No." While the majority of this question's respondents have not experienced problems, it is clear that there is a substantial portion who have experienced problems of some sort during the selection process.

- The statistical analysis does not provide any particular insights into the type of customers who are experiencing problems. The analysis revealed that education level, residential location, and income do not impact the likelihood of experiencing problems, suggesting that educational efforts are being applied consistently across these areas. The proportions in the applicable cross-tabulation suggest that age impacts the likelihood of experiencing problems. Customers who are 65 and over were less likely to experience problems when selecting a supplier than other age groups.

- When given the opportunity to specify the problems that have been experienced, the most common response, cited by over 30% of the respondents who experienced problems, involved a lack of supplier contact. In addition, cited by 27.2% of the respondents was "not enough information," followed by "confused" (17.4%). These responses reflect some negativity regarding the communication efforts to date. Further, the responses make clear the impact that inadequate communication has on the selection process. Without quality information and the necessary assistance to decipher the information, the selection process will continue to be viewed as daunting by a substantial portion of the respondents.

Question 18
Reasons for <u>not</u> selecting a new supplier
Conclusions and Recommendations

- The most common response indicates a sense of satisfaction with EOG. This can be interpreted to mean that the customers do not perceive the program as offering sufficient incentives to justify switching to a supplier other than EOG. As price is often cited as the main motivation for participating in the program, it may be that these customers do not expect a cost benefit to switching suppliers.

- Customers are in need of more information about this program in general. This perceived lack of information was the second most commonly cited reason for having not selected a new supplier. The responses to Question 7 indicated that customers are most interested in receiving pricing details. Future educational or marketing efforts should emphasize this topic.

- The program is relatively new and also represents a change from the traditional environment. It is therefore not surprising that customers are reluctant to make quick decisions. Several respondents indicated that additional time was required to consider and evaluate their options. It is reasonable to expect comfort with the program to increase with additional time and experience.

Question 19
Reasons for selecting a new supplier
Conclusions and Recommendations

- Participants are overwhelmingly motivated by potential cost savings. A failure to actually recognize cost savings will likely negatively impact the residential customers' perception of the program's effectiveness. To the extent possible without imposing artificial constraints on the market, steps should be taken to ensure that participants actually realize costs savings.

- The second most common response, having been mentioned by 16% of the respondents, involved a desire to stay with EOG or stay connected with EOG. This response conveys an important perception concerning the East Ohio Energy Corp. Participants appear to view East Ohio Energy Corp. as a "middle ground," a way to test the market without having to sacrifice familiarity and apparent confidence.

PROBLEMS WITH NEW SUPPLIER

Question 14
Conclusions and Recommendations

- Of the respondents that returned a completed survey, 413 or 74.3% answered this question. Of these 413 respondents, 261 or 63.2% answered "Have not selected a new supplier," 46 or 11.1% of the respondents chose "No" and 9 or 2.2% of the respondents chose "Yes" when asked about problems with service from a new supplier. Additionally, 97 or 23.5% respondents selected the response "Have not had enough experience with supplier to make a judgment." Most respondents have not experienced any problems with their new supplier due to the fact that a majority (261 respondents or 63.2%) have not yet selected a new supplier.

- The statistical analysis does not provide any particular insights into the type of customers who are experiencing problems. The analysis revealed that education level, residential location, age, and income do not impact the likelihood of experiencing problems. Due to very few customers selecting a new supplier, coupled with the absence of any statistical findings, precludes one from making any definitive statements about the relationship between any of these variables.

- When given the opportunity to specify the problems that have been experienced, 5 respondents cited "delayed billing," 1 respondent cited "customer service" and 1 respondent cited "bookkeeping." These responses, and the lack of activity in selecting a new supplier, reflect poorly on the communication efforts to date. Without quality information and the necessary assistance to decipher the information, the selection of a new supplier will continue to be viewed as daunting by a substantial portion of the respondents.

MARKET VIABILITY

Conclusions and Recommendations

- At the time this survey was administered (Jan. 1998), there were 10 providers other than EOG capable of supplying natural gas to the residential customers. As is evidenced by the responses to Question 4, several of these suppliers are being utilized, although to varying degrees. This at least demonstrates that there are numerous options available to the participants and seems to represent an opportunity for customers to benefit as a result of competition among the numerous marketers. However, it should be kept in mind that the "market" faces an artificial constraint, that being the price ceiling established by the regulated utility. Therefore, it is unreasonable to evaluate the conditions under this program as one might most markets.

- While there are choices, East Ohio Gas Company retains the majority of the natural gas customers. There were 75.7% of the respondents reporting that their natural gas supplier was EOG. In addition, 12.7% of the respondents listed East Ohio Energy Corp. as their supplier. Finally, 5.3% of the respondents reported that they are customers of other suppliers. From the perspective of market share, there is certainly not full competition in the marketplace for natural gas.

- It seems reasonable to expect that customers are not likely to select a new supplier unless they receive information they consider useful in making this selection. There are approximately 21% of the respondents who either do not have information or find the information they do have to be "not useful." Thus, nearly one-quarter of the respondents are facing an impediment to participating in the program. It appears clear that pricing information is the primary concern for customers in the selection process. Nearly 55% of the respondents indicated that they find the pricing information they received to be confusing. This finding, combined with the knowledge that perceived cost savings is the factor motivating most participants, highlights an area of major concern. Insufficient data in the area deemed most critical by the potential participants will likely (1) deter participation in the program, and (2) result in questionable decisions, which may adversely impact the customers' satisfaction with the program.

- Overall, there is a higher than acceptable amount of confusion on a number of important topics related to the program. In addition to pricing, more than one-quarter of the respondents are confused about the following items: benefits/risks of the program (48%), terms of the contract (32%), and customer rights and responsibilities (29%). It is unlikely that customers will be making appropriate decisions if they remain unclear about pricing provisions or benefits/risks, or any of the other major elements of the program. This uncertainty will potentially reduce participation in the program or reduce the satisfaction with the program, either of which will have negative impacts.

- An effective market assumes that customers are making rational and informed decisions. It is a fundamental finding of this research that customers are primarily concerned about price in making their decisions, yet they are most confused about pricing options and price comparisons. There is additional confusion surrounding other important elements of the Program. For these reasons, it seems reasonable to conclude from customer behavior and opinions that there are impediments in the marketplace which hinder the development of full competition for natural gas.

EXPECTED BENEFITS

Question 15
Conclusions and Recommendations

- For the 467 residential respondents who completed this question, the responses consist of the following: 285 respondents (61.0%) indicated "Yes," they expected benefits, 182 respondents (39.0%) indicated "No," they did not expect benefits. The second half of this question was designed to enable the respondents who answered "Yes" in the first part of the question to then specifically list the benefits they expected. Of the 251 respondents that listed at least 1 benefit, just over 94% mentioned something related to reduced prices. Service issues and competitive choice were the second and third most commonly mentioned benefits, respectively, but it is clear that they are of minor importance in the minds of the respondents relative to the topic of price.

- Question 15, acting as the dependent variable, was analyzed against the following questions, acting as independent variables: Question 1 (Years of service), Question 2 (Level of satisfaction), Question 20 (Annual natural gas bill), Question 21 (Education), Question 22GRP (Age), Question 23 (Location), and Question 24 (Income). Based on the statistical analysis, the responses to the following questions were found to be statistically insignificant: Years of Service (Question 1), annual natural gas bill (Question 20), and location (Question 23). These findings appear to indicate that years of service, annual bill, and location do not impact the expectation of benefits from having a choice.

- There was a statistical finding between expecting benefits from having a choice and a customer's level of satisfaction (Question 2), highest level of education (Question 21), age (Question 22), and income (Question 24). With level of satisfaction, it appears that the customers in the extreme categories ("very satisfied" or "very dissatisfied") are less likely to expect benefits from having a choice. The proportions for education appear to indicate a linear relationship, although it cannot be applied with complete consistency. However, in general it appears that as education increases, so too does the likelihood of anticipating benefits from the program. The analysis involving age showed a distinct trend, with respondents age 65 or older being less likely to expect benefits. Finally, there generally appears to be a linear relationship between income and the expectation of benefits. As income increases, so too generally does the likelihood of expecting benefits from having a choice.

- It would seem that an expectation of benefits would be a prerequisite to participation in the program. Therefore, increasing the percentage of respondents who expect benefits may likely have a positive impact on the number of program participants. Certainly customer education / marketing efforts which detail the potential benefits of the program should continue to all potential participants. Outreach programs targeted specifically to these segments may prove particularly effective in terms of altering customer perceptions and ultimately increasing participation.

EXPECTED PROBLEMS

Question 16
Conclusions and Recommendations

- The first portion of this question was a closed-ended question. Of the 556 residential respondents, 450 or 81.0% provided an answer to this question. There were 126 or 28.0% indicating "Yes" that they expected problems and 324 or 72.0% of the respondents selecting "No" that they do not expect any problems from having a choice of natural gas suppliers.

- Of the 126 respondents who indicated that they expected problems, there were 90 who reported those expected problems. The most frequently noted category of response was service or reliability problems. This was followed by price, confusion, aggressive advertising, contract terms, billing, deceptive business practices and the role of government/PUCO.

- Customer service and reliability issues should be monitored to ensure that the customers' level of satisfaction with natural gas service remains high. This high level of customer service should apply to all natural gas suppliers. Should any of the issues noted by customers as expected problems with having a choice arise surrounding customer service and reliability, the Commission should consider ways to mitigate these problems.

- To the extent that customer satisfaction with the Energy Choice Program should be a determinant of market practices, natural gas prices should be monitored in the residential market to ensure that prices do not increase during the transition to a competitive marketplace for gas. A concern for prices was the second most frequently mentioned expected problem with having a choice. Coupled with the expected benefit of lower prices, should gas prices increase, residential customers will be completely dissatisfied with the Energy Choice Program.

- Customer education efforts should be continued during the transition to a competitive marketplace for natural gas. A primary concern for those customers who expect problems with having a choice was general confusion about the Program. Customer education programs designed to assist consumers in being prepared to make informed decisions should be a priority. Education programs should be monitored to ensure that all customers are receiving information and that they find the information useful in making decisions. Finally, customers should be monitored to ensure that the level of confusion about making choices of natural gas suppliers is decreasing as customers acquire more experience in the natural gas marketplace.

- Natural gas supplier sales practices should be monitored to ensure that these practices are consistent with the established code of conduct. Should any of the issues noted by customers as expected problems with having a choice arise surrounding the marketing of natural gas, the Commission should consider ways to mitigate these problems.

SHOULD THE PROGRAM BE CONTINUED

Question 17
Conclusions and Recommendations

- Of the 556 residential customers, 471 or 84.7% responded to Question 17. Two hundred and twenty-six or 48.0% of the respondents indicated "Yes," they are interested in having the East Ohio Gas Company's Energy Choice Program continued. Forty-one or 8.7% of the customers indicated "No," they are not interested in having the program continued. Two hundred and four or 43.3% of the respondents were "Not sure" about whether they are interested in having The East Ohio Gas Company's Energy Choice Program continued.

- To the extent that customer opinion is an influence on the Commission's decision to continue the Energy Choice Program, the results of the study offer support for having the Program continued for residential customers.

- There is considerable uncertainty about the Energy Choice Program among residential customers. If the Energy Choice Program is continued, customers should be monitored to ensure that they are effectively adapting to a marketplace for natural gas. Customer education should be continued to assist customers in transitioning to a market environment.

Appendix 3

Baseline Study: Summary of Business Conclusions and Recommendations

SUMMARY OF BUSINESS CONCLUSIONS AND RECOMMENDATIONS

CUSTOMER EDUCATION

Question 3
Unaware of Choice
Conclusions and Recommendations

- The unaware respondents make up approximately 10% of the business customers surveyed. Given there are only subtle differences between the responses given by the unaware and general business customers, this demonstrates that higher levels of customer education are needed for all customers, not just for particular customer groups based on their demographic associations.

- Given the subtle differences in demographics of the unaware customers, the only target groups which emerge are those with lower bills and businesses with 5-10 employees. These demographics could be targeted for education in order to ensure their understanding of the program. Unaware customers should be targeted for education in order to ensure their understanding of the program.

Question 5
How useful was the information
Conclusions and Recommendations

- The frequencies generally indicate a positive assessment of the information, a finding supported by the fact that the number of respondents who reported the information as "useful" (197) is approximately twice as large as the number of respondents rating it as "not useful" (100). Further, it appears that almost all of the respondents (94.4%) have received information to assist them as they consider their selection.

- Interest in the program (Question 6) has a statistically significant impact on the assessment of the information. A customer with an interest in the program appears to be more likely to view the information positively. These customers reported a lower likelihood of finding the information "not useful," as well as a higher level of finding the information "useful." Conversely, customers with no interest in the program demonstrated a relatively negative assessment of the information. Interest level does not appear to impact the likelihood of having received information.

- The statistical analysis of Question 5 revealed a statistically insignificant relationship involving both annual natural gas bill and location. Therefore, one can conclude that neither annual natural gas bill nor business location impacts the assessment of the information.

- There were no statistical findings available for the analyses involving business description (Question 21), type of organization (Question 22), or number of employees (Question 23). The proportions in the cross-tabulation suggest a possible relationship between type of organization and the assessment of the information. On the other hand, it does not appear that business description or number of employees materially impacts the responses to Question 5. Without a statistical foundation, however, it is not possible to make any definitive statements about the relationships between these 3 variables and the perceived usefulness of the information.

Question 7
What information do you need to make a choice
Conclusions and Recommendations

- Business customers need price information in order to make their choice of a natural gas supplier. It is critical that customer education efforts be focused on disseminating price information to customers in easily understood, clear and detailed materials. Information on other aspects of the Program and natural gas suppliers is important, but not nearly as important as the price information.

Question 8
What information was confusing
Conclusions and Recommendations

- Approximately 60% of the business respondents are confused about Pricing options or price comparisons. The survey analysis has made it quite apparent that Pricing options or price comparisons are the most important elements of the Energy Choice Program for the business customer. For that reason, it is a critical problem that business customers are confused about pricing options or price comparisons. The viability of the marketplace depends on the customer's ability to understand how to determine the prices being offered by the different suppliers. Without this ability, customers cannot make informed choices. That approximately 60% of the business respondents are confused about the Pricing options or price comparisons is a serious problem in the Energy Choice Program. In order to foster a viable marketplace for natural gas, customer education efforts should focus on this aspect of the Energy Choice Program.

- About half of the business respondents are confused about the Benefits/risks of the program. In order to foster a viable marketplace for natural gas, customer education efforts should focus on this aspect of the Energy Choice Program.

- About 30% of the business respondents are confused about the Terms of the contract. It is an important aspect of a viable marketplace that consumers are able to make informed decisions about their purchases. The proposed contractual terms between a company and the customer is an important consideration in making a choice. That approximately 30% of the business respondents are confused about Terms of the contract is a serious problem in the Energy Choice Program.

- About 30% of the business customers are confused about the Customer rights and responsibilities. Customer education efforts should focus on this aspect of the Energy Choice Program.

Question 9
Effective ways of getting information
Conclusions and Recommendations

- Across all levels of interest in the Program, the preferred method for receiving information to make a choice is Mail contact. The second ranking preference across all levels of interest is EOG bill inserts. The lowest ranking choice across all 3 levels of interest are TV and radio programs.

- Across business sectors, Mail contact is the overall most effective means of reaching business customers and EOG bill inserts ranks second in preference. Overall, TV and radio programs and Public meetings are least popular selections when sorting by business sectors.

- In looking at organization types, the most effective way overall to reach these 3 types of organizations would be through Mail contact. EOG bill inserts would be the second most effective means of reaching the groups. Public meetings, TV and radio programs and Telephone contact are the least effective means of reaching the 3 groups.

- For all of the businesses except those with Greater than 500 employees, the highest preference for receiving information was Mail contact from natural gas suppliers. For the businesses with Greater than 500 employees, the PUCO is the first choice. For all levels of number of employees, EOG bill inserts are the second most popular choice.

Question 10
Source of useful information
Conclusions and Recommendations

- Of the 474 respondents there were 101 or 21.3% who reported that no one was a source of useful information about the Energy Choice Program. The market for natural gas should be monitored to ensure that customers are able to identify a source of useful information. The education efforts of all organizations participating in the program should also be monitored. Consumers are not going to be able to participate in the program if they are not able to identify a source of useful information.

- There were 474 or 92.0% of the 515 business customers that responded to this question. There were 258 or 54.4% of the business customers who indicated that "The East Ohio Gas Company" provided the most useful information to make their decision, 187 or 39.5% indicated "Natural gas suppliers," 42 or 8.9% indicated "Public Utilities Commission of Ohio," 40 or 8.4% indicated "Friends, family, other customers," 11 or 2.3% indicated "Ohio Consumers' Counsel," and 1 or 0.2% reported "Local government" as a provider of useful information to help make their decision about a natural gas supplier.

SELECTION PROCESS

Question 4
Current natural gas supplier
Conclusions and Recommendations

- For the 441 business respondents who completed this question, the responses consist of the following: 291 respondents (66.0%) indicated East Ohio Gas Company as their current supplier, 40 respondents (9.1%) indicated "do not know," 54 respondents (12.2%) indicated an other supplier, and 56 respondents (12.7%) indicated East Ohio Energy Corp. These percentages illustrate the relatively moderate levels of participation in the Energy Choice Program at the time the survey was administered.

- Question 4, acting as the dependent variable, was analyzed against the following variables acting as independent variables: Question 1 (Years of service from EOG), Question 2 (Level of satisfaction), Question 6 (Interest in the program), Question 20 (Annual natural gas bill), Question 21 (Business description), Question 22 (Type of organization), Question 23 (Number of employees), and Question 24 (Location). Based on the statistical analysis, the responses to the following questions were found to be statistically insignificant: Years of service with East Ohio Gas Company (Question 1), the level of satisfaction with East Ohio Gas (Question 2), business description (Question 21), and business location (Question 24). These findings indicate that business description, location, level of satisfaction with EOG, and years of service with EOG do not impact the selection of a natural gas supplier.

- There was a statistically significant finding between a business customer's current natural gas supplier and a customer's interest in the Energy Choice program (Question 6). Of the 283 customers currently being served by EOG, 229 or 80.91% indicated that they were neutral or interested in the Energy Choice program, possibly indicating that those customers may be contemplating switching to a new supplier in the future. Of those business customers who are interested in the program, 87 respondents or 38.66% have already switched to a supplier other than EOG. Based on the proportions, there appears to be a linear relationship between interest level and the likelihood of selecting a supplier other than EOG.

- There was a statistically significant finding between a business customer's current natural gas supplier and a customer's annual natural gas bill (Question 20). Regardless of an above or below average bill, a majority, 238 or 72.34% indicated that their current supplier was EOG. However, 63 (or 38.88%) out of 162 business customers with above average bills have selected other suppliers, possibly indicating that price was a factor when choosing a new supplier. It generally appears that customers with above average bills are more likely to select a supplier other than EOG.

- The statistical analysis determined that there were no statistical findings between a customer's current supplier and the following independent variables: Type of organization (Question 22) and number of employees (Question 23). Therefore, there is not conclusive statistical evidence that either of these independent variables impacts a customer's current supplier. Although not statistically proven, the cross-tabulations do suggest several relationships. Type of organization appears to impact natural gas supplier, with Not-for-profit organizations being particularly likely to select an other supplier. When looking at the analysis involving number of employees, it appears that larger businesses (i.e., those with 101-500 employees and greater than 500 employees) were more likely to have selected a new supplier, particularly one from the "other" supplier category. It should, however, be reiterated that the lack of a statistical foundation precludes one from making any definitive claims about the relationships between these variables.

Question 5
How useful was the information
Conclusions and Recommendations

- Of the 515 aware businesses, 482 or 93.6% of them answered this closed-ended question. Twenty-seven of the respondents or 5.6% answered they "Didn't have any information," 100 or 20.7% reported that the information was "Not useful," 158 or 32.8% of the businesses answered that the information was "Neutral," and 197 or 40.9% of the businesses reported that the information was "Useful."

- An effective and efficient selection process is heavily contingent upon the potential participants having access to relevant information. The responses to Question 5 suggest that almost all of the customers are receiving information, and further that the information is generally perceived positively.

- Interest level has a statistically significant impact on the assessment of the information, with interested customers appearing to be more likely to view the information positively. These customers reported a lower likelihood of finding the information "not useful," as well as a higher level of finding the information "useful."

- Neither business location nor annual natural gas bill impact the perceived usefulness of the information.

- There were no statistical findings available for the analyses involving business description, type of organization, or number of employees. The proportions imply a relationship between the type of organization and the perceived usefulness of the information. However, the absence of a statistical foundation makes it impossible to make any definitive statements about the relationships between these 3 independent variables and the assessment of the information.

Question 7
Information needed to make a choice of a natural gas supplier
Conclusions and Recommendations

- It appears that customers are focusing on potential cost savings when considering participation in the program. This observation is echoed in response to other questions throughout the survey. Therefore, in order to facilitate the selection process, it is imperative that customers have clear and easily understood pricing data for the various suppliers. Information on other aspects of the Program is important, but not nearly as important as the price information.

Question 8
What information was confusing
Conclusions and Recommendations

- By simply referencing the frequencies, it appears that pricing is the primary concern. Almost 60% of the respondents indicated that they find the pricing information they received to be confusing. This observation, combined with the knowledge that perceived costs savings is the factor motivating most participants, highlights an area of major concern. Insufficient data in the area deemed most critical by the potential participants will likely (1) deter participation in the program, and (2) result in questionable decisions, which may adversely impact the customers' satisfaction with the program.

- In addition to pricing, more than 30% of the respondents are confused about the following items: benefits/risks of the program (48.5%), terms of the contract (33.2%), and customer rights and responsibilities (30.2%).

- It is also noteworthy that only 20.5% of the respondents indicated that "None of the information was confusing." It is clear by these responses that the vast majority of the respondents are confused about at least some aspect of the program. The selection process must be negatively impacted by this pervasive sense of confusion. With this program, the customers are presented with the opportunity of selecting a gas supplier, yet they remain confused about many of the major components of the program. It therefore appears clear that steps need to be taken to provide clearer, perhaps more detailed, information.

- The independent variables offer little in the way of conclusive predictive capability. Almost all of the statistical tests either lacked a finding or ultimately revealed a conclusion of statistical insignificance. The only significant relationship involved location (Question 24) and the response of "None of it was confusing." The proportions in this cross-tabulation indicate that respondents in urban locations were more likely to have reported no confusion.

Question 9
Effective ways of getting information
Conclusions and Recommendations

- When looking at the responses from the perspective of the selection process, the most important issue is to determine if the respondents have identified at least 1 medium of communication that has been effective in the past. One of the possible responses to Question 9 was "None." It is these responses on which this section will concentrate. The frequencies indicate that just under 10% of the respondents (8.1%) did not find any of the communication mediums listed in Question 9 to be effective. This is a positive finding, indicating that almost all of the respondents have identified at least 1 effective way of receiving information. Although no single manner of communication was cited by more than 55% of the respondents, it appears that the portfolio of approaches provides almost exhaustive coverage.

- The analysis revealed a statistically significant relationship between interest in the program (Question 6) and a response of "None" to Question 9. The cross-tabulation for this analysis revealed an inverse relationship. As interest in the program increases, the likelihood of having indicated "None" decreases.

- The study did not reveal any statistical findings for the analyses involving business description (Question 20), type of organization (Question 21), or number of employees (Question 22). The proportions in the appropriate cross-tabulations suggest that number of employees may impact the likelihood of having responded "None" to Question 9. However, as with business description and type of organization, the lack of a statistical finding for number of employees precludes one from making any definitive statements about the relationship between these variables.

- There is a statistically insignificant relationship between location (Question 24) and a response of "None" to Question 9. Therefore, the likelihood of finding an effective way to obtain program information is independent of business location.

Question 10
Source of useful information
Conclusions and Recommendations

- The responses to Question 10 provide insights primarily into the education process. When looking at the responses from the perspective of the selection process, the most important issue is to determine if the respondents have identified at least 1 source that provides useful information. One of the possible answers to Question 10 was "No one." It is these answers on which this section will concentrate. According to the frequencies, over 21% of the respondents answered "No one" in Question 10. This finding is somewhat alarming. In order to make informed decisions, the customers need to have access to adequate information. The responses to this question suggest that nearly one-quarter of the respondents do not have such access. Without a useful source of information, the selection process becomes much more arduous, if not impossible.

- The analysis revealed a significant relationship between a response of "No one" and interest in the program (Question 6). The cross-tabulation for this particular analysis demonstrated an inverse relationship. As interest increases, the likelihood of responding "No one" decreases.

- There were no statistical findings for the analyses of business description, type of organization, or number of employees. The proportions in the applicable cross-tabulations suggest that type of organization and number of employees may impact the likelihood of having responded "No one." However, without a statistical finding, it is not possible to make a definitive statement about the relationship between a response of "No one" and any of these 3 independent variables.

- An insignificant relationship was determined between location (Question 24) and a response of "No one." Therefore, location does not impact, either positively or negatively, the likelihood of responding "No one" to Question 10. This finding indicates that communication efforts have at least been consistent across the location categories.

Question 11
Factors considered in making a choice of a natural gas supplier
Conclusions and Recommendations

- For the closed-ended part of the question, 359 or 76.1% of the respondents considered "Price" in making their choice of a supplier. There were 262 or 55.5% of the respondents who selected "Reliable gas supply," 176 or 37.3% selected "Customer service," 155 or 32.8% selected "Reputation," 153 or 32.4% selected "Terms of the contract," 142 or 30.1% selected "Billing," 140 or 29.7% selected "Length of contract," 61 or 12.9% selected "Name recognition," 23 or 4.9% selected "Customer education," and 0 or 0.0% selected "Other."

- In response to several questions in this survey, customers have reiterated the desire for additional information. To accommodate this request, additional educational or marketing efforts should be undertaken, with particular focus on the topics of greatest relevance to the potential participants (see frequencies for this question).

- Just under one-third of the business respondents (30.1%) considered, or intend to consider, billing when selecting a supplier. It therefore appears that this is subject matter that is receiving more than just peripheral attention. The statistical analysis did not reveal any independent variables that conclusively impact the consideration of billing.

- According to the frequencies, it is quite clear that customer education is not playing a substantial role in the decision-making processes of the business respondents. Just under 5% of the respondents considered, or intend to consider, customer education when making their selection of a natural gas supplier. The statistical analyses did not reveal any independent variables that conclusively impact the consideration of customer education.

- As discussed previously in the frequencies, 37% of the business respondents considered, or intend to consider, customer service when selecting a supplier. The fact that more than one-third of the respondents are paying attention to customer service gives some indication of its perceived importance. Customer service is a subject of interest in the minds of the customers, regardless of the market environment in which they secure their gas supply. The statistical analyses did not reveal any variables that had a statistically significant impact on the consideration of customer service.

- Approximately 30% of the business respondents considered, or intend to consider, length of the contract when selecting a supplier. The statistical analysis determined that the following variables conclusively impact the consideration of contract length: Level of satisfaction (Question 2), Interest in the program (Question 6), and Annual natural gas bill (Question 20). The cross-tabulation for Question 2 did not illustrate any distinct patterns or trends. When looking at the analysis involving interest levels, a linear relationship was apparent between interest in the program and the consideration of the contract length. Finally, the cross-tabulation for Question 20 indicated that customers with above average natural gas bills are more likely to consider contract length, relative to customers with below average bills.

- Overall, just under 13% of the business respondents are concerned with name recognition. When compared with the other factors, this indicates that name recognition is a low priority. The statistical analyses did not reveal any independent variables that conclusively impact the consideration of name recognition.

- It is clear that price is a matter of substantial importance to the business respondents. In fact, according to the frequencies, more customers are considering price (76%) than any other factor. Level of satisfaction (Question 2), Interest in the program (Question 6), and Annual natural gas bill (Question 20) were all determined to have a statistically significant impact on the consideration of price. There was not a clear pattern between level of satisfaction and the consideration of price, although it did appear that customers in the extreme satisfaction categories ("very satisfied" and "very dissatisfied") were less likely to consider price. The cross-tabulation indicated a linear relationship between interest in the program and the consideration of price. As interest increases, so too does the consideration of price. Customers with above average bills exhibited a higher likelihood of considering price, perhaps because of their relatively higher level of exposure to pricing issues.

- Second only to price, it is clear that reliability is a topic with which the respondents are quite interested. In fact, according to the frequencies, just over 55% of the respondents considered, or intend to consider, reliability of supply when selecting a supplier. No independent variables were found to have statistically significant impacts on the consideration of reliability.

- Reputation was considered by 32.8% of the business respondents. There were no independent variables that conclusively impacted the consideration of reputation.

- Just under one-third of the business respondents (32.4%) considered, or intend to consider, the terms of the contract when selecting a supplier. This ranks it fifth in terms of the degree to which it is being considered by the business respondents. A statistically significant relationship was determined between the consideration of the contract terms and each of the following independent variables: Level of satisfaction (Question 2), Interest in the program (Question 6), and Annual natural gas bill (Question 20). The cross-tabulation for level of satisfaction did not reveal any particular trends or patterns. Conversely, the cross-tabulation table for interest in the program illustrated a linear relationship between interest levels and the consideration of the contract terms. As interest increased, so too did the likelihood of considering the terms of the contract. As perhaps suspected, the data also indicated that customers with above average natural gas bills were more likely to consider the terms of the contract.

Question 12
Number of proposals reviewed
Conclusions and Recommendations

- Four hundred and sixty-seven respondents completed this question. There were 50 or 10.7% of the respondents who considered "1 proposal," 265 or 56.7% reviewed "2-4 proposals," 50 or 10.7% considered "5 or more proposals," and 102 or 21.8% of the respondents reportedly "Have not yet considered any proposals." From these figures, it is apparent that the majority of the business respondents are considering 2–4 proposals.

- Average annual natural gas bill (Question 20) was found to impact the number of proposals considered. Conversely, insignificant relationships were determined between the number of proposals considered and the following independent variables: years of service (Question 1), interest in the program (Question 6), and location (Question 24). Finally, there were no statistical findings for the analyses involving level of satisfaction, business description, type of organization, or number of employees.

Question 13
Problems with choosing a supplier
Conclusions and Recommendations

- Of the respondents that returned a completed survey, 464 or 90.1% answered this question. Of these 464 respondents, 122 or 26.3% answered "Yes," they have had problems choosing a natural gas supplier. Conversely, 342 respondents or 73.7% answered "No." While the majority of this question's respondents have not experienced problems, it is clear that there is a substantial portion who have experienced problems of some sort during the selection process.

- The statistical analysis does not provide any particular insights into the type of customers who are experiencing problems. The analysis revealed that business location does not impact the likelihood of experiencing problems, suggesting that educational efforts are being applied consistently across locations. The proportions in the applicable cross-tabulation suggests that business description may impact the likelihood of experiencing problems, but a definitive statement about this relationship cannot be made without a statistical foundation.

- When given the opportunity to specify the problems that have been experienced, the most common response, cited by over 20% of the respondents, involved a lack of information. Also cited by approximately 20% of the respondents were "confused" (21.8%) and "identifying suppliers" (19.8%). These responses reflect poorly on the communication efforts to date. Further, the responses make clear the impact that inadequate communication has on the selection process. Without quality information and the necessary assistance to decipher the information, the selection process will continue to be viewed as daunting by a substantial portion of the respondents.

Question 18
Reasons for <u>not</u> selecting a new supplier
Conclusions and Recommendations

- The most common response indicates a sense of satisfaction with EOG. This can be interpreted to mean that the customers do not perceive the program as offering sufficient incentives to justify switching to a supplier other than EOG. As price is often cited as the main motivation for participating in the program, it may be that these customers do not expect a cost benefit to switching suppliers.

- Customers are in need of more information about this program in general. This perceived lack of information was the second most commonly cited reason for having not selected a new supplier. The responses to Question 7 indicated that customers are most interested in receiving pricing details. Future educational or marketing efforts should emphasize this topic.

- The program is relatively new and also represents a change from the traditional environment. It is therefore not surprising that customers are reluctant to make quick decisions. Several respondents indicated that additional time was required to consider and evaluate their options. It is reasonable to expect comfort with the program to increase with additional time and experience.

Question 19
Reasons for selecting a new supplier
Conclusions and Recommendations

- Participants appear to be motivated almost exclusively by the potential for lower prices. Realizing cost savings will likely ensure participants' satisfaction with the program. To the extent possible without imposing artificial constraints on the market, steps should be taken to ensure that participants recognize cost savings.

PROBLEMS WITH NEW SUPPLIER

Question 14
Conclusions and Recommendations

- Of the respondents that returned a completed survey, 391 or 75.9% answered this question. Of these 391 respondents, 237 or 60.6% answered "Have not selected a new supplier," 64 or 16.4% of the respondents chose "No" and 9 or 2.3% of the respondents chose "Yes" when asked about problems with service from a new supplier. There were 81 or 20.7% of the respondents that selected the response "Have not had enough experience with supplier to make a judgment." Most respondents have not experienced any problems with their new supplier due to the fact that a majority (60.6%) have not yet selected a new supplier.

- When given the opportunity to specify the problems that have been experienced, 7 customers cited "billing problems," and the other customer cited "changing supplier."

MARKET VIABILITY

Question 4
Conclusions and Recommendations

- At the time this survey was administered (Jan. 1998), there were approximately 20 providers other than EOG capable of supplying natural gas to the business customers. As is evidenced by the responses to Question 4, several of these suppliers are being utilized, although to varying degrees. This at least demonstrates that there are numerous options available to the participants and seems to represent an opportunity for customers to benefit as a result of competition among the numerous marketers. However, it should be kept in mind that the "market" faces an artificial constraint, that being the price ceiling established by the regulated utility. Therefore, it is unreasonable to evaluate the conditions under this program as one might most markets.

- While there are choices, East Ohio Gas Company retains the majority of the natural gas customers. There were 66.0% of the respondents reporting that their natural gas supplier was EOG. In addition, 12.7% of the respondents listed East Ohio Energy Corp. as their supplier. Finally, 12.2% of the respondents reported that they are customers of other suppliers. From the perspective of market share, there is certainly not full competition in the marketplace for natural gas.

- It seems reasonable to expect that customers are not likely to select a new supplier unless they receive information they consider useful in making this selection. There are approximately 25% of the respondents who either do not have information or find the information they do have to be "not useful." Thus, nearly one-quarter of the respondents are facing an impediment to participating in the program. It appears clear that pricing information is the primary concern for customers in the selection process. Nearly 60% of the respondents indicated that they find the pricing information they received to be confusing. This finding, combined with the knowledge that perceived cost savings is the factor motivating most participants, highlights an area of major concern. Insufficient data in the area deemed most critical by the potential participants will likely (1) deter participation in the program, and (2) result in questionable decisions, which may adversely impact the customers' satisfaction with the program.

- Overall, there is a higher than acceptable amount of confusion on a number of important topics related to the program. In addition to pricing, more than one-quarter of the respondents are confused about the following items: benefits/risks of the program (49%), terms of the contract (33%), and customer rights and responsibilities (30%). It is unlikely that customers will be making appropriate decisions if they remain unclear about pricing provisions or benefits/risks, or any of the other major elements of the program. This uncertainty will potentially reduce participation in the program or reduce the satisfaction with the program, either of which will have negative impacts.

- An effective market assumes that customers are making rational and informed decisions. It is a fundamental finding of this research that customers are primarily concerned about price in making their decisions, yet they are most confused about pricing options and price comparisons. There is additional confusion surrounding other important elements of the Program. For these reasons, it seems reasonable to conclude from customer behavior and opinions that there are impediments in the marketplace which hinder the development of full competition for natural gas.

EXPECTED BENEFITS

Question 15
Conclusions and Recommendations

- For the 457 business respondents who completed this question, the responses consist of the following: 281 respondents (61.5%) indicated "Yes," they expected benefits, 176 respondents (38.5%) indicated "No," they didn't expect benefits. The second part of Question 15 was designed to enable the respondents who answered "Yes" in the first part of the question to then specifically list the benefits they expected. Of the 243 respondents that listed at least 1 benefit, 230 (94.6%) mentioned something related to lower or reduced prices.

- There was a statistical finding between expecting benefits from having a choice and annual natural gas bill (Question 20). The cross-tabulation for this comparison indicates that customers with above average natural gas bills are more likely to expect benefits from having a choice of suppliers. There were no statistical findings between expecting benefits from having choice and type of organization (Question 22) and number of employees (Question 23). It appears that type of organization and number of employees impacts the expectation of benefits, but the lack of a statistical finding precludes one from making any definitive statements about the relationship between these variables.

EXPECTED PROBLEMS

Question 16
Conclusions and Recommendations

- The first portion of this question was a closed-ended question with 450 or 87.4% of the 515 business customers answering the question. Out of the 450 respondents, 130 or 28.9% of the respondents that completed this question said "Yes" they expected problems and 320 or 71.1% of the respondents said "No" they did not expect any problems.

- Of the 130 respondents who indicated that they expected problems, there were 78 who reported those expected problems. The most frequently noted categories of response were aggressive advertising, price and service and reliability problems. These was followed by confusion, contract terms, deceptive business practices, slamming and billing.

- Customer service and reliability issues should be monitored to ensure that the customers' level of satisfaction with natural gas service remains high. This high level of customer service should apply to all natural gas suppliers. Should any of the issues noted by customers as expected problems with having a choice arise surrounding customer service and reliability, the Commission should consider ways to mitigate these problems.

- To the extent that customer satisfaction with the Energy Choice Program should be a determinant of market practices, natural gas prices should be monitored in the business market to ensure that prices do not increase during the transition to a competitive marketplace for gas. A concern for prices was a frequently mentioned expected problem with having a choice. Coupled with the expected benefit of lower prices, should gas prices increase, business customers will be completely dissatisfied with the Energy Choice Program.

- Customer education efforts should be continued during the transition to a competitive marketplace for natural gas. A primary concern for those customers who expect problems with having a choice was general confusion about the Program. Customer education programs designed to assist consumers in being prepared to make informed decisions should be a priority. Education programs should be monitored to ensure that all customers are receiving information and that they find the information useful in making decisions. Finally, customers should be monitored to ensure that the level of confusion about making choices of natural gas suppliers is decreasing as customers acquire more experience in the natural gas marketplace.

- Natural gas supplier sales practices should be monitored to ensure that these practices are consistent with the established code of conduct. Should any of the issues noted by customers as expected problems with having a choice arise surrounding the marketing of natural gas, the Commission should consider ways to mitigate these problems.

SHOULD THE PROGRAM BE CONTINUED

Question 17
Conclusions and Recommendations

- Of the 515 business customers, 474 or 92.0% responded to this closed-ended question. Of the 474 responding, 265 or 55.8% indicated "Yes," they were interested in having The East Ohio Gas Company's Energy Choice Program continued, 46 or 9.7% indicated "No," they were not interested in having the program continued, and 163 or 34.3 % were "Not Sure" about having the program continued in their area.

- To the extent that customer opinion is an influence on the Commission's decision to continue the Energy Choice Program, the results of the study offer support for having the Program continued for business customers.

- There is considerable uncertainty about the Energy Choice Program among business customers. If the Energy Choice Program is continued, customers should be monitored to ensure that they are effectively adapting to a marketplace for natural gas. Customer education should be continued to assist customers in transitioning to a market environment.

George V. Voinovich, *Governor*

The Public Utilities Commission of Ohio
Craig A. Glazer, *Chairman*

Commissioners:
Jolynn Barry Butler
Ronda Hartman Fergus
Judy A. Jones
Donald L. Mason, Esq.