



# Wait! Before You Raise Rates ...

## Part I: Strategic Steps to Take Prior to Raising Residential Energy Prices

Kelsie Bell, John Egan, and Josh Haney

### Executive Summary

Price increases, both large and small, are or soon will be a reality for many utilities across North America, and someone must break that news to residential customers. This report provides strategic advice on properly communicating price increases. Drawing from interviews with professionals in marketing, media relations, customer communications, advertising, community relations, and customer service, it provides general principles and specific examples of what to do and what not to do from those who have recently gone through the process.

Energy issues currently occupy a more-prominent place in the minds of your customers than they have in years. As a result, the communications plan that worked last time you had a price increase may not cut it this time. The foundation of any new approach must be basic messages that have tested well in market research. Many popular price-increase messages that seem intuitive to industry professionals fall flat when shown to consumers. For instance, customers have almost no interest in how their utility prices compare to the national average or how many years it has been since their utility last raised its prices. However, messages emphasizing improved reliability consistently test well with focus groups of residential customers.

In addition to effective messaging, utilities must demonstrate that they are doing everything possible to keep bills low and to improve the value of service. Moreover, research has consistently shown that customers are more satisfied when they feel empowered to control energy costs, and they grow even more satisfied when they actually participate in a utility-sponsored program. These facts make it crucial that price-increase communications emphasize collaboration between utilities and customers through effective consumer education and energy-efficiency programs to keep customer utility bills down. As Paul Bony of Delta Montrose Electric Association, a western Colorado co-op, put it, "You can't win if you hide in the bunker. If people feel you are trying to help them, they're going to be less angry."