



Wait! Before You Raise Rates ...

Part 2: Tactical Tips to More Effectively Communicate Residential Price Increases

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RES-F-20 ■ April 2007

Executive Summary

The combined effects of rising fuel costs and population growth are driving up the costs of providing utility service and forcing many utilities to seek retail price increases, often for the first time in 10 years or more. A handful of utilities are also grappling with explaining what the expiration of price caps has done or will do to utility prices. Utility leaders and communicators have the difficult task of explaining why prices are rising, and customers are not apt to take this news with a smile.

In this report we examine best practices in utility price-increase communications tactics. We weigh the relative costs and effectiveness of various communications channels. We also consider which key phrases should be used in those communications and the trade-off between using words or graphics to convey price-increase information. This report follows a previous E SOURCE report on strategic considerations shaping a utility's communications regarding price increases.

Our research shows a significant gap between what many utilities say and what most customers hear on the subject of increasing prices. The pursuit of factual precision frequently causes utility communications about price increases to be difficult for the typical person in the street to understand. Utilities that conduct market research with their customers learn firsthand which graphics and words customers understand and accept, and which ones they reject.

Today's fragmented media environment requires a nuanced and multitiered approach to communicating with customers about price increases. Rather than mechanically following a "one size fits all" approach to communications tactics, practitioners must recognize that each tactic carries its own unique mixture of strengths and weaknesses. In communicating price-increase information to residential customers, the most effective utility communicators must work like world-class chefs: Follow a general recipe, but don't be afraid to experiment.