



American Customer Satisfaction Index

The American Customer Satisfaction Index (ACSI®) is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States.

The ACSI uses data from interviews with roughly 500,000 customers annually as inputs to an econometric model for analyzing customer satisfaction with more than 400 companies in 47 industries and 10 economic sectors, including various services of federal and local government agencies.

ACSI results are released throughout the year, with all measures reported on a scale of 0 to 100. ACSI data have proven to be strongly related to several essential indicators of micro and macroeconomic performance. For example, firms with higher levels of customer satisfaction tend to have higher earnings and stock returns relative to competitors. Stock portfolios based on companies that show strong performance in ACSI deliver excess returns in up markets as well as down markets. At the macro level, customer satisfaction has been shown to be predictive of both consumer spending and GDP growth.



March 23, 2021

AMERICAN CUSTOMER SATISFACTION INDEX ENERGY UTILITIES REPORT 2020-2021

Industry Results for:

Investor-Owned Energy Utilities

Municipal Energy Utilities

Cooperative Energy Utilities

Residential Customer Satisfaction for Energy Utilities Unmoved Despite Surge in Household Power Consumption During Pandemic

Energy Utilities

Among the many side effects of the COVID-19 pandemic, overall energy consumption in the United States receded in 2020, driven by reductions in the commercial and industrial sectors. But as commercial power requirements for workdays dropped to ‘Sunday levels’ during mandatory lockdowns, residential usage surged. According to the U.S. Energy Information Administration, U.S. residential electricity sales in April 2020 reached an unprecedented monthly level—rising 8% year over year. Meanwhile, commercial and industrial sales dropped 11% and 9%, respectively.

At-home video conferencing, online schooling, daytime cooling and heating, and even extra trips to the refrigerator all add up to greater residential power consumption. Yet, despite this rise in household energy usage, residential customer satisfaction with the energy utilities sector overall is virtually steady at 72.0 for 2021 (-0.1% year over year) on the American Customer Satisfaction Index’s (ACSI®) 100-point scale. The new ACSI results are based on interviews conducted over a 12-month period from January to December 2020.

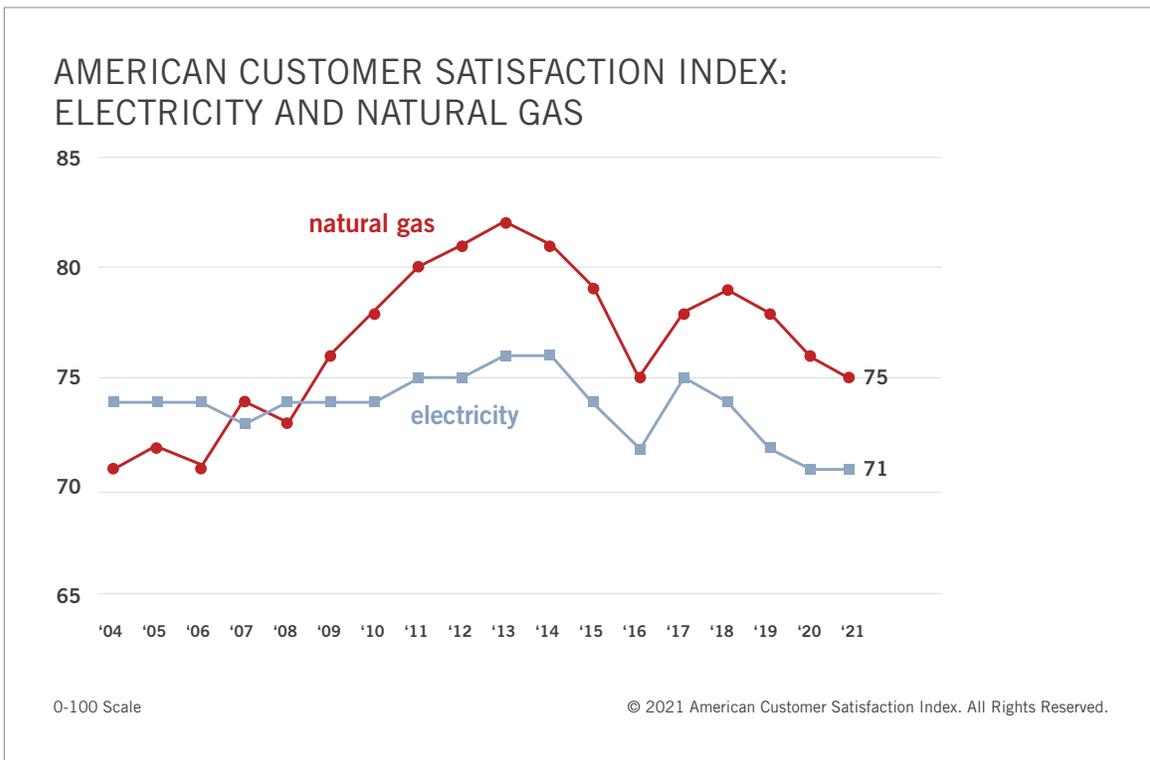
The customer satisfaction stability is evident across all three energy utility categories. Cooperative energy utilities remain the satisfaction leaders with an unchanged ACSI score of 73, followed closely by investor-owned energy utilities with a stable score of 72. Only municipal energy utilities decline, but the drop is modest (-1.4% to 71). Among 29 measured providers, 66% show little movement in their ACSI scores, with changes of 1% or less year over year. While residential customer satisfaction is mostly flat, it is not high in comparison to many other industries. All three energy utility categories are among the bottom dozen industries in the Index.

The recent extreme storms and resulting blackouts in Texas, which occurred after ACSI’s interview period ended, have shined a harsh spotlight on the need for reliable electric service. According to customers interviewed throughout 2020, overall quality—as well as electric service reliability—are somewhat diminished for energy utilities relative to the prior year. Moreover, electric service reliability has been tracking downward for all three energy utility categories for three straight years.

On the other hand, customer perceptions of value are stable or slightly improved across the sector. It is possible that customers who experienced higher energy bills during the pandemic viewed these added costs as a trade-off to money saved on commuting, travel, or restaurants during lockdowns. Another factor may be the rapid adoption of shutoff moratoria starting in March 2020 that allowed pandemic-impacted residential customers to defer utility payments without the threat of losing service. According to the National Energy Assistance Directors’ Association, COVID-19 shutoff moratoria were in place for roughly half of the U.S. population over the summer.

In 2020, natural gas consumed to generate electric power reached record-high levels in the United States, up 2% compared to the 2019 average in spite of lower overall electricity consumption. The year was also a record setter for U.S. wind energy, with new capacity additions up 85% over 2019. The trend toward renewables is expected to continue into the coming decades, with coal's share in electricity generation lessening. Major investor-owned utilities are setting goals to reduce carbon emissions. For example, both Xcel Energy and Duke Energy are striving to reach net-zero carbon emissions by 2050.

Looking at customer satisfaction trends for electricity and natural gas service, both are rated middling to low relative to prior years. According to customers, natural gas service (75) still outperforms electricity (71) as it has for over a decade. Nevertheless, satisfaction with natural gas retreats for the third straight year (-1%). For electric service, satisfaction is unchanged but remains at a record low point since 2004.



Investor-Owned Energy Utilities

After two years of customer satisfaction decline, the investor-owned energy utility industry overall holds steady with an ACSI score of 72—continuing to match its record low from 2016. The stability at the industry level masks some movement for individual energy utilities. Among 25 providers, 12 show some deterioration in residential customer satisfaction, although only seven decrease 3% or more. Likewise, the group of five gainers includes just one company that improves more than 1%: American Electric Power (+3%).

AMERICAN CUSTOMER SATISFACTION INDEX: INVESTOR-OWNED ENERGY UTILITIES

	2020	2021	% CHANGE
Investor-Owned Energy Utilities	72	72	0.0%
Atmos Energy	78	76	-3%
CenterPoint Energy	77	76	-1%
NextEra Energy	76	76	0%
NiSource	75	75	0%
Southern Company	75	75	0%
PPL	73	74	1%
Ameren	73	73	0%
Berkshire Hathaway Energy	74	73	-1%
Consolidated Edison	75	73	-3%
Dominion Energy	74	73	-1%
DTE Energy	72	73	1%
Public Service Enterprise Group	72	73	1%
WEC Energy	74	73	-1%
Edison International	74	72	-3%
Entergy	72	72	0%
Exelon	72	72	0%
FirstEnergy	71	72	1%
Sempra Energy	75	72	-4%
Xcel Energy	73	72	-1%
CMS Energy	73	71	-3%
Duke Energy	71	71	0%
All Others	72	70	-3%
American Electric Power	68	70	3%
National Grid	70	70	0%
Eversource Energy	69	65	-6%
PG&E	63	61	-3%

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As in past years, two natural gas providers are part of the industry's top tier for customer satisfaction, although the bar drops lower, just as it did one year ago. For the third time in a decade, no investor-owned utility posts a score of 80 or above. The trio of leading utilities in 2021—Atmos Energy, CenterPoint Energy, and NextEra Energy—are tied with ACSI scores of 76. This represents the lowest leading ACSI score for the industry over time.

Customer satisfaction with the nation's largest fully regulated natural gas-only utility, Atmos Energy, shrinks 3% to 76. This places Atmos Energy in a tie for first place after being the sole leader one year ago. For the last decade, the company has been investing heavily to modernize its pipeline infrastructure, with plans to spend more over the next five years. This focus on infrastructure may be at the expense of customer service. According to Atmos Energy customers, bills are much harder to understand and employees far less helpful and courteous compared to a year ago.

Likewise, CenterPoint Energy, measured in the ACSI for its natural gas service only, slips 1% to 76. The company's customer satisfaction has waned 7% since 2018, the year its merger with Vectren was announced. ACSI data show that mergers often depress customer satisfaction, at least in the short term, as companies integrate systems. In August 2020, the company announced its intent to retire the Vectren name and fully rebrand to CenterPoint Energy across its footprint.

The third leader at the top, NextEra Energy, is stable at 76—the level of satisfaction that the utility has consistently held across eight years. For 2021, its performance across the customer experience is outstanding. The company is an industry leader for eight of nine measured elements, including its efforts to support green programs. With an emphasis on renewable energy, NextEra has generated market- and peer-beating total stock returns over the past decade.

Next in line, NiSource and Southern Company are steady at 75, a score that remains an all-time low for the latter. PPL edges up 1% to an ACSI score of 74, and it continues to rate best in class for electric service reliability. A large group of seven utilities hovers just above the industry average at 73. For six of these providers (Ameren, Berkshire Hathaway Energy, Dominion Energy, DTE Energy, Public Service Enterprise Group, and WEC Energy), customer satisfaction shows little movement year over year (+/-1% or less).

Only Consolidated Edison loses more ground—down 3% to 73. Over 300,000 Con Edison customers lost power due to Tropical Storm Isaias in August 2020—second only to Hurricane Sandy. The utility faces fines for mishandling the outages and consequences may also be showing up in lower satisfaction. For the second year, Con Edison shows the highest proportion of complaining customers in the industry. Likewise, Con Edison's customers are far less happy with their utility's ability to restore electric service following an outage.

Six energy utilities match the industry average with ACSI scores of 72. Four of these utilities are stable or within a point of their prior score: Entergy, Exelon, FirstEnergy, and Xcel Energy. The two California-based energy providers, however, experience larger declines. Edison International falls 3% and Sempra Energy slides 4%, both losing their above-average satisfaction levels.

During 2020, energy utilities in California continued to stage public safety power shutoffs (PSPS) to reduced wildfire risks. Nevertheless, shutoffs can cause customer frustration and depress overall satisfaction. The pandemic, which kept people at home for work and school, likely made residential shutoffs even harder for customers. According to ACSI data, customer ratings for electric service restoration have declined for both Sempra Energy and Edison International. Still, these companies far outperform the third California-based utility, PG&E, which remains worst in class for both electric service reliability and electric service restoration.

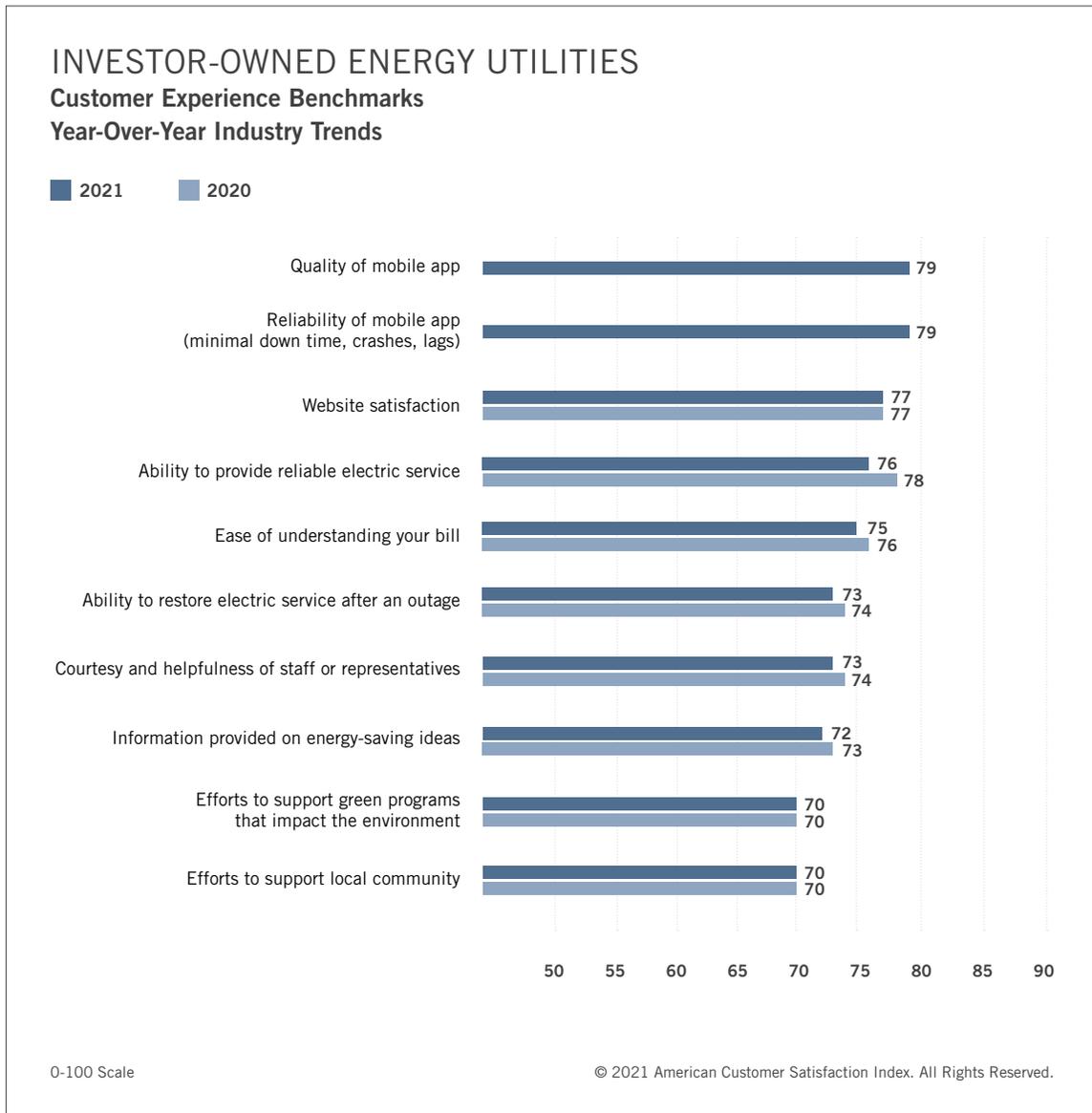
While the remainder of the industry falls below average, there is a 10-point range in satisfaction performance among this group. CMS Energy declines 3% to 71, matching Duke Energy (unchanged). Close by, the group of smaller investor-owned utilities backtracks 3% to 70 to tie with National Grid (unchanged) and American Electric Power (+3%). While AEP shows the most improvement, its customer satisfaction stays well below its historic average of 75.

At the bottom of the industry, two companies fall well behind the field. Eversource Energy tumbles 6% to 65, suffering huge declines across its entire customer experience. The utility faces fines for its handling of multiday outages stemming from Tropical Storm Isaias. Beleaguered PG&E, which emerged from bankruptcy in 2020, drops 3% to 61 after plummeting 10% one year ago. Despite the utility's efforts to reduce the impact of PSPS events on customers, such as installing grid sectionalizing devices, customer satisfaction has yet to improve. PG&E stays worst in class across much of the customer experience and receives its poorest rating for efforts to support the local community.

To enhance understanding of the residential customer experience, the ACSI now measures mobile app performance across the energy utilities sector. With ample resources to invest in mobile apps, the investor-owned category receives its top marks for both mobile app quality and reliability (79). Relative to most other ACSI industries, however, energy utility apps need to improve. All three energy utility categories are among the lower-scoring industries for both mobile app quality and reliability. These below-average scores are perhaps not surprising given the complexity of providing customers with up-to-the-moment information on outages and restoration estimates.

For investor-owned energy utilities overall, no aspect of the residential customer experience has improved, although some elements have stabilized. The industry is less able to provide reliable electric service and its rating drops for a third straight year, down 3% to 76—much lower than reliability scores for either municipal (81) or cooperative (80) energy utilities. Since 2018, investor-owned utilities show a net loss of 8% for reliability. Likewise, the industry's rating for electric power restoration slips to 73 after two years of bigger declines, also remaining far below the other categories (both 78).

Website satisfaction is stable (77), but bills are harder to understand (75) and staff are less courteous and helpful (73). The industry’s weaker points continue to be areas where company goodwill initiatives fall short in the eyes of residential customers. Overall, investor-owned energy utilities are still not doing enough to help customers with energy-saving ideas (72), to support green programs (70), and to support the local community (70).



Municipal Energy Utilities

Customer satisfaction with municipal energy utilities overall sheds 1.4% to an ACSI score of 71 following two years of slow decline. Perennial industry leader Salt River Project stays atop the category, but with a lower level of satisfaction than ever before. Customer satisfaction with the Arizona-based utility wanes 3% to a record low of 75, substantially below its historic ACSI average (79). Nevertheless, the utility remains a solid industry leader across the customer experience and its first-time scores for mobile app performance far outpace all other energy utilities in the sector.

**AMERICAN CUSTOMER SATISFACTION INDEX:
MUNICIPAL ENERGY UTILITIES**

COMPANY	2020	2021	% CHANGE
Municipal Energy Utilities	72	71	-1.4%
Salt River Project	77	75	-3%
CPS Energy	72	73	1%
All Others	72	71	-1%
LA Department of Water & Power	72	68	-6%

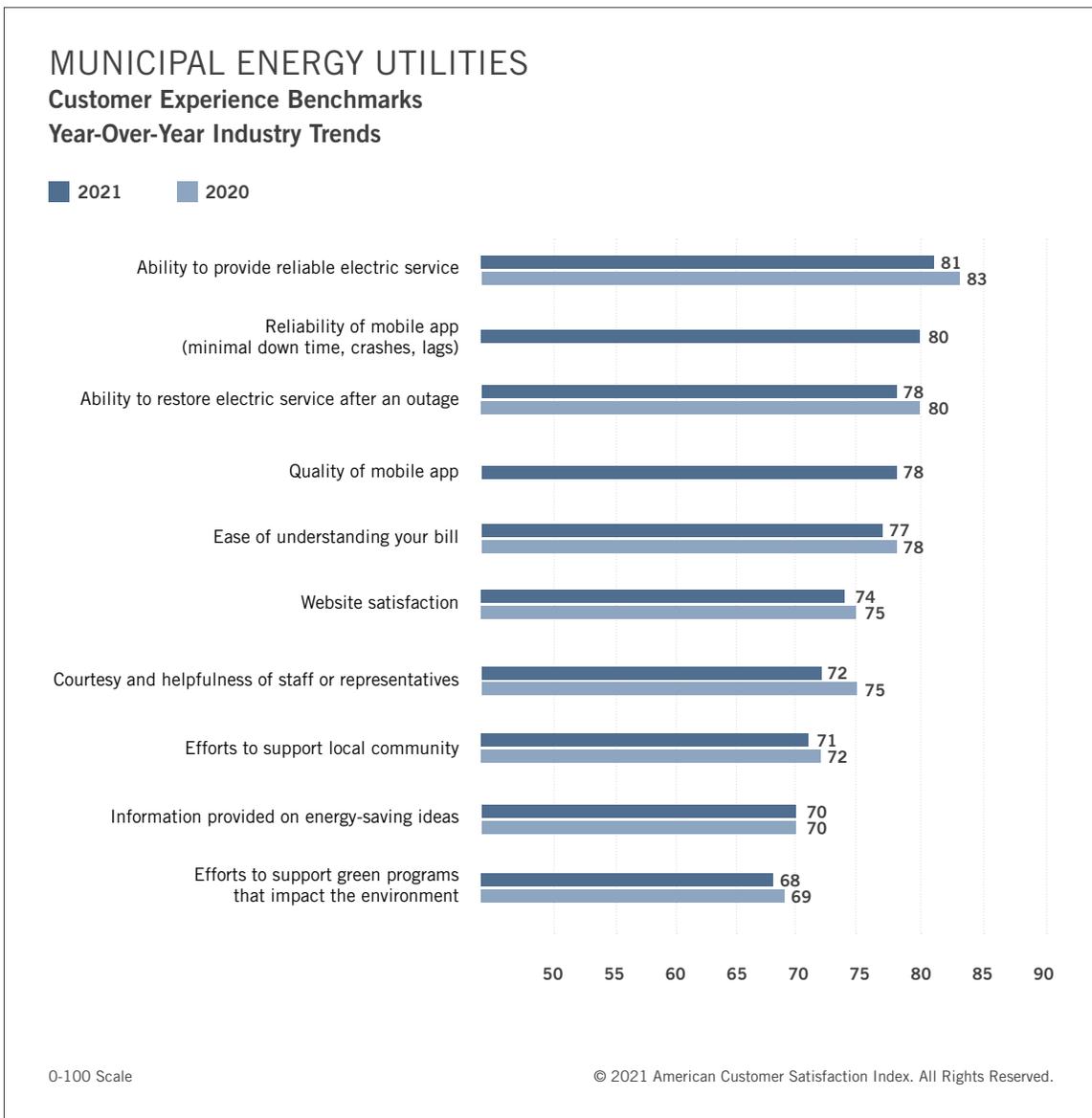
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CPS Energy edges closer to leader Salt River Project with a 1% uptick to 73. Smaller municipal energy utilities inch down 1% to 71. After tying with CPS Energy and the smaller providers one year ago, the Los Angeles Department of Water & Power (LADWP) plummets 6% to 68. While customer satisfaction for LADWP hit a high point last year (72), its current score is within a point of the utility's historic average. LADWP has never been able to lift its ACSI score enough to move out of last place. The utility lags its peers across the entire customer experience, and customers find its bills difficult to understand compared with most other energy providers.

As with investor-owned energy utilities, municipal utilities are not making things better for customers. While electric service reliability remains the strong point for the category, it continues a gradual three-year slide, down another 2% to 81. Electric service restoration also retreats 3% to 78—now matching, rather than exceeding, cooperative energy utilities.

As with the other energy utility industries, the quality of municipal mobile apps could stand a boost (78), although app reliability is more acceptable (80). While bills are less easy to understand (77), they receive a higher mark than investor-owned utility bills (75). On the flip side, investor-owned energy utilities provide a superior website experience (77) compared to the municipal category (74).

Staff courtesy takes the biggest hit, tumbling 4% to 72. As seen in the other categories, customers would like their municipal utility to do more to support the local community (71) and to provide customers with better information on energy-saving ideas (70). Among the three categories, municipal energy utilities do the poorest job of supporting green programs (68).



Cooperative Energy Utilities

Cooperative energy utilities serving small rural communities keep customer satisfaction steady at an ACSI score of 73 after falling nearly 3% one year ago. A decade ago, member-owned cooperatives outperformed investor-owned and municipal energy utilities for customer satisfaction by a wide gap of 8 to 9 points. For the past few years, that gap has narrowed considerably, and cooperative energy utilities continue to stay flat at an all-time industry low.

The largest cooperative energy utility, Touchstone Energy, drops 1% to a customer satisfaction score of 73—continuing a slow, but steady, four-year ACSI decline. This puts Touchstone Energy closer to the industry average for investor-owned energy utilities (72) than it has ever been in ACSI measurement. The group of smaller cooperatives gains just a point to tie with Touchstone at 73 following a steep decline the prior year.

**AMERICAN CUSTOMER SATISFACTION INDEX:
COOPERATIVE ENERGY UTILITIES**

COMPANY	2020	2021	% CHANGE
Cooperative Energy Utilities	73	73	0.0%
All Others	72	73	1%
Touchstone Energy	74	73	-1%

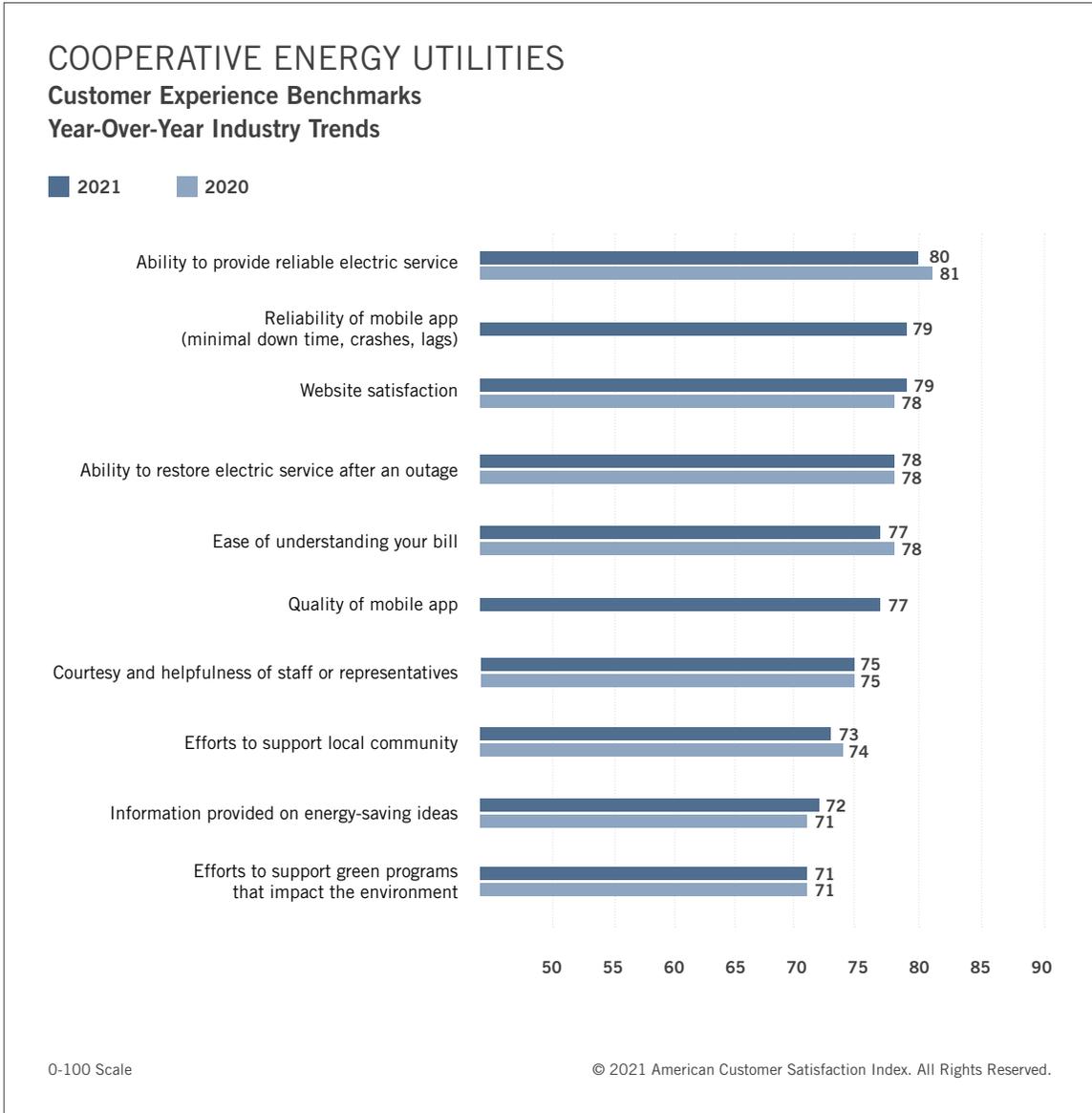
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Unlike the other two energy utility categories, cooperative energy utilities actually improve two customer experience elements, but the progress is slight. Website satisfaction ticks up to 79, matching member assessments of mobile app reliability. With fewer resources to provide robust apps, these smaller rural utilities earn a mobile app quality score of 77. This places them at the bottom among all ACSI industries, along with the poorly performing subscription television service industry.

Electric service reliability remains the top mark for cooperative energy utilities despite slipping to 80. The category keeps pace with municipal energy utilities for both electric service restoration (78) and ease of understanding bills (77).

The areas that were previously a relative strength for smaller rural cooperatives do not shine as brightly as they once did. While larger investor-owned utilities have not improved their efforts to support local communities for the last three years (steady at 70), smaller cooperative utilities are instead losing ground. Since 2018, the category recedes 6% to a low of 73 for community support. Likewise, courtesy and helpfulness of staff holds steady at 75 after being much higher three years ago (80).

The other area that shows slight improvement for cooperatives, tips on energy-saving ideas, comes in at 72—a low score that is on par with investor-owned energy utilities. Likewise, members are not impressed with their cooperative’s efforts to support green programs (71), which is consistent with the other energy utility categories.



About This Report

The *ACSI Energy Utilities Report 2020-2021* covers three categories of energy utilities (investor-owned, municipal, and cooperative). Results are based on interviews with 21,736 residential customers, chosen at random and contacted via email between January 13 and December 28, 2020. Customers are asked to evaluate their recent experiences with the largest energy utilities in terms of market share, plus an aggregate category consisting of “all other”—and thus smaller—companies.

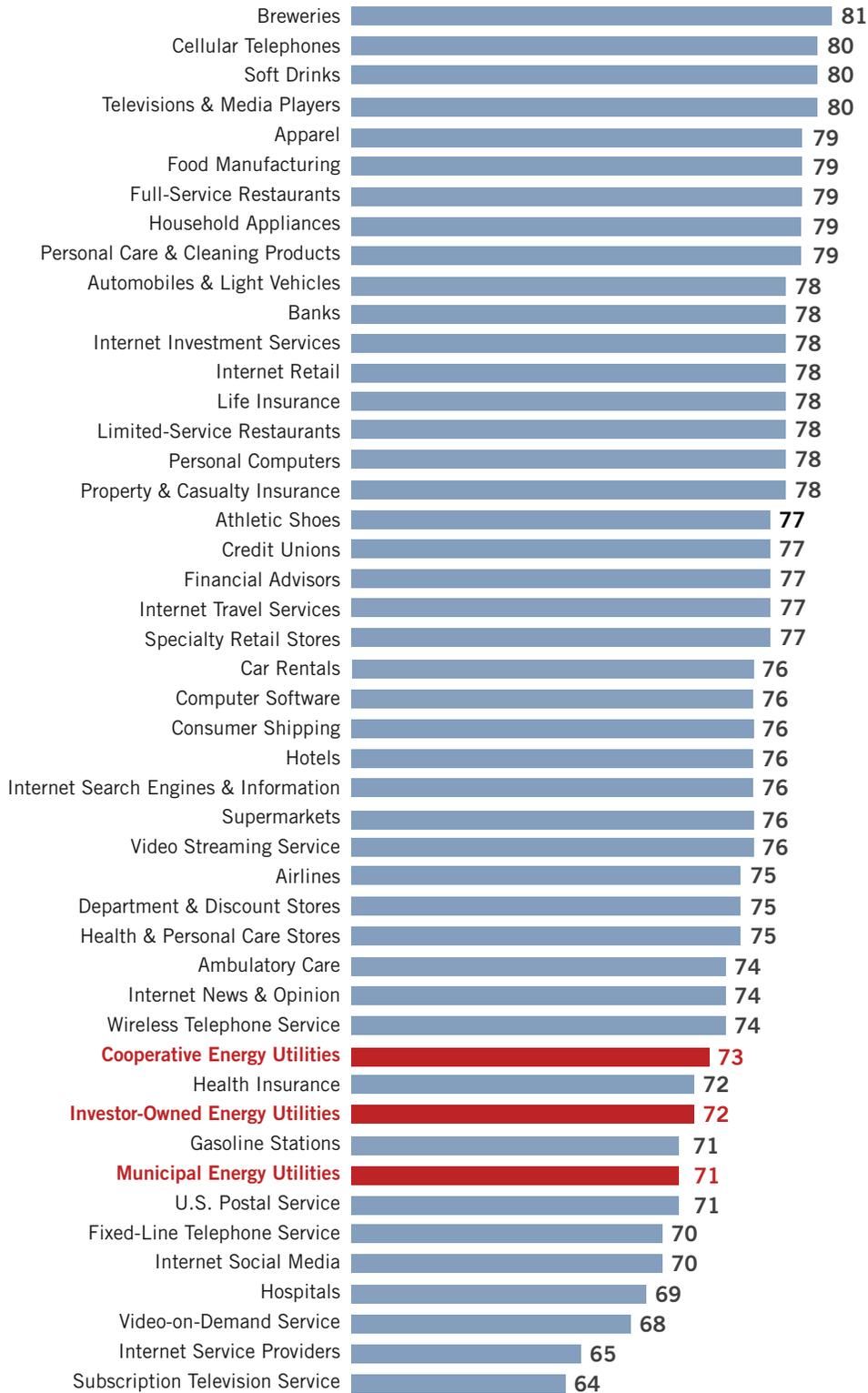
The survey data are used as inputs to the Index's cause-and-effect econometric model, which estimates customer satisfaction as the result of the survey-measured inputs of customer expectations, perceptions of quality, and perceptions of value. The model, in turn, links customer satisfaction with the survey-measured outcomes of customer complaints and customer loyalty. Our clients receive confidential industry-competitive and best-in-class data on all modeled variables and customer experience benchmarks.

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