Qualitative Assessment of Public Opinion on Restructuring of the Electric Utility Industry in Wisconsin
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Executive Summary

This report is the result of research conducted with electric utility customers in Wisconsin. The overall objective of the research is to explore what customers think are important qualities of energy service and to develop insight into their views on “fundamental issues pertaining to electric industry structure.” The research, requested by the Public Service Commission of Wisconsin (pscw), was facilitated and sponsored by the Energy Center of Wisconsin (the Center) and an ad hoc Restructuring Research Steering Committee (the rrsc).

Opinion Dynamics Corporation (odc) conducted focus groups or in-depth interviews with residential, commercial, and industrial customers. The purposes of these were to:

1. Discuss customer experience with and attitude toward their electric utility
2. Understand which of the attributes of electric service are most important to them
3. Discuss awareness of and attitudes toward electric utility restructuring
4. Obtain customers’ perceptions of the potential effects of deregulation on different groups of electric utility customers

odc conducted 10 focus groups with a total of 95 residential customers in geographically diverse areas, three focus groups with a total of 26 small and medium commercial and industrial customers, and 14 in-depth, personal interviews with large commercial and industrial customers. The focus group and in-depth interview samples were designed to capture a diversity of customers in geography, demography and business characteristics (see Table E.1). The focus groups and in-depth interviews were held between August 22 and September 14, 1995.

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1Neitzel, Scott. Letter to Wisconsin Center for Demand-Side Research, May 25, 1995
2formerly the Wisconsin Center for Demand-Side Research
3The Restructuring Research Steering Committee includes representatives from all investor owned electric utilities in Wisconsin, Wisconsin Public Power, Inc. SYSTEM, Dairyland Power Cooperative, the Citizens Utility Board, the National Center for Appropriate Technology, the Public Service Commission of Wisconsin and the Energy Center of Wisconsin.
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Table E.1  Focus Group Schedule—Residential and Commercial/Industrial

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<tr>
<th>Group Description</th>
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<tr>
<td>Residential</td>
<td></td>
<td></td>
</tr>
<tr>
<td>rural/co-ops</td>
<td>Grant County</td>
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<td>urban</td>
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</tr>
<tr>
<td>suburban</td>
<td>Milwaukee</td>
<td>Wednesday, August 23</td>
</tr>
<tr>
<td>urban/suburban/rural</td>
<td>Eau Claire</td>
<td>Thursday, August 24</td>
</tr>
<tr>
<td>urban/suburban</td>
<td>Madison</td>
<td>Monday, August 28</td>
</tr>
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<td>some customers of municipal utilities</td>
<td>Appleton</td>
<td>Tuesday, August 29</td>
</tr>
<tr>
<td>urban/suburban</td>
<td>Green Bay</td>
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<td>low-income</td>
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<td>Thursday, August 31</td>
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<td>low-income</td>
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<td>Wednesday, September 6</td>
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<td>urban/rural</td>
<td>Wausau</td>
<td>Thursday, September 7</td>
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<tr>
<td>medium industrial</td>
<td>Milwaukee</td>
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Focus groups and in-depth interviews are both qualitative research methods useful for identifying and exploring the range of attitudes, opinions, and preferences on a particular topic. They do not confirm hypotheses or predict the percentage of people who or organizations that hold a certain opinion or attitude.

This report is a synthesis of comments from many people. Collectively, the respondents to this research raised many points and issues. Individually, respondents were more limited in their knowledge and in the number of opinions expressed. The information presented in this executive summary and the complete report should be evaluated within this context and in light of the qualitative nature of the research.
Experience with and Attitudes toward Electric Utility Providers

Most study participants from all customer classes report being very satisfied with their electric service. Almost all said they receive highly reliable, high quality electricity at reasonable rates. A few of the very largest commercial and industrial participants are unhappy with the rates they pay, in comparison to their perception of the cost of serving them.

Residential, small commercial and industrial, and large commercial and industrial participants vary in the type and frequency of interactions with their electric utility.

Residential focus group participants rarely interact with their electric utility. Most interaction is limited to the payment of a monthly bill or an occasional call to report a power outage. Many said they do not think about their electric service—it is always there. Low-income participants deal with the utility more than the average residential participant to arrange for bill payments. Residential customers also talk with their utility to establish service, participate in energy-efficiency programs and to call Diggers Hotline.

Small commercial and industrial participants interact more frequently with the electric utility. Like residential customers, they do not spend a lot of time thinking about electricity because “electricity is one of those types of things you kind of take for granted.” Many of these participants notice electricity, and the electric company, only when they have a problem. Small commercial and industrial participants described interactions related to power quality and reliability, customer/public relations and information, construction and new hookups, landscaping, safety, conservation, and bills.

Large commercial and large industrial participants have the most frequent interaction with their electric utility. Some participants work closely and cooperatively with their electric utility to address the energy needs of their organization. Some participants work with their utility very intensively on a project-by-project basis. Others rely on their utility for expertise and assistance but interact with them less frequently. A few have very infrequent interactions. Interactions with utilities also include periodic discussions of rate options, billing questions, and power supply or usage problems.
Important Aspects of Electric Service

Research participants discussed and rated aspects of electric service that they may find important. Study participants from all customer classes are consistent in rating price, reliability, power quality, and response to outages as the top four most important aspects of electric service. The important aspects of electric service are outline below, roughly in order of importance to participants.

The first five items are very important to all classes of customers.

- **Price.** Most residential and small/medium commercial and industrial customers rate price as the most important aspect of electric service. Large commercial and industrial customers rate price as very important, but some rate reliability as a more important attribute.

- **Reliability.** Across all customer segments reliability is very important. Participants report that they are accustomed to electricity being there when they need it, and that this is important.

- **Power quality.** All customer segments rate power quality as important. However, many residential participants were not familiar with the term or the issues prior to attending the groups. Once familiarized with the potential effects of power quality, they rated it as highly important.

- **Response to outages.** All customer segments find this important. Some include this under the umbrella of reliability.

- **Customer service.** Residential participants focus on how they are treated and how easy it is to understand and handle transactions with the utility company. Commercial and industrial participants focus on technical and individualized services for their businesses.

Safety was not always rated as important, but not because participants viewed it as unimportant. Instead, small and medium business participants viewed safety as so important that it could not possibly be compromised. Residential participants say they take safety for granted, or see it as within the purview of the government or the utility itself.

- **Safety.** Safety is important to participants in all customer classes. Participants in the urban low-income group were particularly concerned with safety within their homes.
Study participants considered other items important but these items were either not as important, or were considered important by a smaller sub-set of participants in the research.

- **Environment.** Business participants—small, medium, and large—generally said that environmental protection is within the purview of government, and that environmental regulations will not change as a result of competition. The small/medium business customers also see the environment (like safety) as an area that cannot be compromised. Residential participants expressed a greater concern for the environment and tended to rate it as more important than did members of other study segments.

- **Conservation programs.** Conservation programs are rated as relatively important by residential and small/medium commercial and industrial participants. These participants value the information and rebates available from their electric providers. Some of the largest commercial and industrial participants do not see these as important because they have internal energy experts or have previously used the programs.

- **Location of provider.** Participants in all customer classes were mixed in their views of the importance of provider location. All say it is important to have local service representatives and local response to emergencies. Many say that local corporations have a greater stake and thus a greater interest in the communities they serve. However, participants were mixed on the importance of the location of an electric company’s headquarters.

- **Accessible to all, regardless of income or location.** Most respondents say that electricity is a necessity that should be available to all, regardless of income or location. Some people in the medium industrial group said that there are limitations to accessibility, and that people not using the existing infrastructure should pay for additions to the infrastructure themselves. Although providing electricity to all customers, regardless of income was viewed as important, it was not necessarily viewed as the responsibility of the utility company, especially in a competitive environment.

Another set of electric utility service attributes were discussed by some, but not all study participants. These items were not raised by the moderator or interviewer, and so were not consistently addressed in all focus groups or in-depth interviews. It is not possible to assess how participants who were not asked about these attributes would feel about them, except to note that they were not foremost in their mind.

- **Long-term availability.** The availability of adequate electrical supply in the long-term was raised by some large commercial and large industrial participants. One residential group and one small/medium business group discussed this within the context of utility planning.
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- **R&D.** Some residential participants say it is important for electric utilities to conduct research and development on alternative energy sources and innovative service delivery techniques.

- **Flexibility.** Some large commercial and large industrial participants think flexibility in rate structures and service offerings is important.

- **Choice of providers.** Several residential and small/medium business participants think that having a choice of providers is important.

- **Access to the grid.** One participant from each customer segment raised the issue of customers having access to the grid. The residential and small business participants want customers to be able to sell wind or solar generated power to utilities. A large industrial customer wants the ability to wheel power that his facility generates to other facilities owned by his company.

- **Landscaping/aesthetics.** Some small/medium business participants discussed the aesthetic effect of power lines on the environment, or in their area.

- **Decision-making authority.** A couple of small/medium business participants say it is important to know who has the power to make decisions that affect customers.

Attitudes toward Deregulation of Electric and Other Industries

**Knowledge of Electric Utility Restructuring**

Knowledge of electric utility restructuring efforts is limited in all three customer segments. Most of the commercial and industrial participants had heard of electric utility restructuring prior to the interview or focus group, but few could provide substantive details. Some residential participants had heard of it, but again substantive knowledge was limited. Most residential participants had heard nothing about the issue prior to the focus group.

The lack of knowledge related to electric utility restructuring has two noticeable consequences. First, most respondents had not given previous thought to the issue, thus limiting their ability to be thorough and conclusive in some areas. Second, for most large commercial and industrial participants this meant they have not developed plans or strategies for dealing with industry restructuring (only large commercial and industrial participants were asked about their plans).
Deregulation of Other Industries

Residential and small/medium commercial and industrial focus group participants have exposure to various recently deregulated industries. These focus group participants touched upon telephone, airline, trucking, banking, and natural gas deregulation. The large commercial and industrial interviewees tended to be department heads of energy purchasing and plant operations and limited their discussion to natural gas deregulation.

**Telephones.** Both residential and small/medium commercial and industrial participants expressed much irritation at long distance providers for their aggressive marketing efforts. Residential participants see it as annoying, intrusive, and think that they are paying for it in their telephone rates. Residential participants say that telephone deregulation has created a more confusing situation for them. Some commercial and industrial focus group participants say that telephone deregulation has brought technological and service innovation, which they see as positive. Some of the commercial and industrial participants see an increased “hassle factor.” Both segments are mixed on what they think telephone deregulation has done to rates.

**Airlines.** Both residential and small/medium business participants say that airline prices have gone down as a result of deregulation. However, they say there is a reduction in services, or higher costs, to smaller cities and rural areas. A few residential participants are concerned that safety regulations have declined since deregulation.

**Banking.** Participants say there is much consolidation in the banking industry as a result of deregulation. They see this as resulting in the loss of local providers and services to more rural areas. Residential participants said that some banks offer more services than they did before deregulation. Some small/medium business participants see a reduction in costs. Members of both customer segments see bank charges for things that had been free, such as teller services.

**Natural gas.** Large commercial and industrial participants are mixed in their opinions regarding natural gas deregulation. Some see lower prices and more flexible services as a result of increased competition in this industry. Others found the process of deregulation and the resulting industry structure complex and confusing. These participants say it has not resulted in reduced prices or better service. The only small/medium business participant who discussed natural gas deregulation reported a reduction in price.

**Trucking.** Deregulation of the trucking industry was discussed only among small/medium commercial and industrial participants. Some participants see lower prices, reduced wages, and consolidation of the industry as results of deregulation. Participants noted possible negative effects on the economy and a reduction in services to smaller cities. One participant said that safety has deteriorated as a result of deregulation.

**Attitudes toward Competition in the Electric Utility Industry**

All study segments discussed their attitudes and opinions regarding competition in the electric utility industry. Members in each of the study segments raised a relatively con-
sistent list of potential benefits from electric competition. The list of concerns had some consistent items, and other items that were specific to a customer segment (or segments). Large commercial and industrial participants listed more benefits from competition than did other segments. These issues are briefly discussed below. First, the potential benefits and concerns raised by all customer segments are discussed. Next, benefits and concerns that were not consistently raised by all customer segments are discussed.

- **A philosophical belief that competition is good.** Among all segments there are members who philosophically believe that competition is a good thing - either because it eliminates inefficiencies seen as inherent in monopoly structures, or simply because it is the American way. This feeling was stronger and more prevalent among commercial and industrial participants of all sizes than among residential participants.

- **Price impacts—short-term.** Participants in all segments are hopeful (but some are skeptical) that if competition occurs it will lead to lower prices. The very largest commercial and industrial participants are more certain than others that they will see this benefit from deregulation. Other large commercial and large industrial participants are hopeful, but less certain, that they will receive lower rates. Some residential customers also see lower rates as a potential benefit of competition. Some small/medium commercial and industrial participants, as well as some residential participants, fear “cherry picking” by competitive providers that will result in higher rates for smaller consumers.

- **Price impacts—long-term.** All customer segments expressed concern for the long term effect of deregulation on prices. Residential participants fear that initially prices will be low, as electric providers compete for customers. Once consolidation of the industry occurs, they believe rates will go up. Both the smaller and larger commercial and industrial participants expressed concern that under national deregulation there will be a leveling of prices, possibly resulting in higher overall rates for Wisconsin.

- **Confusion and skepticism.** Some participants in all customer segments are confused about how competition could occur. They have difficulty accepting the premise that it could occur, given the large, existing infrastructure associated with electrical generation, transmission, and distribution.

- **Belief that electric industry should be regulated.** Some participants from all three customer segments see benefits to regulation. Some residential and small/medium business participants believe electricity should continue to be regulated because it is a necessity. Most participants believe that aspects of electric service should continue to be regulated, even if there is a move toward deregulation.

- **Increased Complexity.** All segments see increased complexity as a possible result of competition. Although residential participants did not elaborate on how increased complexity would manifest itself, some commercial and industrial participants did
These commercial and industrial participants say that more of the responsibility for dealing with regulations will fall on the consumer.

- **Consolidation of the industry.** The possibility of competition leading to consolidation in the industry was raised by all study segments. Consolidation of the industry is perceived as having three potential negative effects. First, it reduces the amount of competition. Second, large companies are seen as less local, and therefore taking less interest in the needs of the community. Third, it could result in a lack of local service staff.

Several large commercial and large industrial participants say that consolidations and mergers could result in a reduction in the cost of utility operations. A small/medium business customer said that this may result in the elimination of utility company jobs, negatively affecting the economy.

- **Cost cutting measures.** All segments raised concerns regarding possible cost-cutting measures associated with a competitive environment. Residential participants expressed concern regarding safety measures and the cost to consumers of some services that they now perceive as free. Commercial and industrial participants expressed concern regarding service, such as response to outages or locally available service representatives.

The remaining potential benefits and concerns were not raised by all customer segments.

- **Increased marketing efforts.** Small commercial and industrial participants, and residential participants, are very concerned that competition will result in large-scale marketing efforts similar to those of long distance telephone carriers. Residential participants say it would be more difficult to substantiate electric providers’ claims than those of telephone companies.

- **Diversification into non-utility ventures.** Several small/medium commercial and industrial participants expressed concern that electric utilities will expand into non-utility areas. The businesses raising the issue are concerned about competing with electric utilities, whom they view as having unfair advantages given their greater access to capital.

- **Impacts on rural customers/small customers.** Some residential and small/medium business participants are concerned that people and business in more rural locations will see a decline in service or higher rates in a competitive environment.

- **Reduced safety/environmental control.** Some residential participants are concerned that deregulation will result in reduced safety and in less environmental protection by electric utility providers. They see this as a result of fewer regulations or from cost-cutting measures by electric utilities.

- **Uncertain outcomes/risky.** Many residential participants are uncertain whether...
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Competition would be beneficial to the electric utility industry. They see deregulation as a potential risk, and some are suspicious of electric utility motives.

- **Need education.** Residential participants say that they do not understand electricity issues well. They say it would be important to have more information if they are to select among providers.

- **Satisfaction with the current situation.** Some residential participants say that since things are working well now, they do not see a need to make the electric industry competitive.

- **Increased options.** Some of the largest commercial and industrial customers said that competition will result in increased flexibility in rate and service options to meet their specialized needs. A few residential participants see the possibility of options tailored to customer needs.

- **Increased utility efficiency.** Many of the large commercial and large industrial participants said that competition will force electricity providers to more efficiently operate their organizations because they will no longer be guaranteed a rate of return (profit). They will analyze their work force and eliminate unnecessary positions and unproductive staff.

- **Ability to wheel power.** For a few large commercial and industrial participants the ability to transfer self-generated power (wheel their own electricity) from facility to facility is seen as another attractive feature of deregulation.

- **Bundling of purchasing power.** Some large commercial and industrial participants are hopeful that deregulation will allow them to purchase power for all facilities from a single provider. They see the ability to “bundle” facilities giving them increased negotiating power and providing a chance to balance demand across facilities. They also see benefits in equalizing costs across facilities and consolidating bill payments.

Perceived Effects of Deregulation on Different Groups

Most residential participants and large commercial and industrial participants were hesitant to hypothesize on the effects of deregulation on different groups of utility customers. Small/medium commercial and industrial participants were more forthcoming in their comments.

Most participants (of all sizes) who did discuss the issue speculated that larger customers will benefit from deregulation. They see larger businesses/electricity consumers, who will have negotiating power, as able to work out better deals with electricity providers. The largest commercial and industrial participants are relatively confident that the
y will see lower rates. The smaller energy users (among the large commercial and industrial participants) are unsure of their status in a competitive environment.

Many participants think that reduced rates to larger customers will be at the expense of smaller customers. Most small and medium business participants think that residential customers would end up paying higher prices after deregulation. Other small/business participants see themselves as the biggest potential losers in a deregulated environment. A few residential customers speculate that rates will decline for all.

Business focus group participants discussed the probable effects of deregulation on low-income customers. They are divided in their assessment of these impacts. Some said that low-income customers could lose services, or pay higher rates for them. Others said that these customers will be protected from this by government regulations, even under a competitive scenario. The low-income participants did not speculate on the effect of competition on them as low-income customers, but also thought that large business would benefit.
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Section 1: Introduction

This report is the result of qualitative research conducted with electric utility customers in Wisconsin. The overall objective of the research is to explore what customers think are important qualities of energy service and to develop insight into their views on “fundamental issues pertaining to electric industry structure.” The research, requested by the Public Service Commission of Wisconsin (pscw), was facilitated and sponsored by the Energy Center of Wisconsin (the Center) and the ad hoc Restructuring Research Steering Committee (the rrsc).

In a May 1995 letter to the Center, Commissioner Scott Neitzel requested that a series of focus groups (or other qualitative research approaches) be employed to develop insight into the attitudes and opinions of residential, commercial, and industrial customers on attributes of electric service and electric utility restructuring. Mr. Neitzel feels that information on what customers think are important qualities of electric services is missing from the restructuring process in Wisconsin and may have been a barrier to deliberations regarding restructuring in other states. This study was designed to fill that void.

Opinion Dynamics Corporation (odc) was selected by the Restructuring Research Steering Committee, through a competitive bidding process, and was contracted by the Center to conduct the research. The rrsc and the Center played active roles in the development of the research objectives and discussion protocols. odc implemented the research independently.

odc conducted 10 focus groups with residential customers in geographically diverse areas, three focus groups with small and medium commercial and industrial customers, and 14 in-depth, in-person interviews with large commercial and industrial customers. The residential focus groups, held in eight different cities and towns throughout Wisconsin, included customers in a range of age and income categories. They included customers served by investor owned utilities, municipal utilities, and rural cooperatives from urban, suburban, and rural locations. Two groups consisted solely of low-income residential customers—households with incomes at or below 150 percent of federal poverty level. For a more complete description of the group locations and target populations see Table 2.1. For a description of the demographic characteristics of the participants and the recruiting procedures, see Appendix A.

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4 Neitzel, Scott. Letter to Wisconsin Center for Demand-Side Research, May 25, 1995

5 formerly the Wisconsin Center for Demand-Side Research

6 The Restructuring Research Steering Committee includes representatives from all investor owned electric utilities in Wisconsin, Wisconsin Public Power, Inc. SYSTEM, Dairyland Power Cooperative, the Citizens Utility Board, the National Center for Appropriate Technology, the Public Service Commission of Wisconsin and the Energy Center of Wisconsin.

7 A focus group is a structured discussion moderated by a professional researcher.
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Three focus groups were held with small and medium commercial and industrial customers. One group was held with small commercial and industrial customers, defined as those customers with fewer than 25 employees. Two groups were held with medium-sized customers—those with 30-200 employees—one with commercial customers and one with industrial customers. These groups are listed in Table 3.1 and discussed in more detail in Appendix A.

Personal, in-depth interviews were conducted with 14 large commercial and industrial organizations. These organizations included several types of manufacturing facilities, as well as public sector entities, service industries, and hospitals. Large organizations were defined as those having 1000 or more employees at a single location, as recorded in the Dun and Bradstreet database.

The focus groups and in-depth interviews were held between August 22 and September 14, 1995. A more complete description of the composition of the focus groups and interviewees, and a discussion of the sampling and recruiting methodologies are included in Appendix A.

This report is a synthesis of comments and thoughts from many people. The reader should be mindful that, although collectively the respondents to this research raised many points and issues, individually respondents were more limited in their knowledge and in the number of opinions expressed.

Focus groups and in-depth interviews are both qualitative research methods. Both are useful for identifying and exploring the range of attitudes, opinions, and preferences on a particular topic or research issue. The open-ended nature of focus groups and in-depth interviews allows the researcher to make unexpected connections or to discover alternative ways of thinking about a topic. Focus groups and in-depth interviews do not confirm hypotheses or allow for estimates regarding the percentage of people or organizations that hold a certain opinion or attitude. The information presented in this report should be evaluated within the context of the qualitative nature of the research.

In each section the findings are presented in the order that topics were discussed. This approach is essential for capturing the flavor of the discussions and the flow of participant ideas. Discussions started with the familiar—experience with and attitudes toward electric utility providers—and ended on an unfamiliar topic—the effect upon different groups of customers of competition in the electric utility industry. Often participants built upon the earlier part of the discussion to express thoughts on a new topic.

This report is presented in five sections. Section 2 includes a discussion of the residential focus group findings. Section 3 includes a discussion of the focus groups held with small and medium commercial and industrial focus group customers. Section 4 discusses the in-depth interviews with large commercial and industrial customers. Section 5 includes some final observations resulting from the research.
There are six appendices to this report. Appendix A discusses the methodology used to recruit customers for the focus groups and for the in-depth interviews, as well as providing demographic or firmographic information to describe the composition of the respondents. Appendix B includes the residential focus group recruitment materials. Appendix C includes the commercial and industrial focus group recruitment materials. Appendix D includes the materials used in each focus group. Appendix E contains the discussion guide for the large commercial and industrial in-depth interviews. Appendix F contains two tables showing the results of the residential focus group exercise used to rate aspects of electric service.

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8 firmographic refers to information such as type of business and number of employees.
Section 2: Residential Customers

This section summarizes the results of 10 focus groups held with residential customers around Wisconsin. The purposes of the focus groups were to; 1) discuss residential customer experience with and attitude toward their electric utility, 2) understand which of the attributes of electric service are most important to them, 3) discuss attitudes toward and opinions of electric utility restructuring, and 4) obtain customer perceptions of the effect of deregulation on different groups of electric utility customers. We used focus groups to elicit attitudes and opinions because they are a proven approach for identifying the range of attitudes and opinions on a topic. We anticipated that the interaction of a focus group setting would enhance the discussion among residential customers. These customers may not be accustomed to thinking about aspects of electric utility service and may be unfamiliar with issues regarding industry restructuring.

Odc held 10 groups to provide sufficient geographic and demographic diversity and to explore the range of opinions and attitudes held by residential customers in Wisconsin. Participants were recruited so that groups included customers served by investor owned utilities, municipal utilities, and rural cooperatives. The groups were also mixed to include rural, suburban and urban customers, men and women, and various income levels. Although no single group had a complete mix of these attributes, overall the groups covered all types of residential utility customers. Two groups specifically targeted customers at or below 150 percent of federal poverty level. A total of 95 residential utility customers participated in the groups. Table 2.1 below shows the focus group locations and the targeted population for each group. For a more complete description of the method used to recruit participants and the composition of the groups refer to Appendix A.
Table 2.1  Residential Focus Group Schedule

<table>
<thead>
<tr>
<th>Target Population*</th>
<th>Location</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>rural</td>
<td>Grant County (Platteville)</td>
<td>Tuesday, August 22</td>
</tr>
<tr>
<td>urban</td>
<td>Milwaukee</td>
<td>Wednesday, August 23</td>
</tr>
<tr>
<td>suburban</td>
<td>Milwaukee</td>
<td>Wednesday, August 23</td>
</tr>
<tr>
<td>urban/suburban/rural</td>
<td>Eau Claire</td>
<td>Thursday, August 24</td>
</tr>
<tr>
<td>urban/suburban</td>
<td>Madison</td>
<td>Monday, August 28</td>
</tr>
<tr>
<td>some customers of municipal utilities</td>
<td>Appleton</td>
<td>Tuesday, August 29</td>
</tr>
<tr>
<td>urban/suburban</td>
<td>Green Bay</td>
<td>Wednesday, August 30</td>
</tr>
<tr>
<td>low-income</td>
<td>Milwaukee</td>
<td>Thursday, August 31</td>
</tr>
<tr>
<td>low-income</td>
<td>Clark County (Neillsville)</td>
<td>Wednesday, September 6</td>
</tr>
<tr>
<td>urban/rural/municipal customers</td>
<td>Wausau</td>
<td>Thursday, September 7</td>
</tr>
</tbody>
</table>

* See Appendix A for a more complete discussion of recruiting criteria and quotas for each group.

Focus Group Discussion Flow

All residential focus groups were moderated by the same odc moderator using a discussion guide developed by odc in consultation with the Restructuring Research Steering Committee (see Appendix D). The low-income group held in Milwaukee was cofacilitated by the odc moderator and a subcontractor. We anticipated that this group would be predominantly African American because of the large proportion of African-Americans in the low-income population of inner-city Milwaukee. The research team agreed that including a facilitator with experience working within this community would foster a more open discussion.

Each group’s discussion began with a section in which participants talked about experiences with and attitudes toward their electric utility providers. This section of the discussion served three purposes. First, it allowed participants to get comfortable with the group setting while discussing relatively easy topics. Second, it served to get participants thinking about issues related to electric service. Third, it provided a benchmark from which participants could discuss potential changes to the industry. This section of the discussion finished with the participants citing various aspects of electric service they may find important. As items were raised they were listed on a flip-chart and discussed by the group.

If the group participants did not list certain items, the moderator raised them for discussion. Items were listed on the flip-chart if any members of the group found them to be important. The purpose of raising items not listed by group members was twofold. First,
by prompting on certain issues that the research team agrees are important we were better able to get more of the issues on the table for discussion. This reduced the potential for a few members of the group to establish the agenda. Second, by including a specific set of issues, there was some consistency across groups. Consistency across groups was important for facilitating analysis of the “dot exercise” (described below). Despite these efforts at consistency, the lists developed in each group varied somewhat in terminology, how they were consolidated, and in content.

The next section of the focus group covered issues related to deregulation of other industries and of the electric utility industry. At this point, participants were told “there are some proposals about the electric utility industry in which customers like you would choose who provides you with electric service” and were asked to discuss issues related to selecting an electric provider.

After discussing the issue of choice, the group returned to the items on the flip-chart. Any items raised since the list was developed were added to it. The group then participated in the dot exercise: the group collectively consolidated the list into non-redundant categories. Each participant was then asked to 1) list up to 10 items that would be important to her or him in selecting an electric utility provider and 2) to individually distribute 20 dots among the more important items to designate relative importance. Upon completion of the dot exercise, participants’ choices were discussed. Tables summarizing the results of the dot exercise are included in Appendix F. The final portion of the focus group discussed the perceived effects of deregulation on different groups of utility customers.

The results of these focus groups are discussed in four subsections. The report follows the order of the discussion so that the reader can better understand the flow of participants’ ideas and comments. Subsection 2.1 covers participant experience with and attitudes toward electric utility providers. Subsection 2.2 discusses the importance of different aspects of electric service. Subsection 2.3 covers the discussion of deregulation of the electric utility and other industries. Subsection 2.4 discusses participants’ perceptions of the effects of electric utility deregulation on different groups of customers. Throughout this section terms such as “few,” “some,” “many” and “most” are used to give the reader an indication of the collective voice. Differences between types of residential participants, such as rural versus urban, or low-income versus the general population, are noted in instances where they apply.

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9Focus Group Discussion Guide, see Appendix D
2.1 Experience with and Attitudes toward Electric Utility Providers

Each focus group began with a discussion of experiences participants have had with and how they feel about their electric utility. Residential customers attending the focus groups report being very satisfied with their electric service. When asked to discuss what they think of their current electric utility service, most focus group participants had little to say, and what they did say was mostly positive. The overall sense of high satisfaction came out over the course of the discussions. Few participants said they have experienced problems related to electric service. Many indicated they generally do not think about their electric service. Several attributed this to the fact that electricity works—it is always there.

The quotes below characterize the types of positive comments that participants made when asked what they think about their current utility service. Often others in the group were nodding in agreement as these statements were made.

Positive.

Very positive.

I think we are fortunate to have [utility name]. I think they are very courteous.

I was going to say I think it’s excellent as far as the way they can get downed lines and people back in service in such a short time. They must have a lot of good, skilled people.

They’ve been really good to us.

I do like going in my house and clicking it on and it is there.

I think they’ve been pretty good, though, on the whole. I can’t really complain, you know.

The few participants who discussed any dissatisfaction with their electric utility were generally referring to one of four things. First, some complained that their bills are too high. Second, some said the utility does not read the meter often enough, resulting in too many estimated bills. Third, a few have some have specific instances in which the utility did not handle something to their satisfaction. Fourth, a few participants said that they did not like that the electric company is a monopoly. The quotes below characterize the types of comments on these issues.

10Throughout this report when a participant refers to a specific utility, the name of the utility is replaced with [utility name]. The use of a particular utility’s name would imply that this comment reflects only the attitude of customers served by that utility. Quotes are intended to characterize the attitudes of participants across multiple groups, unless otherwise noted.
Last night I called their number. They need more people at that number. I had to wait a long time before they can even get to you.

My bills are high. Mine are higher than anyone I work with and they’ve been that way for 10 years or more.

It’s too high, the bills are too high.

But they say they check your meter every month, but they don’t. They might come by maybe twice a year.

I think that they’re a monopoly and they know it. I realize that monopolies in certain industries are necessary, but I think they kind of take advantage of it once in a while. They almost act sometimes like, “Where else are you going to get your power?” You don’t really have any choice, so. I don’t really feel manipulated by them, I just think that they’re aware of it and they use it to their best advantage.

Most residential customers have few interactions with their electric utility providers beyond paying a monthly bill. Because of this limited interaction, many had little to say about their experiences with their electricity provider. When asked about interactions or experiences with their utility company, participants were slow to come up with any.

It’s really convenient. Well it’s, like, there 24 hours a day. You can just plug in any wall and get what you want.

I sort of take it for granted myself. It’s there, I depend on it. I don’t want to think about it…I just want to have it work, maybe go to a focus group once a year or something.

I don’t really think about it much. My lights go on when I turn them on. That’s about it.

Those who reported interactions with the utility had done so for a variety of reasons. These include dealing with payment problems, participating in demand-side management programs, establishing service, calling Diggers Hotline, complaining about or questioning a high bill, making bill payments in person, and informing the utility of an outage. In a few rare instances a customer had contacted the utility about a specific emergency in their home or neighborhood.

Low-income customers reported interacting more regularly with their utility than did other customers, because of bill payment problems. Almost half of the participants in the two low-income groups had dealt with the utility to work out a payment plan or otherwise discuss bill payment problems. In many of the other groups at least one person also experienced problems with bill payment. The customers who had problems with bill payment were mixed in their satisfaction with these interactions. Several mentioned being treated rudely, or without compassion, but all were able to work out payment problems to both parties’ satisfaction.
PUBLIC OPINION ON RESTRUCTURING

Customers with bill payment problems made the following types of comments.

But one other thing I say about them, they are very rude people. To me. Not only me on the phone, but like someone that come to your house.

They are very rude, you know. It’s like because we know there’s no other electric company.

I’ve had problems like that, too. They don’t understand when it comes to financial difficulties. They just want their money or they’ll cut you off.

Another participant felt just the opposite.

But they’ve been really nice to me. Nice to me if I get behind—she gives me a call. If I can’t make it on time I call. And as long as you keep your word they do you justice.
2.2 Importance of Aspects of Electric Service

Large portions of the focus group discussions were devoted to participant discussion of the important aspects of electric service. Participants discussed important aspects of electric service, completed the dot exercise, and discussed the exercise after completing it.

Residential customers rate price as the most important aspect of electric service. Reliability, response to outages and power quality are also very important. Safety is viewed as important, but taken for granted. Customer service, how electricity is generated, consumer education, conservation, and accessibility are also seen as important, but somewhat less important than the above items. Location of the provider, investment in research and development and having a choice were also important to a limited group of participants.

Items raised in the discussion and rated as part of the importance exercise are discussed below, roughly in order of importance to focus group participants. (Appendix F includes tables showing the results of the dot exercise). Relative importance was established by reviewing the results of the dot exercise as well as assessing the comments and conversations regarding each issue.

**Price.** Participants raised the issue of price in all focus groups, often early in the discussion. Its significance seemed self-evident to the participants. Almost all participants rated price in the top three items of importance when completing the choice exercise. Both the low-income groups and the mixed population groups rated price as substantially more important than any other attribute.

Most participants did not comment on current rates. A few said that they think current rates are reasonable, or said that they do not notice them, which indicates to them that they are not high. A few other participants said they think electric costs are too high.

- It’s too high, the bills are too high.
- It’s the only bill I like, ‘cause it’s low.
- I had asked my husband if our power bill had gone up much in 31 years that we’ve been here, and he said a little, but not at all compared to other prices....

**Reliability.** Reliability is also very important to the focus group participants and was always raised without prompting from the moderator. What participants like about electricity is that it is almost always there. They are acutely aware when outages occur. When ranking relative importance, a few participants rated reliability higher than price, saying that it is most important that the electricity is there (reliable). Almost all participants noted that they do not have many power outages, if they have any at all.
PUBLIC OPINION ON RESTRUCTURING

In some areas it seems that the lights go out real easy, as soon as there’s a storm. Where I am we don’t have a lot of problems.

I think reliability is more important than rates. I’d just as soon pay a little more and have it work right.

Response to outages. In all groups the amount of time to restore power after an outage was raised by participants as an important aspect of electric service. This was often one of the first items raised. Participants see response to outages as highly related to reliability. In general, they commended their local utilities on how quickly service is restored after an outage. Overall, the participants rated response to outages, along with power quality, just below price and reliability in importance. However, the low-income groups did not rate response to outages as important as did the other groups.

I got to toss out a bouquet to the people who work on the lines. During the storm they’re out there—the lightening is still bopping around, and they’re fixing the lines. Whenever there’s a storm, you see that. I think we ought to toss them a bouquet.

Power quality. Participants rated power quality as an important aspect of electric service. Many were unfamiliar with it as an issue prior to attending the group. Often power quality was raised as an issue by the moderator. This stimulated discussion among participants who then talked about “surges,” “spikes,” and “dips.” Once participants understood the potential effects of poor power quality, they agreed upon its importance.

Participants who have experienced power quality problems, either at home or at work, or who have worked with computers, are more familiar with the issue than other group members. Some participants have difficulty determining if power quality problems are related to internal wiring or from power delivered from the utility.

I’ve never really experienced a problem with the lack of quality.

I get surges [inaudible] to my house and I blow light bulbs really easy and stuff.

Safety. Participants rate safety as highly important in electric service, once the issue is raised. They include many items under safety, and what is included under this umbrella term varies by group. Some groups limited the definition to safety in transmission and delivery of electricity. Others broadened the term to include environmental safety, or any negative effects on humans or animals.

In more than one-half of the groups, safety was not raised by a participant (and so was raised by the moderator) yet customers rate it and discuss it as an important attribute of electric service. Participants said they did not think of safety on their own for several reasons. Some said they take it for granted. They are accustomed to electricity being provided safely and so it does not enter their mind as an issue. Many participants indicated that they think that safety is important. However, even when completing the dot exercise they did not list it because they see safety as the responsibility of the company providing electricity.
SECTION 2: RESIDENTIAL CUSTOMERS

The only time I really have thought about it [safety] is when I have read articles in the newspaper in regard to the farmers, where their livestock is affected by the transformers being so close to their fields.

I only put one dot after safety. I feel it’s very important, that they consider safety, but with all the regulations that they have, they’re going to have to follow certain safety precautions whether I think it’s important or not.

To me, it’s not that important, but if I worked for the company, it’s number one on the list.

We take it for granted.

Groups that included members of more rural populations always raised the issue of stray voltage, as did some of the more urban groups. One or two groups included how electricity is generated under safety for purposes of conducting the dot exercise. These participants often raised the issue of nuclear generation or disposal as safety issues.

Safety, and there’s a couple of dimensions to that. Personal safety. Talk to farmers worried about stray voltage. Whether it’s an issue or not, it’s perception.

The low-income group in Milwaukee seemed particularly concerned with safety within their homes. Their perception is that the wiring inside their residences is unsafe and that their appliances are older and unsafe (as well as inefficient): this contributes to a greater concern over electrical safety. They would like the utility to deal with electricity “from the pole to the appliance,” and would like the utility to perform appliance check-ups.

Customer service. Participants in the groups raised dozens of items that can be categorized under customer service. The sheer number of items listed indicates that customer service issues are important to these participants, however they define it. For the dot exercise, some groups created a customer service category that included one or more of these items. In other groups, individual items (such as budget billing or easy to read bills) were treated separately.

Participants discussed a variety of general customer service issues, such as prompt and efficient service that is personal. Several said they prefer to be greeted on the telephone by a person, not a voice mail system, and that they want the telephone answered 24 hours a day. Others say they want someone who is knowledgeable about whatever issue they need addressed.

In several groups participants raised issues related to meter reading, billing, and bill collection. Many participants want their meters to be read monthly. Participants in a couple of groups think that their electric bills vary too much from month to month because of estimated readings. They prefer more accurate bills that truly reflect their consumption. In another group, participants view their monthly service charge as the charge for having the meter read. These participants feel that they are paying for a service that they are not receiving. Some participants in this group discussed a reduction in those charges when the meter is not read.
PUBLIC OPINION ON RESTRUCTURING

Budget billing was raised in many groups, often by participants who do not take advantage of it. They see budget billing as a method for customers to better anticipate the monthly bill and avoid large fluctuations in it. Several mentioned this as particularly helpful to customers on limited or fixed incomes or those with high seasonal costs. In a couple of groups the readability of the bill was raised. In yet another group, easy-to-read meters was raised by a group member. This participant was interested in having all meters outside, or having the meter data accessible to the utility through telephone lines.

In several groups, “Diggers Hotline” was mentioned as an important and beneficial service. Participants have a high awareness of this service and view it as important, although few have used it. Other customers mentioned the desirability of buried lines.

Participants raised several other customer service issues. These included selling and servicing appliances, fast hook-up, and selling stock to customers. Utility sale of appliances was raised by a couple of participants. One customer is served by a co-op that sells appliances and services the ones that they sell. This is important to her because there are limited opportunities to receive appliance repair in her area. A few other participants also discussed interest in utility servicing of electrical appliances. One urban participant mentioned having difficulty obtaining service on a room air conditioner. Another participant found his gas utility the least expensive way to obtain service on a gas furnace and thought that electric utilities may (or should) operate the same way.

**How electricity is generated/environmental issues.** In most groups, participants raised environmental issues associated with electrical generation or transmission without prompting. Environmental issues are clearly a concern to most participants in the groups, but whether they categorize them under environmental or safety concerns varies. Some participants view how electricity is generated as a safety issue because of concerns related to nuclear generation and disposal. Others see all environmental issues as safety issues, since they say that damage to the environment creates unsafe conditions.

You want it to be clean.

We’re kind of spoiled because we have it very clean here now. I don’t know how much of an issue that would be here. It would take several years of deterioration to get to a low point where we would be more concerned about it.

This does concern me, about improper disposal techniques or whatever for getting rid of the [nuclear] waste.

We use up all the oil that we can get our hands on, gasoline and everything, to live today. We don’t care about what happens three generations from now.

We know that burning that coal out there must affect the environment. It must pollute.

**Consumer Education.** Participants in many of the groups raised the issue of utilities providing consumer education. They look to their electric utility (or would like to) for education on general electrical safety, tips for conserving energy and for information on changes that will affect them, such as changes to rates or changes to the industry.
Information when something is going to happen in the future. And on changes that will affect the consumer.

Educational information. Well, they can send out pamphlets, like on light bulbs, what’s the most economical time to run your dryer, or kilowatt hours—they tell us about that.

**Conservation programs.** Demand-side management programs were raised in the majority of the groups by the participants. At least one member of each group had participated in a program—usually air conditioner or water heater load control or time-of-day rates. Other participants had purchased compact fluorescent bulbs at a discount or received a rebate for the purchase of some energy efficient product. Participants look favorably up on these offerings and expressed appreciation that the utility offered them.

I like the rebate program for getting into the—like the light bulbs and stuff to get you into using those.

**Accessible to all, regardless of ability to pay.** In only a few groups did participants raise the issue of accessibility to low-income customers. Although participants did not raise the issue, most participants said that electricity is a necessity that everyone should get. Only one participant mentioned the concept of the utility’s “obligation to serve” in light of their monopoly status. Many participants know of utility programs that solicit voluntary contributions from customers to assist people who are unable to pay. Many others are aware of the shut-off moratorium periods that utilities observe. Some discussed abuse of the moratorium period by people who do have the ability to pay. However, they said that the moratorium is necessary for some people.

If someone can’t pay, for some good reason, they should make allowance for that.

Although participants do say it is important that everyone is provided with electricity, under a deregulated environment they do not see this as necessarily the responsibility of the electric provider. Some said that assuring that everyone has what they need is a role for the government to play.

I think it’s like welfare. Some people need it, and you can’t take it away from them. Some people, of course, can help themselves, but some people can’t, and they really do need it.

I really don’t think that a power company, if they are going to be competitive, should have to worry about social problems. I think if somebody can’t pay their light bill, there should be some governmental agency to help them solve their problem, and give them money to pay it.

Participants in the low-income groups did not discuss this issue differently from participants in other groups. However, they did rank accessibility higher than the other groups when completing the dot exercise.
**PUBLIC OPINION ON RESTRUCTURING**

*Accessible to all, regardless of location.* The accessibility of power in rural areas was brought up by the moderator in almost all of the groups. This was more salient to participants in rural areas than those who live in more populated areas. Most participants discussing it said that it is no longer an issue—they feel that electricity is available everywhere.

I guess if you get outside a community, it would be an important issue, especially if you live in the country. Living in town, I guess we all have it.

I don’t think it’s any problem in this part of the country, because everybody has electricity who wants it, as far as I know. It was a problem 50 or 60 years ago.

*Location of provider.* Participants in the groups are mixed on the importance of the electricity provider’s location. Some of the variety in attitudes can be attributed to different interpretations of who the provider actually is. Some view the provider as the generator of electricity. These participants are either unconcerned about where the provider is, prefer not to have the provider “in my backyard,” or do not understand how a distant provider could supply them with electricity.

Other participants view the provider as the company to whom they pay the bill or the company that provides service. These participants are also mixed on how important the provider’s location. Participants who find the location of the provider important prefer a more local company. Rural customers often mentioned being able to pay the bill at a local office as a concern, and they expressed a preference for dealing with members of their community when they have issues about utility services. Some urban customers discussed the responsibility of local providers to be good corporate citizens, and they say that larger or less local companies would not contribute to the local community. Participants who find location of provider important expressed concern about the service they would receive from non-local providers. They equate service features and timeliness with proximity.

As long as your service is there, and that when you have problems they are there to take care of it, then I don’t think it—it doesn’t matter where they’re located.

If there’s service within the proximity and you don’t have to wait two days.

Well, I think that right now we don’t think about it, because we take it for granted, because all the power companies are in town.

We just don’t think about it [location of provider] here, because the [electric] company is here. When you call the phone company, you talk to somebody in Iowa, and you don’t like it.

Why would you care who is billing you, unless you care whether they are close or far away, which is part of customer service?

I like the local availability, to be able to walk in and pay my bill, talk about your problems, instead of mailing it to Texas, or somewhere.
And then there’s the risk element. I worry now about our supplier, [utility name] merging with another group and our leadership moving to another area. So there’s a safety factor in having an element of control. We have pretty tight control over this utility in the state, so we might be at risk of losing that.

*Research and development.* In several groups, participants raised the issue of research and development by utility companies. These participants think that utility research into alternative forms of energy, alternative methods of generating electricity, and alternative methods of delivering service are important aspects of electric service.

*Choice.* In two groups participants raised, without prompting from the moderator, the issue of having a choice among electric providers. These participants expressed frustration over not having a choice regarding other aspects of electric service.

There should be other ways, other companies that should be able to either utilize the lines or try to get competition into the whole mix somehow.

Competition. It’s like they have a monopoly; so I don’t feel I have a choice. They don’t have any competition to help lower prices.

**Trade-offs among Aspects of Electric Service**

After discussing the relative importance of various elements of electric service, participants were asked to discuss what types of trade-offs they made in the exercise, or what elements they would be willing to trade off. Participants did not have much to say on this topic—trading off aspects of electric service is an unfamiliar concept.

Several participants were able to articulate some trade-offs, and expressed them in terms of higher or lower rates. A few participants said they would pay more for greater reliability rather than have lower rates for lower reliability. Several others said they would not pay extra for reliability. A few participants find power quality important, and again would pay more for higher quality, rather than less for lower quality. A few other participants said they would pay more for ‘environmental’ electricity. One participant said she would put up with a lot of rudeness for lower rates. This was the only case where a participant expressed a willingness to accept a reduction in current service levels for a lowering of rates.

I thought when we were talking about reliability we were talking about when you hit the switch, the light goes on. So that would be my number one priority, to know that it’s there. And I would definitely pay more for the privilege.

If they can provide cheap electricity, but I’m going to be radioactive because of it, I’d rather have expensive electricity.

These focus groups and the exercise used are not sufficient vehicles to thoroughly discuss customer willingness to trade off aspects of electric utility service. Focus group participants said that they receive highly reliable, high quality electric service at reasonable rates. They have not made trade-offs in the past and do not spend much, if any, time thinking about electric service. Several participants said that a one and one-half hour t
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Time frame was not long enough to adequately deal with the issues discussed and determine what trade-offs they are willing to make.

One participant had difficulty even prioritizing attributes.

    They’re all kind of inter-related. Like quality of service along with dependable is kind of the same thing. If you get dependable service, you get good quality, consistent service. So it’s hard to see what you’re saying and prioritize this without giving everything an equal mark.

Another participant summarized the attitude of many participants.

    I think mostly we want it all.
2.3 Attitudes Toward Deregulation of Electric and Other Industries

In this portion of the discussion, participants were first asked to talk about what they have heard about electric utility deregulation. Next, they were asked to discuss their experience with and attitudes toward deregulation of other industries, such as telephone, banking, and airlines. Participants were also asked to discuss any parallels that they see between the electric and other deregulated industries. The final discussion topic in this portion of the group was a discussion of participants’ thoughts on selecting an electric utility provider.

Knowledge of Electric Utility Restructuring

Most residential participants did not have any information about specific proposals to restructure the electric utility industry in Wisconsin. However, in every group at least one person had heard something about restructuring efforts. Those who had heard about it reported having limited understanding. Most who had heard something did not feel comfortable speaking about it, but several made an effort to describe it to the group.

Some participants understand some issues in the deregulation debate, while others are more confused.

I’ve heard some talk of what they call “power-wheeling.” They would have various providers of the electricity putting electricity into the grid, so the power you use may not be the power that is produced by your local provider. I’m not sure how the system could work, how they would meter things.

Well, we’re going to be able to, each of us eventually is going to be able to buy our power from whatever company we want. We can designate, and they’re going to, of course, use the local lines. I don’t know how they’re going to—if you’re going to jump in and out of one company or the other depending on the rate quotes or what they’re going to do. I don’t know how that’s going to be implemented, but it’s already in the works.

…there are smaller power companies forming, and I really have no idea technically how they do it, but they can actually pull energy and store energy and then sell it and deliver it outward. And what I’ve heard is more regional utility providers working under like a Wisconsin Electrical (sic) or Wisconsin Power that can provide to your home less expensive power or whatever based on whatever is currently available. And where they get it from you don’t care, but they could actually pull it in from Florida. They could pull it in from Illinois. they could pull it in from locally if it’s cheaper. They would act as a broker—be able to provide it to you less expensively than nationally…. I think it’s sort of like an MCI or a Sprint. They don’t necessarily have their own lines, but will carry…. 
I’ve heard that the government, that the utility company is trying to regulate on how they do their services, but the government doesn’t want them to do that, to keep everything as it is, so that way everybody can still afford it. They regulate everything, it’s going to go higher and higher.

Attitudes toward and Opinions of Restructuring of Other Industries

Participants in every group raised deregulation of the telephone company without prompting and discussed it for a relatively long time. The groups varied in the amount of discussion devoted to the airline and banking industries, with some groups devoting no time to some of these industries.

Telephones. Except in a few cases, focus group participants did not express an overall opinion either in favor of or against telephone deregulation. Instead, the discussion centered on what participants like or dislike about the perceived results. The quotes below reflect the attitudes of those that made generalized statements

It was an incorrect idea in the first place, the venture they had, I believe. I think it was a nice system the way they had it, but they broke it apart, and I think they’re going to have the same thing if the electric company does that.

...it just actually opened the opportunities, possibly for more employment.

But with the telephone, I’m pleased with having it deregulated, because I have a choice in who I have for a provider.

I like it. There has to be competition—this is America.

I think it was, like everything else, good and bad. It opened it up to a certain amount of competition, but that’s really just for long distance service. Your local service is still monopolized by one company. I think the telephone company realizes they’ve got you in a certain position and if they choose not to be responsive to your desires or whatever, they really don’t have to be.

Almost all participants expressed, often strongly, their displeasure with the marketing efforts of long distance carriers. They mentioned it first, talked about it the longest, and all agreed upon it. Participants resent the marketing efforts of long distance carriers for three primary reasons. First, they find the telemarketing efforts annoying and intrusive. Second, they feel that they are paying for these marketing efforts in their telephone rates. Third, some feel they have been tricked by long distance telephone companies to unknowingly sign up for a different service. However, some participants do take advantage of the incentives to switch, such as money or free long distance calls for a specified period. These participants regularly switch companies.

The advertisers here have made money, created a lot of jobs. You’ve got to hire a lot of people to make those phone calls to ask you if you want to switch, so how can they save money when they hire more people?

Just think of the billions of dollars that are being spent on television advertising by these companies are just horrendous. And before they didn’t have to do it, and that (savings) could have been passed on to the consumer.
I don’t like the solicitation. I get calls after calls. Take this long distance, take that long distance. And you have to be careful; all of a sudden you’re signed up and you didn’t really sign up for them.

But it seems like they’ve chosen to compete at a level that ensures short term profits, that doesn’t build an infrastructure…. So now they have competition, but only at a very high marketing level, trying to –I don’t know if it’s really improving service.

Although most participants did not discuss the impact of long distance deregulation on telephone rates, those that did have differing opinions. Some think rates have decreased, others say it has increased. Some rural customers complain that calls that had been local are now long distance, and this results in higher costs. Some rural customers also feel that they have fewer options than people in more urban environments.

But there are some areas, where once deregulation went into it, the phone bills went three or four times higher than what they were, just all of a sudden. Some are really went nuts.

I think the phone company is charging you for more things now that it has been deregulated. You’ve got more choice as far as long distance carriers. You own your own phone. It didn’t come to the people’s advantage when they deregulated.

I found my telephone bills have gone down, as far as my long distance service.

Participants find that the deregulation of the long distance telephone industry has resulted in a more confusing environment. Even those participants who did not explicitly state their confusion told stories or described situations that indicated how confused they are. Some expressed frustration over multiple calling cards and how to use them. Others are confused about when they are using a particular telephone company, about hotel long distance charges, and about the charges on their bills.

I think there are too many choices. How do you know which one to go to? It’s like buying a car. I don’t have the time to sit down and read all the pamphlets. Granted, I’d like better rates. My money situation is not good. But how many people actually sit down and make a choice? They just go with whoever is the most convenient.

There seems to be a lot of confusion with the three major companies saying that their rates are the best. And how do you really find out whose are? You have to do so much digging.

It seems like they created confusion.

It might be cheaper, but more confusing. You never know. With AT&T it used to be so simple…. Although, I would suspect the prices should have gone down, but it doesn’t seem that way to me.
PUBLIC OPINION ON RESTRUCTURING

A few participants expressed concern over a variety of service issues resulting from telephone deregulation. First, participants in several of the groups mentioned that the telephone company no longer services the lines within your home without a maintenance fee or charging what are perceived to be high rates. Second, some participants had experienced service problems with their long distance carrier in the early years of competition. Third, one participant, with a business that sends data over telephone lines, says that there are problems when telephone service passes from one regional telephone company to another. However, a participant in another group feels that competition forced AT&T to improve service.

I think one negative aspect of competition, and the phone industry went through this when they de-regulated, was service wasn’t very good for a period of time until these smaller companies got big enough to provide the service to the customer that the customers were used to from AT&T. So competition’s good in the long run, but for that short period of time there it wasn’t good for service.

...one of the things that I believe the phone company deregulation did is actually force AT&T to start trying to improve their services.

Airlines. Few participants had experience or comments regarding deregulation of the airline industry. In the groups where the issue was discussed, participants saw both positive and negative impacts. On the positive side, they say that airline prices have gone down. On the negative side, they say that smaller locations are not being served, or served as well, and that more smaller planes are in use. Several participants are concerned that safety standards have decreased as well. Finally, some participants noted a consolidation of the industry, with fewer airline companies as a result.

When they deregulated some service went down. [referring to airlines]

exchange among participants

RESP. 1:I think some standards of safety have gone down.

RESP. 2:I don’t know for a fact that safety has gone down. There seem to be a lot more accidents, but there are a lot more planes in the air, too…. So there is a safety concern with deregulation. They might be cutting costs on manufacturing so they can get their rates down.

I think another concern would be lack of service to certain areas. Areas that don’t sustain high level of demand have basically lost air service.

The net result is the big ones got bigger, United, American, and the people who weren’t doing their job right fell by the wayside or got gobbled up, which is the American way.

Banking. The moderator raised deregulation of the banking industry in several groups, and it was discussed in one. These participants raised four issues regarding the deregulation of banking. First, they observe much consolidation in the industry. Second, this has resulted in the loss of local providers. Third, some banks offer more services than they did before deregulation. Fourth, banks are charging for things that have been free.
SECTION 2: RESIDENTIAL CUSTOMERS

Attitudes toward Competition in the Electric Utility Industry

After discussing the deregulation of other industries, the moderator made the following statement: “There are some proposals about the electric utility industry in which customers like you would choose who provides you with electric service.”

They were then asked to discuss what they think about choosing among providers of electricity.

The concept of electric utility competition was new to most of the participants attending the focus groups. Many were confused about how this could happen and what it would actually mean to them. Most participants perceived the possibility of lower rates as the only benefit to them of competition. Some participants are philosophically inclined to favor a competitive structure over monopolies. Others seem to favor a more regulated environment for electric utilities. Many participants expressed concern over possible effects of competition. These concerns include increased marketing by electric companies, reduced safety, increased complexity for the consumer, increased long-term prices, and consolidation within the industry. Participants often stated that they would need more information if they were in a position to select an electric provider. Customer attitudes toward retail competition are outlined in more detail below. A discussion of more positive effects is followed by a discussion of participants’ concerns.

Philosophical belief that competition is good. Several participants, particularly those who earlier in the discussion had expressed frustration over not having a choice, think that competition is a good idea.

I would like having a choice.

That’s fine, but make it my choice. Don’t be cramming it down my throat or bothering me at night calling me all the time.

I guess if they’re going to compete, they’re going to have to give you good rates.

I think we should have more competition than we have. They’re isolated in certain areas, and they rely—have a monopoly in the area they’re in. That’s the way it stands now.

I wonder if [utility name] would be more respectful and compassionate if they knew I could switch to another company. That’s the whole point I see with competition.

Lower rates. Some participants were hopeful that more competition in the electric utility industry would lead to lower rates. Many of these participants would switch electric utility companies based on price.

Well, if I could get it cheaper, I would go for it.

It’s all economics to me. As a single parent with two kids, the bottom line is how big the bill is. If I can reduce my bills—energy—power quality, I don’t know the difference. So if my bills can be lower, I’ll switch.
PUBLIC OPINION ON RESTRUCTURING

Competition might be an effective way of keeping prices under control.

*Increased options.* A couple of participants see competition as potentially increasing the options available to them as consumers.

> I think you’d probably have more options available; so things could be more tailored to individual needs. Farming, residential, industrial—you’d have greater variety to cater to individual needs.

*exchange among participants*

RESP 1: What are you going to look for besides rates when you look for an electric company?

RESP 2: How it’s generated. Whether it’s water-power or wind-powered, or nuclear-powered.

*Difficulty accepting premise of competition.* Many participants were confused about how competition could take place. The moderator instructed participants not to focus on the how, but to assume that it is possible for multiple providers to offer them electricity through the existing single electric line into their home. Despite analogies to a single telephone line not prohibiting telephone competition, some continued to express confusion.

> I don’t see how they’re going to do that, anyway. They’re just going to have one set of power lines coming to your house. Where it comes from, you know, how are you going to identify? Who are you going to blame?

> But I don’t really see right at this point how they can deliver, how there can be any kind of competition when—I guess it’s just inconceivable.

*Belief that the electric industry should be regulated.* A few participants said that the electric industry is one that should be regulated. Some feel this way because they see electricity as a necessity. Others because it reduces duplication of services, provides oversight and works out better for the consumer.

> I think that utilities should be controlled by the government, and I think that there needs to be a reasonable profit margin for the stockholders. But I think it should all be pretty much basic across the country. But in certain places competition can just mean a duplication of services and equipment, which is going to drive up the cost of everything.

> And I’m not sure that deregulation is really—Maybe less, but certainly not completely. Whenever that happens, things don’t really work out that well for the consumer. It might help competition, but I’m not sure it really helps me at my end. With the airlines, with cable TV, all kinds of things, there just needs to be somebody who says, “Look, this isn’t right. You need to follow some guidelines.” Maybe they don’t need to be totally minute, but there needs to be a government watching out there.

*Increased marketing.* Many participants are concerned that deregulation of the electric utility industry will result in marketing efforts similar to those of the telephone indus-
try. They do not want marketing efforts from electric utility providers, and they do not want the costs of advertising added to the rates.

Does this mean they’re going to call us and ask us to join their electric company now?

I appreciated the fact of being able to have a choice, but I’m more or less with [respondent], I don’t like being bothered.

So, you’ve got two people who are going for your business. What’s to say one is better than the other? I mean electricity is electricity. Where’s it going to come from one company whereas it would be coming from another one. How are they going to try sell us on that point, that one is going to be better than the other? You just want to have your electricity when you want it.

**Increased complexity/too many choices.** More than a few participants said they would stick with their current provider. Some would do so because they feel they have been served well so far. Others would stick with their current provider because they would not want to take the time to make a choice. Some participants discussed how fast paced things are and said they are not interested in thinking about electricity and making choices.

I’d probably stay with [utility name]…. I just feel they’ve done such a good job, I’d probably just be loyal to them.

I need the electricity, and I don’t have time to sit down and choose.

I just feel that [utility name] is a good company. Their billing is not the best, but they try. I don’t want to have all these other choices. It’s too much.

I think the phone companies are very confusing as to which is really best. Were it the same with electricity, that would be even worse, I think.

We’re getting it so cheap now, I’d stay with our own.

**Satisfaction with current situation.** Some participants did not like the idea of introducing competition to the electric industry because they think things are fine the way they are.

If it ain’t broke, don’t fix it.

If it [competition] were possible, I don’t know why I need it if everything is working in the house now.

**Reduced safety/environmental control.** Some customers expressed concern regarding the continued safety of electrical generation, transmission, and distribution.

You’re probably going to have companies cutting corners, because now you have a public utility. They guarantee the electric company a certain level of income. If they have real competition, and not as much regulation, a lot of companies will be cutting corners and trying to get by cheap. There may be some public safety problems.
PUBLIC OPINION ON RESTRUCTURING

Why mess around with something that’s so dangerous? I mean the phone companies are having a lot of problems with what they’re doing, and the service and stuff. Electricity, I don’t know, to me is dangerous, because I know people that have gotten electrocuted.

If it means deregulation from the standpoint of removing environmental safeguards, then it’s a very poor idea.

For the sake of the environment, deregulation would have to be very careful, if they take down some of the restrictions, and such.

Long-term price increases. Some participants see possible short-term reduction in prices, followed by long-term increases.

What happens eventually to your utility here, if everyone else wheels from someone else that creates a higher rate for you in your community, because the manufacturers have gone elsewhere for their electricity.

We may have seen [telephone] bills go down, but we don’t know the final results as far as local providers. The service rates could go up, because most companies have had to put a lot of money into being able to provide different carriers at those competitive rates. And there have been shifts in where the investments are in the telephone business. The power business is just as complicated, if not more. So it will be a difficult situation.

My feeling is that they’ll get somebody major coming in, and he’ll offer a super rate for two or three years until the small ones are gone, then you’ll pay for it for the next 50 years.

Consolidation in the industry. Some participants see possible consolidation in the electric industry, with a few large providers, instead of smaller, local providers.

…it seems that once you get competition, the giants will eat up the small guys, and once the giants have those small guys eaten up, it’s easier for them to get more corrupt—get things their way. I don’t like the idea of squeezing out the small co-ops.

Uncertain outcomes/risky. Many customers were uncertain whether competition would be beneficial to the utility industry. They see deregulation as a potential risk. Several participants are suspicious of electric utility motives for increased competition.

You don’t know what effect it’s going to have until afterwards.

Well, I’m not sure. I have mixed feelings. In some ways and in some industries it seems to be a benefit, and in others it doesn’t. It’s somewhat complex to figure out what factors make the difference.

A risk. I haven’t thought about it enough, but it’s a loss of control. As a monopoly we have lots of control in the state. As individuals and as governments and everything, we can tell them what to do.

I agree that competition can bring down prices, but I also feel that there seems to be a trend in this country with privatizing everything, with no regulation, and it
SECTION 2: RESIDENTIAL CUSTOMERS

can be bad. One wonders what happens in the future, if things become very competitive. Apart from safety factors, whatever those might be, with regulations thrown aside.

Mostly that break-up was an advantage for AT&T—so they can get into computers…. It could very well be with the utilities, too. I’m not sure what they want to get into besides the utilities’ end of it.

Need education. Participants say that they do not understand electricity issues well.

I guess my concern would be having enough knowledge to make the right choice, in terms of rates, environmental sensitivity, all the other concerns we have listed here. The way we get information now is primarily from the producer. It’s difficult to sort out, sometimes, what’s real from what’s simply promotion.

You’ll have to put out a lot of consumer education, because people will say “what do you mean, deregulation?”

I’d have to be educated on who the competition is and what their rates may be, compared to service. I’m satisfied with what I’ve got right now. I’d have to get educated on what the options are.

I feel the education part is the critical part.
2.4 Perceived Effects of Deregulation on Different Groups

The moderator asked participants what they think the effects of deregulation of the electric industry will be on different groups of customers. Most residential participants would not speculate on possible impacts. Many who did think that the larger energy users will benefit from deregulation, and some think that this will happen at the expense of smaller users, such as residential customers. Some participants mentioned that rural customers may not have as many options, may pay higher rates, or may have less service compared to customers in more urban locations. Another participant fears that some customers will be taken advantage of.

Larger customers will benefit. Participants willing to speculate said that larger customers will benefit from deregulation through reduced rates. They feel that because these users have higher consumption, they will have greater negotiating power with the electricity providers. At least one participant noted that it is cheaper to serve one large customer than to serve many residential customers who total to the same consumption. Some customers feel that these larger businesses will benefit at the expense of residential consumers.

A chain of Budgetels will be able to group-buy electricity at a better rate than Ace Motel would be. Because of their ability to buy in quantity.

It could be due to the bargaining power of business that a greater percentage of the cost would fall on residential. I’m not sure if that’s a pattern.

I imagine the biggest user would get the best rate.

I honestly believe that if it does get deregulated, you’re gonna see the huge users of electricity get a big break, and you’re gonna see the middle class take a big hit, because they can afford a little bit more, and I don’t think they can do much for the low users. They’ll run into a lot of public opposition if they start cutting people off completely.

…and I think probably the little guy again is going to be the one who’s going to pay all the increases, not the big corporations and stuff.

I think we’ll pay more.

Interchange among participants

RESP 1: Meaning it’s going to cost the little people more?

RESP 2: It very well could be.

RESP 3: It always does, no matter what it is.
I wouldn’t think the initial effects would be too much, because we already have a good supplier, and they could still stick to the one that they have, until such time as they know that the new competitor can supply electricity as efficiently, and come up with a better price.

I think if I were starting my utility, I would go after the big energy users and I would screw everybody else. I mean, nobody is going to pay attention to my house …. but the last one that’s going to take care of me is going to be the bottom feeder and the one with the highest prices, maybe the worst service. So I do worry. I mean, it’s economic sense.

*Lower rates for all.* A few participants said that competition could lead to lower rates for all. This seems to be based on the assumption that competition always drives down prices.

*Fewer options for rural.* Several participants mentioned a concern regarding the impact of deregulation on rural customers and on farmers.

There’s limited access for rural areas, in areas like [inaudible]. If you’re in the city, you have 10 choices of long distance companies. If you’re out in the country, you’re lucky if you have two choices. And the companies essentially stick to the cities, where there is a greater profit margin, and so it would limit the choices and in some cases not provide all of the available services to the more rural customers.

The guy out in the boondocks is going to pay for [inaudible] no matter who he gets his electricity from.
Section 3: Small/Medium Commercial and Industrial Customers

This section summarizes the results of three focus groups conducted among small- and medium-size commercial and industrial customers in Wisconsin. The purposes of these groups were to: 1) discuss small- and medium-sized customers’ experience with and attitudes toward their electric utility, 2) understand which attributes of electric service are most important to them, 3) discuss attitudes toward and opinions about electric utility and other industry restructuring, and 4) assess perceptions of the effect of deregulation on different groups of electric utility customers.

Table 3.1 below shows the target population and focus group locations for each group.

<table>
<thead>
<tr>
<th>Target population*</th>
<th>Number of participants</th>
<th>Meeting location</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small commercial and industrial customers in Eau Claire and surrounding communities</td>
<td>10</td>
<td>Eau Claire</td>
<td>Tuesday, August 29</td>
</tr>
<tr>
<td>Medium commercial customers in Madison and surrounding communities</td>
<td>10</td>
<td>Madison</td>
<td>Wednesday, August 30</td>
</tr>
<tr>
<td>Medium industrial customers in urban Milwaukee</td>
<td>6</td>
<td>Milwaukee</td>
<td>Thursday, August 31</td>
</tr>
</tbody>
</table>

* See Appendix A for a more complete discussion of recruiting criteria and quotas for each group.

We recruited participants from a variety of business types, asking for the person most responsible for financial and operational decisions about energy use. A total of 26 customers participated in the C&I focus groups, most often an owner or manager of the business. (See Appendix C for the full recruiting script and Appendix A for characteristics of the companies participating in the focus groups). We followed the same discussion guide used in the residential focus groups (see Appendix D), so the following summary of findings follows the format of Section 2.

Because of the small sample size and the open-ended nature of focus groups, it is inappropriate to draw quantitative conclusions or to assume that the results represent all of the views of the population of small- and medium-sized business customers in Wisconsin. These results are indicative of opinions and viewpoints held regarding the issues discussed.
3.1 Experience with and Attitudes toward Electric Utility Providers

The first substantive part of the conversation in all focus groups concerned experiences customers have had with their electric companies. Although participants were able to tell about their experiences with electric companies, many of these experiences could be evoked only by considerable prodding from the moderator, because “electricity is one of those types of things you kind of take for granted.” Many customers notice electricity, and the electric company, only when they have a problem.

The types of experiences participants described have to do with power quality and reliability, customer/public relations and information, construction and new hookups, landscaping, safety, conservation, and costs.

Many participants mention power outages—or the lack of them—as one of their primary experiences with their electric company. Some customers say they have had few problems with outages, some say they have had a lot, and some say they have had outages, but with good response from the utility. Examples of what participants said about reliability include the following:

I’ve been pleasantly surprised that given all the news lately about various interruptions in service due to whatever reason—and we consider ourselves in a declining neighborhood—we haven’t had that experience. We’re very dependent upon our customers, and interruption of power would be severe to us, and we have not experienced that. So the continuity of service, the dependability of the service, has been a pleasant experience.

We have a lot of experience because we have a meat processing plant, and so therefore we are always very concerned when power goes out. And we live in the middle of the country. It’s something that happens a lot. And [electric utility] have always been very good. I mean when we’ve called them, they have not, of course, been able to come right out and fix it. But they’ve always been very, very cooperative about telling us about how long it would be so we knew whether we were going to have to bring the generator in to start running the coolers and freezers.

Several participants also mentioned experiences with power quality. Participants are not always clear whether the problems are caused by the electric utility or by internal wiring problems. Participant experiences included the following:

In my transformer I had 105 volts. At the far end of the shop I was down to 87 volts. And the meters on my motors were just spiking.

If you’re just looking at a light bulb, no one is going to notice that. But if you have computers that are running 24 hours a day, which ours are, and typically, well, some of the facilities will wait to 12 o’clock at night, the cheapest time to transmit over the telephone lines. They dial in and download. You can’t have a lot of power fluctuations.
Most participants said they are generally happy with the relations they have with the utility. Some participants related interactions with their utility that were mixed, but were more positive than negative on the whole. Participants had these things to say:

They’re all very friendly and they’re all very cooperative and they’re all very willing to help, but sometimes it just seems like it’s kind of a game for me to try to figure out who it is that I’ve got to talk to in order to get an answer to my question. I can always get to the bottom of it. But sometimes I’ve got to go through three or four different people before I can find the person that really has the answer to my question.

We had poles down the alley. Big transformers. Just the way it looked, we asked them to put it underground, and they did….they bent over backwards.

The interaction we’ve had with [the electric company] has generally been positive. But it’s typically been initiated by us. This is really unlike a typical business where the salespeople and customer service people are all trying to find the needs of the customer and determine what’s important and what’s their level of satisfaction. The only time we’ve really seen our [electric company] folks is when we’ve initiated the contact.

Several participants mentioned positive, accommodating experiences with their electric companies when they wanted new service. Two participants, however, expressed frustration about the electric company’s unwillingness to upgrade service from single-phase to three-phase, and one even changed the location of his business in order to have access to three-phase service.

Several customers mentioned the effects of electric lines on their landscaping, some positive but more of them negative.

Last year we had heard and received a letter from [the electric company] that they wanted to change the route of their electrical line. They wanted to move the power line because it was going over a residential area, and the people were complaining they wanted to move the line. And where they wanted to move the line was directly over our recreational facility, and, of course, we built this business with the idea that it’s very isolated and very rural, and all of a sudden, you know, you have the possibility of this huge electrical line going right over the top.

When we built this new building we knew there was an easement for a power line over the back part of the lot. And while we were there they [the electric company] put in a major power line all along Interstate 94 to the south. And what I was surprised at is the number of trees that they cut down and the wide swath that they left.

Participants said that when safety problems arise, safety issues become paramount. One participant told about being given wrong information (at his home) about the location of an underground line, and consequently hitting it when digging.

Several participants report positive experiences with their electric company’s conservation programs, saying these programs had saved them money.
Approximately four or five years ago we completely did the relighting in our shop. That was the suggestion of [the electric company]. And it has cut our electric bill down considerably.

Others mentioned information about conservation that had helped them, including a conservation newsletter and a monthly statement sent with the bill about how the electricity was used.

Few group participants related specific stories about the cost of electricity, despite the importance of cost later in the focus group discussions. One customer did mention that the electric company had worked with them and other customers to develop an alternative interruptible rate that would be acceptable to the PSC, the customers, and the electric company.

I have absolutely no problems with them other than the cost of their power.

Our company was physically there when I joined the group. The electric service was in place. So most of my questions or my concerns initially were from the financial standpoint—why it’s costing so much.

We use a fair amount of electricity in our manufacturing parts of our operation, and I think electricity is a bargain.
3.2 Importance of Aspects of Electric Service

During the earlier discussion about experiences with electric companies, participants began categorizing these experiences into attributes of electric service that are important. Attributes also were added to the list as participants discussed competition in the electric utility industry. Later, we asked the groups to review the list of attributes they had developed and combine them into nonredundant categories. We then asked each individual to write down one to 10 attributes that they consider most important, and to assign 20 colored dots to indicate how important each attribute is.

The results of this exercise are shown in Tables 3.2 through 3.4. Based on participants’ individual ratings of the importance of each attribute (done with dots), we grouped the attributes from each of the three focus groups into four “tiers” of importance. First tier attributes were rated most important (receiving the most dots), followed by second tier attributes, and then third tier attributes. Finally, the bottom of the first column, entitled “Attributes explicitly excluded,” lists attributes brought up by the moderator that participants did not accept as important. The “Original list of attributes” column lists in regular print the items that participants mentioned on their own and in italics items that the moderator brought up, and that at least some participants considered important. The “Revised list of attributes” column shows how participants consolidated their original list of attributes.
### Table 3.2 Small Commercial & Industrial Attribute Rankings*

<table>
<thead>
<tr>
<th>Importance</th>
<th>Original list of attributes</th>
<th>Revised list of attributes</th>
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<tbody>
<tr>
<td>First tier</td>
<td>cost/price</td>
<td>cost/price</td>
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<tr>
<td></td>
<td>price stability</td>
<td>price stability</td>
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<tr>
<td></td>
<td>power quality</td>
<td>power quality</td>
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<tr>
<td>Second tier</td>
<td>choice of providers</td>
<td>choice of providers</td>
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<td></td>
<td>outages—frequency and duration</td>
<td>outages—frequency and duration</td>
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<tr>
<td></td>
<td>safety</td>
<td>safety</td>
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<tr>
<td></td>
<td>advantages for large businesses</td>
<td>consistency in pricing for different groups</td>
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<td></td>
<td>advantages for residential customers</td>
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<tr>
<td></td>
<td>speed of emergency repair</td>
<td>speed of emergency repair</td>
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<tr>
<td></td>
<td>information about underground lines</td>
<td>ease of communication</td>
</tr>
<tr>
<td></td>
<td>information about outages</td>
<td></td>
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<tr>
<td></td>
<td>ease of communication/someone to talk to</td>
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<td></td>
<td>local presence</td>
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<td></td>
<td>courtesy</td>
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<tr>
<td>Third tier</td>
<td>who can make decisions—political power</td>
<td>who can make decisions—political power</td>
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<td></td>
<td>environment</td>
<td>environment</td>
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<td></td>
<td>conservation programs</td>
<td>conservation programs</td>
</tr>
<tr>
<td>Attributes explicitly excluded</td>
<td>where power comes from</td>
<td></td>
</tr>
</tbody>
</table>

* These rankings are based on the results of an exercise to rate attributes of electric service. This table outlines results from the small commercial and industrial group. Attributes of electric service are placed into three tiers based on participant rating of the items. This exercise was designed to be qualitative, and the results should be interpreted in that light. This information can be used to assess the relative importance of these items to participants in the focus groups. It cannot be used to generalize about the population of small commercial and industrial customers. *Italics indicate attributes that were offered by moderator and accepted by the group as important.*
**SECTION 3: SMALL/MEDIUM C&I CUSTOMERS**

**Table 3.3 Medium Commercial Attribute Rankings***

<table>
<thead>
<tr>
<th>Importance</th>
<th>Original list of attributes</th>
<th>Revised list of attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>First tier</td>
<td>reliability</td>
<td>power quality/reliability</td>
</tr>
<tr>
<td></td>
<td>power quality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>certainty about what you’re buying</td>
<td></td>
</tr>
<tr>
<td></td>
<td>cost/price</td>
<td>cost/price</td>
</tr>
<tr>
<td></td>
<td>response to emergencies/outages</td>
<td>response to emergencies/outages</td>
</tr>
<tr>
<td></td>
<td>environment</td>
<td>environment</td>
</tr>
<tr>
<td></td>
<td>conservation programs</td>
<td></td>
</tr>
<tr>
<td>Second tier</td>
<td>information about outages</td>
<td>customer/public relations and information</td>
</tr>
<tr>
<td></td>
<td>education</td>
<td></td>
</tr>
<tr>
<td></td>
<td>public relations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>courtesy and professionalism</td>
<td></td>
</tr>
<tr>
<td></td>
<td>contributing to community</td>
<td></td>
</tr>
<tr>
<td></td>
<td>respect of property rights</td>
<td></td>
</tr>
<tr>
<td></td>
<td>awareness of business needs for outages</td>
<td></td>
</tr>
<tr>
<td></td>
<td>access to information</td>
<td></td>
</tr>
<tr>
<td></td>
<td>accessibility</td>
<td>accessibility</td>
</tr>
<tr>
<td></td>
<td>safety</td>
<td>safety</td>
</tr>
<tr>
<td>Third tier</td>
<td>planning for future power needs</td>
<td>planning for future power needs</td>
</tr>
<tr>
<td></td>
<td>new construction hookups</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>price stability</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td>preferred pricing</td>
<td>preferred pricing</td>
</tr>
<tr>
<td></td>
<td>lack of harassment</td>
<td>lack of harassment</td>
</tr>
<tr>
<td></td>
<td>location of provider</td>
<td>location of provider</td>
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<tr>
<td></td>
<td>diversification</td>
<td>diversification</td>
</tr>
<tr>
<td>Attributes explicitly excluded</td>
<td>choice of providers</td>
<td></td>
</tr>
</tbody>
</table>

* These rankings are based on the results of an exercise to rate attributes of electric service. This table outlines results from the medium commercial group. Attributes of electric service are placed into three tiers based on participant rating of the items. This exercise was designed to be qualitative, and the results should be interpreted in that light. This information can be used to assess the relative importance of these items to participants in the focus groups. It cannot be used to generalize about the population of medium commercial customers. *Italics indicate attributes that were offered by moderator and accepted by the group as important.*
**Public Opinion on Restructuring**

### Table 3.4 Medium Industrial Attribute Rankings*

<table>
<thead>
<tr>
<th>Importance</th>
<th>Original list of attributes</th>
<th>Revised list of attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>First tier</td>
<td>dependability of service (reliability)</td>
<td>dependability of service (reliability)</td>
</tr>
<tr>
<td></td>
<td>speed of emergency repair</td>
<td></td>
</tr>
<tr>
<td>Second tier</td>
<td>power quality/spikes</td>
<td>power quality/spikes</td>
</tr>
<tr>
<td></td>
<td>cost</td>
<td>cost</td>
</tr>
<tr>
<td></td>
<td>price stability</td>
<td></td>
</tr>
<tr>
<td></td>
<td>alternative rates</td>
<td></td>
</tr>
<tr>
<td></td>
<td>lower prices for high-volume users</td>
<td></td>
</tr>
<tr>
<td></td>
<td>accommodating customer needs</td>
<td>accommodating needs/local service</td>
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<td>local customer service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>have to do it their way</td>
<td></td>
</tr>
<tr>
<td>Third tier</td>
<td>conservation programs</td>
<td>conservation programs</td>
</tr>
<tr>
<td></td>
<td>safety</td>
<td>safety</td>
</tr>
<tr>
<td></td>
<td>communication with customers</td>
<td>communication with customers</td>
</tr>
<tr>
<td></td>
<td>information on energy usage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>proactive customer orientation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>environment</td>
<td>environment</td>
</tr>
<tr>
<td></td>
<td>choice of providers</td>
<td>choice of providers</td>
</tr>
<tr>
<td></td>
<td>diversification/competing with customers</td>
<td>diversification/competing with customers</td>
</tr>
<tr>
<td></td>
<td>location of HQ/facilities</td>
<td>location of HQ/facilities</td>
</tr>
<tr>
<td></td>
<td>aesthetics of underground lines</td>
<td>aesthetics of underground lines</td>
</tr>
<tr>
<td></td>
<td>purchasing power from small customers</td>
<td>purchasing power from small customers</td>
</tr>
<tr>
<td>Attributes explicitly excluded</td>
<td>accessibility</td>
<td></td>
</tr>
</tbody>
</table>

* These rankings are based on the results of an exercise to rate attributes of electric service. This table outlines results from the medium industrial group. Attributes of electric service are placed into three tiers based on participant rating of the items. This exercise was designed to be qualitative, and the results should be interpreted in that light. This information can be used to assess the relative importance of these items to participants in the focus groups. It cannot be used to generalize about the population of medium industrial customers. *Italics indicate attributes that were offered by moderator and accepted by the group as important.*

Cost, reliability, power quality, and response to outages are the most important attributes of electric service. These attributes fall into the first two tiers for all groups. Cus
SECTION 3: SMALL/MEDIUM C&I CUSTOMERS

customer service items are also seen as important in all groups. Safety and environmental protection are not rated as important in the exercise, but participants said that they are so important that they could not be compromised. Other attributes are seen as important to relatively fewer participants. These include local presence, where the electricity comes from, planning, landscaping, accessibility, choice of providers, political power, and the ability to sell power to the grid. These attributes of electric service are discussed below, roughly in order of importance to the focus group participants.

Cost/price. All groups rate the cost of electricity as an important attribute. The primacy of cost in customers’ thinking about electricity—even if they did not assign it the most dots—is evident in the fact that 25 of 26 participants included it on their list of the most important attributes, more often than any other attribute. Cost, because it is so concrete and a way of thinking people use every day, is always part of the equation, even for the participants who didn’t rate it highest.

Cost is always part of the deciding factor. You have got lots of elements up there and some of us may have eliminated a couple of those, but I would be willing to put some money on the table that everyone of us has got cost somewhere in this work sheet.

Reliability and power quality. Reliability or power quality or both were near the top of most participants’ lists, because a continued supply of electricity is essential to running a business. One focus group combined reliability and power quality into a single attribute saying that both are part of a good product. The following statements illustrate participants’ attitudes toward reliability and power quality.

You’re sitting there and you’ve got 100 people in your restaurant, and all of a sudden the lights go out. How am I going to make coffee?

In the meat business, if I don’t have power, I have got a bunch of meat starting to smell.

If [dependability] is absent, the price that you pay may be in the end irrelevant because you may have the electricity cheaper, but if you don’t have the service it is costing you more money to run the business.

I look at those issues in the same light. It’s got to be dependable and it has got to be quality power.

We buy lots of goods and services for our business, but electricity is part of the infrastructure of our business and it is something you aren’t going to do without. And you may have to generate yourself, but in this day and age you aren’t going to do without. So dependability and quality are there. If the electric service is ruining your equipment so that you can’t serve your customers, you are in trouble.

Response to outages. Participants also say that the time to restore power after an outage is important.

If you have an outage that’s half an hour—that’s one thing—but when it’s four or five hours....
We’re all also very reasonable..... In a very severe storm we know that it may take awhile..

There were two attributes—safety and environment—that were not always highly ranked, not because participants viewed them as unimportant, but because they viewed them as so important that they could not possibly be compromised.

**Safety.** Chief among these uncompromisable attributes is safety, which all members of all groups took as a given. They do not expect to see any differences between electricity providers in terms of the safety they offer; they believe continued regulation of safety will assure that.

I guess I just don’t assume that [safety] is an issue. I mean, who’s going to mess around with it?

You just take it for granted.

It’s just automatically expected.

There is no way you can sell a product that is not going to be safe. I mean there is too much liability.

**Environment.** The same feeling was expressed, but not as consistently, about the inviolability of environmental protection. Some participants said there would be no difference in the environmental protection offered by various vendors because of regulation. Others disagreed.

Deregulation certainly isn’t going to lessen the impact that the environmental regulators have on power plants.

Just because we deregulate power, that doesn’t mean that DNR [or EPA] is going to play less of a part in regulating.

I have to think there would be [a difference between providers in their effect on the environment], because usually your strongest environmental rules are local ones. And in Wisconsin we’ve got strong ones for air and water. And you go to different parts of the United States and it can get much worse.

**Customer service.** All groups discussed and rated attributes related to customer service as important. However, the three groups listed different items and categorized them differently. This mixture of attributes encompasses adequate notification about power outages, contributions to the community, customer education and information, courtesy, professionalism, and easy access to knowledgeable electric company representatives. Representative statements include the following:

Easy access to people to talk to, to answer your questions [is important].

The professionalism of the individuals you have to deal with [is important]. You call them up...the people that come to service your building—they’re cursing your people, or...they’re professional.
Awareness of business needs in terms of when they do repairs [is important]. Just being conscious of your business and your needs when they go in to do something routine. An emergency’s an emergency. But when they’re going to routinely shut off power they don’t choose the middle of the business day when all your computers are full tilt.

When they do need to come in and dig up the yard or in some other way intrude upon our property, [it is important] that they do it well and responsibly and clean up afterward.

Other attributes of electric service are important to fewer of the commercial and industrial focus group participants, than those discussed above.

**Conservation programs.** Participants discussed conservation programs within the context of interactions with their utility. Those who have participated in them think they are good. Participants vary on how important they think they are.

**Local presence.** Many participants say they want the utility to have a local presence. No matter where ownership resides, business customers like to know that there are local service representatives they can call on. This is closely related to customer service.

Where you pay it, where the company is located, doesn't matter. Who I’m calling—that matters.

If I have to call Seattle, Washington because I have a service problem, I’m probably not going to get the same response as if I’m calling somebody [local]...You want to know that somebody around there is somewhat aware of what’s going on in your area.

Some customers worry that the local presence of their electric company will be gone as a result of the proposed merger of Northern States Power and Wisconsin Electric Power.

They’re going to merge and then all the people that I’ve talked to in [location] are gone.

**Location of provider.** A few participants said that where electricity is generated and the location of the company’s headquarters are moderately important. These people would prefer to “buy Wisconsin” when possible.

I would prefer...that they were a Wisconsin-based company and that they had their plant here in Wisconsin.

Think globally but act locally. I like that. I think you always support the local.

More participants, however, said that the location of the power plant or the headquarters are not important in today’s global economy, even if it is, to quote one participant, “World Power Corporation” from Tokyo.
PUBLIC OPINION ON RESTRUCTURING

Accessibility. The issue of accessibility was raised by the moderator in two groups and a participant in the third. Although a few participants see it as important, overall the groups did not give it a high importance rating. In one group, participants said that there are limitations to accessibility, and that people not using the existing infrastructure should pay for it themselves—that is, if power lines need to be extended to a remote customer, that customer should pay for the cost of the lines. This meaning of accessibility largely has to do with rural customers. Participants in that group did express concern about low-income customers having access to the grid.

Choice of providers. There was some disagreement on the importance of choice as an attribute. Some people in all three groups said that choice is important because it can lead to improvement in the other attributes of electric service.

I always like to have two suppliers. Maybe one is higher than the other one but I have got a backup in case I call up and they don’t have it or they can’t supply it when I want it. I can call somebody else and have it. You can always work one against the other, and I have done that several times. I have gone in and I would say, ‘you know, I’d really rather have you do it but I can get it for this price here and I get them to lower their prices.’

Other people in all three groups, though, said that choice per se was not a prerequisite for improving the other attributes.

If you really have a sincere relationship on both parties—I mean the buyer and the seller—I don’t think choice is an issue. You should be able to get people to…give you the fair price and value you really want.

Planning for future power needs. This category—developed by one of the three focus groups—includes helping to plan for individual customers’ new construction needs, as well as planning for the future needs of all customers.

Helping you set up specifications for new construction [is important].

Planning for future power needs [is important].

Decision-making authority. One participant—seconded by another participant—said it was important to know who had the power to make decisions that could affect customers—that is, the balance of power between the electric company, the customers, and the regulators.

To us there is a concern of power, and not only electrical power, but who has the power to make decisions…How much power do we have if the power company decides they’re going to move that line?

Buying back power from small customers. One customer said it was important for small customers with wind and other small power production equipment to be able to sell excess power into the grid.
**SECTION 3: SMALL/MEDIUM C&I CUSTOMERS**

*Landscaping/aesthetics.* Based on their experiences related in Section 3.1 above, a few participants in two out of the three groups said that the effect of utility activities on landscaping and aesthetics were important. Positive effects of landscaping by the utility include putting lines underground, and negative effects include spraying pesticides and cutting down trees.

Participants listed several other areas of electric service that are important, particularly in the context of a competitive electric utility industry. These are consistency in pricing, excessive marketing from multiple vendors, and utility diversification into other areas. They are discussed later in this section under Attitudes toward Competition in the Electric Utility Industry.

**Trade-offs among Aspects of Electric Service**

For most focus group participants, cost easily became the basis for discussing trade-offs between attributes. In one focus group, in fact, the first statement about attribute rankings—offered without prompting—was:

> I think dependability is the most important. In other words I am willing to pay more as long as when I want the electricity it is there.

Others were also able to make immediate trade-offs between costs and other attributes, primarily the attributes at or near the top of their lists.

> I would pay double my electric rate right now if someone came to me and guaranteed me that I would never, ever lose power. When I lose my power I lose business customers and I have my work force that I’m sitting there and paying and not doing anything. I spend over a million dollars a year in wages to my workers. I spend ten thousand dollars a year in electric costs. It’s not much of a comparison.

Some participants said that they are willing to pay more for other service attributes. These are power quality, the environment, good customer relations, long-term price stability, lack of harassment by multiple vendors, having a local provider, and conservation.

> If somehow there was another company, and maybe it was geothermal and environmentally friendly, and the other person had a big ugly nuclear power plant, and the rates were comparable, or even if the geothermal were a little more expensive, I would go to the geothermal.

> I pay a little bit more on my electric bill and I can cut something off on the other hand by using better light bulbs.

> If somebody says, ‘oh, I’m going to save you a nickel a gallon of gas today, but next week I don’t know what we’re going to charge you,’ well that’s fine today, but I know I’m going to be in business next week.

> There is absolutely no end to the scams and the shams and what not that are put on over the telephone to people…To me, yes, I think that it’s worth it to pay a little more not to be harassed.

> It would be nice to have a local provider…I would pay a little bit more for it.
PUBLIC OPINION ON RESTRUCTURING

If the cost for buying a better grade of power was minimal, I’d be foolish not to, because that’s extending the life of my equipment. And for every week that I can operate that equipment longer than its normal life span, that’s dollars in my pocket.

A few participants said they would be willing to accept deterioration of some attributes in exchange for a lower price. One participant would accept worse power quality for lower rates if the price difference would allow him to buy his own uninterruptible power supply equipment. Others said they would accept some marketing from multiple vendors in exchange for lower rates.

Some group participants were able to make the trade off between price and other attributes, even if it was to say that they would not pay more. A few people said specifically they would not pay more for increased environmental protection (that is not to say they want a reduction in environmental protection in exchange for a lower price). Others said they would not pay more to have a local provider.

There were, however, two countervailing tendencies to the overall acceptance of trade-offs between cost and other attributes of electric service: 1) a number of people did not accept the premise that they should have to make trade-offs and choose between electricity providers, and 2) one participant said that with a choice of providers, he would pay one off against another and get the most for his money without necessarily having to pay more.

In our industry and in a lot of industries, customers want perfect quality and they want it when they want it and they don’t want a higher price, and so I am not sure I am willing to pay more for dependability of service. I think we demand that we get the good quality and the dependability of service, but is it worth more? Figure out how to do it right all the time, consistently all the time, but give me the cheap price. In fact, maybe you want to lower your price.
3.3 Attitudes toward Deregulation of Electric and Other Industries

The purposes of this subsection are to: 1) discuss what small and medium C&I customers have heard about electric utility deregulation, 2) summarize their attitudes toward and opinions about the deregulation of other industries, and 3) outline what they like and dislike about having a choice among electricity providers.

Knowledge of Electric Utility Deregulation

Almost all participants said they had heard something about electric utility deregulation, although many people could offer no substantive details. Several participants expressed skepticism about the very possibility of competition and multiple vendors, because they did not understand how outside companies could bypass local distribution lines.

If you are going to try and get away from the control of your local electrical service, I don’t know how you could buy power from, let’s say, Edison Electric, and… bypass your local electrical company, because it would be coming in over their lines. So I don’t understand this. Deregulation may or may not work.

Several other participants had ideas of how deregulation could actually work, such as the separation of generation from transmission and distribution, and the possibility that some aspects of the business could be deregulated while others were not (which one participant saw as similar to the telephone industry).

I could see the power company going the same way the phone went. They don’t have to produce the power and transmit it somewhere. If they deregulated, there could be such a thing as you could buy power from whoever, it’s just a matter of billing, and they buy it from [another company] and it comes over the same line, and it’s just who you pay the bill to.

Another participant said he had heard about cutbacks in electric utility staffs in preparation for deregulation.

Attitudes toward and Opinions of Deregulation of Other Industries

Small- and medium-sized business customers, as managers wearing multiple “hats,” have had varying degrees of experience with deregulation of other industries, which may affect their views of deregulation of the electric utility industry. They mentioned several deregulated industries—or industries undergoing deregulation—that they are familiar with, including telephones, airlines, banking, trucking, railroads, natural gas, and cable television.
PUBLIC OPINION ON RESTRUCTURING

Telephones. When we asked about deregulation of other industries, the one participants mentioned most often was the telephone industry. Participants’ attitudes toward the effects of this deregulation are decidedly mixed.

Respondents in all three groups said that telephone deregulation has brought technological and service innovations that have been positive.

I think all of the new services that are being provided are certainly, I mean, wonderful—the things you can do compared to what you could do before.

Look at the added services you have today, now that you have deregulation, that you didn’t have before. What’s happened is, various customers have said ‘I want, I need, and I’m willing to pay for,’ and so the service becomes available to you. Many of these services were never available before deregulation.

Most participants maintained that telephone prices have gone down as a result of deregulation—especially long distance and cellular.

The price of long distance phone calls has gone down considerably since deregulation. It’s getting good in prices.

Maybe you’re not going to pay the same rate that General Motors is paying for their long distance service, but I think that the impact even at the consumer level has been a reduction in cost.

Long distance rates, with the competition, rates have really dropped for everyone.

Look at cellular and what it cost way back then. And the prices just keep coming down. And it’s because there’s more players in the market.

Others, however, say they are not so sure about the direction of telephone service prices, because now they have multiple vendors and pay multiple bills.

You get your long distance carrier as an example. Or your local phone company brings the wires to the building, but they don’t come in. You buy your phones in-house from somebody else, which could be a division of your local phone company, but not the same person. If you happen to have a phone company that is not your local carrier, and you have a problem and you call them up, the first thing they do is tell to check something that belongs to the other guy. So...really we don’t know if it’s cheaper or not in the long run, because we’re getting bills from every direction.

Having multiple vendors vying for customers’ business has created another concern: the “hassle factor.” A number of participants expressed irritation at telephone companies, especially long distance companies, “always trying to sell them something.”

Telephone service was so simple before. You just paid your bill and you got your telephone service. And now there’s so many companies with so many clients, and everyone has a different plan and, yes, you get a call every night from someone. Every week you are called by every one of the companies. And if you have a home phone and a business phone, you are called twice a week by each company.
Several participants said that as a result of deregulation local service is worse, and that it is difficult to find anyone to talk to.

You cannot communicate with [telephone company]. If you try to call the phone company and talk to them about a problem, it’s terrible.

They moved their operators out of [location] and switched them over to [another location], because they were down-sizing this office and down-sizing the whole state...So we lost the people we had known there and that was a problem for us.

Our local service has suffered from it. And we don’t make any long distance calls, so we didn’t make any gain on it.

One participant—without much reaction from the group—said that deregulation of the telephone industry has not gone far enough, and that the whole industry should be freed up to compete, rather than tying up some companies with rules and letting others go unfettered. A participant in another group expressed a somewhat contrary view, saying that certain aspects of the telephone business cannot be deregulated, such as the local lines going into everyone’s homes and businesses, because no one would want multiple sets of lines running down the street.

Airlines. Attitudes toward airline deregulation were also mixed. Many people said fares had gone down, others complained that airline tickets from small and medium sized cities are more expensive than those from large metropolitan areas. There were also complaints that service to some cities has been dropped altogether, when the airlines did not find these locations profitable.

Cheap flights, because the prices have gone down.

Where you have less competition in the airlines your prices are higher.

All you have to do is go to Madison and buy an airline ticket to anywhere you want to go, and then compare the price of that ticket for Madison to Milwaukee or Chicago. In some cases it’s just about double if you want to fly from Madison rather than drive into Milwaukee [to catch a plane].

There are some cities that don’t have airline service because of deregulation.

One person speculated that airline deregulation has yet to run its course, and that consolidation of the industry could lead to regional monopolies and higher prices. Another person said that despite lower prices, the overall effect on the economy has been negative.

The airline industry has driven prices down. Deregulation has driven prices down. People applaud it. But then you look at people who work for the airline industry, and the things that they’ve had to go through to keep their jobs. So I think sometimes we look at it very one-sided as a consumer saying, “Gee, this is great. I get to pay a nickel less for something.” But we’re affecting thousands and thousands of people with their jobs. And I think that has an adverse effect on the economy overall.
PUBLIC OPINION ON RESTRUCTURING

Banking. Participants were more negative than positive about the effects of banking deregulation. On the positive side, one participant said that banking is “more competitive than it’s ever been,” implying a reduction in transaction costs. On the negative side, two participants in different groups said that mergers have led to higher costs for customers. Another participant complained about banks charging for tellers, and said that people were out of the process.

[A particular bank] used to have relatively good service. Now it isn’t relatively good…. We’re used to going into the bank and we’re used to making a deposit. I don’t think that will always be the case. Right now, you can go to the grocery store and you can give them a debit card. We’re not that far away from—I think even, what is it, First Bank of Chicago or something started charging three dollars if you wanted to use the teller services.

As with airlines, one participant said, rural and even medium-sized cities are now being offered less service as banks concentrate on large metropolitan areas. The S&L tax bailout was mentioned by one participant as a consequence of deregulation.

Trucking. Most participants who talked about trucking agreed that prices have gone down after deregulation. According to one participant, lower prices in trucking have gone hand-in-hand with decreased wages and have had an overall bad effect on the economy. Another person maintained that deregulation is leading to consolidation, and from the re to monopolies and higher prices.

Some people said that, as with airlines, smaller cities are being offered less service than before. One participant said that trucking safety has deteriorated since deregulation. An other participant said that while rates have been deregulated, the rules of the road are actually subject to more regulation, and consequently there are more regulators and associated costs.

Trucking companies…were regulated and had unionized drivers. And then as soon as the deregulation came in, anyone who could lease or buy a rig could get worn equipment on the road. Shortly after that you saw implementation of Federal highway transportation laws related to drug use and using your log books correctly and the whole enforcement aspect of it. So while the consumer might get their soap or their cherries a little cheaper from here to there, I don’t know it’s true if we end up paying more administrative costs to administrate those drivers than otherwise was the case.

Railroads. Only one person in the three business focus groups mentioned railroad deregulation, and his concern about it was diversification.

The railroad industry is a perfect example of diversification. With the railroads subsidized, they took the money out of the railroads, and they put it into other businesses—namely real estate—and finally the service got so bad that the railroad went out of business. But they still had the money and they still had the real estate. The same thing can happen in utilities. It becomes less profitable because of competition, they just bleed it until the capital assets are no longer useful, and they get out of the business.
**SECTION 3: SMALL/MEDIUM C&I CUSTOMERS**

*Natural gas.* Likewise, only one person mentioned natural gas deregulation, but his experience with it was positive.

It used to be that somebody delivered gas to your door, and you paid whatever the price was because they had the only pipeline, so that was who you dealt with. You can now choose which pipeline you are going to use. You still have to use [the local gas company]. We can transport in different pipelines, we can bring gas in from Canada, we can deal directly either through a broker or deal directly with a supplier. I think price-wise, it’s been good.

*Cable television.* Several people briefly mentioned cable television, primarily to say that prices have come down recently.

**Attitudes toward Competition in the Electric Utility Industry**

The commercial and industrial focus group participants were mixed in their attitudes toward deregulation and selecting an electric utility provider. Participants expressing generally favorable attitudes toward deregulation also expressed some concerns about what could happen. Participants who voiced concerns also saw some possible benefits from increased competition. Some participants in one group changed their opinions during the discussions based on comments from others. These participants started the discussion hopeful about the effects of deregulation and concluded it focusing on concerns.

Participants’ expectations and concerns about electric utility competition are summarized below—first the potential benefits, and then the participant’s concerns. This order is not meant to imply that the positive attitudes were stronger, or held by a greater number of participants. Though a greater number of concerns were raised, those expressing the concerns are not necessarily against competition.

*Philosophical belief that competition is good.* Some of the attitudes toward electric utility deregulation expressed in the focus groups have ideological and philosophical underpinnings. Many participants in favor of deregulation based their support primarily on a belief in the ability of the free market to solve most problems over time.

*Lower prices.* Many participants see lower cost electricity as the most important possible benefit from deregulation. Some see this as likely in a competitive environment—others are skeptical (see page 51).

No matter what industry you’re talking about, if you take the government regulation out of it, it gets better because the market will force the efficiencies.

There’s a possibility that if you have all these people competing to sell you power, the companies will merge and consolidate, and they’ll do whatever it takes to sell power at the cheapest possible price, because they know they have that opportunity to sell to people not only in their service area but beyond. And the more power they sell, then the cheaper they can sell it. It’s almost like the Walmart of electric distribution. And that’s why people travel to Walmart.
PUBLIC OPINION ON RESTRUCTURING

Are they [electric companies] concerned about their overhead? No. Because they just go to the PSC and request a rate increase, and then they get it and then they just go on. But now if they’ve got to compete with Southern Company and Philadelphia Electric and Houston Industries and everybody else that’s going to be selling power, gee, that could really change the whole face of how they all do business. And it seems like the price might very well come down for the majority of people.

**Increased options.** A few participants said that competition between electric companies could stimulate the development of new products and services that might not otherwise come about.

It’s possible that someone would come up with a new twist and offer a new technology of some sort.…Spur it on as they’re trying to compete, thinking, ‘gee, what if I try this thing?’

**Economies of scale.** One participant said that in addition to competition, deregulation could lead to new forms of collaboration between companies trying to lower their prices.

It’s possible…[that] there could be some good or collaborative efforts and efficiencies. The economies of scale. If, instead of just directly competing, companies figure out—in effect, what happened [with] the telephone situation is sharing lines and the equipment. I mean, the realities were, ‘I can’t go out and build this. If I’ve got this contract, why don’t I purchase it from the existing structure?’

**Competitive effect on Wisconsin.** A few participants said that deregulation of the electric utility industry could benefit Wisconsin by continuing the trend of prices lower than those of surrounding states. A few others countered this argument, saying that prices could rise in Wisconsin as a result of deregulation. These participants fear a regional leveling of electric rates, resulting in higher rates in Wisconsin.

**Belief that the electric industry should be regulated.** Participants used the word “necessity” several times in the focus to express concern about deregulation. Some participants made it clear that they felt no one in Wisconsin should be without electric service, and this universal need for electricity is the primary justification for regulation.

It’s not a luxury; it’s a necessity. We can’t live without it.

When the phone goes out…it’s a problem. But…when we’re deciding to put on a fourth line, it’s not a critical decision. But when half our equipment won’t work because we don’t have enough power coming in, that’s a serious thing…. That’s something I’m hoping won’t happen, but I’m sure it will with deregulation.

I don’t know if there’s anybody at this table that can actually exist without electric power as far as a business concern. So it’s probably the single most fundamental necessity that we have every day. I can send my people home—in fact, they don’t even need to come to work if I don’t have any power.

I don’t think they should be deregulating the power utilities…because it’s too important.
Difficulty accepting premise of competition. Some participants do not accept the premise that deregulation can occur and are skeptical that choice would actually be available. They say the nature of the electric utility infrastructure—that is there is (or at least there should be) only one set of local lines—makes competition highly unlikely.

You can’t beam electricity from one place to another. You have to have some type of capital expense to get it there.... So deregulating electric, I don’t see that working.

I don’t think you will have a choice.... I don’t believe it.

I’m having real trouble with that. Because now we’re sitting here dealing with two utilities or maybe three. And now we’re going to break this thing up and we’re going to start paying for services that are already provided.

I just find it very difficult to believe that I’ll be able to go to ABC Electric Company and say here, [local electric company], you transmit it to me. I find it hard to believe. Maybe, like with my long distance telephone, you can hook up to whatever service you want. If that happens in electricity, maybe it’s going to make a difference, but I find it hard to believe.

One person said that the electric system is a whole that cannot be split apart, much like centralized currency or national defense, and that Wisconsin would not want different companies stringing up electric lines any more than the U.S. would want different states issuing their own currency.

Higher prices for small customers. Most participants in the focus groups—including those expressing generally favorable attitudes toward deregulation—said they expected prices to go up for small customers, especially small business customers. These participants felt that there may be price differentials for different groups of customers, and that they could end up paying more than larger customers, and more than they pay now.

The more you use, the more you get.

The cost of generating electricity—I don’t care who uses it—the cost is still the same.... If it costs them 1.2 cents per kilowatt to produce and this company uses 10,000 kilowatts and this one over here uses 10, the one that uses 10 is paying more than this one over here...because they’re discounted on volume.

Those customers which have purchasing power because of buying large quantities of it, they’re going to be able to go out and acquire the really, really cheap electricity, and the small users are going to be the ones who will have to pay whatever the price is going to be.

A few medium-sized customers, however, thought they were large enough that volume discounts could work to their advantage.

Consolidation and lack of true competition. One person said that because electricity could not be transmitted over long distances, consolidations and mergers in the absence of regu
Public Opinion on Restructuring

Deregulation would lead to higher prices. The resulting larger utility companies would not have competition in an area.

There's a limit on how far people can transmit electricity. I believe that someone in San Diego would have a hard time delivering service to Wisconsin. If the electric companies want to go out and buy a company in Nevada because they could sell electricity at a cheap price, that's one thing. But if the local electric company is going to start combining with Midwest electric companies, you're going to see a reduction in competition because there's no one else who can generate and send power here.

A related concern was that a few big players could be virtual monopolies, and that there must be more than two or three electricity providers to assure the benefits of competition.

You can't just have one or two. It's like when you go buy a widget at a store. You go to Walmart, you go to K Mart, you go to Target, you go to ShopKo, you've got a choice. And as long as you maintain that choice, I think that's the key.

When you have a few major providers, you're not really in competition.

Diversification. A few participants are concerned that in a deregulated environment electric utilities will diversify and that they (the customer) will be competing against them. These participants say that the electric utilities will have greater access to capital with which to compete in non-utility ventures and say that this is not fair.

Since the legislature allowed utilities to diversify seven or eight years ago, none of them competes directly with me, but they do compete directly with some of my friends. And I just don't think it's right that they were allowed to do that. They're a regulated industry. Why should a regulated industry go out and be able to compete with somebody that's out there borrowing money and putting everything they have on the line?

It's a regulated industry which is having a guaranteed return on their equity, or a reliable return on their equity. They'd have an unfair advantage in capital accumulation to go out and acquire, and compete with other people. I've got enough competition. I don't need somebody else who's got a reliable source of capital that I don't have being able to come in and compete with me.

Effects on rural areas and small towns. Several participants—especially in the focus group that included some rural customers—said they expected deregulation to cause prices to go up and the quality of service to go down for more remote customers. These participants are concerned that because rural areas may not be as profitable, companies may not choose to serve them. Others felt that with deregulation rural customers may not have the same level of reliability as customers in more densely populated areas.

Increased marketing. Based on their experiences with long distance carriers, several people expressed concern that after deregulation, competing electric companies might call them repeatedly, “always trying to sell you something.” Some people would pay more to avoid this, while other people would accept it in exchange for lower prices.
One item that you should consider is the harassment factor you get after deregulation. It shouldn’t happen like with the phone companies…the calls you get.

**Loss of local presence.** Some participants are worried that the local presence of their electric utility will be gone as a result of electric utility deregulation.

**Accessibility.** Several participants brought up accessibility—all potential customers having access to the power grid—as an important aspect of electric service, and one they are quite concerned about.

If the utility industry, as a result of deregulation, is able to become more efficient because it can pick and choose who it’s going to serve, then I think in general that is counter-productive, because there are people in outlying areas that depend on the utility service.

It’s kind of difficult for an individual or a small business to put up the money to run power a significant distance, when actually they [the electric company] are in the power business and they’re actually benefiting by the fact that you put in the utilities.

To put three-phase [power] in, you have to run it one and a half miles…. I had the shop in that area to start out with, and that’s why I moved back to where I am now, because the power was not available…. They wanted $38,000 before they would even talk to me up front.

With our meat processing plant, when we wanted to buy…the big piece of equipment that took three phase [power], it meant buying a converter because we couldn’t get that kind of power. So here you are trying to run a business and not being able to get the kind of power that you need.

**More regulators.** An expected outcome of “deregulation” expressed by one participant—but expressed more as an expectation than as a concern—was that it would in fact lead to a need for more regulators, as with the trucking industry.

I think the government will be the big winner. They will need more regulators, no doubt about it. Now, instead of having one company in [participant’s county] to regulate, now they’d have three or four. They’d have to increase their number of regulators to go and make sure all these companies are doing their job properly.

**Certainty about what you’re buying.** One participant—assuming multiple vendors—expects confusion over what customers are getting for their money.

Who’s offering me what? What am I going to get? Who’s really got the best price, or what am I really purchasing?
3.4 Perceived Effects of Deregulation on Different Groups

A final topic of the focus group discussions was how deregulation might affect different groups of customers. Some of the groups that participants said might be differentially affected included small customers in general, small business customers, residential customers, low income customers, rural customers (along with other geographic differences), and Wisconsin as a whole (compared with other states).

Small customers in general. Most participants believe that deregulation will bring lower prices for big customers and higher prices with worse service for small customers, although there was some speculation that prices could go down for everyone.

I think that’s certainly a concern with this deregulation that’s coming in. We know that the power companies are going to be able to bid on power to the big users, and consequently the price will be driven down to those users. What happens to the little customer…the small business, or the homeowner?

The cherry pickers come in, they get the cherries…. and then my service quality goes down…and my prices go up.

In principle, we are supporting those lines that do not pay to support themselves. But it’s spread over such a populace that it really doesn’t hurt any of us. If, in fact, the scenario is that the power companies can then come in and take all the big guys, the big power users, and give them a low rate, if we’re going to continue to support those lines that don’t pay for themselves, the rest of us have to pay more, because the big user out there isn’t paying his fair share of supporting those non-paying power lines any more.

One participant representing a medium-sized company observed that different prices do not necessarily mean inequitable rates, but might simply reflect the lower cost of serving certain customers.

Small business customers. These focus groups were conducted among small and medium business customers, some of whom saw themselves as the biggest potential victims of deregulation, paying the highest prices of all groups. One participant gave the following parallel from the health care industry:

The rich have health care, the poor have health care, the small businessman does not have health care. We don’t have the power to give us health care, but yet we still pay our taxes so everyone else can have health care.

Residential customers. Most participants said that residential customers would end up paying higher prices for electricity after deregulation, although some thought small businesses would be worse off than residential customers.
Low income customers. Participants were divided on the probable effect of deregulation on low-income customers. Some said that low-income customers could lose or pay dearly for electric service if companies were allowed not to serve low-income areas because of lack of profitability. Others said that the government would probably step in to protect low-income customers. All of them, however, felt that there should be some governmental protection of low-income customers, because electricity is a necessity of modern life.

Service to low-income customers needs some protection, because we are a community, and if you let go of some element in the community, it impacts us all.

One participant said that protection of low-income customers would not necessarily involve subsidies; it might come in the form of guaranteed access to the grid, or help in getting access to buying cooperatives that could negotiate lower rates.

Customers in rural areas. Many participants said that small rural customers could be hurt by deregulation, for reasons similar to those expected to affect low-income customers: companies may choose not to serve outlying areas because they may not be as profitable. Participants in one group, however, were not especially concerned about rural customers. This group did not think rural customers would be without service, but rather that they would have lower reliability, which they should expect since they are at the end of the line; moreover, they said, farms tend to have backup generators anyway.

Participants in one group expressed a concern that not only rural customers, but also customers in small- and medium-sized cities could suffer as a result of deregulation, as many said has been the case with banking, airline, and trucking deregulation. It was for this reason, said one participant, that electric co-ops were formed in the first place: large electric companies did not offer service in rural areas because it was not economical, at which point potential customers banded together to get their own service. One participant had this to say about trucking, banking, and airline deregulation:

The places that will suffer the most are the smallest places. Then the next smallest places.... We'll start with the rural areas. And eventually, it will be even communities like Madison. Major metropolitan areas would be San Francisco, Seattle, Los Angeles, San Diego, and the East coast. And you come through the middle of the country and you might end up with a Chicago or an Atlanta. The rest of the country at some point will start to see some sacrifice in service.... I have seen it in trucking and in airlines. I think you will definitely see it in banking. I don't know about utilities...It's more economical for these enterprises to service the large metropolitan areas.
PUBLIC OPINION ON RESTRUCTURING

According to a few participants in one focus group, another segment of customers that could suffer in the short term, in terms of worse service and reliability, are customers of electric companies having financial trouble after deregulation.

In a transition from a regulated society to an unregulated society you have a transition period and there are going to be some providers which will make the transition and some which won’t. The customers of the providers which don’t make the transition are going to suffer considerably…I don’t think anybody in this room wants to be the customer of the utility that doesn’t survive the transition…. Not only is the utility going to go through an upheaval and their employees but their customers are also going to have some problems.

Wisconsin as a whole. There was disagreement in the focus groups on how electric utility deregulation would affect Wisconsin as a whole, although neither positive nor negative expectations predominated. On the positive side, some people said there could be a shakeout period with a net job loss for the state, followed by a job increase stimulated by cheaper power. One participant said that cheaper power has already benefited Wisconsin at the expense of Chicago. On the negative side, some people maintained that layoffs and cost cutting in the electric utility industry in preparation for and in response to deregulation are part of a broader pattern across industries that is increasing unemployment and lowering wages, and that the net effect will be a loss of jobs for Wisconsin. Also on the negative side, some people said that deregulation could allow utilities to sell Wisconsin’s cheaper power out of state, and more expensive out-of-state power within Wisconsin, resulting in increased prices for Wisconsin and reduced prices elsewhere—a leveling effect negating Wisconsin’s current price advantage.
Section 4: Large Commercial and Industrial Customers

This section summarizes the in-depth interviews completed with large commercial and industrial (C&I) customers in Wisconsin. The purposes of the interviews were to: 1) discuss large C&I customers’ experience with and attitude toward their electric utility, 2) understand which of the attributes of electric service are most important to them, 3) discuss attitudes toward and opinions of electric utility restructuring, and 4) obtain large C&I customer perceptions of the effect of deregulation on different groups of electric utility customers.

A total of 32 individuals, representing 14 large C&I customers, were interviewed between August 28 and September 14, 1995. For most organizations, more than one individual was interviewed because of separate or shared responsibilities for some aspects of energy management. Persons interviewed typically included department heads from both procurement/purchasing and facilities/plant engineering. Interviews ranged from approximately one to one and one-half hours. The organizations included are among the very largest employers in Wisconsin, with Wisconsin employment ranging from approximately 800\(^1\) to more than 7000. Customer-reported peak demands ranged from one megawatt to more than 40 megawatts. The organizations ranged from government entities to manufacturers of commercial and industrial products. The general characteristics of the organizations included in the interviews is in Appendix A.

Because of the small sample size and open-ended nature of in-depth interviews it is inappropriate to draw quantitative conclusions or to assume that the results represent the views of the population of large C&I customers in Wisconsin. These results are indicative of the range of opinions and viewpoints held regarding the issues discussed. Throughout this section terms such as “few,” “some,” “many,” and “most” are used to give the reader some indication of the strength of the collective voice. However, the terms used to describe the sample of interviewed customers should not be projected to apply equally to the population of all large C&I customers. The interview discussion guide is included in Appendix E.

\(^{1}\)One company’s employee count ranges from 800 to over 1,000, depending upon fluctuations in seasonal business volume.
4.1 Experience with and Attitudes toward Electric Utility Providers

Respondents were asked to discuss their experience with their electric utility—how often they interact with the provider, for what reasons, and how they perceive their relationship.

The large C&I interviewees meet with their electric utility on an as-needed basis. The nature and amount of interactions varies from customer to customer. Some customers work closely and cooperatively with their electric utility to address the energy needs of their organization. Others work with their utility very intensively on a project-by-project basis. Other customers rely on their utility for expertise and assistance but interact with them less frequently. A few have very infrequent interactions.

For many customers, the most frequent interaction with their electric utility occurred during the peak period of demand-side management programs (the late 1980s and early 1990s). Many participated in rebate and other incentive programs that helped improve the efficiency of their operations. Through these interactions they got to know a number of individuals at their electric utility.

Interactions with utilities also include periodic discussions of rate options, billing questions, and power supply or usage problems. Many customers indicated that they have worked with their electric utility to study peak demand management, and a few have cooperatively studied cogeneration options. About one-half of the interviewed customers are on interruptible rates. They gained added exposure to their utility when analyzing the viability of this option.

Many of the large C&I customers say they are happy with the relationship they have with their electric utility. Although interactions regarding their basic electrical service are often limited, many customers appreciate the availability of technical expertise through the utility. This technical assistance is of less importance to the very largest customers, who have more in-house expertise.

A few customers indicated dissatisfaction with their electric utility. The primary source of this dissatisfaction is the price they pay for services relative to the perceived cost of providing those services. Two customers have openly discussed this concern with their utility. Both said it was not given adequate attention. Terms such as “inflexible” and “non-responsive” were used to characterize the electric utility in these instances.
4.2 Importance of Aspects of Electric Service

Large C&I customers were asked what elements of electric service are most important to their organizations. They were also asked to discuss how they would choose between, or trade off, these various elements when selecting an electric provider. All but two interviewees rated reliability and price as the two most important aspects of electric service. Most customers include power quality and response to outages under the umbrella term of reliability and said they are also important aspects of electric service. Other aspects of electric service are important only to some interviewed customers.

Reliability. All but a few large C&I customers indicated that reliability is the most important element of electric service. Customers say they currently receive very reliable power in Wisconsin. In particular, customers who have experience with electric utilities in other states noted this. Reliability is critical to many of these organizations because of lost production, labor costs, and the scrapping of material that takes place in the event of an unexpected power outage.

Price. Price closely follows reliability in importance. Many of the organizations interviewed are in highly competitive industries where the cost of each input is extremely important. Government entities are also concerned with price because of the need to operate despite budget cuts and the pressure to further reduce budgets. Both short-term and long-term price are important to large C&I customers. Many individuals indicated that they are not interested in short-term price reductions that result in long-term increases.

Power quality. Power quality is important to large C&I customers, especially as more advanced electronics and controls are used in the manufacturing and service delivery process. Although most interviewees mentioned some experiences with power quality problems, all but a few say they currently receive high quality power in Wisconsin. Despite its importance, few individuals mentioned power quality without prompting. Most said they include power quality under the umbrella of reliability.

Response to outages. Emergency service—response to outages—is important to customers, but like power quality is included under the umbrella term of reliability. Few interviewees mentioned it without prompting, but all agreed it is very important. How quickly their electric utility responds in emergency situations is seen as key to maintaining operations and keeping operating expenses down.

After reliability and price, the relative importance of other aspects of electric service varies across customers. The aspects discussed below are less important than price and reliability but are still viewed by some as important.

General customer services. Some large C&I customers listed several customer service features as important. Personal service and technical assistance characterize these customer services. Not all customers listed these features, and some large customers did not list any as important. Personal service, to those customers who find it important, means having a utility representative who they know and who understands their operations.
PUBLIC OPINION ON RESTRUCTURING

One group of customers regularly looks to its electric utility for problem solving assistance. These customers value this service highly. Other customers do not use nor value these services. They believe they have in-house staff or unique manufacturing processes that are beyond utility staff capabilities.

**Flexibility.** A few customers said that flexibility on the part of the electric utility is an important element of service. These organizations said that flexibility in rate structures, rate options, and service options is just below reliability and price in importance. One customer rated flexibility higher than price, since they sometimes (annually) need large amounts of extra demand for relatively short periods. A few other customers wanted more options in selecting the services that are included in their costs. For most respondents, flexibility is not an issue.

**Conservation programs.** Most of the large C&I customers interviewed have participated in utility-sponsored conservation or demand-side management programs. Many found these programs very helpful in assisting them in upgrading the overall efficiency level of their facilities. However, many expressed a belief that since they had already taken advantage of these programs they were no longer necessary. Most of the very largest of the large C&I customers do not see conservation programs as important for two basic reasons. First, these organizations have internal energy experts and, as a result, rarely rely on their electric utility for these services. Second, these organizations object to the fact that they have to pay for these services in their rate.

A final group of electric service features—safety, environment, and long-term availability—are viewed as important, but are either taken for granted or not within the customer’s purview. Few large C&I customers mentioned any of the elements listed below without prompting from the interviewer.

**Safety.** Safety is an important element of electric service. However, C&I customers often stated that they have no control over or input into it. They rely on government regulations to ensure that electric utilities provide their service in a safe manner.

**Environment.** Large C&I customers said they do not have direct control or input into the environmental friendliness of electric utilities. They assume electric utilities are following environmental regulations that pertain to the industry. In most cases, an electricity provider’s environmental record would not be part of a review process in selecting a provider. Similar to safety, most customers view this as a role for both state and federal regulators. One mentioned that regulatory emphasis on environmentally friendly fuels (wind and solar) drives up electricity prices and makes it difficult to compete globally.

**Long-term availability.** Long-term availability was rarely mentioned as an important attribute of electric service. To paraphrase one customer, it simply goes without saying that customers feel it is important that electricity be available in the future.
Trade-offs among Aspects of Electric Service

Most customers appeared to find it difficult to discuss trade-offs between elements of electric service, despite their ability to rank the relative importance of these elements. They said it is the combination of elements that comprise basic electric service. They see many of these elements as closely related and, in some cases, inseparable. Although cost and reliability are the most important aspects of electric service, other elements would play an important, yet difficult to determine, role in the selection of a provider. Many customers could not discuss trade-offs without specific scenarios to evaluate. Also, most have limited or no experience with trading off any elements of electric service. This experience is limited to consideration and analysis of interruptible rates, cogeneration, and off-peak versus on-peak energy use.

All but a few customers expressed a willingness to trade off demand-side management programs for lower prices. Most said that these services, while useful to some customers in the past, are no longer important relative to other components of electric service. A few organizations said that they rarely participate in these programs and do not want them included in their rates. One organization said that they are typically ahead of the utility on demand-side management activities and make many improvements before utility incentives become available. One governmental entity cited limitations in what they are able to do without going through a competitive bidding process. This inhibits their participation in turn-key conservation programs run by electric utilities or their affiliates.

A few organizations said that they might be willing to pay more for reliability if they had to. However, they had difficulty understanding why reliability would cost more, since they enjoy high reliability at the current price.

In all but a few cases, the individuals interviewed indicated that at their organization they would be responsible for developing and carrying out policies for responding to changes in the electric utility industry. These individuals were typically the department heads from procurement/purchasing and facilities/plant engineering. Individuals from large national or international companies said policy would be set at the corporate level if deregulation occurs on a national level.
4.3  

**Attitudes toward Deregulation of Electric and Other Industries**

The purpose of this subsection is to: 1) discuss what large C&I customers have heard about electric utility restructuring, 2) summarize their attitudes toward and opinions of the restructuring of other industries, and 3) outline what they like and dislike about having a choice among electricity providers.

**Knowledge of Electric Utility Restructuring**

Many large C&I customers have read or heard about retail wheeling and the break-up of electrical power generation, transmission, and distribution. Only a few have any detailed knowledge or involvement in the restructuring process or the issues being debated in the state. The lack of knowledge related to electric utility restructuring has two noticeable consequences. First, most respondents had not thought previously to the issues raised in the discussion. This limited their ability to be thorough and conclusive in some areas. Second, few organizations have developed plans or strategies for dealing with industry restructuring.

A small number of interviewed customers have begun to analyze the nature of their electrical load in anticipation of competition. One result of competition, according to these customers, will be substantial rewards for reducing peak demand and shifting load to off-peak periods. Although most organizations said that lower peak demands will be more desirable, they have not reviewed or analyzed their electrical load in anticipation of competition. Most of the individuals interviewed said that more specific information on restructuring is needed before an appropriate policy or strategy can be developed.

**Attitudes toward and Opinions of Deregulation of Other Industries**

Most interviewees’ direct experiences with deregulated industries is limited to the natural gas industry. Large C&I customers’ opinions about natural gas deregulation is mixed. Some customers said that the administrative process is workable and that their organization has realized significant savings in natural gas bills because of deregulation. Another group said that increased regulations have made the process of securing natural gas complicated and time consuming. The predominate feeling among the second group is that natural gas deregulation has not resulted in cost savings for their organization. Attitudes toward and opinions of natural gas deregulation do not appear to be related to business size or gas consumption.

Only a few people interviewed have any direct knowledge and experience with telephone industry deregulation in their business operations. Opinions regarding telephone industry deregulation are mixed. One organization mentioned adding so many staff members to deal with the various telephone issues that it is difficult to tell whether they a
re saving money. Another organization is convinced that they are saving a significant amount of money, without a significant increase in staff.

**Attitudes toward Competition in the Electric Utility Industry**

The large C&I interviewees are hopeful that if deregulation of the electric utility industry occurs it will: 1) lead to increased competition among electricity providers, 2) result in lower electricity prices for large C&I customers, 3) lead to more flexible rate and service options for large C&I customers, and 4) allow for the bundling or consolidation of purchasing for multiple locations. However, all but a few of the large C&I interviewees have significant concerns about changing the electric utility industry in Wisconsin. The level of concern expressed by large C&I customers was related to their energy usage characteristics. Customers with high and constant demand have fewer concerns, customers who see themselves as smaller energy users usually listed a greater number of concerns. Although these concerns should not necessarily be construed as statements against deregulation, they are significant issues that large C&I customers said must be addressed when considering restructuring the industry.

Both the potential benefits and concerns identified by interviewed customers are listed below.

*Philosophical belief that competition is good.* Competition, in and of itself, is viewed positively by the large C&I interviewees. This appears to be a basic philosophy to which many of these individuals and organizations adhere. Many large C&I customers said that competition will force electricity providers to more efficiently operate their organization because they will no longer be guaranteed a rate of return. It would also force utilities to analyze their workforce and eliminate unnecessary positions and unproductive staff. Two customers said that competition will increase the number of mergers and consolidations in the electric utility industry. Both said this should lead to the consolidation of departments (such as a single marketing department and a single billing department) and a reduction in the costs of operation.

*Lower prices.* Large C&I customers are hopeful that a choice of electricity providers will result in reduced prices for electricity in Wisconsin. Most interviewed customers said that competition within any industry will lead to better pricing of goods and services. A few interviewees said that competition will lead to the use of only the most cost-efficient generating capacity. They said this would have a positive impact on price. One customer mentioned that it would eliminate the regulatory mandates regarding the use of solar power and wind power. This customer said that this would have a positive effect on price because this type of power supply increases the price of electricity to all. The very largest of the large C&I customers were the most optimistic about the likelihood of realizing price decreases. A few of these customers said they represent an attractive electrical load that providers will be eager to obtain in a competitive environment. This same group believes that they are paying more than their fair share in the current environment.
**PUBLIC OPINION ON RESTRUCTURING**

*Increased options.* Some customers believe that competition will result in increased service options and flexibility in rate structures. A few of the very large C&I customers said that in the current environment their utility is inflexible because it has a captive market. A few said that their utility currently hides behind their rate schedule and service options and doesn’t look for innovative ways to service customers with specialized needs. Because they view themselves as an attractive load, multiple providers vying for their business will provide more flexibility and options. For example, a few customers mentioned currently paying for services (such as technical expertise, problem solving, and energy conservation) they rarely use. In the future they hope to have a choice in paying for and receiving these services. One customer said that the inclusion of these services is illustrative of current inflexibility in the electric utility industry. This and other organizations see this as a “regulatory imposed fee.”

*Bundling of purchasing power.* Some customers with multiple facilities within Wisconsin, as well as a few with multiple facilities across the U.S., are hopeful that deregulation will allow them to purchase power for all facilities from a single provider. This ability to “bundle” facilities will give them increased negotiating power, provide a chance to balance demand across facilities and facilitate consolidation of bill payments. For a few customers, the ability to transfer self-generated power (wheel their own electricity) from facility to facility is seen as another attractive feature of deregulation. Another customer said that they may contract with one provider for base load, one provider for variable load, and yet another for peak load. This interviewee went on to state that they expect to pay just above the marginal cost of production for the electricity they use.

A few customers also mentioned that bundling would equalize their electricity costs across facilities. This was said to be important because currently energy prices are taken into consideration when deciding where to locate a plant and which plants to operate at full capacity, partial capacity, etc. An equalization of rates across facilities would eliminate electricity as a cost variable that must be taken into account when determining production quotas across plants.

*Increased complexity.* Many large C&I customers are concerned that the process of deregulation and the resulting environment will be complex. They fear that a large number of rules and regulations will be developed and that more of the responsibility for following regulations will fall on the purchaser rather than the supplier. This is of concern because they may need to: 1) dedicate more time to understanding and tracking changes in rules and regulation, 2) add staff to work on contractual issues and monitor consumption, and 3) deal with sales representatives from various electrical providers. Some of this concern is due to a perception that they will have to contract with generation, transmission, and distribution companies separately.

*Lower reliability.* Large C&I customers currently enjoy high levels of reliability. Many are concerned that reliability will decline as competing providers try to reduce capital expenditures and maximize profits. A closely related concern is that when reliability problems arise, accountability and responsibility will be difficult to determine. They are concerned that the various companies involved in electrical supply (generation, trans-
mission, distribution) will point fingers at one another when a customer experiences reliability or power quality problems.

Loss of local presence. Many large C&I customers are concerned that the availability of local service staff will decline in a competitive environment. This concern was deeper among customers who rely upon their electric utility for technical expertise and problem solving skills. These customers said that their relationship with the electric utility is due partly to the utility’s sense of community and an interdependency between the utility and large employers in their service territory. Both the large C&I customer and the utility (and their respective employees) belong to the same community and are somewhat dependent upon one another for their livelihood. Many customers are concerned that this spirit of cooperation will diminish in a deregulated environment. This concern is especially prevalent among a few customers who believe deregulation will lead to consolidation and mergers among electric utility companies.

Increased prices. Large C&I customers recognize that Wisconsin’s electric rates are among the lowest in the country. Many are concerned that as the electric utility industry becomes more competitive Wisconsin’s rates will rise as rates in other states fall. They are concerned that Wisconsin utilities will attempt to maximize profits by selling power at higher prices to customers in high cost states (e.g., Illinois). In the long-run this will result in an equalization of rates within the region and possibly across the U.S.

Uncertainty of future supply. Some large C&I customers are concerned about the future supply of electricity. They are concerned that few or no companies will invest in new power plants in a competitive environment—this will be seen as too risky. A few believe that future supply will come from smaller and higher-per-unit cost plants. They say this will lead to higher prices than would exist in a regulated environment. They hypothesize that in a regulated environment larger (and lower-per-unit cost) plants are built because investment risk is substantially lower.

Lack of true competition. Some large C&I customers don’t believe that true competition will take place at any level within the electric power industry. They said that generation, transmission, and distribution will continue to be controlled by a relatively small number of providers. Additionally, some are concerned that this control will become more centralized as consolidations and mergers of utilities take place. These customers have some difficulty understanding how generation, transmission, and distribution companies will actually compete, given the current infrastructure, which is dominated by relatively few companies.

Difficulty purchasing power. Some large C&I customers are concerned with their ability to purchase all the power they need in a competitive environment. They envision contracting for specific amounts of power and worry that they may be denied additional power if it is needed. This concern was particularly acute among customers with large fluctuations in demand. This was not a concern among the few customers with a relatively constant and high demand for electricity.
PUBLIC OPINION ON RESTRUCTURING

*Potentially regressive rate structure.* A few interviewees have concerns about the potential social impacts resulting from changes to the electric utility business. A concern that businesses may benefit at the expense of residential customers was seen as a potential and undesirable outcome by one company. Individuals at another said that their company would not be supportive of a situation in which service was unavailable to some because of location or income.

*Loss of rate stability.* Some large C&I customers are concerned that deregulation will result in greater fluctuations in electricity prices. The current planning process has resulted in a mix of fuel supply choices for electricity generators. These customers said that this mix minimizes the risk associated with dependence on a single fuel—if that fuel’s price rises, the price of electricity rises. They are particularly concerned with an over dependence on natural gas generators.

*Loss of needed regulation.* A few organizations expressed concern with the type and amount of regulation that will exist with a restructured industry. These organizations cited a history of sound regulation in Wisconsin that has resulted in low prices, adequate capacity, and high reliability. They do not want restructuring that results in negative impacts on these areas.
4.4 Perceived Effects of Deregulation on Different Groups

Large C&I customers have spent little time thinking about possible effects of deregulation on groups of utility customers. Most said that speculation in this area, without specific scenarios, is premature. As a consequence, the discussions regarding perceived effects of deregulation on different groups of customers was short. In general, the large C&I interviewees are hopeful that deregulation will result in lower rates for their organization, as well for other electric utility customers in Wisconsin. However, many can envision scenarios where all utility customers pay higher rates. All but a few customers said that residential customers are the group most likely to experience escalating prices in a deregulated environment. This was consistently attributed to their lack of individual negotiating power.
Section 5: Final Observations

The research discussed in this report addresses many issues important to customers and policy makers during the consideration of changes to the structure of the electric utility industry. The research addressed attributes of electric service, as well as hopes and concerns of different groups of customers regarding the possible effects of competition.

This research has three primary limitations. First, it is strictly qualitative. Focus groups and in-depth interviews are useful for identifying and exploring the range of attitudes, opinions, and preferences on a particular topic. The report shows the range of attitudes and perspectives that the customers included in this research hold. It provides us with a sense of the relative prevalence of attitudes among the study participants. However, the results cannot be used to measure the proportion of customers holding a particular set of beliefs, nor does the research address underlying causes or correlation with a set of attitudes.

This report is a synthesis of comments from many people. Collectively, the respondents to this research raised many points and issues. Individually, respondents were more limited in their knowledge and in the number of opinions expressed. The information presented earlier in the report should be evaluated within this context and in light of the qualitative nature of the research.

The second limitation is a function of the topic. Because the idea of electric utility restructuring was a new one to most of the study participants, attitudes and opinions are not well thought out and developed. They often represent the initial reactions of customers and may not reflect their attitudes after additional education and consideration of the topic. Some participants changed their attitude on certain issues during the discussions based on information or opinions from others within their group. Attitudes about a new topic may not be held as firmly as those on a subject that a person has thought about and discussed over time.

Finally, the approach used is limited in its ability to assess the trade-offs that customers may be willing to make in a restructured environment. Participants in all customer segments had difficulty discussing potential trade-offs. Many say they are not accustomed to trading off aspects of electric service. They needed more specific information with which to evaluate trade-offs, such as the amount that prices would change under a given scenario.

There are follow-ups to this research that could be fruitful in gaining a better and more precise understanding of customer attitudes toward electric utility restructuring. These are discussed briefly below. Further research on customer attitudes toward electric utility restructuring could be done using qualitative or quantitative research techniques.
Qualitative Follow-up

Conducting further focus groups and in-depth interviews with participants in the recent research could help answer three questions (albeit in a qualitative and therefore still exploratory way):

1. How do customer attitudes toward restructuring change over time as a result of additional exposure to the topic?
   Participants in the recently conducted study could be provided with information about restructuring and could be encouraged to watch or read media reports on the topic. These participants could then be included in another focus group addressing the same issues, to assess changes in attitudes. The research could also conduct focus groups and in-depth interviews among individuals who were not in the first interviews and were not provided information about restructuring as part of the research process. These focus groups and in-depth interviews would serve as quasi-control groups.

2. How do the individuals in the earlier focus groups and in-depth interviews respond to restructuring scenarios developed in part to address their concerns? Having helped lay the groundwork for thinking about electric utility deregulation in Wisconsin, this use of focus groups is similar to “Alpha testing” in product development research.

3. How do people in the earlier focus groups and in-depth interviews trade off one attribute of electric service versus another? This is a question barely touched on in the recent research. It would require the development of specific trade off scenarios for participants to evaluate. Exercises could be developed that involve trade-offs between price and other electric attributes, or that involve trade-offs between multiple attributes of electric service. The trade-offs could be developed based on the attributes of electric service that study participants rated as important in this research.

Quantitative Follow-up

The only way to legitimately generalize about the attitudes and opinions of electric customers in Wisconsin, or segments of them, is to conduct a survey of a representative sample of customers. The qualitative research remains in the realm of hypothesizing. In fact, it is largely for confirming the hypotheses raised in the qualitative research that quantitative research would be useful. Such research could help to answer the following researchable questions:
SECTION 5: FINAL OBSERVATIONS

1. What are people’s awareness of and experience with deregulation in other industries? If they are aware, has their experience been good or bad for them personally? For other groups of customers?

2. How do people expect electric utility deregulation to affect different groups of customers, such as residential customers in general, low-income customers, small business customers, large business customers, and rural customers? How are these expectations related to their experiences with deregulation of other industries and with their own demographics or firmographics?

3. Can we identify two or three basic “clusters” of electric customers in Wisconsin based on their attitudes toward electric utility deregulation? And if so, how do these clusters differ by demographics and firmographics?

4. How do customers trade off one electric service attribute versus another? Are they able to make these trade-offs in a binary way—such as cost versus reliability—or is it necessary to choose between two or more complete “packages”? The latter approach would entail discrete choice analysis or some other conjoint-like technique. We should note here that the data and analysis on trade-offs between electric utility attributes could be used competitively between utilities, and so may not be appropriate for this inter-utility research vehicle.
Appendix A: Methodology

The purpose of this appendix is to outline the implementation methodology used to select and recruit participants for this study. Three groups of customers were identified and targeted for the research: residential, small and medium commercial and industrial, and large commercial and industrial. The implementation methodology for each of these groups is outlined below.

Residential

Location of groups. Ten residential focus groups were held between August 22 and September 7, 1995. The focus group locations and target populations are outlined in Table A.1.

Table A.1 Residential Focus Group Schedule

<table>
<thead>
<tr>
<th>Target population</th>
<th>Meeting location</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>Grant County</td>
<td>Tuesday, August 22</td>
</tr>
<tr>
<td>Urban</td>
<td>Milwaukee</td>
<td>Wednesday, August 23</td>
</tr>
<tr>
<td>Suburban</td>
<td>Milwaukee</td>
<td>Wednesday, August 23</td>
</tr>
<tr>
<td>Urban/suburban/rural</td>
<td>Eau Claire</td>
<td>Thursday, August 24</td>
</tr>
<tr>
<td>Urban/suburban</td>
<td>Madison</td>
<td>Monday, August 28</td>
</tr>
<tr>
<td>Some customers of municipal utilities</td>
<td>Appleton</td>
<td>Tuesday, August 29</td>
</tr>
<tr>
<td>Urban/suburban</td>
<td>Green Bay</td>
<td>Wednesday, August 30</td>
</tr>
<tr>
<td>Low-income</td>
<td>Milwaukee</td>
<td>Thursday, August 31</td>
</tr>
<tr>
<td>Low-income</td>
<td>Clark County</td>
<td>Wednesday, September 6</td>
</tr>
<tr>
<td>Urban/rural/municipal customers</td>
<td>Wausau</td>
<td>Thursday, September 7</td>
</tr>
</tbody>
</table>

Sampling. For each focus group, specific zip codes or cities were identified from which to recruit potential participants. With the exception of the low-income groups (discussed below), random-digit-dial phone numbers were purchased from Strategic Sampling of Salem, Massachusetts for each of the city/zip code areas. Generally, the cities and/or zip codes selected were within a 20 mile radius of the focus group facility.

Two of the 10 residential focus groups were held with low-income groups—one in Milwaukee and one in Clark County (Neillsville). Low-income customers were defined as individuals with incomes at 150 percent or below federal poverty level. For Milwaukee, Wisconsin Electric Power Company provided samples from two areas, one in the north side of Milwaukee and one in the south side of Milwaukee, that contain a high proportion of low-income households. The Indianhead Community Action Program, a CAP agency serving Clark and other counties, provided ODC with a list of clients they serve in
Clark County. All clients served by the CAP agency are at 150 percent or below federal poverty level.

*Recruitment Procedures.* Residential customers were recruited by telephone approximately 7-10 days before each group. During the telephone conversation, they were (1) informed that they would receive a $35 incentive for attending the group; (2) screened to confirm that they pay an electric bill; and (3) asked a number of demographic and other related questions. Participants were recruited so that the groups included customers served by investor owned utilities, municipal utilities, and rural cooperatives. The groups were also mixed to include rural, suburban and urban customers, men and women, and various income levels. Recruitment for the Milwaukee low-income group also screened customers so that only households meeting the established income guidelines were invited to the group. For the Clark County group, a CAP agency field worker was used to recruit several clients that do not have a telephone. While no single group had a complete mix of these attributes, the groups combined covered all types of residential utility customers.

The residential focus group recruitment script can be found in Appendix B. The demographic characteristics of the 95 residential utility customers that participated in the 10 groups are outlined in Table A.2.
| Table A.2 Demographic Characteristics of Residential Focus Group Participants |
|--------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
|                         | Pltv. Mil. su brub Mil. u rban Eau Clr. Mdsn. Apltn. G.B. Mil. L-I Clark Cnty Waus. All |
| **House type**          |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |
| Single                  | 8                                               | 4                                               | 7                                               | 8                                               | 3                                               | 8                                               | 7                                               | 0                                               | 5                                               | 9                                               | 59                                               |
| Row                     | 0                                               | 0                                               | 0                                               | 2                                               | 0                                               | 0                                               | 2                                               | 0                                               | 1                                               | 0                                               | 5                                               |
| 2-4 Unit                | 2                                               | 3                                               | 1                                               | 0                                               | 2                                               | 1                                               | 0                                               | 8                                               | 1                                               | 1                                               | 19                                               |
| 5+ Units                | 0                                               | 2                                               | 1                                               | 0                                               | 3                                               | 0                                               | 1                                               | 0                                               | 0                                               | 0                                               | 7                                               |
| Mobile                  | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               | 2                                               | 0                                               | 2                                               |                                                 |
| Not Avail               | 0                                               | 1                                               | 1                                               | 0                                               | 0                                               | 0                                               | 0                                               | 2                                               | 0                                               | 1                                               | 0                                               | 3                                               |
| **Own/rent**            |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |
| Own                     | 8                                               | 5                                               | 7                                               | 8                                               | 4                                               | 7                                               | 8                                               | 2                                               | 8                                               | 9                                               | 66                                               |
| Rent                    | 2                                               | 4                                               | 2                                               | 2                                               | 3                                               | 1                                               | 2                                               | 6                                               | 1                                               | 0                                               | 23                                               |
| Not Avail               | 0                                               | 1                                               | 1                                               | 0                                               | 1                                               | 1                                               | 0                                               | 1                                               | 1                                               | 0                                               | 6                                               |
| **Utility**             |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |
| MG&E                    | 0                                               | 0                                               | 0                                               | 0                                               | 8                                               | 0                                               | 1                                               | 0                                               | 0                                               | 0                                               | 9                                               |
| NSP                     | 0                                               | 0                                               | 0                                               | 5                                               | 0                                               | 0                                               | 0                                               | 0                                               | 4                                               | 0                                               | 9                                               |
| WEPCo                   | 0                                               | 9                                               | 8                                               | 0                                               | 0                                               | 4                                               | 1                                               | 8                                               | 0                                               | 0                                               | 30                                               |
| WP&L                    | 6                                               | 0                                               | 1                                               | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               | 7                                               |
| WPSC                    | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               | 1                                               | 0                                               | 0                                               | 0                                               | 0                                               | 1                                               |
| Menasha                 | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               | 1                                               | 0                                               | 0                                               | 0                                               | 0                                               | 1                                               |
| Kaukauna                | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               | 3                                               | 0                                               | 0                                               | 0                                               | 0                                               | 3                                               |
| Other                   | 4                                               | 0                                               | 0                                               | 5                                               | 0                                               | 1                                               | 0                                               | 0                                               | 5                                               | 0                                               | 15                                              |
| Not Avail               | 0                                               | 1                                               | 1                                               | 0                                               | 0                                               | 0                                               | 0                                               | 1                                               | 0                                               | 1                                               | 3                                               |
| **Gender**              |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |
| Male                    | 6                                               | 4                                               | 5                                               | 5                                               | 2                                               | 4                                               | 5                                               | 2                                               | 5                                               | 4                                               | 42                                              |
| Female                  | 4                                               | 6                                               | 5                                               | 5                                               | 6                                               | 5                                               | 5                                               | 6                                               | 5                                               | 6                                               | 53                                              |
| **Age**                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |
| 18-24                   | 1                                               | 0                                               | 0                                               | 0                                               | 0                                               | 1                                               | 0                                               | 0                                               | 1                                               | 1                                               | 0                                               | 4                                               |
| 25-34                   | 1                                               | 4                                               | 0                                               | 1                                               | 2                                               | 1                                               | 4                                               | 2                                               | 1                                               | 1                                               | 17                                              |
| 35-44                   | 4                                               | 3                                               | 1                                               | 6                                               | 2                                               | 4                                               | 1                                               | 4                                               | 3                                               | 5                                               | 33                                              |
| 45-54                   | 1                                               | 2                                               | 5                                               | 2                                               | 2                                               | 1                                               | 2                                               | 0                                               | 1                                               | 1                                               | 17                                              |
| 55-64                   | 1                                               | 0                                               | 2                                               | 0                                               | 1                                               | 1                                               | 3                                               | 1                                               | 2                                               | 1                                               | 12                                              |
| 65 +                    | 2                                               | 0                                               | 1                                               | 1                                               | 0                                               | 2                                               | 0                                               | 0                                               | 1                                               | 2                                               | 9                                               |
| Not Avail               | 0                                               | 1                                               | 1                                               | 0                                               | 0                                               | 0                                               | 0                                               | 1                                               | 0                                               | 0                                               | 3                                               |
| **Income**              |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |                                                 |
| < 20 k                  | 0                                               | 3                                               | 0                                               | 2                                               | 1                                               | 0                                               | 3                                               | 1                                               | 10                                              |                                                 |                                                 |
| 20-34 k                 | 4                                               | 1                                               | 2                                               | 4                                               | 2                                               | 1                                               | 3                                               | 2                                               | 19                                              |                                                 |                                                 |
| 35-49 k                 | 5                                               | 1                                               | 1                                               | 1                                               | 3                                               | 5                                               | 3                                               | 3                                               | 22                                              |                                                 |                                                 |
| 50-74 k                 | 0                                               | 2                                               | 3                                               | 2                                               | 1                                               | 2                                               | 1                                               | 3                                               | 14                                              |                                                 |                                                 |
| 75-99 k                 | 0                                               | 0                                               | 1                                               | 1                                               | 0                                               | 0                                               | 0                                               | 0                                               | 2                                               |                                                 |                                                 |
| 100-125k                | 0                                               | 1                                               | 1                                               | 0                                               | 1                                               | 0                                               | 0                                               | 0                                               | 3                                               |                                                 |                                                 |
| 126 k +                 | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               |                                                 |                                                 |
| Refused                 | 1                                               | 1                                               | 1                                               | 0                                               | 0                                               | 1                                               | 0                                               | 1                                               | 5                                               |                                                 |                                                 |
| Not Avail               | 0                                               | 1                                               | 1                                               | 0                                               | 0                                               | 0                                               | 0                                               | 0                                               | 2                                               |                                                 |                                                 |
| **Avg. HH size**        | 4                                               | 2.4                                             | 2.8                                             | 3.4                                             | 2.6                                             | 2.9                                             | 2.5                                             | 4.9                                             | 3.8                                             | 3.3                                             | 3.3                                             |                                                 |

A-3
If a potential participant met the criteria for a group, they were asked to attend. Those agreeing to participate were given the time and location of the meeting and told they could expect a confirmation letter within the next 2 days. Within 2 days of recruitment, confirmation letters with a map to the meeting were sent. In some cases Federal Express was used to assure delivery of the information prior to the session. The night before the focus group, each participant was called to (1) remind them of the time and location of the group; and (2) to confirm that they would be attending. Between 15 and 20 customers were recruited for each group to assure that 8-10 people actually attended.

All but one of the groups were held at 6 p.m. The Milwaukee urban group was held at 8 p.m. Group size was limited to 10 participants. To limit the total to 10, extra potential participants were paid incentives but were asked to leave prior to the focus group. A light meal (e.g., sandwiches, chips, salads) was provided to participants prior to the group. The actual focus groups lasted between 90 and 105 minutes. A total of 95 customers participated in the residential focus groups.

Small Commercial and Industrial

Location of groups. Three small commercial and industrial customer focus groups were held between August 29 and August 31, 1995. The small commercial and industrial customers were combined into a single focus group because we anticipated that these small customers’ concerns would be more related to size than business type. Medium commercial and medium industrial customer issues were addressed in separate groups because we thought business type might be a greater factor affecting these customers’ concerns. The focus group locations and target populations are outlined in Table A.3.

<table>
<thead>
<tr>
<th>Location</th>
<th>Date</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eau Claire</td>
<td>Tuesday, August 29</td>
<td>Small commercial and industrial</td>
</tr>
<tr>
<td>Madison</td>
<td>Wednesday, August 30</td>
<td>Medium commercial</td>
</tr>
<tr>
<td>Milwaukee</td>
<td>Thursday, August 31</td>
<td>Medium industrial</td>
</tr>
</tbody>
</table>
Sampling. Dun & Bradstreet’s Lotus Marketplace was used to identify the population of customers within the specified geographical area that met the size and business type criterion for the group. The Eau Claire group was designed to target small customers, both commercial and industrial. The Madison and Milwaukee groups targeted medium customers, commercial and industrial, respectively. The initial criterion used to define medium was 50 to 200 employees. However, during recruitment we found few customers of this size that make energy related decisions at the sampled location. As a result, the minimum employment criterion was reduced to 30 employees.

**Madison:** The geographical area included Madison zip codes as well as zip codes for the communities of Black Earth, Blue Mounds, Mazomanie, McFarland, Middleton, Oregon, Stoughton, Sun Prairie, Verona, Waunakee, and Windsor. Only non-manufacturing (i.e., commercial) businesses with 30-200 employees were included.

**Milwaukee:** The geographical area included all zip codes in Milwaukee. Only manufacturing (i.e., industrial) businesses with 30-200 employees were included.

**Eau Claire:** The geographical area included Eau Claire zip codes as well as zip codes for the communities of Altoona, Cadott, Chippewa Falls, Elk Mound, Fairchild, Fall Creek, and Menomonie. Both manufacturing and non-manufacturing (i.e., commercial and industrial) businesses with 25 or less employees were included.

Recruitment Procedures. Small commercial and industrial customers were recruited by telephone approximately 7-10 days before each group. Identifying the person(s) responsible for financial decisions about company operations, including how the company purchases and uses electricity, was the initial task in the recruitment effort. During the telephone conversation, individuals meeting this criterion were (1) informed that they would receive a $75 incentive for attending the group; and (2) asked a number of questions about their firm and energy decision-making within the firm.

Participants were recruited so that the groups included a mix of business types within the criteria outlined above (under sampling). For the Madison group, we recruited customers from both investor owned and municipal utilities. For the Eau Claire group we recruited customers from investor owned utilities, municipal utilities, and electric cooperatives. While no single group had a complete mix of customer with these attributes, the three groups combined included all types of small and medium commercial and industrial customers. The small and medium commercial and industrial focus group recruitment scripts are included in Appendix C. The characteristics of the 26 small and medium commercial and industrial customers that participated in the 3 groups are outlined in Tables A.4-A.6.
## PUBLIC OPINION ON RESTRUCTURING

### Table A.4  Eau claire small commercial and industrial focus group participants

<table>
<thead>
<tr>
<th>Business type</th>
<th>SIC code</th>
<th>Location</th>
<th>Number of employees</th>
<th>Profit/nonprofit</th>
<th>Utility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>86</td>
<td>Eau Claire</td>
<td>6</td>
<td>Nonprofit</td>
<td>NSP</td>
</tr>
<tr>
<td>Restaurant/hotel</td>
<td>58</td>
<td>Eau Claire</td>
<td>10</td>
<td>Profit</td>
<td>NSP</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>35</td>
<td>Eau Claire</td>
<td>12</td>
<td>Profit</td>
<td>ECEC*</td>
</tr>
<tr>
<td>Retail/wholesale</td>
<td>57</td>
<td>Chippewa Falls</td>
<td>1</td>
<td>Profit</td>
<td>Dunn</td>
</tr>
<tr>
<td>Retail/wholesale</td>
<td>76</td>
<td>Chippewa Falls</td>
<td>3</td>
<td>Profit</td>
<td>ECEC</td>
</tr>
<tr>
<td>Social services</td>
<td>86</td>
<td>Eau Claire</td>
<td>16</td>
<td>Nonprofit</td>
<td>ECEC</td>
</tr>
<tr>
<td>Retail/wholesale</td>
<td>51</td>
<td>Cadott</td>
<td>2</td>
<td>Profit</td>
<td>ECEC</td>
</tr>
<tr>
<td>Office</td>
<td>65</td>
<td>Eau Claire</td>
<td>5</td>
<td>Profit</td>
<td>NSP</td>
</tr>
<tr>
<td>Restaurant/hotel</td>
<td>58</td>
<td>Chippewa Falls</td>
<td>3</td>
<td>Profit</td>
<td>NSP</td>
</tr>
<tr>
<td>Social services</td>
<td>86</td>
<td>Eau Claire</td>
<td>8</td>
<td>Nonprofit</td>
<td>NSP</td>
</tr>
</tbody>
</table>

*Eau Claire Electric Cooperative

### Table A.5  Madison medium commercial focus group participants

<table>
<thead>
<tr>
<th>Business type</th>
<th>SIC code</th>
<th>Location</th>
<th>Number of employees</th>
<th>Profit/nonprofit</th>
<th>Utility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>50</td>
<td>DeForest</td>
<td>83</td>
<td>Profit</td>
<td>WP&amp;L</td>
</tr>
<tr>
<td>Restaurant/bar</td>
<td>58</td>
<td>Madison</td>
<td>55</td>
<td>Profit</td>
<td>MG&amp;E</td>
</tr>
<tr>
<td>Social</td>
<td>83</td>
<td>Madison</td>
<td>63</td>
<td>Nonprofit</td>
<td>MG&amp;E</td>
</tr>
<tr>
<td>Retail</td>
<td>52</td>
<td>Madison</td>
<td>60</td>
<td>Profit</td>
<td>MG&amp;E</td>
</tr>
<tr>
<td>Office</td>
<td>65</td>
<td>Madison</td>
<td>175</td>
<td>Profit</td>
<td>MG&amp;E</td>
</tr>
<tr>
<td>Medical</td>
<td>80</td>
<td>Madison</td>
<td>175</td>
<td>Profit</td>
<td>MG&amp;E</td>
</tr>
<tr>
<td>Medical</td>
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<td>Madison</td>
<td>105</td>
<td>Profit</td>
<td>WP&amp;L</td>
</tr>
<tr>
<td>Restaurant/bar</td>
<td>58</td>
<td>Waunakee</td>
<td>32</td>
<td>Profit</td>
<td>Waunakee</td>
</tr>
<tr>
<td>Office</td>
<td>41</td>
<td>Madison</td>
<td>30</td>
<td>Profit</td>
<td>MG&amp;E</td>
</tr>
<tr>
<td>Wholesale</td>
<td>50</td>
<td>DeForest</td>
<td>30</td>
<td>Profit</td>
<td>MG&amp;E</td>
</tr>
</tbody>
</table>
Table A.6  Milwaukee medium industrial focus group participants

<table>
<thead>
<tr>
<th>Business type</th>
<th>SIC code</th>
<th>Location</th>
<th>Number of employees</th>
<th>Profit/nonprofit</th>
<th>Utility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food/kindred</td>
<td>20</td>
<td>Milwaukee</td>
<td>125</td>
<td>Profit</td>
<td>WEPCo</td>
</tr>
<tr>
<td>Fab metal</td>
<td>34</td>
<td>Milwaukee</td>
<td>200</td>
<td>Profit</td>
<td>WEPCo</td>
</tr>
<tr>
<td>Fab metal</td>
<td>34</td>
<td>Milwaukee</td>
<td>50</td>
<td>Profit</td>
<td>WEPCo</td>
</tr>
<tr>
<td>Electronic</td>
<td>36</td>
<td>Milwaukee</td>
<td>75</td>
<td>Profit</td>
<td>WEPCo</td>
</tr>
<tr>
<td>Paper</td>
<td>26</td>
<td>Milwaukee</td>
<td>80</td>
<td>Profit</td>
<td>WEPCo</td>
</tr>
<tr>
<td>Rubber</td>
<td>30</td>
<td>Milwaukee</td>
<td>180</td>
<td>Profit</td>
<td>WEPCo</td>
</tr>
</tbody>
</table>

Large Commercial and Industrial

*Location of Organizations.* Thirty-two employees, representing fourteen large commercial and industrial customers from across Wisconsin, participated in the in-depth interviews between August 28 and September 14, 1995. Five of the fourteen organizations are located in Southeastern Wisconsin, four in Central or South Central Wisconsin, three in Northeastern Wisconsin, and two in Northwestern Wisconsin. Four of these organizations have a single location in Wisconsin, while most have between 2 and 10 locations in the state. Only two organizations have facilities they classified as “major” in other parts of Wisconsin while the remaining eight have some other facilities in the state. Nine of the fourteen organizations have at least 2 facilities outside of Wisconsin with four having more than 50 locations outside of Wisconsin.

*Sampling.* Four steps were involved in selecting the large commercial and industrial customer sample.

1. All organizations with 1,000 or more employees at a single location in Wisconsin were identified using Dun & Bradstreet’s Lotus Marketplace. This was the sample frame.

2. The electric utility serving each of the organizations’ locations was identified.

3. Each electric utility received the names of the organizations located in their service area and were asked to provide Opinion Dynamics with the name and telephone number of a contact person. Utilities were also asked to identify customers already participating in the restructuring process, or whose opinions regarding public utility restructuring are publicly available. Two customers were eliminated from the list based on these criteria.

4. A sample of 17 organizations, representing a mix of business types (e.g., manufacturing, service industry, non-profit, government) and geographical areas, were selected by ODC from the remaining population.
Recruitment Procedures. All 17 organizations sampled were contacted and a total of 14 interviews were completed. After receiving a verbal description of the study, respondents were asked to participate in an in-person interview at their facility. Participants were encouraged to include other individuals within their organization as they saw appropriate. Most participants received a confirmation letter which is included in Appendix E. Those that did not receive the confirmation letter either insisted that it was not necessary or agreed to a meeting too soon for a letter delivery.

Three organizations contacted did not participate in the study. One organization identified a conflict of interest because of on-going negotiations they were having with a utility to sell their generating capacity. Agreeing that the situation represented a conflict of interest, Opinion Dynamics declined to interview this participant. One respondent cancelled an interview due to an emergency and was unable to reschedule within the time frame of the project. The third organization repeatedly indicated interest in participation, but declined at the last minute. Because of this cancellation, 14 rather than the targeted 15 interviews were completed.

A breakdown, by basic business type, of participants in the depth interviews is illustrated in Table A.7.

<table>
<thead>
<tr>
<th>Business Type</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance/financial services</td>
<td>1</td>
</tr>
<tr>
<td>Retail chain</td>
<td>1</td>
</tr>
<tr>
<td>Hospital</td>
<td>2</td>
</tr>
<tr>
<td>Consumer product manufacturer</td>
<td>5</td>
</tr>
<tr>
<td>Commercial/industrial product manufacturer</td>
<td>3</td>
</tr>
<tr>
<td>Government</td>
<td>2</td>
</tr>
</tbody>
</table>

These large C&I customers use a mix of fuels in the product/service delivery process. A number of organizations generate at least some of their own electrical power, with a few generating a major portion of their electrical energy requirements. Customer reported peak demands ranged from 1-2 megawatts to over 40 megawatts. A number of customers with multiple locations did not know what the total demand at their facilities are while others did not wish to disclose this information. The organizations interviewed represented a mix of electrical load characteristics. They range in size from Wisconsin employment of 800 to over 7,000. Representatives interviewed within most organizations included department heads of purchasing/procurement and/or plant/facilities engineering. Specific employment figures by business type and specific standard industrial classification (SIC) codes are not presented in order to protect the confidentiality of respondents and their organization.
APPENDIX B:
Residential Recruitment Materials

Recruitment Script

Hello, my name is _____________. I’m from Opinion Dynamics, a research firm working with the Wisconsin Center for Demand Side Research. The Center, which is supported by the University of Wisconsin, the Public Service Commission, and electric utilities around the state, is interested in talking to people about some issues related to electricity. Are you one of the people in your household responsible for the electric bill?

Yes
No --------> Who would that be?
get person on the line and begin at the top

I am not trying to sell you anything. In fact, if you fit the criteria for participation in this study, you will get a $35 payment for attending a focus group discussion. I need to ask you a few questions to see if you would fit into our study group.

1. First, I would like to confirm that you live at ______________(address). (CIRCLE ONE NUMBER)
   1 Yes
   2 No [thank and terminate]

2. Do you own or rent your home? (CIRCLE ONE NUMBER)
   1 Own ------> Skip to Question 6
   2 Rent
   3 Other (please describe:______________________________)

3. Is electricity included in your rent or do you pay a bill directly to your electricity provider? (CIRCLE ONE NUMBER)
   1 Included in rent [thank and terminate]
   2 Pay bill to utility

4. Which of the following best describes this home? (CIRCLE ONE NUMBER)
   1 Single-family detached home
   2 Row or townhouse (adjacent walls to another house)
   3 A multi-family structure with 2-4 units
   4 A multi-family structure with 5 or more units
   5 A mobile home or house trailer
5. Is your home within city limits, within a small town, located in a suburb outside of a city, or in a rural setting? (CIRCLE ONE NUMBER)
   1 Within city limits
   2 Within a small town
   3 Located in a suburb
   4 Rural

6. Is electricity provided to your household by a municipal utility (run by the town or city in which you live), by an electric cooperative or by an investor owned utility? (CIRCLE ONE NUMBER)
   1 Municipal utility
   2 Electric cooperative
   3 Investor owned utility
   4 (Don’t know)

7. From which utility do you get electricity?
   1 Madison Gas and Electric (MG&E)
   2 Northern States Power (NSP)
   3 Wisconsin Electric (WE or WEPCo)
   4 Wisconsin Power and Light (WP&L)
   5 Wisconsin Public Service Company (WPSC)
   6 Menasha Utilities
   7 Kaukauna Electric and Water Department
   8 Other
   9 (Don’t know)

8. How many people live in this house 9 or more months per year? (FILL IN THE BLANKS)

   _______ people in household

9. What is the your households approximate total annual income before taxes - Is it (CIRCLE ONE NUMBER)
   1 less than $20,000
   2 $20,000 to $34,999
   3 $35,000 to $49,999
   4 $50,000 to $74,999
   5 $75,000 to $99,999
   6 $100,000 to $125,000
   7 greater then $125,000
   8 Refused
10. How old are you? (CIRCLE ONE NUMBER)
   1  Between 18 and 25 years old
   2  25 to 34 years old
   3  35 to 44 years old
   4  45 to 54 years old
   5  55 to 64 years old
   6  65 years or older

11. Record Sex
   1  Female
   2  Male

We are planning on holding the discussion groups on [day], [date] [time] in the evening at [facility name] located in ___________________. The group will take approximately 2 hours. During that time we will ask you for your views on various issues related to electricity and electricity providers. We are providing participants in the group a snack, as well as a $35 incentive for taking the time to participate.

How long would it take you to get to ________________ [location]? (driving time) 
   __________ minutes

Would you be able to attend that evening? (CIRCLE ONE NUMBER)
   1  No[thank and terminate]
   2  Yes

I will be sending you a confirmation letter which will include directions to __________. Since we are only inviting a small group of people to attend the discussion it is important that you show up. If an emergency occurs and you are unable to attend, please let us know. It is also important that you are the only person from your household attending the group.

I would like to confirm the spelling of your name and the address to which the letter should be sent.

[CONFIRM INFORMATION BELOW]
   NAME: ______________________________________________
   STREET (FOR MAIL): _____________________________________________
   CITY: ________________________ ZIP CODE ______________
   Telephone Number: _______________________________________________

Thank you for agreeing to participate in this study.
Dear NAME,

Thank you for your commitment to participate in our focus group discussion on electricity issues. We are very interested in hearing what people like you have to say about some important issues. Because only a limited number of individuals have been invited to attend, your participation is important.

The group will be held at LOCATION, on DAY, DATE at TIME. We have attached directions to this location.

Please be assured that we are not trying to sell anything. This is strictly a research study. The Wisconsin Center for Demand Side Research is funding this study to find out how residential customers feel about some electric utility issues. As a token of our appreciation for your participation you will receive $35. We will also be serving sandwiches during the meeting.

We have hired Opinion Dynamics Corporation to conduct this research. If problems arise and you cannot attend the group, please call Dianna Leifson at Opinion Dynamics at (1-800-966-1254). If you have any questions about the study feel free to call me at (1-608-238-4601).

Sincerely,

John Peloza
Project Manager
Appendix C: Small and Medium C&I Recruitment Materials

Recruitment Scripts

Eau Claire, Small Commercial & Industrial

Hello, my name is _____________. I’m from Opinion Dynamics, a research firm working with the Wisconsin Center for Demand-Side Research. The Center, which is supported by the University of Wisconsin, the Public Service Commission, and electric utilities around the state, is interested in talking to businesses in Wisconsin about some issues related to electricity. I would like to speak to the person who is most responsible for financial decisions about company operations, including how your company buys and uses electricity. Are you the correct person?
   Yes
   No --------> Who would that be?
   get person on the line and begin at the top

I am not trying to sell you anything. In fact, if you fit the criteria for participation in this study, you will get a $75 payment for attending a focus group discussion. I need to ask you a few questions to see if you would fit into our study group.

1. First, I would like to confirm that your business is located at ______________(address) . (CIRCLE ONE NUMBER)
   1 Yes
   2 No[thank and terminate]

2. How many employees work at this address? ________
   [if more than 25, thank and terminate]

3. Is electricity included in your rent or do you pay a bill directly to your electricity provider? (CIRCLE ONE NUMBER)
   1 Included in rent [thank and terminate]
   2 Pay bill to utility

4. Are decisions about electric use and energy-using equipment made at that address, or at another location?
   1 Decisions made at local address
   2 Decisions made at another location[thank and terminate]

5. Is your organization a for-profit or not-for-profit?
   1 For profit
   2 Not-for-profit
PUBLIC OPINION ON RESTRUCTURING

6. Which of the following best describes the main business activities at your business? (CIRCLE ONE NUMBER)
   1 Grocery or supermarket [Quota=1]
   2 Retail or wholesale sales [Quota=1]
   3 Restaurant or hotel [Quota=1]
   4 Office [Quota=1]
   5 Health services (not for profit)
   6 Social services (not for profit) [Quota for categories 5-6=4]
   7 Other [SPECIFY] ________________________
   8 Manufacturing [Quota=5]
   [TOTAL RECRUITED=13]

7. Is your business within city limits, within a small town, located in a suburb outside of a city, or in a rural setting? (CIRCLE ONE NUMBER)
   1. Within city limits
   2. Within a small town
   3. Located in a suburb
   4. Rural

8. Is electricity provided to your business by a municipal utility (run by the town or city in which you live), by an electric cooperative or by an investor owned utility? (CIRCLE ONE NUMBER)
   1 Municipal utility
   2 Electric cooperative
   3 Investor owned utility
   4 (Don’t know)

9. From which utility do you get electricity?
   1.Northern States Power (NSP)
   2.Eau Claire Electric Cooperative
   3.Clark Electric Cooperative
   4.Dunn County Electric Cooperative
   5.Cadott Municipal
   6.Chippewa Valley Electric Cooperative
   7.Other
   8.(Don’t know)

We are planning on holding the discussion groups on Tuesday, August 29 at 6 PM at [facility name] located in Eau Claire. The group will take approximately 2 hours. During that time we will ask you for your views on various issues related to electricity and electricity providers. We are providing participants in the group a light dinner, as well as a $75 incentive for taking the time to participate.

How long would it take you to get to ________________ [location]? (driving time) __________ minutes [if greater than 30 minutes, terminate]
Appendix C

Would you be able to attend that evening? (CIRCLE ONE NUMBER)
1 No [thank and terminate]
2 Yes

I will be sending you a confirmation letter which will include directions to ___________. Since we are only inviting a small group of people to attend the discussion it is important that you show up. If an emergency occurs and you are unable to attend, please let us know. It is also important that you are the only person from your business attending the group.

I would like to confirm the spelling of your name and the address to which the letter should be sent. [CONFIRM INFORMATION BELOW]

NAME: ______________________________________________
COMPANY: __________________________________________
STREET (FOR MAIL):____________________________________
CITY: ____________________________ ZIP CODE__________________
Telephone Number: ____________________________________________

Thank you for agreeing to participate in this study.

**Madison, Medium Commercial**

Hello, my name is _____________. I’m from Opinion Dynamics, a research firm working with the Wisconsin Center for Demand-Side Research. The Center, which is supported by the University of Wisconsin, the Public Service Commission, and electric utilities around the state, is interested in talking to businesses in Wisconsin about some issues related to electricity. I would like to speak to the person who is most responsible for financial decisions about company operations, including how your company buys and uses electricity. Are you the correct person?
Yes
No
Who would that be?
get person on the line and begin at the top

I am not trying to sell you anything. In fact, if you fit the criteria for participation in this study, you will get a $75 payment for attending a focus group discussion. I need to ask you a few questions to see if you would fit into our study group.

1. First, I would like to confirm that your business is located at ______________(address). (CIRCLE ONE NUMBER)
   1 Yes
   2 No [thank and terminate]

2. How many employees work at this address? ________
   [if fewer than 50 or more than 200, thank and terminate; that is, we want companies with 50 to 200 employees]
3. Is electricity included in your rent or do you pay a bill directly to your electricity provider? *(CIRCLE ONE NUMBER)*
   1 Included in rent [thank and terminate]
   2 Pay bill to utility

4. Are decisions about electric use and energy-using equipment made at that address, or at another location?
   1 Decisions made at local address
   2 Decisions made at another location [thank and terminate]

5. Is your organization a for-profit or not-for-profit?
   1 For profit
   2 Not-for-profit

6. Which of the following best describes the main business activities at your business? *(CIRCLE ONE NUMBER)*
   1 Grocery or supermarket [Quota=1]
   2 Retail sales [Quota=2]
   3 Wholesale sales [Quota=1]
   4 Restaurant or bar [Quota=1]
   5 Office [Quota=2]
   6 Hotel [Quota=1]
   7 Personal services [Quota=1]
   8 Business service [Quota=1]
   9 Health services [Quota=2]
   10 Social services [Quota=1]
   12 Manufacturing [thank and terminate]
   11 Other [SPECIFY]
   [TOTAL RECRUITED=13]

7. Is your business within city limits, within a small town, located in a suburb outside of a city, or in a rural setting? *(CIRCLE ONE NUMBER)*
   1 Within city limits
   2 Within a small town
   3 Located in a suburb
   4 Rural

8. Is electricity provided to your business by a municipal utility (run by the town or city in which you live), by an electric cooperative or by an investor owned utility? *(CIRCLE ONE NUMBER)*
   1 Municipal utility
   2 Electric cooperative
3 Investor owned utility
4 (Don’t know)

9. From which utility do you get electricity?
   1 Madison Gas & Electric (MG&E)
   2 Wisconsin Power & Light (WP&L)
   3 Black Earth Municipal
   4 Blue Mounds Municipal
   5 Mazomanie Municipal
   6 Waunakee Municipal
   7 Sun Prairie Municipal
   8 Stoughton Municipal
   9 Other
   10 (Don’t know)

We are planning on holding the discussion groups on Wednesday, August 30 at 6 PM at [facility name] located in Madison. The group will take approximately 2 hours. During that time we will ask you for your views on various issues related to electricity and electricity providers. We are providing participants in the group a light dinner, as well as a $75 incentive for taking the time to participate.

How long would it take you to get to ______________ [location]? (driving time) 
__________ minutes [if greater than 30 minutes, terminate]

Would you be able to attend that evening? (CIRCLE ONE NUMBER)
   1 No[thank and terminate]
   2 Yes

I will be sending you a confirmation letter which will include directions to ____________. Since we are only inviting a small group of people to attend the discussion it is important that you show up. If an emergency occurs and you are unable to attend, please let us know. It is also important that you are the only person from your business attending the group.

I would like to confirm the spelling of your name and the address to which the letter should be sent. [CONFIRM INFORMATION BELOW]
   NAME: ______________________________________________
   COMPANY: ___________________________________________
   STREET (FOR MAIL):___________________________________
   CITY: ________________________ ZIP CODE________________
   Telephone Number: _______________________________________

Thank you for agreeing to participate in this study.
Milwaukee, Medium Industrial

Hello, my name is _____________. I'm from Opinion Dynamics, a research firm working with the Wisconsin Center for Demand-Side Research. The Center, which is supported by the University of Wisconsin, the Public Service Commission, and electric utilities around the state, is interested in talking to businesses in Wisconsin about some issues related to electricity. I would like to speak to the person who is most responsible for financial decisions about company operations, including how your company buys and uses electricity. Are you the correct person?

Yes
No ------> Who would that be?

get person on the line and begin at the top

I am not trying to sell you anything. In fact, if you fit the criteria for participation in this study, you will get a $75 payment for attending a focus group discussion. I need to ask you a few questions to see if you would fit into our study group.

1. First, I would like to confirm that your business is located at ______________(address) . (CIRCLE ONE NUMBER)
   1 Yes
   2 No[thank and terminate]

2. How many employees work at this address? ________
   [if fewer than 50 or more than 200, thank and terminate; that is, we want companies with 50 to 200 employees]

3. Is electricity included in your rent or do you pay a bill directly to your electricity provider? (CIRCLE ONE NUMBER)
   1 Included in rent [thank and terminate]
   2 Pay bill to utility

4. Are decisions about electric use and energy-using equipment made at that address, or at another location?
   1 Decisions made at local address
   2 Decisions made at another location[thank and terminate]

5. Which of the following best describes the main business activities at your business? (CIRCLE ONE NUMBER)
   1 Food and kindred products
   2 Textile mill products, or finished apparel
   3 Lumber and wood products, including furniture
   4 Paper and allied products
   5 Printing and publishing
   6 Chemicals and allied products
   7 Petroleum refining and related industries
   8 Rubber and miscellaneous plastic products
9 Leather and leather products
10 Stone, clay, glass, and concrete products
11 Fabricated metal products, except machinery and transportation equipment
12 Industrial and commercial machinery and computer equipment
13 Electronic and other electric equipment, except computers
14 Transportation equipment
15 Equipment for measuring, analyzing, controlling, photography, medical, optical, watches, and clocks
16 Other manufacturing industries
12 Non-manufacturing[thank and terminate]
[RECRUIT NO MORE THAN 2 FROM ANY MAJOR GROUP; TOTAL RECRUIT ED=13]

We are planning on holding the discussion groups on Thursday, August 31 at 7:30 AM at [facility name] located in Milwaukee. The group will take approximately 2 hours. During that time we will ask you for your views on various issues related to electricity and electricity providers. We are providing participants in the group a light breakfast, as well as a $75 incentive for taking the time to participate.

How long would it take you to get to _______________ [location]? (driving time)
__________ minutes [if greater than 30 minutes, terminate]

Would you be able to attend that morning? (CIRCLE ONE NUMBER)
1 No[thank and terminate]
2 Yes

I will be sending you a confirmation letter which will include directions to ___________. Since we are only inviting a small group of people to attend the discussion it is important that you show up. If an emergency occurs and you are unable to attend, please let us know. It is also important that you are the only person from your business attending the group.

I would like to confirm the spelling of your name and the address to which the letter should be sent. [CONFIRM INFORMATION BELOW]

NAME: ______________________________________________
COMPANY: __________________________________________
STREET (FOR MAIL): __________________________________
CITY: ____________________________ ZIP CODE____________
Telephone Number: _______________________________________ 

Thank you for agreeing to participate in this study.
Letter

[WISCONSIN CENTER FOR DEMAND-SIDE RESEARCH]
DATE
NAME
COMPANY
ADDRESS
CITY, STATE ZIP

Dear NAME,

Thank you for your commitment to participate in our focus group discussion on electricity issues. We are very interested in hearing what people like you have to say about some important issues. Because only a limited number of individuals have been invited to attend, your participation is important.

The group will be held at LOCATION on DAY, DATE at TIME. We have attached directions to this location.

Please be assured that we are not trying to sell anything. This is strictly a research study. The Wisconsin Center for Demand Side Research is funding this study to find out how residential customers feel about some electric utility issues. As a token of our appreciation for your participation you will receive $75. We will also be serving coffee and a light breakfast during the discussion.

We have hired Opinion Dynamics Corporation to conduct this research. If problems arise and you cannot attend the group, please call Dianna Leifson at Opinion Dynamics at (1-800-966-1254). If you have any questions about the study feel free to call me at (1-608-238-4601).

Sincerely,

John Peloza
Project Manager
Appendix D: Residential and Small C&I Focus Group Materials

Public Opinion on Restructuring of the Electric Utility Industry
Revised - August 21, 1995
Focus Group Discussion Guide

A. Warm Up

1. Thank participants for attending
2. Ground rules and purpose of the group
3. Introduction of participants
   a. First name, occupation if employed
   b. How long they have lived where they do - been served by current electric provider.

B. Experience with Electric Utility Providers and Discussion of Aspects of Electric Service

1. What experiences/interactions have you had with the electric provider? Why? What happened?
2. What do you think about your current electric utility service? [What do you like? dislike?]
3. What is important to you in electric service? [write them on flip charts]
   Probes:
   - price
   - reliability - outages
   - quality - surges, dips, etc
   - service repair - response to outages, speed of emergency repairs
   - someone to answer the telephone
   - safety
   - accessibility - available to all customers regardless of ability to pay
   - power lines available at rural locations
   - uniformity in price over time and space
   - conservation programs
   - other programs
   - how it is generated - nuclear, coal, wind, solar, etc.
   - environmental effects of generation - level of emissions
   - who generates it - location of provider
   - choice of providers
   [consolidate list with group into nonredundant categories]
C. General Deregulation Discussion

1. Has anybody heard about electric utility deregulation? What have you heard? (Briefly discuss without providing information.) What do you think of deregulation?

2. What did you like or dislike about deregulation of other industries? How have your attitudes toward deregulation of other industries changed over time? [probe - telephone, airlines, banking (trucking with c&i) and cable, if brought up]

3. How does the electric industry compare with other industries that have been deregulated? [probe for parallels with other industries and differences between this and other industries - telephone, airlines]

4. There are some proposals about the electric utility industry in which customers like you would choose who provides you with electric service.

   What do you think about choosing among providers of electricity? (What do you like about it - what don’t you like about it?)
   
   Advantages of choice
   Disadvantages of choice

D. Relative Importance Exercise

Now, let’s go back to the list of items that you think are important in electric service. You identified ___ items and we discussed several others. We are going to do an exercise.

First, we will review the aspects of electric service that we discussed before.

Next, I want you to pick up to 10 items that are most important to you and write them on the sheet that I will hand out. If fewer than 10 aspects are important to you, then write down only those that you think are important.

Next, I will give you 20 dots to put next to the items. The more dots you put next to something, the more important this aspect is to you. It is okay to list an item on your sheet and not place any dots, since by listing it you have indicated that it is important to you.

First I will go through an example that was done with features of an apartment. The aspects that were discussed are:

- number of bedrooms
- neighborhood
- garage or other off-street parking
- noise level on street
- walking distance from stores
- rent
type of flooring
school district
number of units in the building
easy access to major highway
number of bathrooms
size of yard
walking distance to a park

[This will be set up on a flip chart, and I will fill it out in front of them so they can see the process.]

Hand out blank focus group exercise sheet and dots.

Review instructions again.

First, decide which items are important to you.

You can choose up to 10.

Write them down in the left-hand boxes that are number.

Next, place the dots in the box to the right of the items to indicate how important that item is to you. The more dots the more important.

You do not have to give dots to everything you list. Because you listed the item you have indicated that it is at least somewhat important to you.

Please use all 20 dots.

If you have any questions while you are working on this exercise, feel free to ask. Once everyone gets going on the exercise I will leave the room for a couple of minutes.

[allow 5-10 minutes for doing exercise]
D. Relative Importance Exercise

Discussion of exercise

1. Okay, (call on a person). What did you give the most dots to? Why is that? Did anyone else give the most dots to this item? Why? Did anyone give this item the least amount of dots or not even list it? Why? Okay, some of you had it in the middle - why?

Continue discussion, working through the items. (However, discussion probably will not systematically go through entire list, since people will be comparing items to each other and some will get covered in discussion.)

[be sure to discuss items that respondents may take as given, such as safety]

2. Discuss trade-offs if not covered in above discussion.

E. Perceived Effects of Deregulation on Different Groups

1. What do you think the effects of deregulation will be on different groups of electric utility customers? What do you think of these effects? [probe: like, dislike]

probes:
- you
- other residential customers
- low-income customers
- small businesses
- large or very large businesses - will this have any effect on jobs.
- farms

(Why do you say this?)

F. Discussion Wrap-up

Thank participants for attending

Focus Group Moderator’s Opening Presentation

Thank you for coming tonight.

My name is Bobbi Tannenbaum and I work for an independent research company called Opinion Dynamics. We have been hired the Wisconsin Center for Demand Side Research to find out what people think about some electric utility issues and changes that may be happening in the electric utility industry.
What we are going to do tonight is have a focus group. A focus group is a structured discussion to find out what people think about something. We do not expect everyone to agree on all that we talk about. We just want to hear what you have to say.

I want to let you know that the group is being audio and video taped, and that there are observers in another room watching the group.

My job is to moderate the discussion. I am not here to sell you anything or to convince you of a particular point of view.

I have a rather lengthy agenda that I need to get through, so one of my main tasks will be to keep you on topic so that the group does not go on for too long. I also want to make sure that I hear from everyone.

Please don’t take it personally if I cut you off to hear from someone else or to move the discussion along.

Feel free to talk to each other - in other words you don’t have to direct all your comments to me. However, only one person should be talking at a time so we can all hear what you have to say.

Does anybody have any questions?

Okay, let’s get started. Why don’t we go around the room and introduce ourselves. Please give us your

first name,

where you live, how long you’ve lived there,

who your electric utility is and

if you work, a short description of what you do for a living.

Group Desc. Date ____/____/95
Confidentiality Statement and Release

By my signature, I agree to keep confidential all information discussed in this session. I will not disclose to others the content of any material exposed to me during the discussion.

I understand that the discussion will be audio and video taped for research purposes only. My name or my company’s name (if applicable) will not be associated with my comments.

I release all present and future rights that I may have to the use of my comments, ideas or suggestions, as expressed in this group.

[Space for names and signatures]

Dot Exercise

List up to 10 aspects of electric service that you think are important.

Place dots in the box next to the aspects that you think are most important. The more dots, the more important you think this aspect is.

You do not have to give dots to everything you list. You have 20 dots to place on the page. Please use all of them.

<table>
<thead>
<tr>
<th>Aspect</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
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<tr>
<td>4.</td>
</tr>
<tr>
<td>5.</td>
</tr>
<tr>
<td>6.</td>
</tr>
<tr>
<td>7.</td>
</tr>
<tr>
<td>8.</td>
</tr>
<tr>
<td>9.</td>
</tr>
<tr>
<td>10.</td>
</tr>
</tbody>
</table>
Appendix E: Large C&I Interview Material

Public Opinion on Restructuring of the Electric Utility Industry

August 21, 1995

Discussion Guide for Interviews with Large Commercial/Industrial Customers

A. Introduction

1. Purpose of interview

2. Firmographics: industry, types of activities at this location, number of employees, number of locations, location of headquarters

3. Title/Responsibilities of interviewee(s)

B. Attributes of Electric Service

1. How much interaction do you have with your current electric provider? (Probe: how much contact, how do you communicate, interruptible rates, transmission access, rate agreements/negotiations)

2. What elements of electric service are important to your company?

Probe:

- Current price
- Long-term price
- Reliability
- Power quality
- Emergency service
- Professional expertise in solving energy problems
- Safety
- Personal service—someone to answer the phone, knowing your rep, getting issues resolved in a timely manner
- Information and feedback about usage that helps you control your own energy bills
- Conservation programs
- Environment
- Long-term availability of electricity
C. Electric Utility Restructuring

1. Have you heard about electric utility restructuring? What have you heard?

2. Does your company have any plans/strategies in the event of industry restructuring? What do those plans/strategies consist of?

3. Has your company been involved in or affected by the restructuring of other industries? (Probe: natural gas, telephone, trucking)

4. What experiences has your company had? (Probe: negative/positive)

5. Has your company’s experience with other industries undergoing deregulation affected your expectations or plans for dealing with electric utility restructuring? In what way?

6. What do you think about choosing among electric providers? [probe: What do you like about this? What do you dislike about this?]

7. If you were choosing among electric providers, which elements discussed above would be most important in your selection? Which would be somewhat important? Which would not be important at all? Why do you say this? [PROBE FOR TRADEOFFS]

D. Perceived Effects of Deregulation on Different Groups

1. What do you think the effects of deregulation will be on different groups of electric utility customers? What do you think of these effects? [PROBE: Like/Dislike]
   - Your company or organization
   - Industrial
   - Commercial
   - Residential
   - Low-Income

E. Decision Making

1. Who in your organization would be or has been responsible for developing policies for responding to changes in the electric utility industry? (Probe: Local staff, regional staff, national staff)

2. Who in your organization would be responsible for carrying out these policies?

3. Who would be responsible for day-to-day energy operations?
Letter

[OPINION DYNAMICS CORPORATION LETTERHEAD]

DATE
NAME
COMPANY
ADDRESS
CITY, STATE ZIP

Dear NAME,

Thank you for agreeing to meet with me to discuss issues associated with the electric utility industry in Wisconsin. As we discussed, I will meet with you on DATE at TIME.

This project, initiated by the Public Service Commission of Wisconsin, is part of a larger process to examine issues related to possible changes in the structure of the electric utility industry. Opinion Dynamics has been hired to assess electric utility customers’ attitudes toward and opinions about aspects of electric service and about possible changes to the electric utility industry. Our work is funded through the Wisconsin Center for Demand-Side Research, a non-profit organization supported by the University of Wisconsin, the state’s electric and gas utilities, and the Public Service Commission of Wisconsin.

Your name and the name of your organization will be kept strictly confidential by Opinion Dynamics. If there are others within your organization that you feel should participate in our discussion please feel free to include them.

I look forward to talking with you.

Sincerely,

Rick G. Winch

Senior Consultant

P.S.If you have any additional questions, or need to reschedule our meeting, feel free to call me at (608) 276-9880. If I am not in please leave a message and I will get back to you within a day.
Table F.1 Residential Focus Group Attribute Rankings – Low-Income Groups*

<table>
<thead>
<tr>
<th>Importance</th>
<th>Attribute</th>
</tr>
</thead>
<tbody>
<tr>
<td>First tier</td>
<td>Price</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Second tier</td>
<td>Reliability</td>
</tr>
<tr>
<td></td>
<td>Accessibility to all</td>
</tr>
<tr>
<td></td>
<td>Safety</td>
</tr>
<tr>
<td></td>
<td>Power quality</td>
</tr>
<tr>
<td>Third tier</td>
<td>Environment/how generated</td>
</tr>
<tr>
<td></td>
<td>Prompt emergency repair</td>
</tr>
<tr>
<td></td>
<td>Customer service</td>
</tr>
<tr>
<td></td>
<td>Location</td>
</tr>
<tr>
<td></td>
<td>Energy efficiency programs</td>
</tr>
<tr>
<td></td>
<td>Research and development</td>
</tr>
<tr>
<td></td>
<td>Who generates the electricity</td>
</tr>
</tbody>
</table>

* These rankings are based on the results of an exercise to rate attributes of electric service. This table outlines results from participants in the two low-income residential focus groups. Attributes of electric service are placed into three tiers based on participant ratings of the items. This exercise was designed to be qualitative, and the results should be interpreted in that light. This information can be used to assess the relative importance of these items to participants in these two focus groups. It cannot be used to generalize about the population of low-income electric utility customers in Wisconsin.
### Table F.2 Residential Focus Group Attribute Rankings – General Population*

<table>
<thead>
<tr>
<th>Importance</th>
<th>Attribute</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>First tier</td>
<td>Price</td>
<td></td>
</tr>
<tr>
<td>Second tier</td>
<td>Reliability</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Power quality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prompt emergency repair</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer service</td>
<td>some groups included items in fourth tier under this general heading</td>
</tr>
<tr>
<td>Environment/how generated</td>
<td></td>
<td>definition of safety issues varied across groups – included items such as stray voltage, worker safety, environment, safety education</td>
</tr>
<tr>
<td>Safety</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy-efficiency programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third tier</td>
<td>Accessibility to all</td>
<td>some groups combined accessible to rural and low-income, others did not</td>
</tr>
<tr>
<td></td>
<td>Location of provider</td>
<td>some groups focused more on generation, others on headquarters, and others on where service calls go to</td>
</tr>
<tr>
<td></td>
<td>Consumer Education</td>
<td>education ranged from information on energy efficiency, safety, to rates and changes in the industry</td>
</tr>
<tr>
<td>Fourth tier</td>
<td>Research and development</td>
<td>R&amp;D topics ranged from alternative energy, more efficient forms of delivering energy, and some more esoteric ideas</td>
</tr>
<tr>
<td></td>
<td>Who generates the electricity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Price stability over time</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Choice of providers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quantity available</td>
<td>one group kept this items separate from reliability.</td>
</tr>
<tr>
<td></td>
<td>Line location</td>
<td></td>
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<tr>
<td></td>
<td>Easy to understand bills</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personal service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Size of company</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Size of power plant</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Who generates electricity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer friendliness/humane treatment</td>
<td>Some groups included these items under customer service. Other groups kept one</td>
</tr>
<tr>
<td></td>
<td>Buried lines</td>
<td>one or more as separate attributes</td>
</tr>
<tr>
<td></td>
<td>Fast hook-up</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Alternative energy sources</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Easy/efficient metering</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Thorough collection of bills</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Civic minded company</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Good planning for future needs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Budget billing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Selling stock to customers</td>
<td></td>
</tr>
</tbody>
</table>

*Note: The table includes a list of attributes ranked by importance in four tiers. The discussion column provides additional context for each attribute, highlighting the diversity of opinions and concerns across different groups. The table is a snapshot of public opinion on restructuring in the context of residential focus groups, emphasizing the importance of reliability, price, and other factors related to energy services and customer satisfaction.
* These rankings are based on the results of an exercise to rate attributes of electric service. This table outlines the results from participants in eight residential focus groups. Attributes of electric service are placed into four tiers based on participant ratings of the items. Items in the fourth tier were discussed in some, but not all of the focus groups. In some groups these items were consolidated with other items. This exercise was designed to be qualitative, and the results should be interpreted in that light. This information can be used to assess the relative importance of these items to participants in these focus groups. It cannot be used to generalize about the population of residential utility customers in Wisconsin.