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ACSI: Energy Utilities Continue Slide in Customer Satisfaction; Health Care Up, Shipping Down

ANN ARBOR, Mich., (May 11, 2016) – Energy utilities face serious challenges as customer satisfaction drops 3.2 percent to an ACSI score of 71.9 on a scale of 0 to 100, marking three straight years of contraction on the American Customer Satisfaction Index (ACSI).

"Utilities customers are sensitive to two things: price and disruption," says Claes Fornell, ACSI founder and Chairman. "Demand for energy is inelastic and nondiscretionary, meaning consumers have little choice but to pay regardless of price. While energy prices have been stable and have not increased dramatically, wages remain stagnant and monthly energy bills are a constant drain on disposable income. Consumers expect the lights to turn on and the A/C to work when they flip the switch. ACSI data suggests that consumers have reduced confidence in utilities' ability to respond and recover from outages."

Natural gas (75) holds its lead over electricity (72), though the margin in customer satisfaction narrows. Renewable energy sources like solar and wind are still too small a slice of the market to register in the ACSI, but could impact pricing and satisfaction as distributed rooftop solar shifts load off the grid, especially in sunny markets like California, Arizona and Nevada.

The ACSI report covers customer satisfaction with three energy utility categories (cooperative, investor-owned and municipal) and two health care service industries (hospitals and ambulatory care), along with consumer shipping and the mail services of the U.S. Postal Service (USPS).

Investor-Owned Utilities

Customer satisfaction is waning for most of the large investor-owned utilities, which fall 2.7 percent as a group to an ACSI score of 72. The top scorers are natural gas suppliers, but their lead diminishes. Atmos Energy and CenterPoint Energy both decline by 6 percent to 77 and 76, respectively. Southern Company and NextEra Energy also come in at 76, though each slip 1 percent.

Natural gas and electricity provider WEC Energy is included for the first time this year, posting an ACSI score of 75. National Grid, appearing in the ACSI for the first time since 2010, registers a score of 71.

Across all energy utilities, only three companies improve their ACSI score. PG&E edges up 1 percent to 72, matching the industry average along with Ameren, Berkshire Hathaway Energy and DTE Energy. Consolidated Edison gains 4 percent to 71 and Exelon is up 1 percent to 70, tying American Electric Power, Duke Energy and Entergy.

FirstEnergy goes down the most, tumbling 13 percent to 69 amid rate hikes to subsidize aging coal and nuclear plants. Pepco Holdings also comes in at 69, following a 4-percent drop. Public Service Enterprise Group at 68 and Eversource Energy at 65 round out the bottom of the category.

Municipal Utilities

Municipal utilities overall decline 6.8 percent to an ACSI score of 68, weighed down by a sharp decline in customer satisfaction with smaller municipal utilities, which make up the majority of the category. All of the three largest municipal utilities also deteriorate from a year ago.

The Salt River Project (SRP) tops the municipal category for a sixth straight year despite a 4-percent drop to 77. CPS Energy is next at 72 (-6%), followed by the combined score for all other smaller municipal utilities, which dives 7 percent to 68. At the bottom of the category, the Los Angeles Department of Water & Power (LADWP) is down 1 percent to 67.

Cooperative Utilities

Customer satisfaction with smaller rural electric cooperatives recedes 5.0 percent to an ACSI score of 76. Nevertheless, cooperatives still do better than investor-owned and municipal utilities. Touchstone Energy Cooperatives stays ahead of the smaller electric utility cooperatives despite slipping 4 percent to 77. The gap between Touchstone and the competition widens as all other smaller cooperatives plunge 8 percent to 72.

Health Care & Social Assistance

After two years of dropping scores, patient satisfaction rebounds 1.3 percent to an ACSI score of 76.1. Ambulatory care—which includes office visits to doctors, dentists, optometrists and mental health professionals—moves up 1.3 percent to 77. Hospital services also improve, increasing 1.4 percent to 75.

For hospitals, inpatient care has gotten worse, according to those who experience hospital stays (down from 78 to 74). However, the quality of outpatient hospital care continues to improve, rising 1 percent to 81. Hospital emergency rooms do better this year as well, up 5 percent to 67, but ER services remain the least satisfying form of patient care offered by hospitals nationwide.

Consumer Shipping

Customer satisfaction with shipping slips 1.2 percent to an ACSI score 80, its lowest level in more than a decade. FedEx maintains its industry lead, unchanged at 82 for a third year, while United Parcel Service (UPS) falls 2 percent to 80. The U.S. Postal Service's Express and Priority Mail delivery business, which competes with the two industry stalwarts, dips 1 percent to 74. Customer satisfaction with USPS regular mail services, however, jumps 5.8 percent to 73.

The full report is available for free download at http://www.theacsi.org/news-and-resources/customer-satisfaction-reports/reports-2016/acsi-utilities-shipping-and-health-care-report-2016.

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About ACSI

The American Customer Satisfaction Index (ACSI) is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States. The ACSI uses data from interviews with roughly 70,000 customers annually as inputs to an econometric model for analyzing customer satisfaction with more than 300 companies in 43 industries and 10 economic sectors, including various services of federal and local government agencies.

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

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