



Plan Today. Power Tomorrow. Research Findings

May 2009

Background

In mid 2008 the Board launched the PNUCC Communication Initiative and retained The Gilmore Research Group to investigate the publics' knowledge and perceptions of issues facing the Northwest utility industry. Their research focused on the region's power system and power-related issues to provide a foundation for a long-term communication plan. The result of this work is the *Plan Today. Power Tomorrow* project that was launched at the May 2009 PNUCC Board meeting.

The research results provide a regional baseline of data and perceptions to focus our messages as well as provide a tool with which to gauge the success of this utility industry educational communications effort. The results of the research will inform PNUCC members to help them tailor their messages to fit their target audiences by geographic locations and/or demographics.

The growing demand for electricity and the region's resource gap was our main focus. We also addressed issues related to topics such as:

- Utilities' efforts/plans to acquire resources and the associated costs
- Existing mix of resources
- Economic advantage in the Pacific Northwest
- Impacts of climate change legislation on electric power industry

The Work Effort

1. ***Phase I - Qualitative Research.*** In depth interviews (IDIs) with residents in four states that investigated the basic knowledge and level of concern of consumers were conducted in October 2008. This helped shape the questions for Phase II.
2. ***Phase II - Quantitative Survey.*** 500 regional households participated in a telephone survey. Questions solidify what was learned in Phase 1, tested possible messages and sought the public's general impression of the NW electric power industry. The survey was completed in mid-December.
3. ***Phase III – Message Development.*** In a January 2009 workshop a dozen key PNUCC member communicators reviewed research results, brainstormed possible regional challenges and solutions, and developed the umbrella strategy and regional messages. The outcome of the workshop was presented to the Board in February.

What follows are key findings from Phase II – Quantitative Survey research. The results of this survey were extremely consistent with the Phase I – Qualitative Survey (in-depth telephone interviews). Also highlighted are some key observations and the top eight conclusions from the research.

Quantitative Survey Methodology

The sample size for this study was chosen to provide sufficient input for statistical significance at the 90% confidence level or better. The sample size was 500, with 165 interviews each in Oregon and Washington and 100 interviews in Idaho and 70 interviews in Western Montana.

For this study, we adjusted the data through weighting to reflect actual populations in each of the areas. This allows us to accurately project responses to different configurations of the population within the four-state region.

Key Findings

The attached graphs and notes are from Donna Fitzpatrick's presentation to the Board in January 2009. After looking through the findings, the following observations were made.

- There is much disagreement among residents over the state of our energy supply and future demands.
- There is agreement that it's better to have clean, renewable energy but disagreement over whether we'll ever stop needing fossil fuels.
- There is even disagreement about whether renewables will (or should) cost more.
- While some residents are willing to pay more, others are not. Some of that has to do with shrinking pockets, some on principle.
- Among those who say they'll pay more, the in-depth interviews told us clearly that consumers don't expect to have to cover all the expense. To them, their fair share means a portion. Many expect the electricity industry (both utilities and 3rd party groups), and even government (largely through subsidies and tax breaks) to chip in.
- This general consumer disinterest in the production of electricity may be facing a perfect storm of converging factors including the recession, a desire to shrink dependence on foreign energy sources, the President's National Agenda, attention in the media and coverage in best selling books such as "Thomas Friedman's "Hot, Flat & Crowded."
- This is likely just the right time for PNUCCs membership to tell its story. More of its customers may be finally ready to listen.

Electric Eight Conclusions

Further analysis of the research results, discussion in the communicators' workshop and studying the implications of what we learned brought us to the the following eight conclusions. These bubbled to the top as the most compelling to influence the *Plan Today. Power Tomorrow* campaign name and the resulting key messages.

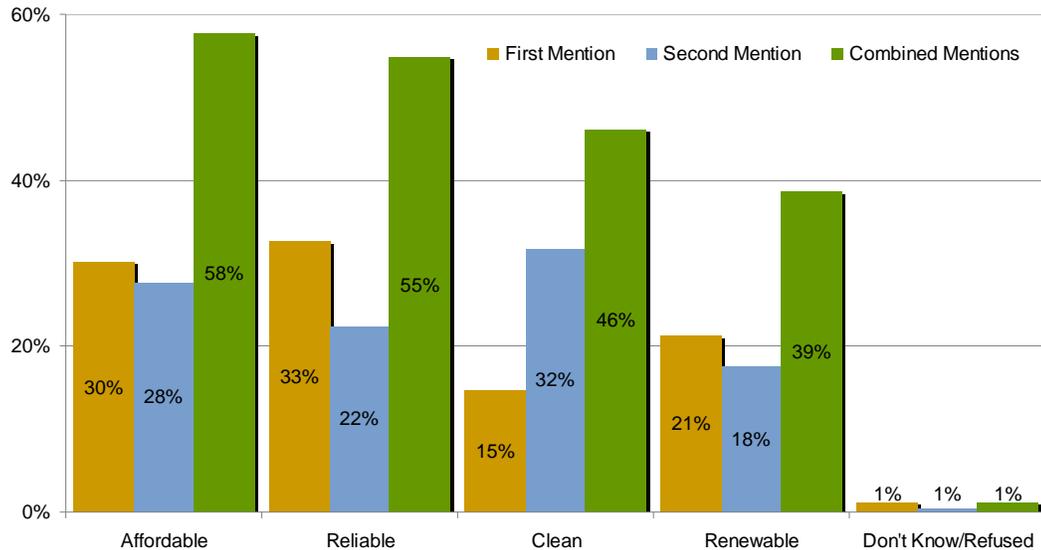
These eight conclusions are fondly referred to as the "Electric Eight" and they are as follows.

1. Customers take their electricity for granted. It's invisible and reliable. They only notice it when power is interrupted or when there a news announcement about a possible rate increase.
2. They believe most or even all electricity in the Northwest is already from renewable, clean sources. Hydropower, to them, is the prevailing source and it also represents the epitome of a renewable resource. They see it as clean, abundant and affordable.
3. Most don't take the predicted gap between supply and demand seriously. Few have experienced a brown-out. Others think it's media hype. Some are concerned but feel that the situation is manageable. Only a few think we're in trouble now.
4. Most are curious about alternative energy generation solutions, but feel that the good ideas, like water, wind and solar, have already been developed. They don't want their utilities to waste time and money on "unproven" approaches.
5. Since they've been taking their electric energy supply for granted, customers really haven't explored their own feelings about the idea of an energy gap. It is probably not something they talk about at home or at the office. And it's not something they have seen a lot of in the media. Therefore, no clear attitudinal, geographic or demographic patterns have emerged yet. On many electric-related issues, customers are just as likely to be for them as against them.
6. Customers have some concerns about their electric utility. While they feel their utility is extremely competent in maintaining current systems, they have doubts about their utility's ability to innovate. Furthermore, most customers have no idea about what their utility is planning, why that approach was chosen, and what it means for the individual customer. Finally, some customers are just wary about any discussions about higher prices. They've seen too many instances of corporate greed in the news and tend to be suspicious when organizations try to get more from their customers' wallets. Remember, we asked these questions late last year so it is likely there is even more customer wariness today.
7. Nonetheless, when presented with the argument that both existing infrastructure and alternative energy generation needs require significant investments, most customers accept that their electricity costs will increase. But they also think that they shouldn't be the only ones to shoulder the costs and, furthermore, most strongly believe that this is a short-term increase and costs should come down again soon. Many point to the fact that, after all, water, wind and sun are "free."
8. Customers want to be in control of their part of the experience. They strongly feel that combined energy conservation efforts can help offset new infrastructure costs and even population increases within their community. But aside from replacing light bulbs with CFLs and insulating their windows and walls, they aren't sure what else to do. Many want tangible information about managing their energy use and bringing down their costs.

Key Findings

Affordability, reliability are top needs.

Characterization of Electrical Service



Base: 500 (Weighted) Total Sample

Q7COMB/Q7B/Q7ALL: "Which of the following factors is most important to you when you think about your electricity service? If you had to choose, which would be most important? Which factor is second?" Multiple Mentions

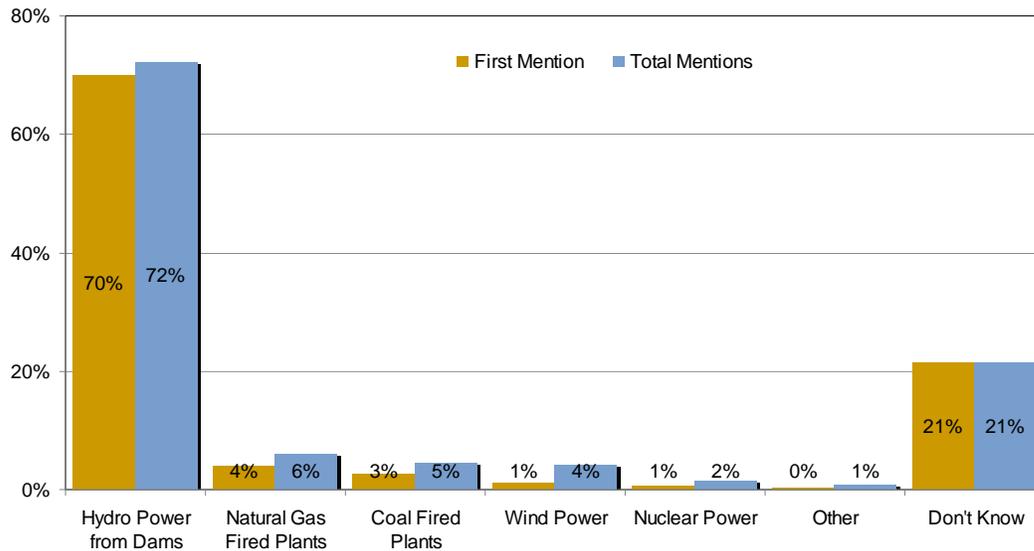
Key Findings

CONFIDENTIAL  2

- Those least affluent and those who most believe there will be enough/nearly enough energy in the future are most interested in affordability.
- Those who are most confident that renewables will provide sufficient energy supplies and will be cheaper than today focus on "clean."
- The younger the respondent, the more likely it is that he or she will point to renewable.

Most residents assume that their community's electricity comes predominately from hydro power.

Major Source of Electricity



Base: 500 (Weighted) Total Sample

Q1M1/Q1M1-1: "To the best of your knowledge, where does most of the electricity used in your community come from? By this I mean, how is it generated?" Multiple Mentions

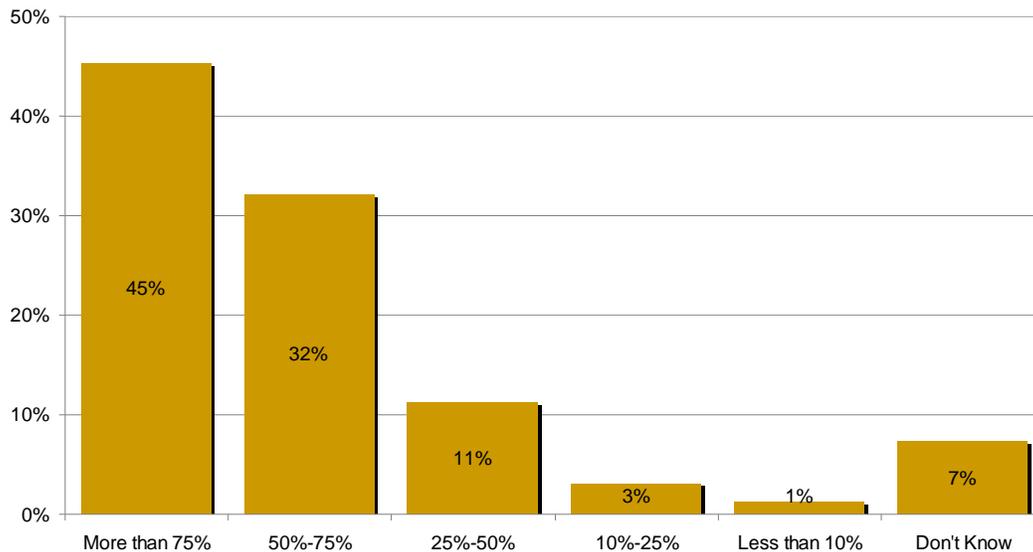
Key Findings

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- Residents of Washington were most likely to cite hydro. Also, the higher the income, the more likely to cite hydro.

Of those who think hydro is their major power source, 8 in 10 feel 50%+ of their power comes from it.

Perceived Portion from Hydro Power



Base: 361 (Weighted) Those who say hydro power is major source of their community's electricity.

Q2: "If you had to guess, what percentage of your electricity would you say comes from hydro power? Would you say..."

Key Findings

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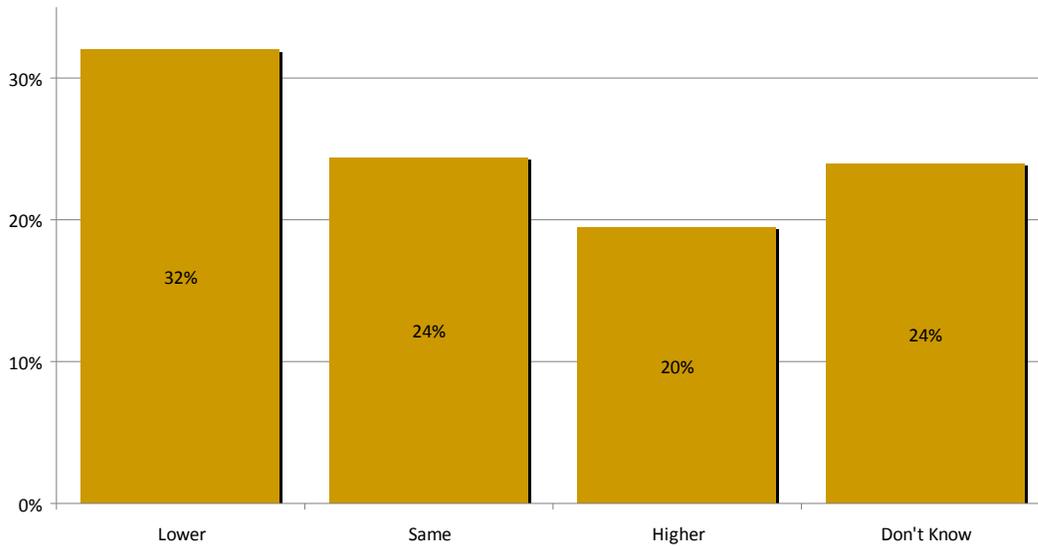


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- Males and residents east of the Cascades were most likely to think the amount was more than 75%.

Nearly 60% feel their rates are either the same or lower than in other US regions.

Perceived Rates



Base: 500 (Weighted) Total Sample

Q3: "Do you think the rates you currently pay for electricity are higher, about the same, or lower than rates in other parts of the country?"

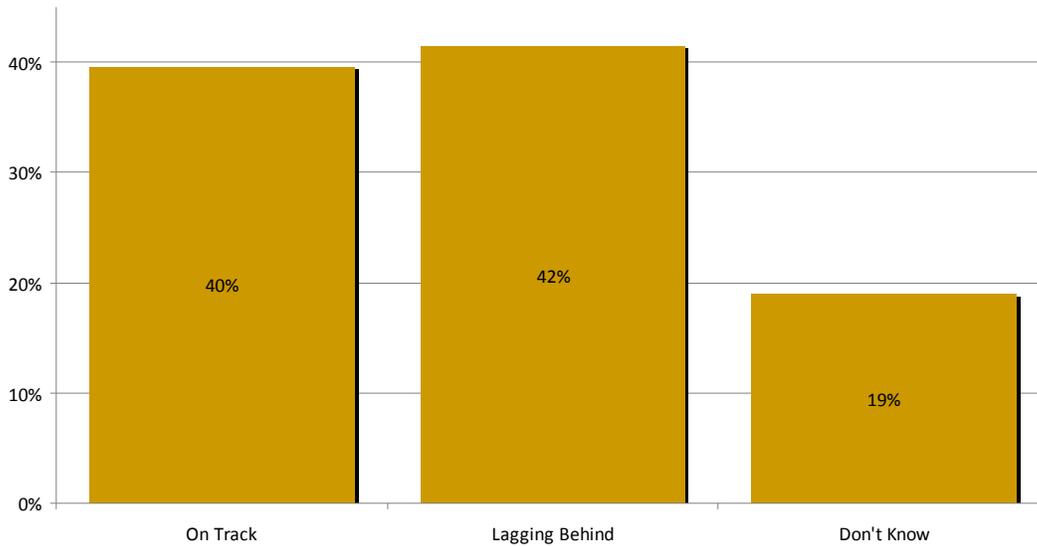
Key Findings

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- Males are more likely to think the rates are lower; females higher.
- Less educated and less affluent respondents are least likely to have an opinion.

As many people think utilities are on track to continue meeting demand as think we're lagging behind.

Perceived Preparedness



Base: 500 (Weighted) Total Sample

Q4: "When you consider how the Northwest region has been growing, do you think utilities are on track to meet demands for electricity five years from now, or are they lagging behind?"

Key Findings

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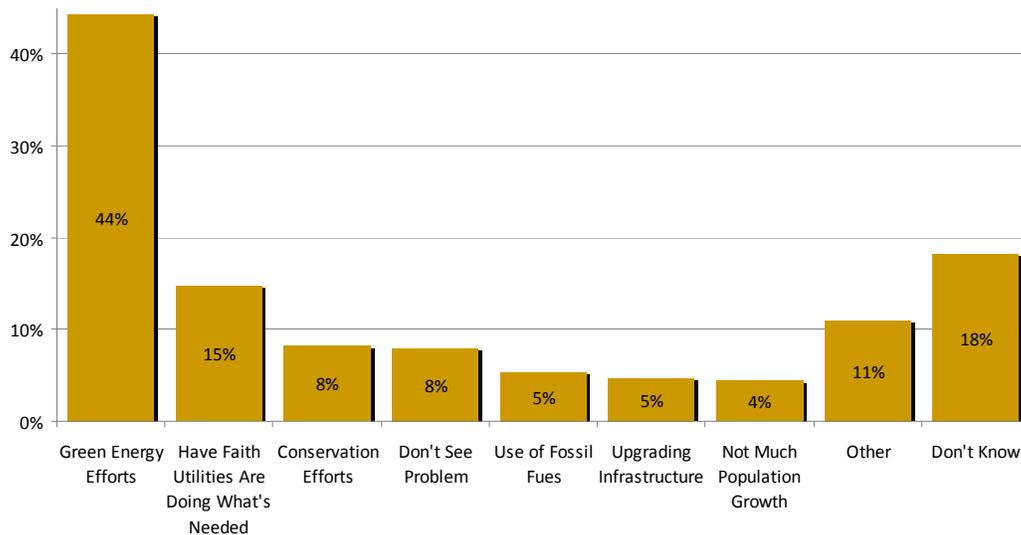


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- Residents west of the Cascades are more likely to think we're lagging behind, as do people who feel renewables ultimately should be cheaper than what is being paid today.

The positive ones think the green energy efforts are working to meet future demand.

What Is Being Done to Prepare for Demand



Base: 198 (Weighted) Those who think utilities are on track.

Q4AM1: "What, specifically, are utilities doing now that makes you believe they will be able to meet future demand?" Multiple Mentions

Key Findings

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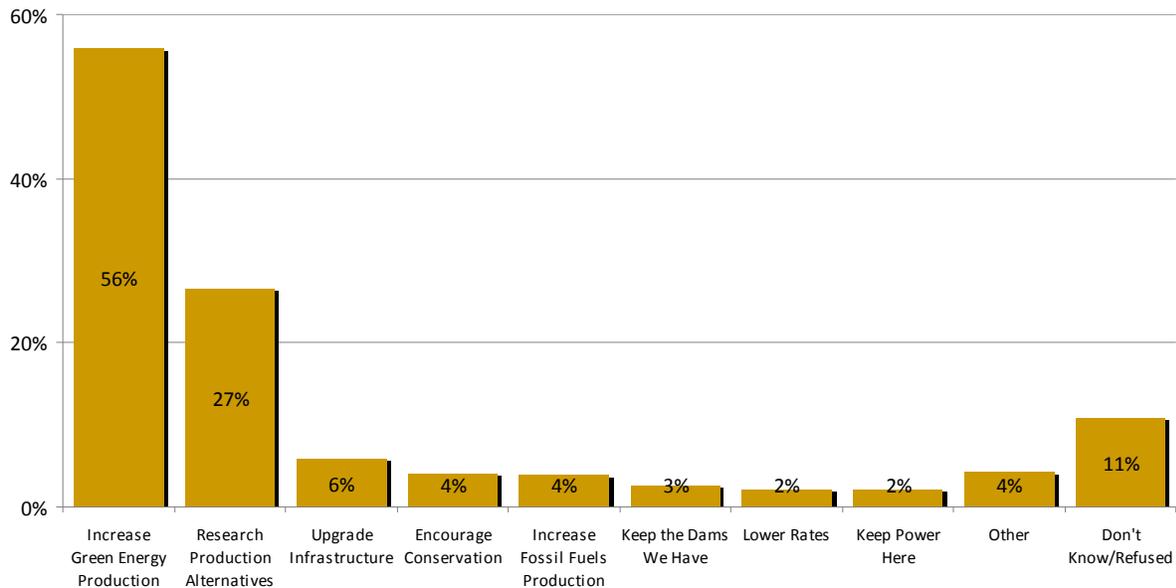


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- Those who think we're on track point to green energy efforts underway and/or they are leaving it to their utility to get it right.

Others think we need to step up green energy production.

What More Should Be Done to Prepare for Demand



Base: 207 (Weighted) Those who think utilities are lagging behind.

Q4BM1: "What more should utilities be doing in order to meet the future demand for electricity?" Multiple Mentions

Key Findings

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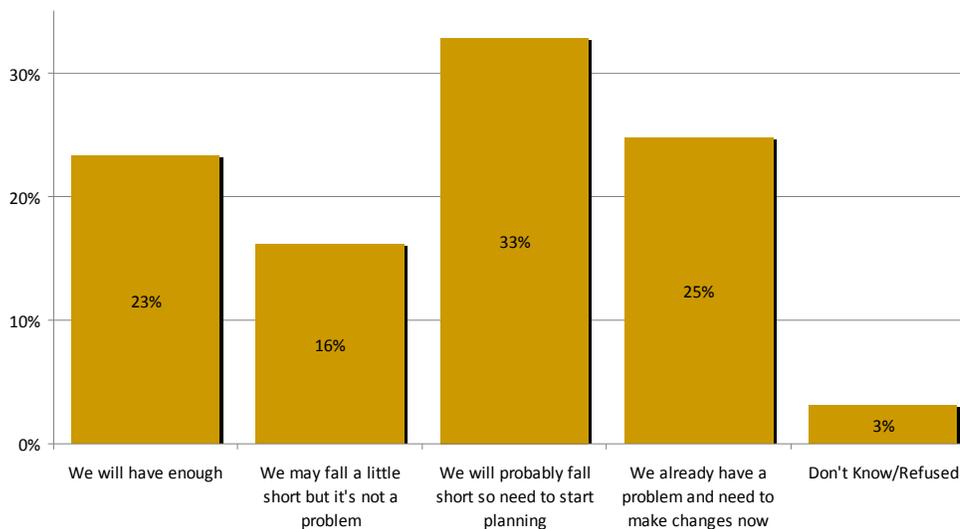


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- Those who think we are lagging are doubtful that their utility has done enough to ramp up green production, including R& D.

4 in 10 think there is little or no problem; 6 in 10 think we are facing somewhat to very serious shortfall.

How Bad is the Problem



Base: 500 (Weighted) Total Sample

Q5: "Considering current supplies and demand for electricity in our region over the next three to five years, which of these statements comes closest to your own opinion?"

Key Findings

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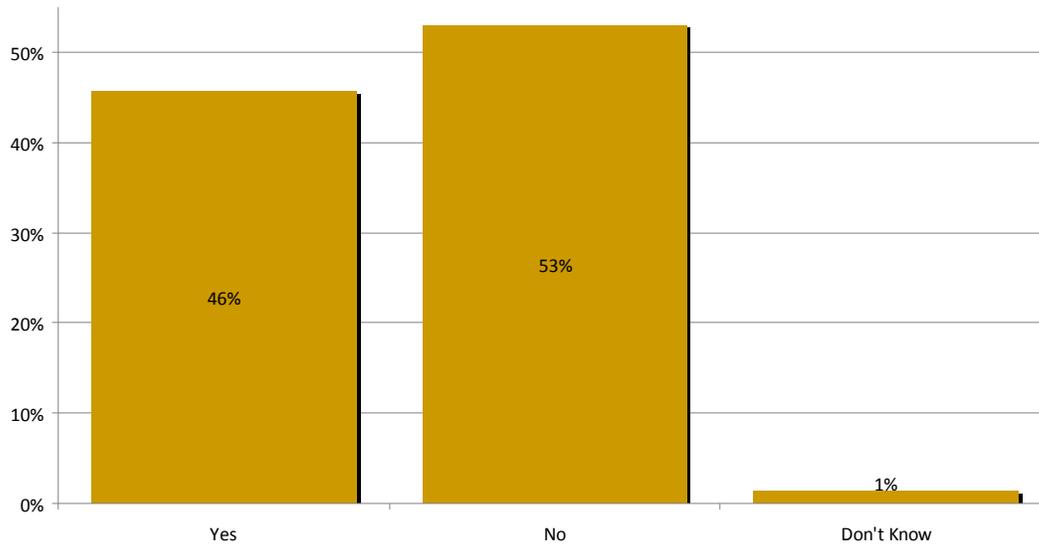


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- Males and Eastern Washington residents are most likely to think we have enough capacity to fulfill demand.
- Eastern Oregon residents are most likely to think there's only a small problem.
- Interestingly, the younger, least educated and least affluent respondents are more likely to think there's a real problem and something must be done NOW, while somewhat older, more educated and more affluent respondents tend to feel slightly less urgent about it: there's a problem that we need to start planning for now.

More than half of Oregon and Washington residents are unaware of governmental pressure toward renewables.

Awareness of Government Role



Base: 435 (Weighted) Oregon and Washington Respondents

Q6: "Were you aware that (Oregon/Washington) is requiring large utilities to fill a significant portion of any gap between the current supply of electricity and the future demand with clean energy sources such as wind and solar power?"

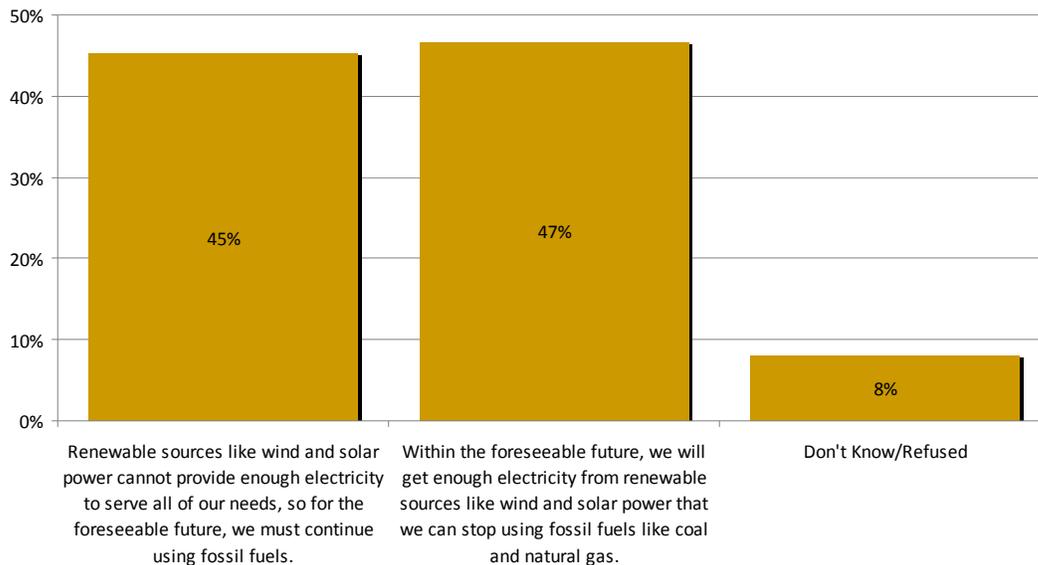
Key Findings

CONFIDENTIAL  10

- Males and those aged 55-64 were more likely to say yes.
- Females and those aged 35-54 were more likely to say no.

Residents are completely split on the future need for generating power from fossil fuels.

Perceived Role of Fossil Fuel



Base: 500 (Weighted) Total Sample

Q8: "Knowing that (utilities must/in the near future utilities will probably be required to) increase the amount of electricity generated from renewable resources, which of the following statements comes closest to your point of view?"

Key Findings

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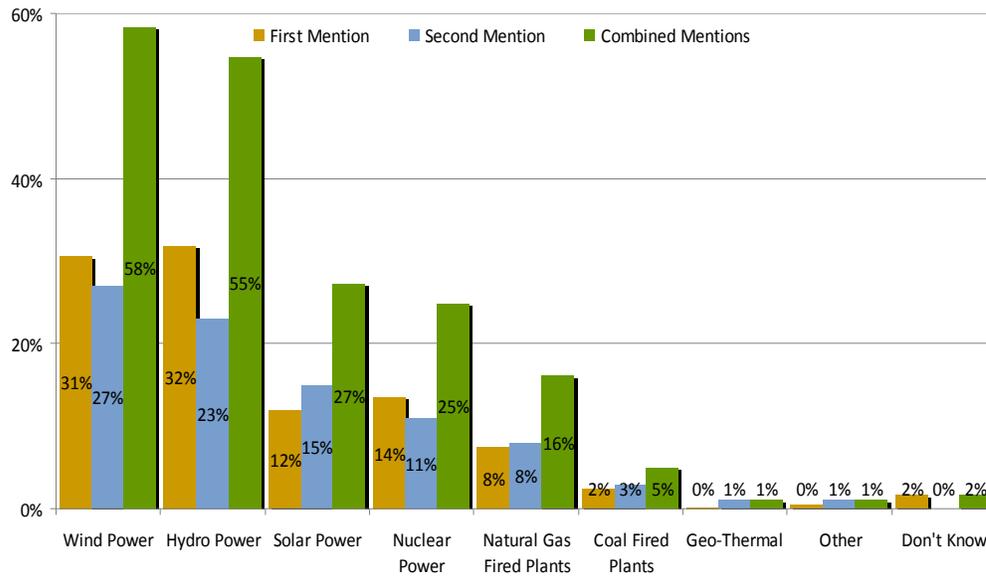


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- Respondents with higher levels of education and affluence are most likely to think we will continue to depend at least somewhat on fossil fuels.
- Interestingly, those most likely to say we are already lagging are more likely to say that, in the future, we will be able to stop using fossil fuels.

Wind power has captured the region's interest and confidence.

Characterization of Electrical Service



Base: 500 (Weighted) Total Sample

Q91/Q92/Q9ALL: "Which two of these different energy sources do you think are the most practical sources for the Pacific Northwest to rely on to meet increasing electricity demands?" Multiple Mentions

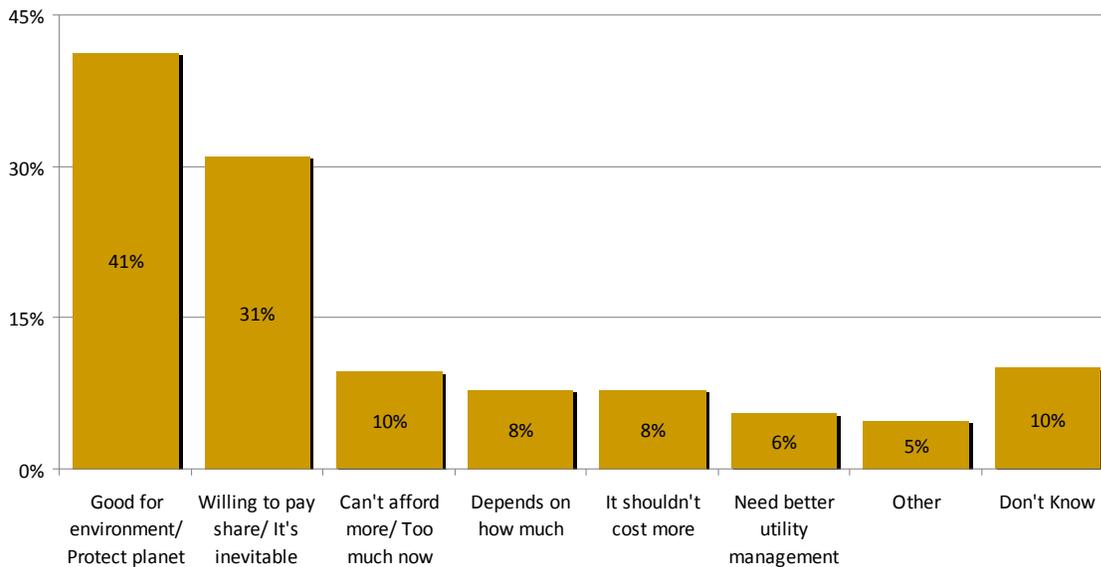
Key Findings

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- Wind power mentions were most prevalent in Oregon and Western Montana.
- Hydro was mentioned most in Western Washington and Western Oregon .
- Solar was mentioned most in Western Montana and Eastern Oregon.
- Nuclear and natural gas were most likely to be mentioned in Idaho.

To protect the planet and the sheer need for electricity comprise key reasons why consumers might pay more.

Paying for Renewables



Base: 369 (Weighted) Those who would pay a higher price for renewables.

Q13G_AGR: "Why do you say that you agree you are more than willing to pay a higher price for electricity? Multiple Mentions

Key Findings

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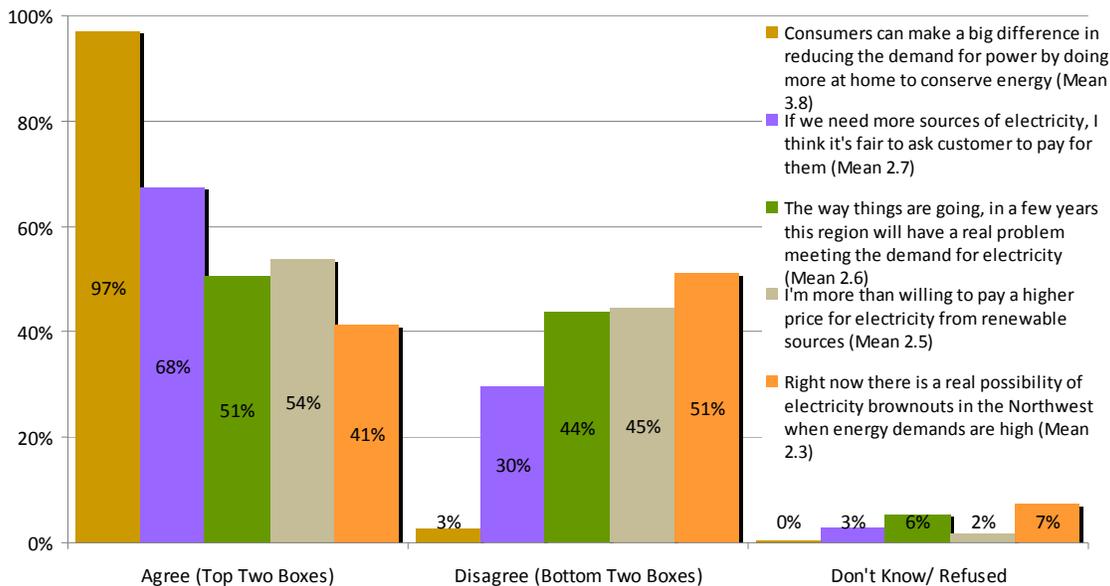


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- Those that might pay more come down to 2 reasons for doing so: It's good for the planet (or their child's environment) or they fear they will simply be forced to pay it.

Nearly all believe they can personally help reduce demand, but many are dubious about shortages now.

Attitudes Toward Issues



Base: 500 (Weighted) Total Sample
 Q13A-F: "Do you agree or disagree?" (4 Point Scale)

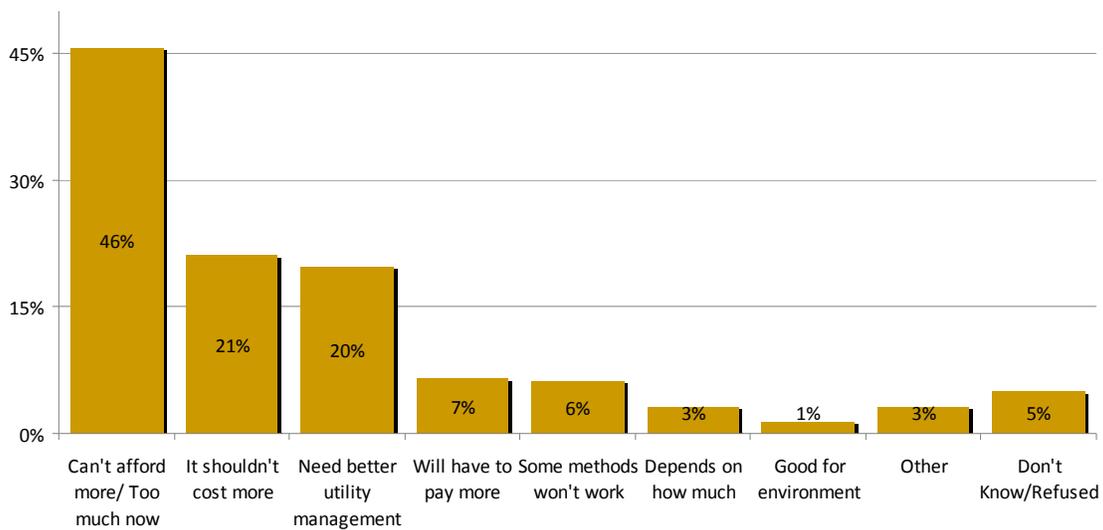
Key Findings

CONFIDENTIAL  14

- Those that disagree there will be a supply/demand issue are most likely to be male, to live east of the Cascades, and to believe that affordability is the most important factor about electricity. They are also LEAST likely to think that customers should have to pay for more sources of electricity.
- Not surprisingly those who do think it is fair to ask customers to pay for more sources of electricity tend to be more educated and affluent than those who disagree.
- Among those who believe there are currently the possibility of brownouts, most tend to live in Idaho and Eastern Oregon and to be less educated and affluent.
- Those in Western Montana, west of the Cascades, and who are more educated and affluent are the ones most likely to be dubious about the threat of brownouts.
- Higher levels of education separates those willing to pay more for renewables than those who are not. Also those who live west of the Cascades are more willing to pay than those who live East of them.

Budget constraints/ belief that it shouldn't cost more comprise key reasons to refuse to pay higher rates.

Paying for Renewables cont'd.



Base: 223 (Weighted) Those who wouldn't pay a higher price for renewables.

Q13G_DIS: "Why do you say that you disagree you are more than willing to pay a higher price for electricity?" Multiple Mentions

Key Findings

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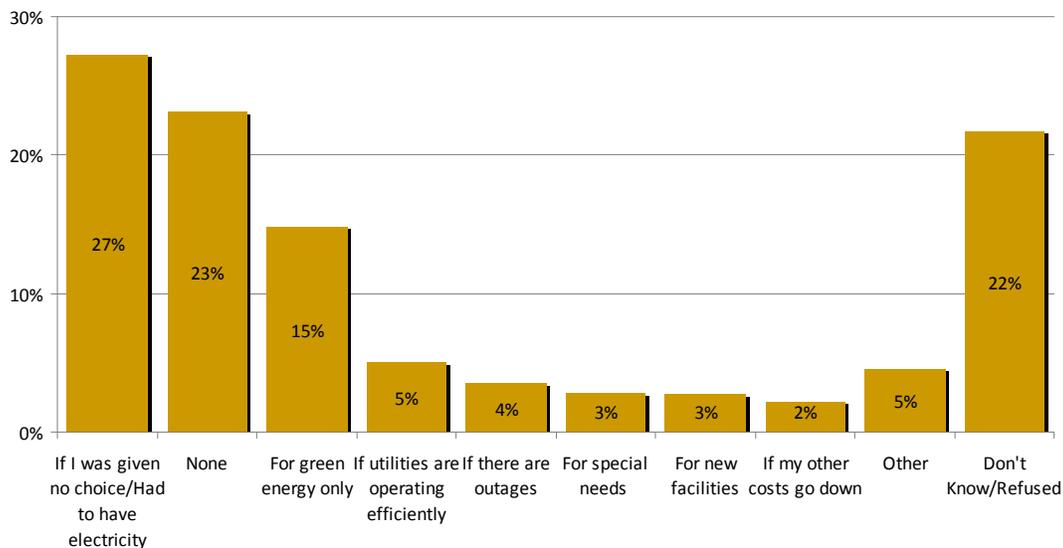


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- Reasons for not being willing to pay more come down to three main ones: they just can't afford it, renewable energy shouldn't cost more and they don't think the utilities are doing a good job of managing the situation.

For those unwilling to pay more, there is disagreement over what circumstance might compel them to change.

Paying for Renewables cont'd.



Base: 268 (Weighted) Those who disagreed that consumers (and/or themselves) should be willing to pay more.
Q14M1: "Under what circumstances would you be willing to pay more for your electricity?" Multiple Mentions

Key Findings

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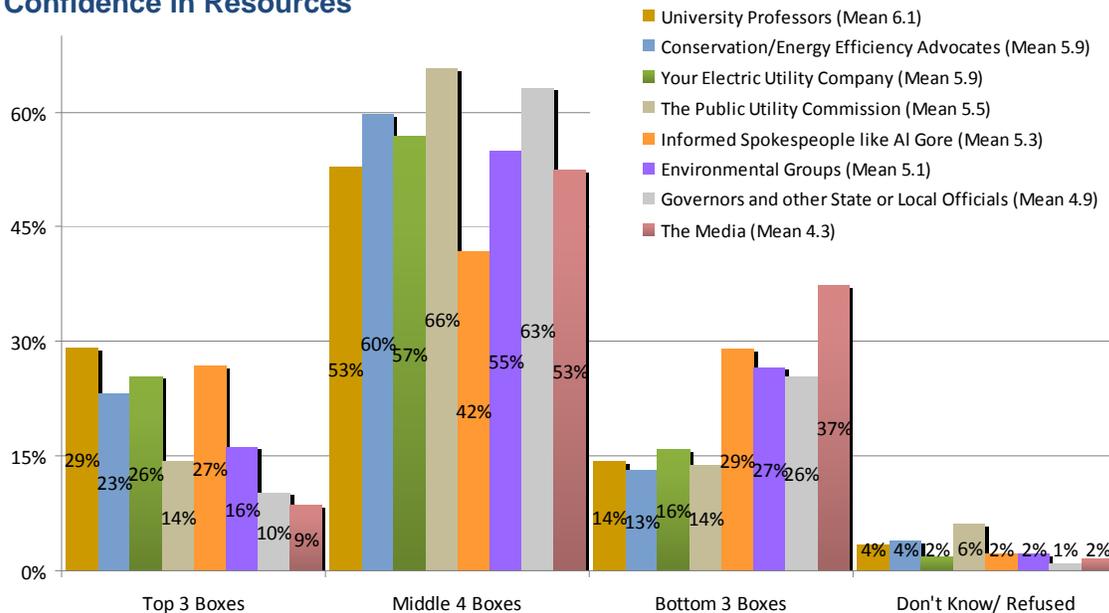


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- The resistance is pretty steep. When those who didn't want to pay were asked under what circumstances they might be motivated to so, 27% said if they had no other choice to get the energy they need, 23% claimed nothing could compel them to pay more, and 22% just couldn't think of a compelling circumstance.
- A smaller group noted that if they were sure all their energy came from green resources, they might reconsider.

No group really stood out as capturing the confidence of residents regarding increasing electricity supplies.

Confidence in Resources



Base: 500 (Weighted) Total Sample

Q15A-I: "On a scale of 1 to 10, where 1 is not at all trustworthy and 10 is extremely trustworthy, how trustworthy (is/are _____) when it comes to discussing how to develop and pay for electricity?"

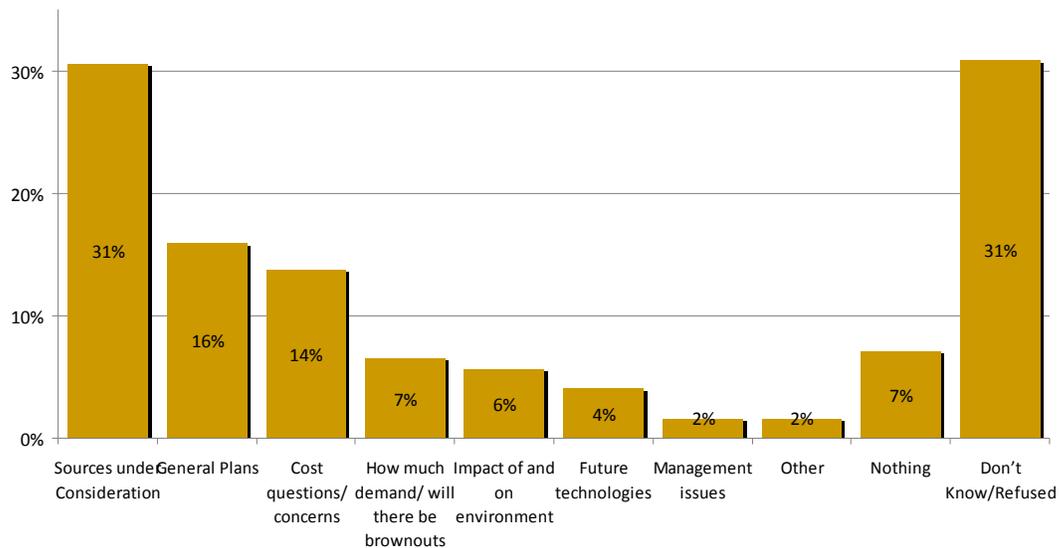
Key Findings

CONFIDENTIAL  17

- When asked further, there was no consistency of opinion. Instead, answers varied such as regular people/common citizens, specific politicians or government groups, employees of utilities, citizen advocates, individuals or family members.
- It is clear that no groups are broadly known to be taking the lead in this area.

Our respondents had a variety of questions about their utility's plans for the future.

Desired Information



Base: 500 (Weighted) Total Sample

Q17MI: "What information would you like to know about how electric utilities are preparing for the future?" Multiple Mentions

Key Findings

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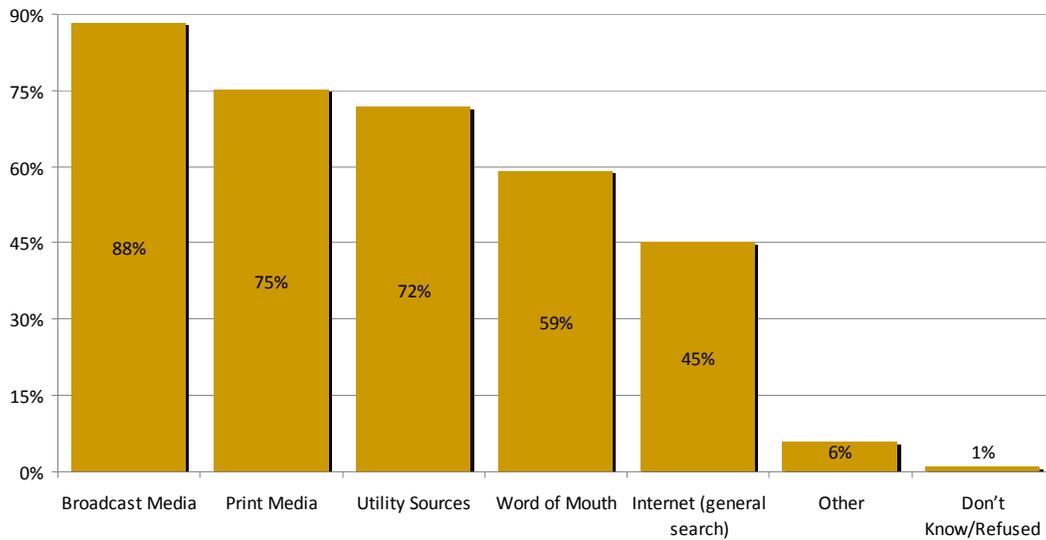


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- A third simply wanted to know what approaches and technologies were being considered. But another third didn't even know what to ask.

They claimed to use a variety of information sources.

Sources of Information



Base: 500 (Weighted) Total Sample

Q18MI: "Please tell me which of the following sources you use for news and information about energy issues in your community?"
Multiple Mentions

Key Findings

CONFIDENTIAL  19

- The participants in the study agreed that there were several ways they currently got their information, starting with broadcast (particularly TV), print media (including newspapers). Many mentioned reading bill stuffers or other communications pieces provided by their utility. Or they visited their utility's web site for information.
- Community word of mouth is still very important.
- A note here: while a good source for detailed information on the business of energy, many newspapers are facing huge financial hurdles today. Just yesterday The Seattle Post Intelligencer was put up for sale. And a publisher of 5 Northwest newspapers is having trouble paying its bills. That publisher, Lee Enterprises Inc. publishes The World in Coos Bay, the Albany Democrat-Herald, the Corvallis Gazette-Times, The Daily News in Longview, Wash., and The Times-News in Twin Falls, Idaho.