Smart Study TOGETHER Research Summary

August 2012

OG+E

This material is based upon work supported by the Department of Energy under Award Number DE-OE0000206 and Project Number - 09-0111

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1. 2010 Customer Research Summary

Throughout the course of the Phase I and II, the Company surveyed participants to track attitudes, gather feedback and gain valuable customer insights. OG&E conducted several surveys including program awareness surveys, participant surveys, call center and field service transactional surveys, and participant focus groups for both 2010 and 2011. These surveys were conducted online, over the phone and focus groups were conducted in person.

1.1 Awareness Survey

Overview

The OG&E awareness survey was conducted on four different occasions to track attitudes of customers in November 2009, March 2010, July 2010 and November 2010. The sample size for each telephone survey was 500 customers, of which 200 were from Norman, 150 from Oklahoma City, 150 from other counties and in the November 2010 survey 150 were from Arkansas. The surveys were conducted by Lawrence Research, a national research firm based in Santa Ana, California, in collaboration with Ackerman McQueen, an advertising firm based in Oklahoma City.

Key Findings

The SST message resonates well with customers who like to feel in control. It also helps reinforce the idea that "OG&E cares" and is not a heartless, big-business monopoly, but a partner in energy management that is concerned about customers and the future. In Oklahoma, ad awareness levels returned after a dip in July and OGE net promoter scores (NPS) are in the 20+ ranges and inching upwards. Attribute levels regarding "provides options for energy conservation" are significantly higher than in 2009. Not surprising, Norman's awareness of Smart Grid is greatly higher than other areas. In Arkansas, awareness levels are generally lower, especially in regard to ad recall and the concept of "smart" energy management; however, NPS scores of Arkansas customers are actually higher. Overall, intent to sign up for the program is growing, mainly among customers who are well-educated and affluent. Sign up intent jumped from 35% in November 2009 to 47% in November 2010 in Oklahoma. Meanwhile, sign up intent in Arkansas is 30%.

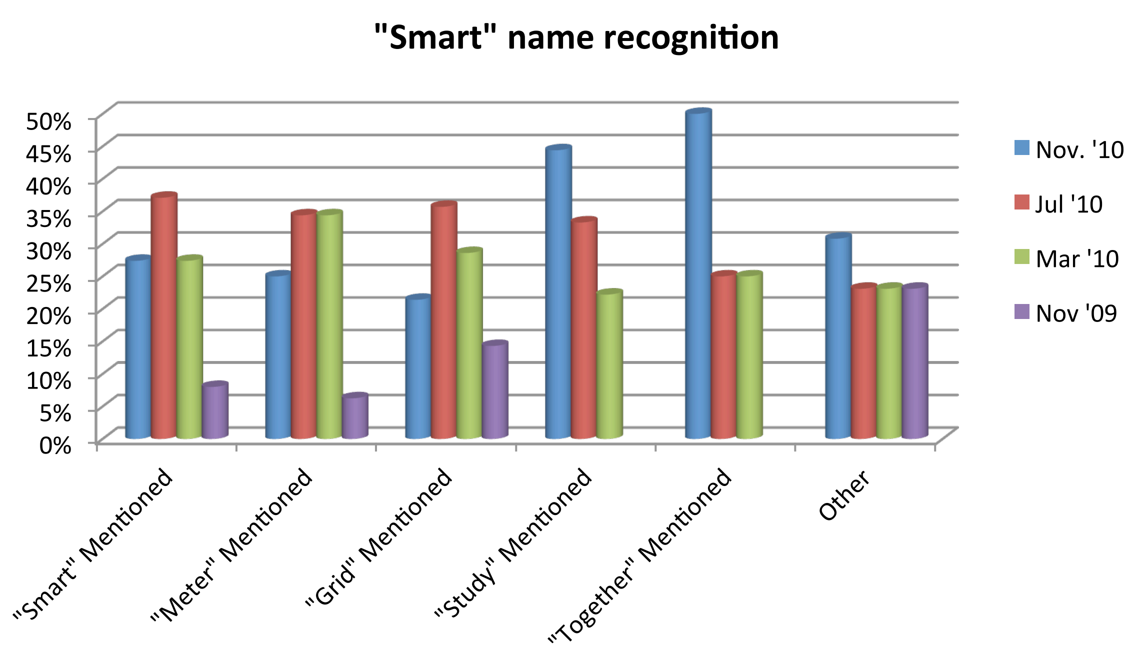
Net Promoter is a registered trademark of Satmetrix Systems, Inc., Bain & Company and Fred Reichheld.

Detailed Results

Customers were asked to state which company comes to mind when they hear the words "utility company." Each time an overwhelming majority stated OG&E, even among Arkansas customers. In second place was ONG. When asked if they could recall seeing or hearing any advertisement for a utility company, 68% said yes in November 2009 and 66% said yes in November 2010. Of those who replied yes, they were asked to name which utility the advertisement was for; 68% stated OGE with unaided recall and 14% with aided recall.

Net Promoter Score (NPS) is becoming a popular trend for measuring customer loyalty. For reference purposes, some of the highest rated companies are USAA with a NPS of 81%, Apple at 78% and Amazon at 71%. In Oklahoma, OG&E's NPS grew from 13% in 2009 to 25% in November 2010. Meanwhile in Arkansas, the NPS is 28%. The two most common word associations with OG&E are: "Is a company I can trust" and "Is easy to deal with." When asked to compare OG&E with utility companies in general, customers feel that OG&E is better than others at responding promptly if a problem occurs and providing reliable, uninterrupted service. The most significant year-to-year difference was providing energy options for conservation and efficiency which saw an increase of 19%. This indicates that customers recognized OG&E's push for energy efficiency in 2010.

When asked if customers had heard of a program to change the way energy is managed by providing them with information on what it is costing them, awareness levels were at an all time high in July. The "smart" name recall in Oklahoma fell back to 34% after being its highest of 43% in July. Other areas in Oklahoma and Arkansas are not familiar with the concept. When asked if they had heard of Smart Grid, awareness levels reached an all time high in July 2010. Awareness is significantly higher in Norman than any other area in Oklahoma. As expected, awareness levels in Arkansas are the lowest. Of those who had heard of the term "Smart Grid," the majority heard it through the television or a pamphlet. A new question added in the November 2010 survey was "Have you been asked to participate in the Smart Study TOGETHER program?" Roughly half of those in Norman have been asked to participate. Of those, 21% participated in the study and 24% chose not to participate. Those who chose not to participate mainly did so because they thought it would be a hassle or simply forgot about it.



Utility companies are working to change the way energy is managed. Part of that effort involves providing customers with more information about how much electricity they are using and what it is costing them. Have you heard of this?

The growing trend is that customers enjoy being provided electronic information about their usage and more specifically, the associated cost. The ways they intend to use this information are primarily to adjust usage to save money and watch on-peak consumption. One customer summarized it as follows "*At the busier time of the day when electricity is being used, I can know when it is and then I can change when I use my appliances. I can decide to use something during the day or not, just as using my dishwasher at night instead of the middle of the day.*" Very few have concerns about electronic information but those that do are troubled by the potential cost, privacy and dislike the idea of information about their electricity be provided through the internet.

The majority of customers believe that if they have this innovation in their home, they would likely check it one or two times a day. Those interested will search the OG&E website or Google to find more information about this innovation. The potential website use in the November 2010 survey was slightly higher than previous surveys, as only 17% selected "Never" in November 2010 compared to 22% in previous surveys. The main reason customers would never check it is because they do not have a computer or rarely use the internet.

The reaction to SST is positive in all markets. Customers feel that OG&E is conducting this study to increase personal responsibility among its customers. When customers were asked if this program was offered at no additional cost, would they be willing to sign up, many indicated they would need more information. Sign up intent is highest in Norman. Those who selected they would "definitely" sign up tend to be the well educated, middle class+ customers, who are college graduates, earning more than $50,000 annually and are business owners/managers.

Products and Services

Half of respondents do not have a programmable thermostat. Of the half that do, only 30% have it programmed. When a list of products and services was read, most customers had heard of wind power and guaranteed flat bill. Customers in Arkansas tend to be less familiar with all products and services, including wind power, when compared to their Oklahoma counterparts.

Advertisements

OG&E advertisement recall is most common by television, newspapers, and electric bill inserts. When asked to recall the main message of the advertisement, one third could not recall and others stated saving energy, customer service, or safety. When asked if they recalled seeing, hearing or reading any OG&E advertisements that used the line "Positive Energy Together" yes responses of roughly 35% have remained steady since November 2009. The consensus is that these advertisements leave the customers with a positive reaction. Arkansas customers however, are less familiar with the concept of energy management. A recommendation is to consider an awareness effort to soften the market.

Messaging

We asked a series of split-sample questions to help understand what messages resonate with customers. Half of the respondents heard the statement worded one way, the other half of the respondents heard a different, but similar statement. In terms of energy efficiency, customers enjoy the "together" concept, with significantly more agreeing "OG&E wants to work together with customers to use energy better" over "OG&E is educating consumers on how to use energy more efficiently." For education, the consensus strongly favors "OG&E is concerned about the future and trying to be helpful" over "OG&E is educating customers on how to conserve energy." As far as solutions go, customers tend to agree with the statement "More wind power is the solution to our energy future" much more than the statement "OG&E is trying not to build more power plants." Looking to the future, customers strongly agree that, "If we don't conserve energy now, we could have power problems in the next ten years."

When given two factors and asked which is more important when it comes to generating electricity, most customers claim to be more concerned about the environmental impact than the cost, and this has been an increasing trend since the initial 2009 survey. However, when given a three solution possibility, the overwhelmingly most important factor is reducing our nation's dependence on foreign oil and gas. Oklahomans are significantly more aware that renewable energy is more expensive than natural gas.

Survey participants were given a scenario about two very different people, Smith and Jones, and were asked to compare themselves and state which one they were most like.

> "**Smith** thinks that ordinary citizens can make a difference in our energy consumption by using compact fluorescent light bulbs, weatherizing our homes, cutting back on electric use during on-peak hours, signing up for wind power, and making other changes – both big and little. He feels that if we don't, then electric companies will have to build new power plants in the next ten years or so, which means we'll all have to pay for those new plants in our rising electric bills. He thinks that can be avoided if we use energy more wisely now."
>
> "**Jones** thinks that ordinary citizens can't really have that much effect on our energy consumption, and that all the things Smith mentioned won't make that much difference. He is not convinced that wind power is a good idea and if we are running out of power, it's a long ways off. He thinks in the next ten years, there will probably be new technology, so we won't need to build new power plants even if we don't take steps to change our energy habits."

In November 2009, 80% selected Smith, the proactive and optimistic energy manager. Meanwhile, more and more customers tend to relate to Smith, as 86% in November 2010 selected this option.

Recommendations

In conclusion, Norman customers get the idea of energy management and educational messages more than others. The recommendations for helping others to engage in this energy management concept include:

1. Continue to position this study as the TOGETHER study – talking about how together we can make a difference, manage electricity use and costs, be environmentally conscious and together we can help reduce energy dependence on foreign oil and gas.
2. Based on this research, we should see similar acceptance levels of the program in Oklahoma City area and throughout the service territory as the program expands.
3. Consider a "softening" campaign in Arkansas, which lags in general energy management knowledge.
4. Consider running the wind power message in Arkansas.

1.2 Participant Surveys

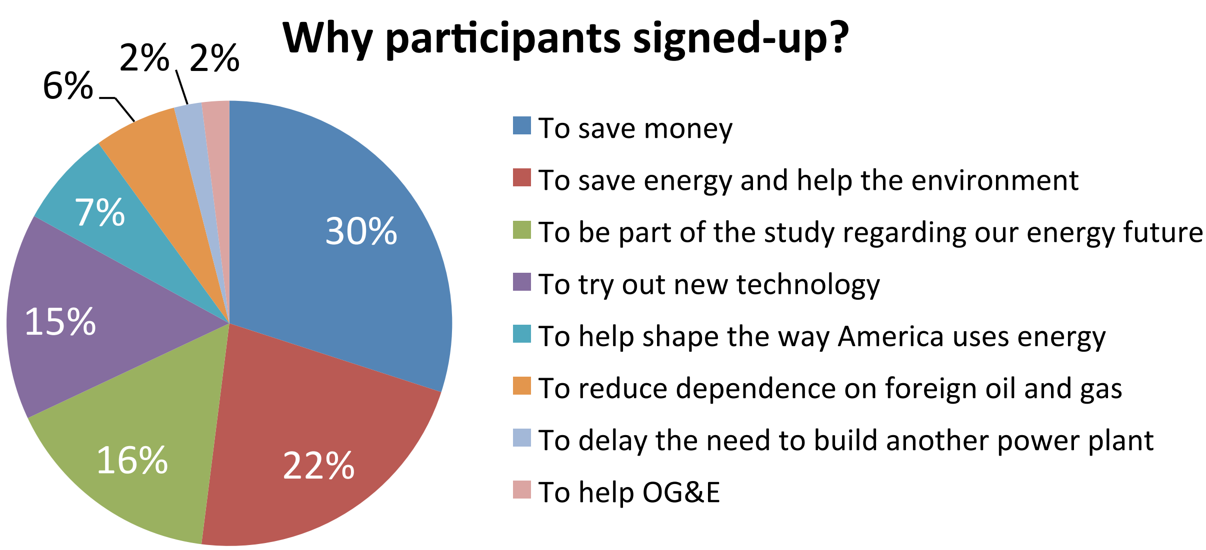
1st Residential Participant Survey

Overview

Study participants were surveyed two times during the 2010 study period. The first survey was conducted via email in September, while the pricing programs were still in effect, and had a 35% response rate. The overall net promoter score (NPS) for OGE was 37 for study participants. Older and higher earning customers appear to be more likely to recommend OG&E to friends and family. Another interesting find was that 44% of participants with a PCT gave OG&E a 10, meaning extremely likely to recommend. Furthermore, the NPS for the SST itself was 53. Customers who had an IHD are the least likely to recommend the study, having a NPS of 42 and customers who had a PCT are the most likely to recommend, having a NPS of 62. When asked why they would recommend the SST one PCT customer had the following comment, "*I have learned how to save energy, plan the time of day in which I use the most energy, and it taught me new habits.*" Meanwhile an IHD customer said, "*While it's a great way to see how to save, the wireless device was a piece of junk.*" Most responses revolved around the money savings.

Energy Efficiency

The predominant energy efficiency attitudes of customers are "it is important to reduce the nation's dependence on foreign oil" and that "OGE is trying not to build additional power plants." The top reason most signed up was to save money (see the following chart).



Very few participated because they wanted to help OG&E or delay the need to build another power plant. When asked to select their main energy savings habit, 89% washed/dried clothes outside of on-peak hours, 82% used their dishwasher outside of on-peak hours, and 78% claim to turn off lights. The habit customers are not willing to change is cooking dinner outside of on-peak hours.

Programmable Communication Thermostat (PCT)

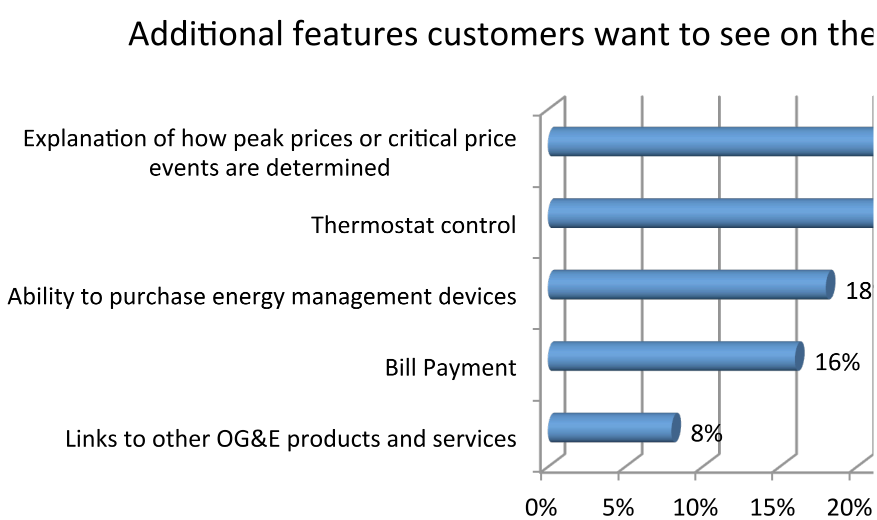
When asked if the PCT was easy to use, customers had varying views. One said, "*It is so easy even my 10 year old daughter understands it and enjoys using it*" while another said, "*Because it has so many features it has to be complicated to some degree.*" A whopping 84% of participants desire to receive information on a website.

In-Home Display (IHD)

Nine percent of participants who had an IHD said their device did not work. Fortunately for OG&E, customers were fairly accepting of the bugs with the IHD, knowing that understanding the technology was one of the reasons for conducting the pilot. As one customer said, "*Some didn't [work] but that was why they were doing the study. To see how the customer reacted.*" Some customers did not like the discrepancy of the projected monthly cost, as one said, "*Although I enjoyed seeing the weekly bar graph of my energy use, the projected monthly cost was never remotely close to the amount of my monthly bill.*" There were complaints about the IHD from not working to not being accurate. One customer commented, "*The meter shows usage on a calendar month, from the first day to last. My bill runs from middle of the month to middle of next. They don't correlate.*"

myOGEpower.com

On average, participants logged into the energy information website on a monthly basis. Participants believe the daily cost was the most useful information on the website. Other information that participants found useful was on-peak vs. off-peak analysis and estimated bill. The least useful information was carbon emission. Additional information customers would like to see can be found in the following graph.



Customers want "*an FAQ section*" and "*a phone number to call when there is a question about billing and estimate.*" Some customers want links to other smart appliances like washer/dryers and coupons or discounts for energy saving home improvements. On the communication side of the web portal, 57% did not know there was an online manual and only 16% actually read it. The majority of participants

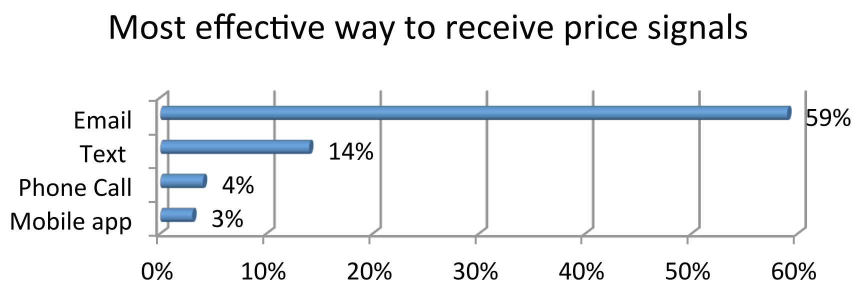
(71%) thought the weekly emails from the website were helpful. Customers would like to have a place on the website to submit questions and get timely responses.

Technology Rankings

Participants that received all three devices were asked to rank the three technologies on their overall value for energy management. The following is how respondents rated them:
1. PCT (67% ranked it first)
2. IHD (25% ranked it first)
3. Web Portal (only 8% ranked it first)

On-Peak Pricing Comprehension

When asked to list the times of on-peak pricing, the majority said 2-7 p.m. The consensus for customers on time-of-use (TOU) was that on-peak pricing is difficult for those at home, easy for those away. The following comments reiterate that view point, "*Very easy since I am often at work in the afternoons*" and "*Since someone is always here, it was difficult to follow the time-of-use settings.*" Participants were surveyed on the most effective way to receive price messages, email was selected most often (see the following chart).



The majority liked receiving daily on-peak price messages while others felt it was redundant. Participants were confused about the critical event and feel that "*an explanation would increase willingness to reduce consumption during a 'critical' event.*"

Improvements

Improvement could be made by educating customers on the following:
1. Why on-peak prices occur
2. How to keep home cooler during on-peak pricing
3. How to do analysis on electrical use for analysis gurus (One customer said they would like "A way to download my electrical use date in spreadsheet format (CSV or otherwise) from the OG&E website to my home computer so that I could create a spreadsheet to do my own analysis.")

2nd Residential Participant Survey

Overview

The second SST residential survey completed in November 2010 after the on-peak pricing season was over, had a response rate of 37%, with 673 participants completing the survey. The overall OG&E NPS was 46. Participants who had all three technologies were more likely to recommend OG&E, participants who had the IHD were the least likely to recommend. The SST NPS was a 62. Interestingly, participants with no technology are more likely to recommend than those who had an IHD. When asked, "Did your study technology help you understand your on-peak and off-peak prices during different times of the day?" an enormous 98% replied yes, the 2% no's consisted mainly of website and IHD users.

Nearly half of all participants are not willing to pay an additional fee on their monthly electric bill for an IHD or PCT. However, 18% would be willing to pay a small fee if it was $1 - $5. Furthermore, 32% of PCT users and 23% of IHD users would be willing to pay a one-time charge for the full cost of the thermostat. Customers are not willing to pay more on their electric bill for the use of myOGEpower.com believing since it is online it should be free.

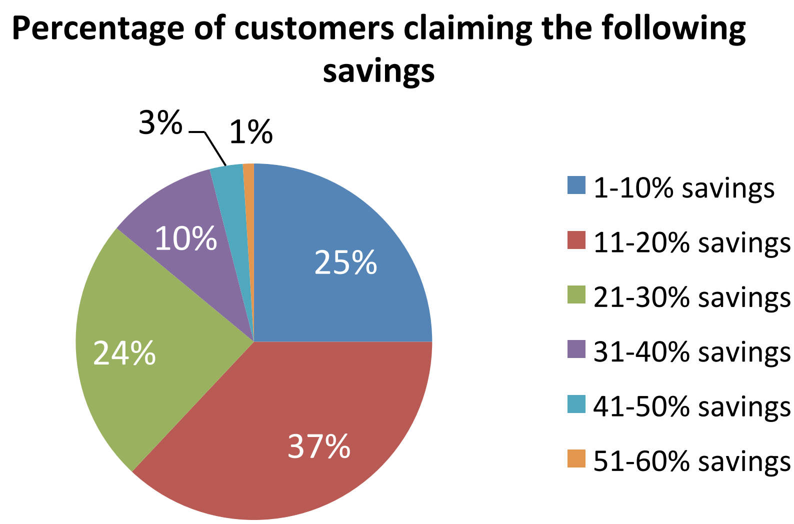
Pricing

When customers were asked to rank how difficult was it to respond to on-peak prices from 2 to 7 p.m. on a scale from 1 to 10 (1 being difficult, 10 being easy), the average response for VPP was 7.6 and 7.4 for TOU. Eighty-two percent of respondents were aware that critical price events could be called anytime of the study, even on weekends. When asked, "Would you be able to respond to a critical price event weekdays or weekends if you were given a two-hour notice?" 53% replied yes. Other people felt they could if they were home, could control their thermostat online, or if they were notified by text or a phone call but not solely by email. The mature years and higher income customers are the most likely to respond given a two-hour notice, meanwhile, the younger years and lower income customers are the least likely to respond if given a two-hour notice.

Nearly all (94%) of customers are reading their SST reports, mailed shortly after their billing statement. When asked how strongly they agree with the statement "I feel that the Smart Study Together report helped me manage my energy use," 66% of respondents selected either 8, 9, or 10 (10 meaning strongly agree) and the average response was 7.98. It appears customers were able to easily understand the graphs in the reports, as the average response on a 1 to 10 scale was 8.71. Customers most enjoyed the graphs showing their on-peak and off-peak use, and the comparison between their price plan and the standard rate. For an improved customer experience, the reports need to be consistent with the IHDs as one customer noted, "*The bad thing was that for most of the study, the difference between what the IHD said and the report was enormous. That was very inconvenient.*"

Savings

Customers were very satisfied with their overall savings as a result of the study. Only 9% were not satisfied with their savings and 8% claim they did not save, as one stated, "*It didn't amount to much. Not worth the time it took to get the savings.*" The following graph shows how much customers claim to have saved as a result of the study.



When asked if they felt inconvenienced or had to be uncomfortable to save money on the study, 21% replied yes. The largest percentage of those feeling inconvenienced were customers who had a PCT or all three technologies. However, when asked if the inconvenience was worth the savings, 65% replied yes and 35% replied no. Low income customers are the most likely to feel it was worth the savings. The two main reasons customers felt inconvenienced were because they were home during the day or had to remember to manually adjust the thermostat. Those who are home during the day "*can't wait until the later times to complete [. . .] daily tasks.*" Those without a PCT "*needed a way to remotely control their system.*"

Future Participation

Nearly all (89%) of the participants are willing to participate in the study during the summer of 2011. The consensus is "*Bring it on. We'd love to be part of another study. These also help us to examine ourselves and our habits too.*" Only 2% do not want to participate again and 9% are unsure.

Improvements

Customers suggest making the IHD and their actual bill correlate. One comment was, "*Make the amount of the bill match the IHD! Why are they different? I never understood. I know fees and taxes are added, but it was a greater difference than that.*" Another suggestion is to make the thermostat user friendly as "programming it is taxing." Overall participants enjoy the program and feel they are getting a lot out of it, describing it as "*A very nice program.*" Customers felt that "*for the first time [they] had a sense of control over [their] electric bill. Much better than just using electricity without any sense of variable prices and just hoping for the best.*"

Residential Participant Focus Groups

Overview

To further understand customers' perspectives of OG&E's SST program, focus groups were conducted September 14-16, 2010. The eight focus groups represented a range of age, gender, income, and ethnicity, as well as across study pricing plans and technologies.

Key Findings

- Customers were consistently positive about their experiences with this program and want the program to continue.
- Customers were forgiving of technological glitches.
- Customers made significant changes in their behavior as a direct result of this program because it forced them to see the results of their energy related actions.
- Customers now understand the concept of on-peak hours, which was a fuzzy concept before.
- Many customers latched on to the idea that this program could help delay OG&E's need to build additional power plants and how that positively affects them.
- The future ability to change settings via the Internet or phone was very well received.
- All but one respondent was eager to continue.

Research

Best and worst things about the program overall

In the customers' opinions, the best aspects of the program center around control, seeing is believing, affecting change, environmental/geopolitical and savings. Customers enjoy being in control and having that ability to turn that knowledge into action. Seeing the detailed breakdown of their energy consumption was eye opening. The fact that they are affecting change was also considered an enjoyable part of the experience and customers are "*glad to be part of a solution-seeking project.*" "Green" comments were not age dependent. Savings was an important component, but shockingly the vast majority of focus group participants did not list savings on their written sheets, nor was it the first thought that came to mind in the discussions. Other minor program bests include that on-peak hours fit their lifestyles, as they are not home during those times, learning opportunity for their children, and being the innovators on the block. After participating in the program, nearly all customers learned, and can recall, the on-peak period hours.

While there are numerous positives associated with the SST, there are also aspects that customers consider to be draw backs. The worst aspects include customer's discomfort, skepticism, billing discrepancy, and variable peak pricing (VPP). Heat discomfort complaints generally came from older customers, whereas the younger customers were more likely to acclimate and adjust by wearing lighter clothes and adding more fans. Skepticism arose around critical prices events (CPE) as customers questioned whether those events were real or fake. One suggestion is for OG&E to clarify possible causes for real CPE in the future. As observed in other research, billing discrepancy was a major complaint. Customers felt "*lied to*", complaining about the inaccuracy between the in-home meter and the statement they received in the mail. In general, there were more concerns voiced about VPP than TOU – regardless of technology. The unpredictability and surprises is what they disliked about VPP. Education should help address many of the concerns regarding VPP, especially when coupled with the higher propensity to save on the VPP rate.

Specific discussion of the technology they were given

In Home Device (IHD):

Customers were forgiving of the problems associated with the IHD, realizing there were early adopter issues. One customer's IHD never worked, while a majority of customers experience technical issues with their IHDs. Customers were upset with the tech support, as they expected them to be competent, knowledgeable, prepared, responsive, and to have answers. Many customers had complaints about being "*on hold and transferred to . . . different people.*"

IHD users were also troubled by incorrect rates. Almost all focus group participants were aware of this and concerned that their bill would or could be inaccurate. One customer said, "*The worst part was trying to make sense of my bill. The device would say one thing and the amount owed was different than my bill.*" One recommendation to alleviate this problem is to keep customers informed.

The functionality and batteries with the IHDs were problematic. Some mentioned the device seemed to be only partially working. Many stated that their batteries in the device were corroded or died very quickly. When asked whether customers would like an IHD plug-in option, the reaction was mixed. Even those who liked this idea still would like a battery option as a fallback. They would like to see it to be used like a computer or cell phone; it could be used without the plug most often, but with the plug if the battery was low.

Customers like the portability of the device. While many kept it on their refrigerator, some carted it to different rooms to conduct experiments. For using the IHD to keep them informed on their energy consumption, some checked it whenever they walked by while others checked it constantly. A few mentioned that the email was a detriment, as they relied on the email rather than the device.

It should be noted that the IHD used to be for the 2011 phase of the study will not be the same IHD from the 2010 phase. This should allow for an improved customer experience with the IHD.

Web:

Through the focus groups, we found that a large number of customers assigned to the web portal didn't even know they could or should access a site. One non-trier said, "*Why bother with it, knowing hard copies were coming?*" Those who did try the website often found it complicated. They disliked the password, enrollment, site itself, navigation and Flash. The people who did use the site frequently enjoyed being able to analyze their energy data. Most of these types of people were self described as "*research and analysis geeks.*" The recommendation is to design for the techies but have an "at a Glance" easy-to-read option for everyone else.

Programmable Communicating Thermostat (PCT):

While many did not have problems with the programming, some found it overly complicated. The installer affected satisfaction levels, with some customers complaining that the installer did not set up the PCT. When walked through carefully (and forced to program with the installer's guidance), satisfaction increased. There were some complaints about comfort, such as "*the house is hot between 2 to 7 p.m.*" Most really liked having a programmable device and one comment made was "*The thermostat is great! Lights to indicate on-peak times, notifications, etc. plus knowing cost per kWh at all times.*" Even though some had trouble with the programming, others found it easy to use. They loved the mode settings – especially the vacation mode.

The recommendations are to be sure installers are consistent in training customers and asking customers to walk through the programming themselves. In addition, since many customers learn better by seeing than reading, consider producing a simple video and posting it on the web showing how to set the thermostat and answering FAQs.

All:
This group of customers had all of the options. The PCT was the most favored technology, with many customers saying they had always wanted a programmable thermostat. A few preferred the IHD, as they viewed it as a new tech toy, but many just viewed it as a luxury item. Several mentioned having the PCT link to the computer for remote programmability – all liked this concept.

Behavioral changes

Most participants, regardless of the assigned technology, made similar behavioral changes on this program. The list of changes mentioned most often include:

- Delaying laundry or – for a few – switching to the clothes line or washing (only) in cold water
- Waiting to turn on the dishwasher
- Delaying dinner
- Increased use of ceiling fans
- Purchasing of tower fans
- Changing thermostat settings
- Adjusting the use of the air conditioner

While some remembered receiving power consumption information identifying which appliances were "*energy hogs*," others didn't. To reiterate this learning, we should consider sending this type of information more than once. Customers are very interested in learning what consumes the most, plasma TV versus computer, etc.

There were a wide variety of reasons given when asked why OG&E is doing this type of a program. They varied from "*to give me more control*" to "*Instead of building a power plant.*"

Savings

When asked about their savings, most knew the answer (some even brought their charts). Savings was mostly stated in terms of how many dollars, only a few used percentages. Only a handful of customers did not save. One comment made was, "*I learned to trade comfort for price.*" However, some customers seemed confused by how the savings were calculated – many thought it was based on the same month the previous summer. It was not always clear to the customer that savings were estimated by calculating their actual usage on a standard rate.

Contact with OG&E

Customers were happy with, and aware, of the information they received via email, text, or phone. A few complained that it was too often, but most didn't mind. All found their reports and graphs useful. Most were not aware of the on-peak prices posted at OG&E.com/price. Confusions stemmed around when the program was going to be over and the next steps. When informed that they would be receiving a November summary, they were excited and looking forward to receiving it. There is moderate interest in a mobile application, assuming it would be similar to email information or web data, not just pricing information.

Future intent

While all participants will be virtually re-enrolled, they didn't know this, so they were asked, if given the opportunity to participate again, would they. Essentially all were enthusiastically interested; only one person out of all the groups declined the opportunity. Summarizing the study, one customer said, "*I LOVE this program. I saved 40%. I took the game seriously.*"

Specific suggestions

1. Communicate honestly with the customer base.
2. Ensure "help" desk helps.
3. Add an online overview video to the website to show its full capabilities.
4. Establish and enforce a standardized installation and customer training process.
5. Post a video "how to" version of the PCT manual on the web, with FAQs.
6. Explore a rechargeable battery option for the IHD.
7. Offer multiple IHDs for those who would like them.
8. Develop a web/mobile control option.
9. Develop a more robust phone app.
10. Send multiple messages on "concrete tips."
11. Don't forget the basics: Be sure batteries aren't corroded, devices are really linked, help desk is well-trained/installers do their job, all devices work– or are quickly replaced when they don't, continue to monitor and listen to the customer.

Commercial Participant Survey

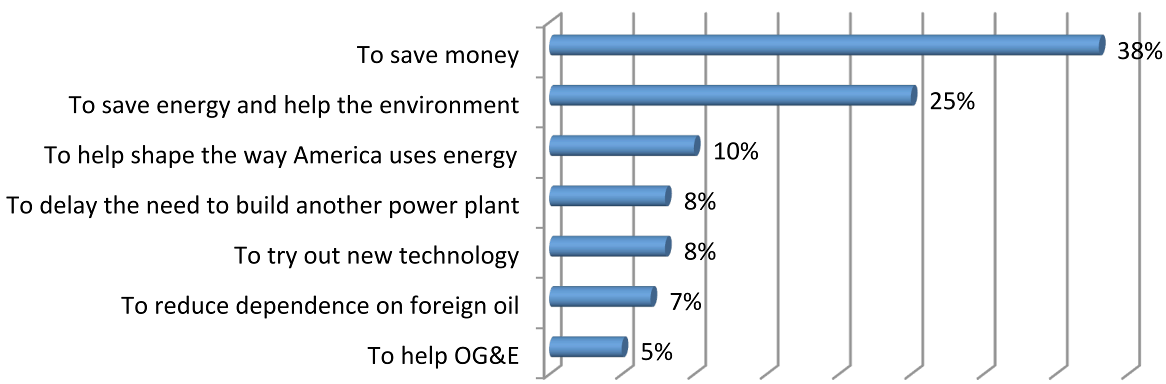
Overview

In November 2010, a SST survey of commercial participants was conducted via email. The response rate was 25%, with 24 of 96 commercial participants completing the questionnaire. The majority of those taking the survey were owners or managers of the business. The NPS for OGE overall and for the study itself were each 36. Customers had positive and negative comments about the program from "*Enjoyed seeing when the energy would cost more*" and "*didn't do anything for me. No money saved, just a headache to replace and rewire my thermostats.*"

Participation

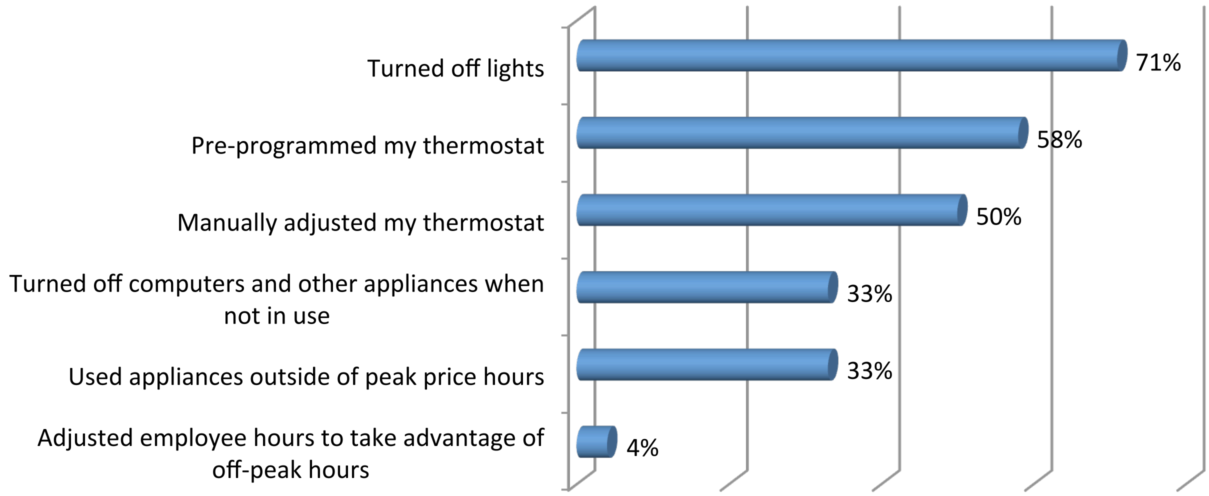
The main reasons why commercial customers opted to participate in SST were to save money and energy. The following graph shows other top reasons for participation.

Why Commercial Customers Signed Up for Smart Study TOGETHER™



From their participation in this unique study, commercial customers are making smart energy efficiency changes. The main changes they are making are turning off lights and pre-programming thermostats. Other changes being made can be found in the graph below.

Energy Savings Steps Being Taken Since Being a part of the Study



Another step taken by study participants is involving other employees at their business. When asked, "Did you involve others at your business?" Seventy-five percent replied yes. They engaged employees by making energy conservation a competition, asking for energy saving ideas and distributing weekly savings reports.

Only 4 out of 24 respondents felt they or their customers had to be uncomfortable in order to save money, complaining that "*on-peak hours are right during our busy time.*" Another customer complained that "*it was time consuming to constantly be thinking about the energy.*" When these 4 customers were asked if the savings was worth the inconvenience, only one said yes. To determine whether education on the on-peak time period was effective the survey asked respondents to list the times of the on-peak period. Over half (58%) listed that it began at 2 p.m. and 75% listed that it ended at 7 p.m.

Technology

Customer comments regarding the technologies were mixed - some loved the devices and others hated them. One IHD user said they hated the IHD because it "*wouldn't connect*" meanwhile another felt the "*on-peak price warning[s] are great!*" All commercial customers surveyed would not be willing to pay more than $5 on their monthly bill for these technologies and all stated that the website should be free. PCT users would like to have weekly reports mailed to them, while IHD users were indifferent.

Many (9 out of 12) of those using myOGEpower.com found the weekly reports helpful. One customer felt the website was "*useless*" because "*you can't have more than one meter on the website.*" Website users believe the most useful information on the site is the graph of the outside temperature compared to electricity consumption and costs, and the community comparison. The least useful is base load information and cooling costs. When asked to rank the technologies from 1 to 3 in terms of their overall value for energy management, the PCT was considered most valuable, as 60% ranked it first, the IHD was the middle choice, as 70% ranked it second, and the website was viewed as the least valuable, as 80% ranked it third.

Pricing

Many commercial customers found it easy to change their behavior in response to on-peak price. Commercial customers on TOU and VPP plans were asked, "How difficult was it to change your behavior to an on-peak price?" No one on either of the pricing plans found it very difficult. One VPP customers said, "*Didn't change anything really.*" And TOU customers said the same, "*Pretty simple – when you see the peak light on – don't start laundry.*" Of the VPP customers, 92% believe an email is the most effective way to be notified of the on-peak price. When VPP customers were asked to choose which statement better reflected their views on participation, 10 saw it as an opportunity to save and two viewed it as another thing to worry about. The majority of VPP users felt that the highest on-peak price days encouraged them to make changes in energy use.

Attitudes

Three-fourths of participants were aware that a critical price event could be called a day in advance. When asked if they would be able to respond if an event was called within two hours notice, only 38% would be able to respond. Respondents were also asked a series of attitudinal questions. The one they agreed with most was "if we do not conserve electricity now, we could have problems in the next 10 years" and they least agreed that "the cost to produce electricity varies throughout the day."

Regarding the SST Report, 54% read it, 17% did not, and 29% did not recall receiving the report. Those that did read it found the graphs easy to understand. The graph that they believe is most useful was off-peak and on-peak usage.

Improvements

Customers believe the SST program could be improved by "*not only providing information about how to improve [one's] energy consumption, but also by providing skilled people able to come out and weather proof, or perform energy audits.*" They also want the program offered year round and they want greater understanding of setting the thermostat. A general theme is that all want the equipment to work, not just to be able to use it as a "*paper weight*". Also, educate customers on how energy is created and the costs that it takes to create that energy.

Of the 24 customers surveyed, 19 are likely to participate in the study in the summer of 2011, 3 are uncertain, and 2 are not likely to participate. Many customers were thankful to be part of the study. One stated, "*Thank you for allowing me to participate in this study and I would like to be included in any further studies. Whether or not I am a participant I would like to be able to go online and see my energy use for both [residential and business] my electric meters as I think it enables me to better manage my energy use.*"

1.3 Transactional Surveys

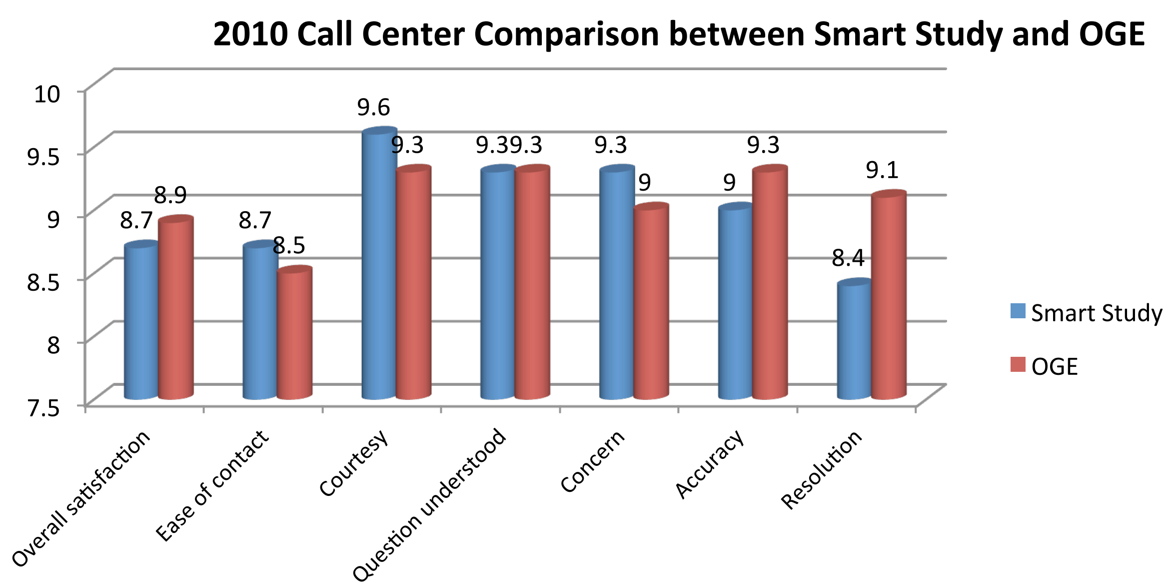
2010 Smart Grid Call Center Transactional Survey

Overview

OG&E teamed with Service Research Corporation (SRC) to develop a program to assess how the Smart Gird Customer Care group was performing in OG&E territory. Many questions were derived from the ongoing regular Customer Care survey to allow for comparison.

The following report provides an analysis of 303 Customer Care Smart Study Together telephone interviews conducted from April through October 2010. Sample files listing customers who had interactions with smart gid customer care were sent to the survey provider on a weekly basis. The bulk of the surveys were conducted in the first two months, with 106 completed in April, and another 106 completed in May. From June through September, 21 surveys were completed in each month. Because of the sharp decline of sample provided in the final month of October, only 7 surveys could be completed.

In comparison to the OG&E call center, the Smart Grid call center performed equally well, indicating that they represented OG&E well. The following graph compares the Smart Grid call center and the OGE call center.



Key Findings

1. When considering the seven 1-10 scaled questions, the highest rated was the *Courtesy of the telephone representative* (9.61). The lowest rate was *Resolution on the first call* (8.41).
2. Most ratings decreased from May to June, increased in July and began a rapid decline in August.
3. Ratings were evaluated by rate and technology level in the chart below, where prospects are those customers who were not enrolled in the study but called the Smart Grid call center for information.

Means of Each Scaled Question by Contract Code

	Residential IHD		Residential PCT		Residential Web		Residential ALL		Commercial ALL		Control Group		Prospects	
	Mean	Count	Mean	Count	Mean	Count	Mean	Count	Mean	Count	Mean	Count	Mean	Count
Overall satisfaction with call center	8.59	93	9.4	47	8.09	23	8.63	80	10	1	8	8	8.71	51
Ease of contacting call center	8.58	93	8.98	47	9.14	23	8.55	80	9	1	9.5	8	8.67	51
Courtesy of representative	9.47	93	9.7	47	9.87	23	9.66	80	10	1	9.38	8	9.61	51
Question/issue understood	9.19	93	9.53	47	9.26	23	9.18	80	10	1	9.25	8	9.25	51
Concern for needs	9.08	93	9.6	47	9.77	23	9.34	80	10	1	8.5	8	8.96	51
Information accuracy	9.09	93	9.29	47	7.77	23	8.99	80	10	1	9.13	8	9.13	51
Resolution during 1st call	8.25	93	9.09	47	7.13	23	8.29	80	10	1	8.38	8	8.8	51

4. The OGE NPS for “Likely to recommend to family & friends” was 61%. This was obtained by using an 11-point scale, where 10 is Extremely Likely and 0 is Extremely Unlikely. Values from this scale were then recoded into categories of Promoters (9 & 10), Passively Satisfied (7 & 8), and Detractors (0-6). The NPS is calculated by subtracting the total percent of Detractors from the total percent of Promoters. The percent of promoters was 71.9 %. The percent of detractors was 10.6%. Net Promoter is a registered trademark of Satmetrix Systems, Inc., Bain & Company and Fred Reichheld.

5. The following represents the percentages of each 10-point scaled question where the respondent rated a 5 or below:

Question	% rated 5 or below
Resolution on the first call	16%
Overall satisfaction with the call center	10%
Information accuracy	10%
Ease of contacting the call center	8%
How well the question/issue was understood	5%
Concern for needs	3%
Courtesy of the representative	1%

Areas for Improvement

Though small in overall frequency, the biggest issues revolved around complaints not being resolved during first request, promised follow-ups that did not occur, and complaints about accuracy of the information given. In July and August, we experienced a drop in overall satisfaction, dipping as low as 7.71.

Recommendations

As the SST program moves forward, we recommend:

3. Focusing improvements on resolution on the first call and the accuracy of information.
4. Complimenting individual reps for their high percentages of calls rated "very satisfied" and their overall courtesy.
5. Training representatives how to respond to specific problem scenarios to help with problem resolution.
6. Training representatives for consistency in answering why customers do not qualify for the program. Ensure that all customers get the same response.
7. Developing an ongoing plan to identify and follow up on technical and operational issues, such as:
    1. The failure of the remote unit to connect or work as expected.
    2. Following through with customers who had problems or expected a further contact.
8. Attempting to classify all customer interactions for the purpose of satisfaction measurements. There were 107 unclassified contacts for this reporting period.

2010 Smart Grid Field Service Transactional Survey

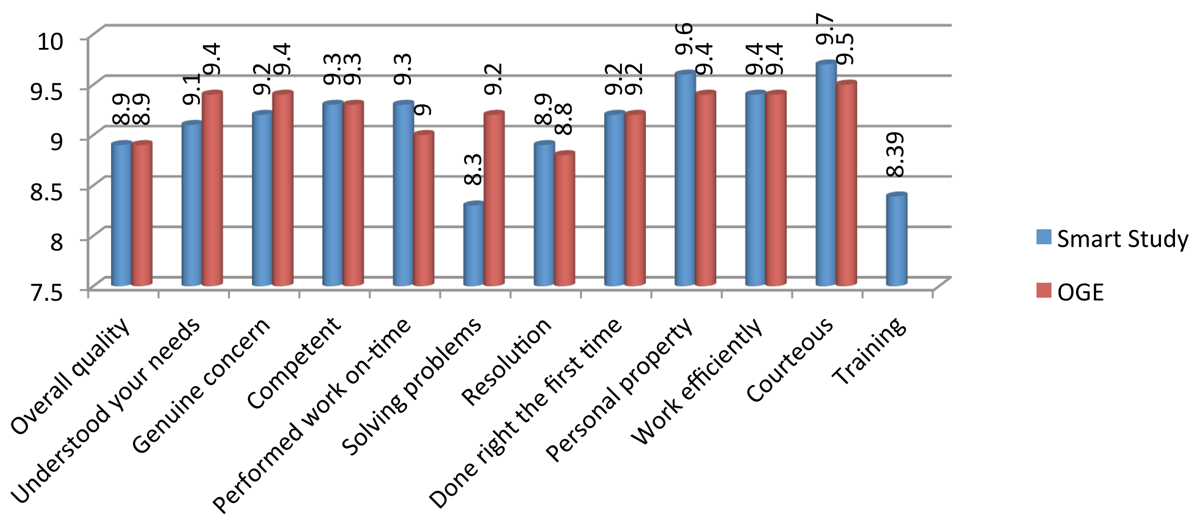
Overview

OG&E again teamed with SRC to develop a program to assess how Smart Grid Field Services representatives were performing in OG&E territory. Many questions were derived from the ongoing regular Field Services survey to allow for comparison.

The following report provides an analysis of 277 Field Services SST telephone interviews conducted from April through October 2010. Sample files listing customers who had interactions with field services representatives were sent to SRC on a weekly basis. The bulk of the surveys were conducted in the first two months, with 101 completed in April, and 92 completed in May. There were 27 completed in June and then from July through September, 18 surveys were completed in each month. Because of the sharp decline of sample provided in the final month of October, only 5 surveys could be completed.

The Positive Energy SST field service crew did a fine job of representing OG&E, scoring the same as the OG&E team in overall quality. The OGE field service crews are slightly better at solving problems and understanding needs. However, the SST field service crew has higher concern for personal property and more courteous customer interaction. The following graph compares the Smart Study Field service and the OGE field service crews.

2010 Field Service Comparison between Smart Study and OGE



Key Findings

- When considering the seven 1-10 scaled questions, the highest rated item was *Having courteous personnel* (9.67). The lowest rated item was *Level of training received by the customer* (8.39).

- Ratings for all field service activities decreased substantially after August 1st.

- Ratings were evaluated by rate and technology level in the chart below:

	Residential IHD		Residential PCT		Residential Web		Residential ALL		Commercial IHD		Commercial ALL	
	Mean	Count	Mean	Count	Mean	Count	Mean	Count	Mean	Count	Mean	Count
Overall quality of services provided by OG&E	8.68	106	8.83	89	10.00	1	9.15	78	10.00	1	9.00	2
How well the service crew understood your needs?	8.92	106	9.26	89	10.00	1	9.19	78	-	1	10.00	2
How well the crew demonstrated genuine concern for your needs?	8.97	106	9.34	89	10.00	1	9.33	78	10.00	1	10.00	2
Having competent employees performing service work?	9.06	106	9.39	89	10.00	1	9.45	78	10.00	1	8.50	2
Performing work on time?	9.24	106	9.18	89	10.00	1	9.54	78	10.00	1	8.50	2
Level of training you received on equipment?	7.85	106	8.73	89	10.00	1	8.72	78	10.00	1	8.00	2
Resolution to your problem with the first request?	8.79	106	9.06	89	10.00	1	8.68	78	-	1	10.00	2
Work done right the first time?	8.88	106	9.40	89	10.00	1	9.23	78	-	1	10.00	2
Showing concern for personal property?	9.55	106	9.58	89	10.00	1	9.63	78	10.00	1	8.50	2
Performing work efficiently?	9.23	106	9.49	89	10.00	1	9.62	78	10.00	1	8.50	2

- The OGE Net Promoter Score for “Likely to recommend to family & friends” was 59%. This was obtained by using an eleven-point scale, where 10 is Extremely Likely and 0 is Extremely Unlikely. Values from this scale were then recoded into categories of Promoters (9 & 10), Passively Satisfied (7 & 8), and Detractors (0-6). The Net Promoter Score is calculated by subtracting the total percent of Detractors from the total percent of Promoters. The percent of promoters was 67.9 %. The percent of detractors was 8.7%. See the Net Promoter Score Chart on page 7. Net Promoter is a registered trademark of Satmetrix Systems, Inc., Bain & Company and Fred Reichheld.

- Overall, service and installations were rated quite favorably.

- The major technical issue was failure of the IHD to connect to the system.

- Communication between the installation crew, OG&E and the customer was often a negative issue.

- Seventy-nine percent of the transactions involved installations. There were some repairs (17%), inspections (3%) and removals (1%).

Areas for Improvement

While most responses were highly positive, the biggest complaint was our inability to solve problems. Customers were upset with the amount of time it took to get someone to fix their equipment. Smaller complaints revolved around service men missing their scheduled appointments and failing to reschedule them.

Recommendations

As the SST program moves forward, we recommend:

I. Installers should be commended for their efficiency, courtesy and for showing concern for the customer’s personal property.

II. Installers should improve the quality of their training programs for customers.

III. Overall, the service and installation crews should be commended for the services they provided.

IV. A process should be developed to monitor follow up and follow through.

1.4 2010 Smart Study Together Reports

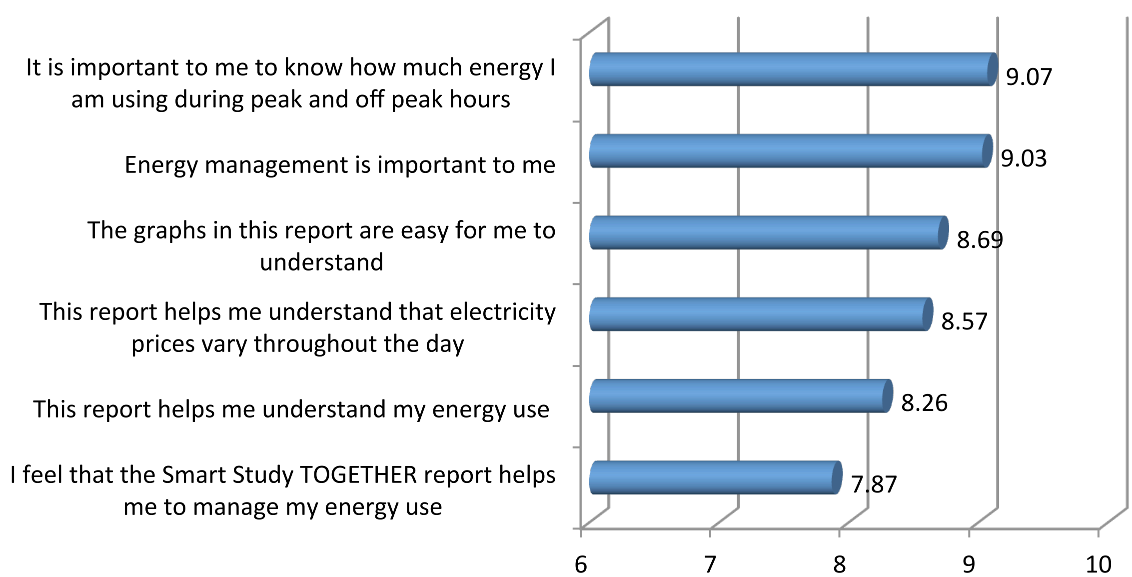
Overview

SST participants were mailed monthly reports containing information related to their energy consumption. To understand customer needs related to the SST Report (SSTR), and how it could be improved, a survey was conducted among study participants. The survey invitation was embedded in the report and we saw a 3.1% response rate (68 of 2,193 customers). The demographics of the survey respondents included 65 residential customers, two general service customers, and one unclassified customer. The respondents leaned to the mature years segments. As far as which pricing plan they were on during the study, 65% were VPP residential, 21% TOU residential, and the remainder unsure. The majority (82%) claimed to have received two reports, while 18% claimed to have only received one report. Most respondents (96%) stated that one or two people generally read the report; usually, self and spouse.

Attitudinal Views

Survey respondents were asked a series of attitudinal statements. The most interesting finding was that the lowest scoring statement, meaning customers do not agree as highly as compared to other questions, was "*I feel that the Smart Study Together report helps me manage my energy use.*" The following chart displays the other attitudinal statements.

Customers want to know how much energy they are using during peak and off peak hours



Respondents were asked to rank the sentences on a scale of 1-10 (10=highly agree)

Most respondents (84%) would like to receive their reports once a month along with their OG&E bill, and 16% would just like to receive it quarterly. Once participant said the following about receiving the SSTR, "*via email the frequency could be weekly, bi monthly, or monthly. The report doesn't impact my energy use ... and up to the minute (no greater than a 15 minute lag time on the website) reporting of* *energy consumption and monitoring is what impacts my conservation. Conservation means immediate change and knowing what to change - a website in real time allows for that to happen. Receiving a report a month after the fact doesn't tell me the dryer or AC was running during that time.*"

When respondents were asked to rank the way to receive the reports from 1 to 3, 1 being most preferred and 3 being least preferred, the majority ranked email as their top preference. Mailed to their home or business came in second and third was going online to a secure website to see/print the report.

The section of the report that respondents feel is the most beneficial is the chart on the first page that shows their price plan compared to the standard rate. The second most valuable section is the bar graph on the first page that shows their on-peak vs. off-peak usage. Many customers love the reports as indicated by, "*We have found the entire report to be beneficial and hope you continue to provide it monthly! Thank you OG&E this study is wonderful and the report is fantastic!*" Others believe that the report is "*pointless*" stating that "*energy conservation doesn't happen by a report that's running behind greater than a month after consumption. Energy conservation happens by real-time monitoring and altering the timing for the consuming electrical component . . .*"

Customers had a variety of ideas when asked what should be added to the report. Respondents said everything from easier to understand graphs to breakdown of money spent each day, to daily average temperature, to information on watt use of specific appliances. Overall, the consensus of these 68 individuals is that they find the Smart Study Together reports beneficial and enjoy it being sent to them rather than searching for the information.

1.5 Conclusion

The 2010 SST allowed us to work in a true partnership with customers to understand their viewpoints and attitudes regarding all aspects of the study. We will utilize this information moving forward to better educate customers on using energy wisely and reducing on-peak demand. By listening to the voice of the customer, we will be able to offer creative, unique solutions that fit the needs and wants of customers, as well as position messages that resonate well. As this program moves into 2011, we will build upon what we already know to enhance the customer experience.

In 2011, we hope to gain even more momentum in understanding customers' reactions to the study. Some improvements already underway reflect the customer sentiment in this report. For example, many customers that were given web portal access in 2010 felt it would have improved their experience with the study. For the 2011 phase of the study, all participants will have access to the web portal. Additionally, 2011 will bring greater focus on the commercial participants. They will be assigned a specific technology and pricing plan, whereas in 2010 commercial customers were able to select their own. We hope to better capture the qualitative aspects associated with commercial customers by having focus groups or town hall type discussions.

2. 2011 Customer Research Summary

2.1 Smart Grid Customer Awareness

Overview

OG&E is in the midst of deploying Smart Meters across our service territory. To help understand customers' awareness of this effort, and any related concerns they might have, we have been surveying customers on a monthly basis throughout 2011. This survey data will also help us understand which messages work best for communicating about Smart Grid and its benefits. The 2011 surveys are tracked against similar 2009-2010 survey data. Prior to 2011, Norman was over sampled to monitor customer feedback to the introduction of Smart Grid. As the Smart Grid program expanded, we discontinued the oversampling in Norman. In order to capture seasonality, surveys were conducted in smaller samples over a rolling six month period beginning in March 2011; in 2009-2010, surveys were conducted on a quarterly basis. The six-month period ran from March 2011 until August 2011 sampling 600 customers consisting of 100 per month, and 204 of which were Oklahoma City customers, 198 were other counties, and 198 were Arkansas customers. This study was conducted by Lawrence Research, a national research firm based in Santa Ana, California, in collaboration with Ackerman McQueen.

Key Findings

The Positive Energy TOGETHER™ message resonates well with customers who like to feel in control. Smart Grid allows customers to have control over their utility bill, however in the past six months consumers felt they had less control over their "appliance use" and "staying within budget". This may be attributed to the unusually hot summer Oklahoma and Arkansas customers experienced, leaving them feeling their utility bill is out of their control.

Figure 1:

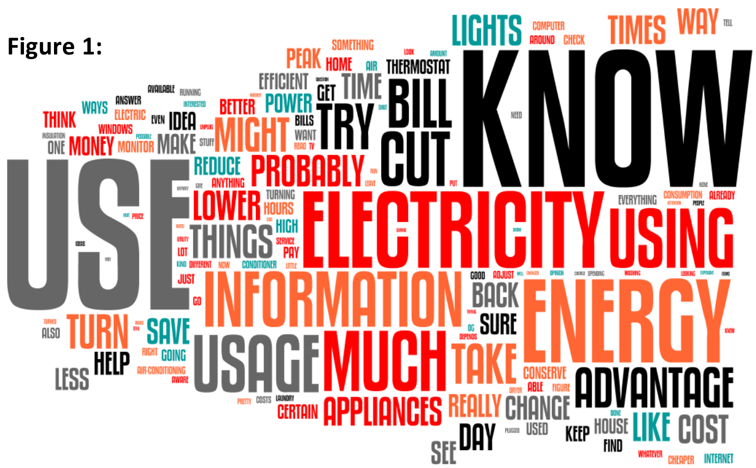


Figure 1 is a compilation of how customers feel they would use the information about personal usage from the Smart Study program[1]. Many customers felt the knowledge they gained from smart-grid data would help them reduce their overall usage during on-peak periods.

In Oklahoma, the NPS[2] for SST increased significantly from 23 in November 2010 to 34 in August 2011, while Arkansas' NPS remained steady. Oklahoman's previous increase in intent to sign up for the program has now returned to base levels, as did awareness of the concept of working to change the way energy is managed. Also, the awareness of Smart Grid has declined in the past six months as a reflection

[1] Respondents were asked: "If both the cost and use of electricity information were available to you on an ongoing basis, what would be some of the ways you might take advantage of this information?"

[2] Net Promoter Score (NPS) is a copyright of Satmetrix Systems

of both sampling and the lack of advertising. In Arkansas, awareness scores continue to be lower than Oklahoma customers specifically for advertising recall, the concept of "Smart", energy management, and the intent to sign up for the program.

"I could figure out what individual appliance to put out. I would know if it is something that I don't need." - OG&E Customer

"If I knew the cost was higher during certain times of the day, I would use their service a lot less during those times"- OG&E Customer

Detailed Results

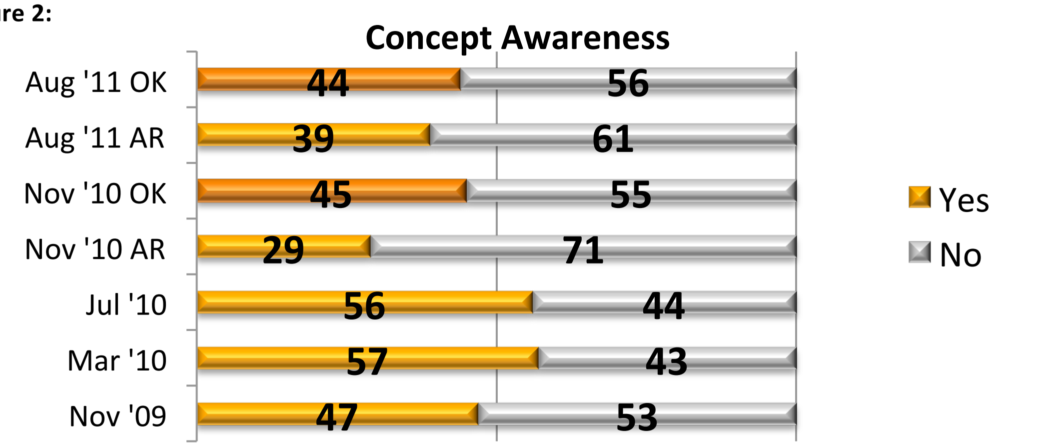
Net Promoter Score

Oklahoma's NPS held steady in the 20s in 2010 and has jumped significantly in the most recent months to a 34. This jump may be attributed to two drivers: 1) The cessation of over sampling Norman, Oklahoma which tended to have lower overall scores, and 2) Customers may be appreciative to consistently having power and air conditioning despite the extremely hot weather. Arkansas' NPS has held relatively steady, dropping slightly from 28 to 26 since November 2010.

Concept Awareness

Smart Grid concept awareness in Oklahoma is consistent with November 2009 and November 2010 levels (but below March and July). Concept awareness levels have increased in Arkansas (Figure 2). For concept awareness, respondents were asked "Utility companies are working to change the way energy is managed. Part of that effort involves providing customers with more information about how much electricity they are using and what it is costing them – any time of the day or night. Have you heard of this?"

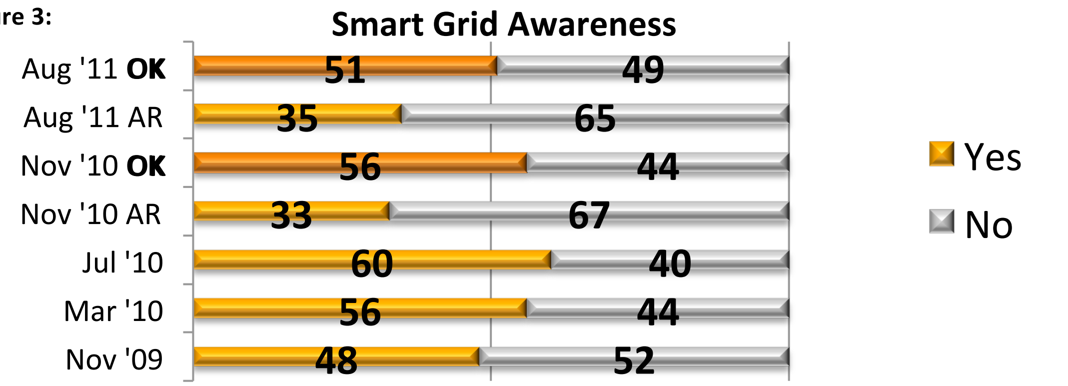
Figure 2:



Smart Grid Awareness

Smart Grid awareness[3] is significantly lower in Arkansas than in Oklahoma, but has dipped in Oklahoma since the last survey series. In November 2010, 56% of Oklahoma and 33% of Arkansas respondents have heard of Smart Grid. In August 2011, 51% of Oklahoma and 35% of Arkansas respondents have heard of Smart Grid. Oklahoma's decrease in awareness may be attributed to the decrease in advertisement during the timing of the survey. (Figure 3)

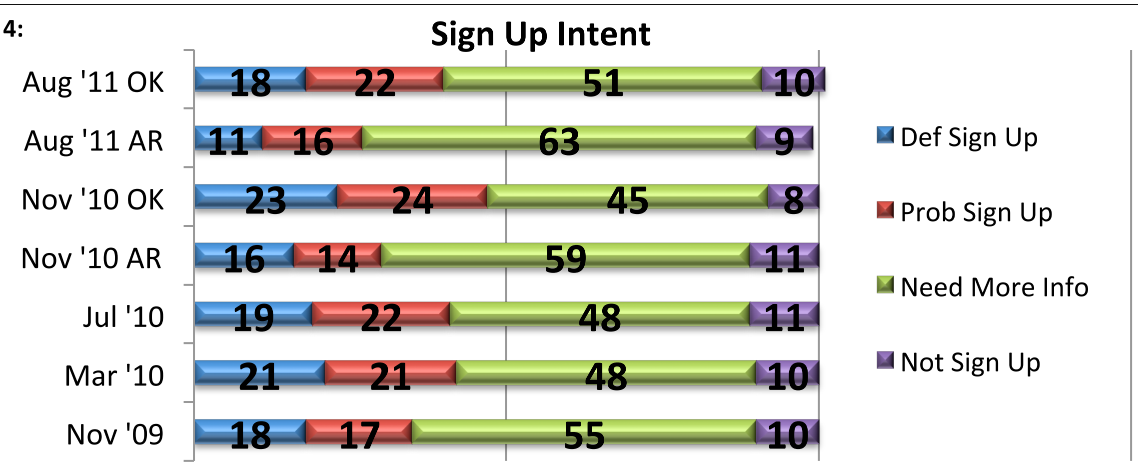
Figure 3:



Sign up Intent

As we prepare to roll out a system-wide demand response offering in 2012, it is important to understand customers' intent to enroll. To understand this, we ask respondents "if this information we've been talking about were made available for residential use at no charge to customers, which of these choices comes closest to what you would do?" Not surprisingly, sign up intent is lower in Arkansas, where we have not communicated the benefits of Smart Grid. Within Oklahoma, sign up intent has returned to base levels for "definitely sign up" (Figure 4).

Figure 4:

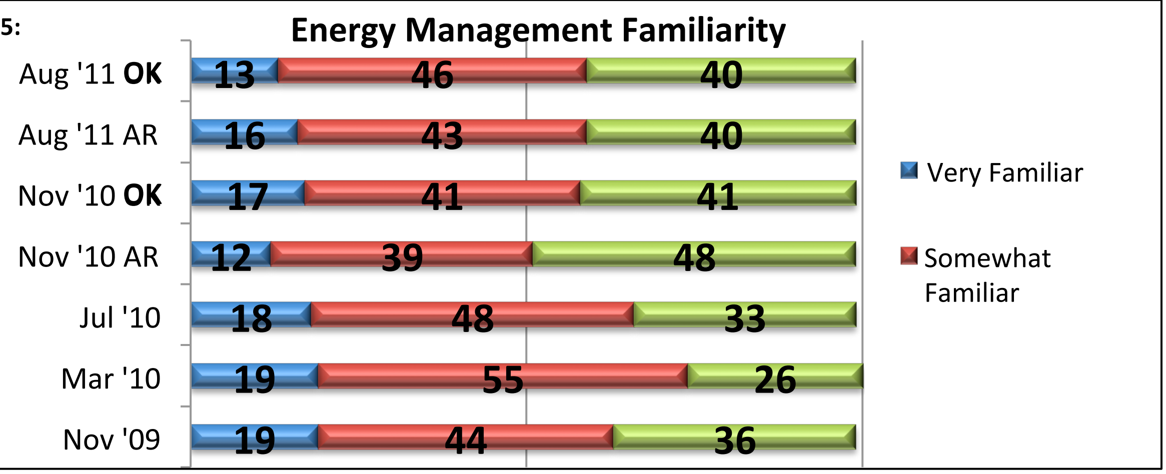


[3] Respondents were asked "Have you heard of Smart Grid?"

Familiarity with Energy Management

When we asked customers "How familiar would you say you are with the issue of energy management – very familiar, somewhat familiar, or not very familiar?" Oklahoma scores dipped slightly while Arkansas increased (Figure 5).

Figure 5:

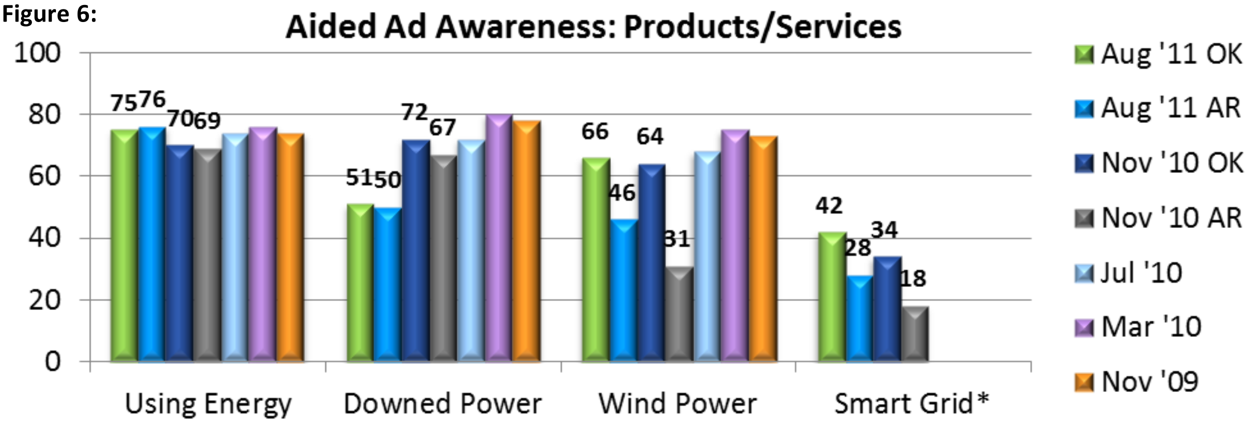


Advertising Communication:

Top of mind awareness in Oklahoma for unaided recall for "Smart" decreased 5% since November 2010 and decreased a total of 10% since July 2010.[4] This is most likely attributed to reduced advertising spending and the fact that we stopped oversampling in Norman, where we focused a great deal of the Smart Grid messaging.

Aided recall or awareness levels for advertising pertaining to products and services has varied.[5] Advertising awareness has increased in both Oklahoma and Arkansas for: "Using Energy," "Wind Power," and "Smart Grid." Awareness levels have decreased in both states for "Downed Power" advertisements. (Figure 6)

Figure 6:



[4] Unaided Advertising recall in July 2010 is 12% recall, November 2010 is 7% recall, and August 2011 is 2% recall
[5] Respondents were asked: "Have you heard, read or seen any advertising from OG&E that talks about" … ["Yes" Answers:]

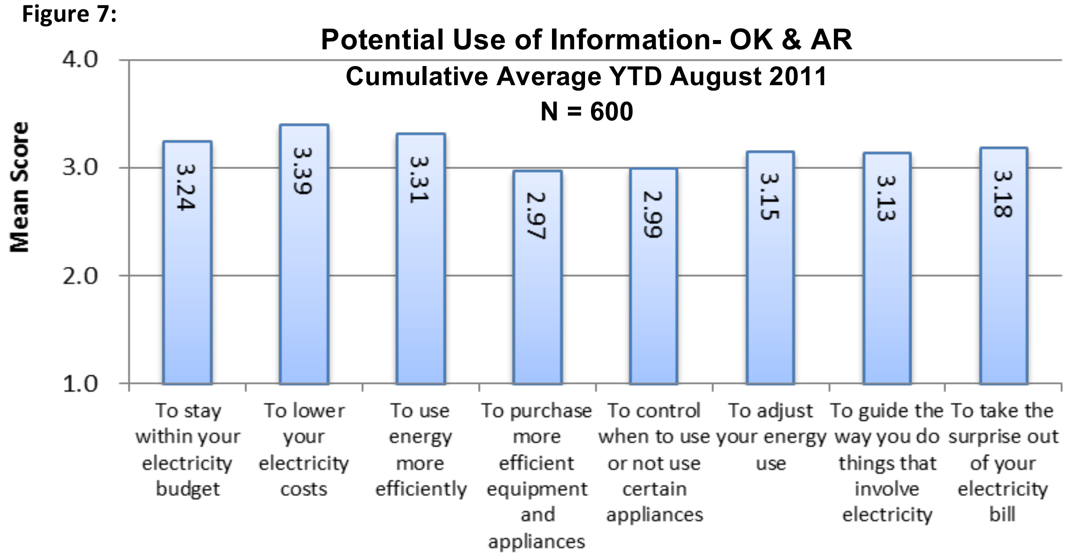
Attitudes and Awareness

Attitudes and Usage: When it comes to how customers would use smart-grid related energy information, there is no significant difference between Oklahoma and Arkansas. Cost remains the initial driver influencing customers' usage. Customers from both states want to be more energy efficient but primarily to lower costs. Secondary to cost and efficiency, customers want to stay in their budget and increase the predictability of their monthly bill (Figure 7). Analyzing criteria over the three-year survey period, potential usage of information has not changed significantly other than increasing usage for budget control.

> *"I would look at different times with peak hours. I can save by using the dishwasher, doing my laundry and using my hot tub timer at less peak times."*
> *–OG&E Customer*

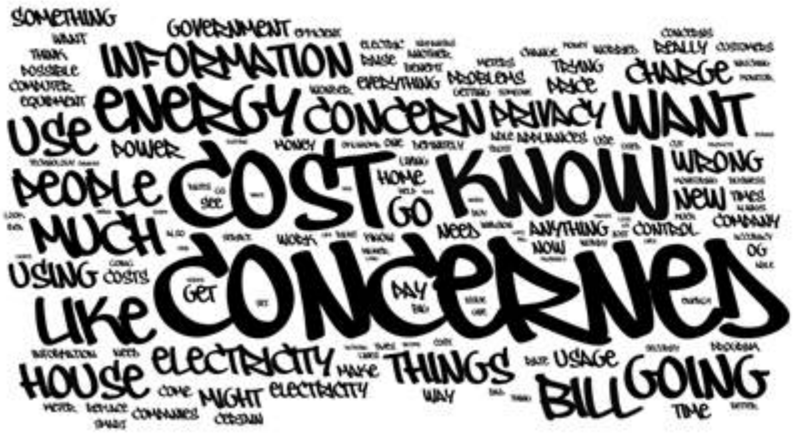
> *"I will try to cut my consumption and in effect, it will cut the bill. I can monitor light, heat and air usage."*
> *–OG&E Customer*

Figure 7:



Favorability: Regarding respondents' attitudes toward the SST program helping customers monitor their electricity usage, Oklahoma remained just under 40% for "very favorable." [6] However, Arkansas favorability for the study dropped 8 percentage points, or 22%, from 35% in November 2010 to 27% August 2011. Arkansas respondents who have a "somewhat favorable" reaction to the study increased 8 percentage points, or 17%, from 48% in November 2010 to 56% in August 2011. In addition, Arkansas intent to sign up for Smart Grid has dropped as well, from 16% in November 2010 to 11% in August 2011. This concern with Arkansas shifting sentiments may be directly related to the little to no advertising among these customers, as we have also seen an increase in "no opinion" when asked what the purpose of the study is.

[6] Respondents were asked: "If you heard or read that OG&E is conducting this study to help customers monitor their electricity use and costs, would your reaction be … very favorable, somewhat favorable, somewhat unfavorable or very unfavorable? "



Potential Concerns: It was very important for OG&E to understand potential concerns that customers may have with Smart Grid. Findings indicate that in 2011, 76% of Oklahoma customers and 71% of Arkansas customers have no concerns with Smart Grid. This is slightly higher than 2010, when 81% of respondents in both Arkansas and Oklahoma had no concerns. Of those with concerns, cost was the biggest concern, with only a few customers mentioning privacy or data security.

Purpose of study: Both states feel the overall purpose for OG&E to conduct the study is that OG&E "want[s] to help customers take more personal responsibility for energy use."[7] In Oklahoma, however, there has been an 8 percentage point shift from personal responsibility being the purpose of SST to avoiding building a power plant. This can be attributed to the direct mail and website education efforts being rolled out across our OG&E customer base. Customers are learning about increasing energy costs and the effect their personal usage has on OG&E's 2020 goal of not building another fossil-fueled power plant.

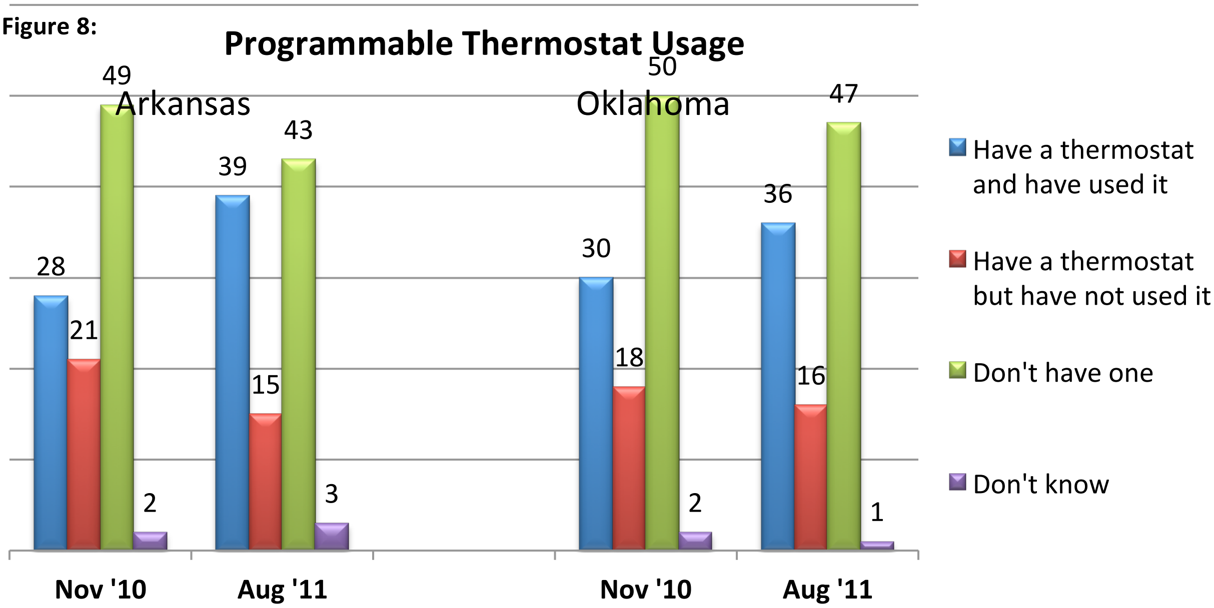
The majority of customers have no concerns with Smart Grid. Of those with concerns, cost was the biggest concern, with only a few customers mentioning privacy, as can be seen in the graphic below.

Customers were also asked "Based on what I've told you, what questions would you like to have answered about this idea or innovation?" The majority of questions were around costs. Other questions included "*How and when would it work? I would not want them to take control*." Other comments are *"why are they doing it*?" and "*is the energy change that they are making clean and helpful*?"

Programmable Thermostats: Programmable thermostats have increased their presence in the homes of our customers. In November 2010, 30% of Oklahoma and 28% of Arkansas customers owned a programmable thermostat and had used the functions (Figure 8). By August 2011, that number rose to 36% and 39% respectfully[8], or over one-third of the customers surveyed have and use a programmable thermostat. Likewise, the percentage of respondents who have a programmable thermostat but do not use the functions has decreased since 2010, meaning more customers are actively using their programmable thermostat.

[7] Respondents were asked "Which of these statements comes closer to your own feelings about why OG&E would be conducting this study … They want to help customers take more personal responsibility for energy use … They want to avoid building another power plant." Respondents feel the purpose of OGE conducting the study: "More personal responsibility" 53% OK & 52% AK, "Avoid building another power plant" 37% OK & 31% AR, and "No Opinion" 11% OK & 17% AK.
[8] Respondents were asked: "Do you currently have a programmable thermostat? If "Yes": Have you programmed various functions on your thermostat?

Figure 8:



When respondents are looking for information on Smart Grid, in 2011, an overwhelming 46% look to the OG&E site, 19% use Google, 11% use Mail, 11% use the electric company's site, 11% use their electric bill, and 8% use television to learn more.[9]

Conclusion

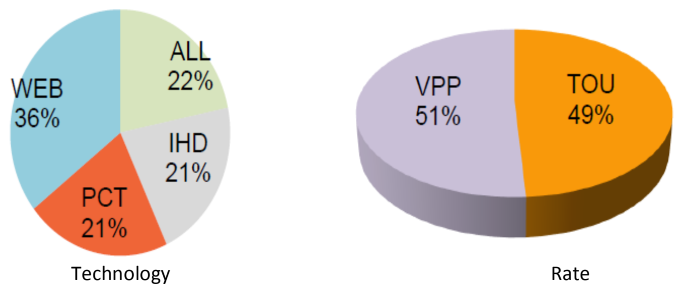
The SST message continues to resonate well with customers who like to feel in control. Many customers felt the knowledge they gained from Smart Grid data would help them reduce their overall usage during on-peak periods, which is aligned with the goals of Smart Grid. Going forward, we will continue to field this survey monthly to better smooth seasonality differences. This will also allow us to report data on a more frequent basis. Survey data indicates that we can better use the Internet to educate consumers about Smart Grid's benefits. We also have a great deal of opportunity to educate customers in Arkansas about Smart Grid and its benefits.

[9] Respondents were asked: "If you were interested in this idea or innovation, where would you go to learn more about it?"

2.2 Smart Study TOGETHER Participant Survey

Overview

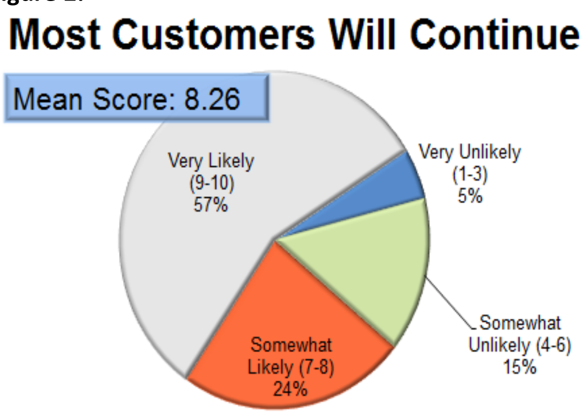
To further understand the customer experience with our Smart Study TOGETHER (SST) rate plans and technologies, we conducted a survey of SST participants in October 2011. We had 680 residential customers respond, 345 of which also participated in SST in 2010. The purpose of this survey was to measure messaging effectiveness, personal energy efficiency, and actions and attitudes after participation. We had a fairly even split among respondents on both technology and pricing plans (Figure 1). The technology products include: PCT, IHD, Web, or a combination of the three. The two pricing plans were VPP and TOU.



Customer Sentiment

Likelihood to Continue After the study, respondents were asked how likely they were to continue on their current pricing plan, and overall, 57% said they were very likely to continue the program and an additional 24% said they were somewhat likely (Figure 2).[10] Broken down by pricing plans, respondents with VPP were more likely to continue than those on TOU (62% vs. 51%). By technology, 61% of customers with a PCT or web only were likely to continue the smart study program versus all three (53%) or IHD (48%), which indicates that having an IHD brought down the likelihood that a customer would continue to be on the program. Interestingly, the likelihood to continue was consistent across age and income.

Figure 2:



Likelihood to Recommend The overall NPS for the program was 48 when customers were asked, "How likely would you be to recommend the Smart Study TOGETHER™ to a friend or family member?" Broken down by pricing plan, people on the VPP pricing plan were the most likely to recommend the program, with an NPS of 53 (Figure 3). For LifeStage and income, those who are in the low income bracket or are classified into the Family Life category were the most likely to recommend the SST program, with a NPS of 58 and 56 respectfully (figure 4).

[10] Respondents asked: "If your pricing plan were made available after the study, how likely are you to continue on the pricing plan" mean score=8.26. 10-point scale with 1 being very unlikely and 10 being very likely

Last year, the SST program had a NPS of 52, compared to this year's 48. Although there was a slight drop from last year to this year, there was not a big difference based on first or second year participants in the 2011 survey. Net Promoter is a registered trademark of Satmetrix Systems, Inc., Bain & Company and Fred Reichheld.

Figure 3:

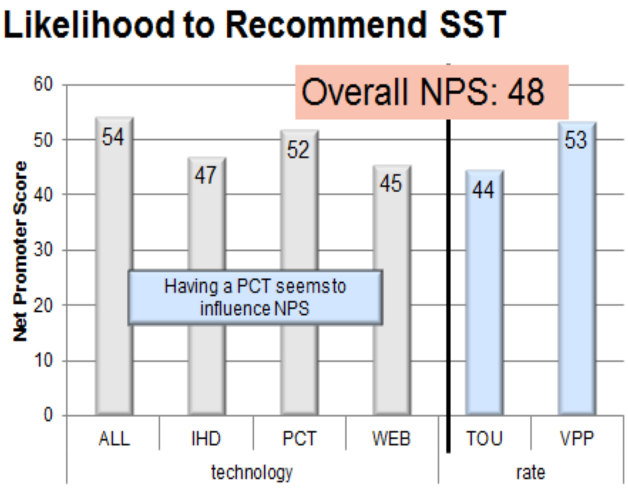
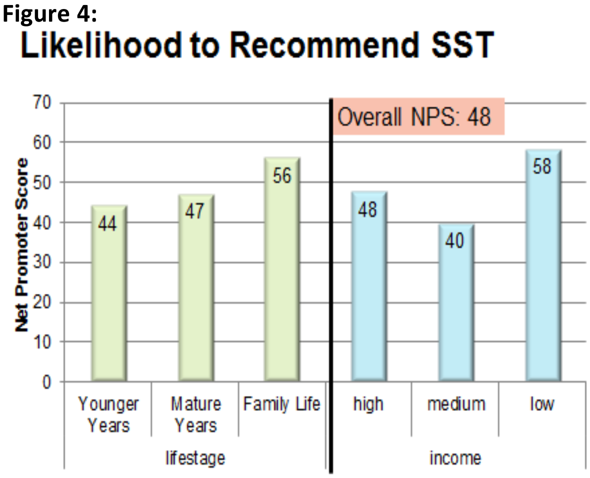


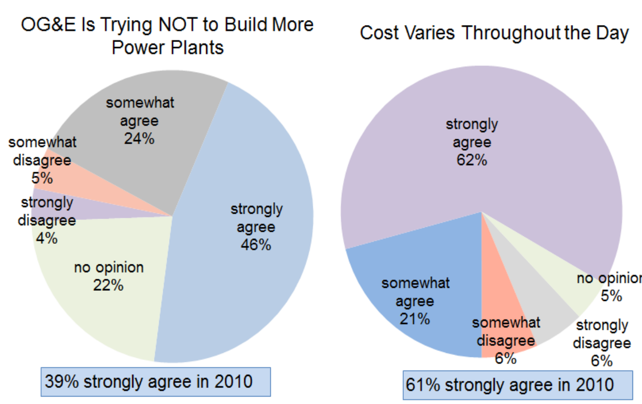
Figure 4:



Actions & Attitudes

Currently, one of OG&E's main initiatives is to educate customers and to partner with them to help better manage electricity usage. OG&E sent participants brochures, emails, and provided many online tools to assist in this process and customers are listening. Of the 680 respondents that took the survey, 89% of them remembered receiving info from OG&E on methods to save money; 92% of those found the material useful, and 93% performed suggestions to help money. Additionally, customers understand that the cost of energy varies throughout the day (62% strongly agreed) and that OG&E is not trying to build more power plants (46% strongly agreed) (Figure 5).[11]

Figure 5:



Cost and saving money remain primary factors when it comes to what motivates customers to sign up for the Smart Study program. Over half of the survey participants ranked cost as their primary reason for signing up and about 90% of the respondents ranked cost in one of their top 3 motivating reasons. Luckily, customers recognize the cost difference throughout the day and have made modifications to their lifestyle, including shifting household chores to off-peak times and turning off the lights.[12]

Naming

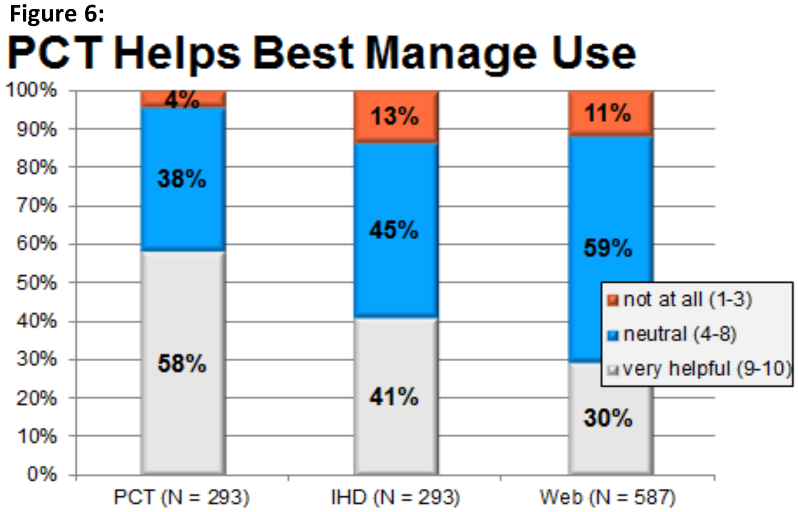
[11] Respondents asked: "The cost to product electricity varies throughout the day" and "OGE is trying now to build more plants"
[12] Respondents asked: "Which of the following energy saving steps have you taken since the study began?"

Customers were asked about renaming the PCT, general time-based pricing plans, TOU, and VPP. For the specific pricing plans, customers preferred we continue to use time-of-use and variable peak pricing. However, customers preferred the PCT to be changed to SmartTemp Control (62%) and the pricing plans to SmartHours (38%).

Study Technology

A main part of the study was the enabling technology, specifically the myOGEpower website, the PCT and the IHD. In 2011, all customers had access to the website and 86% say they have logged on at least once. Those who did not log on felt they were too busy, could get enough information elsewhere, had no need to or felt there were technical problems. The respondents that have logged on to the website found the on-peak versus off-peak analysis and the daily cost information to be the most beneficial. Additionally, customers would like to see rate comparisons and remote control of their thermostat in future releases.

Figure 6:

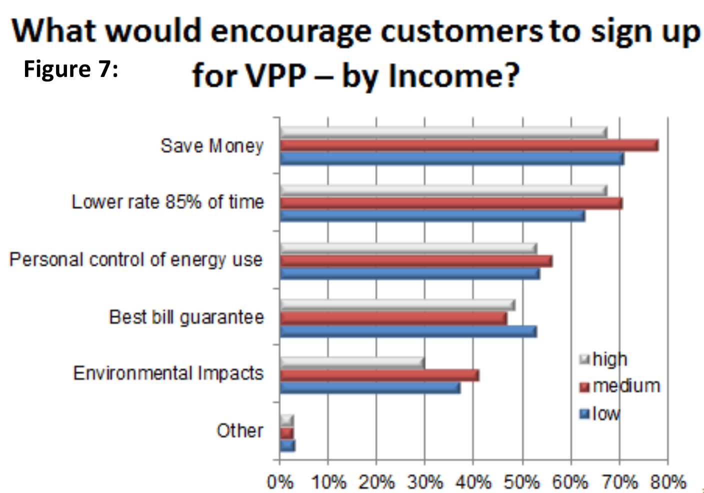


Relative to 2010, customers have found the website and their PCT slightly easier to use, and although there are some technical difficulties most customers find it manageable.[13] Out of the three technology options (website, PCT, and IHD) customers find the programmable thermostat helps manage their electricity usage best (figure 6).

Customer Motivations

As mentioned earlier, customers' main motivation for signing up for the program was for cost savings, and overall 90% of all TOU and 99% of all VPP participants saved money. This may be attributed to the fact that 91% of respondents felt the program helped them better understand on-peak and off-peak prices. In fact, 90% of survey respondents correctly identified the start time of on-peak pricing and 94% correctly identified the end time. More importantly, during the study only 35% felt they were inconvenienced to save money during the study, and of those, 64% found it worth it in the end. When TOU customers were asked about a variable pricing plan, 74% of TOU customers were interested in enrolling in VPP and again

Figure 7:



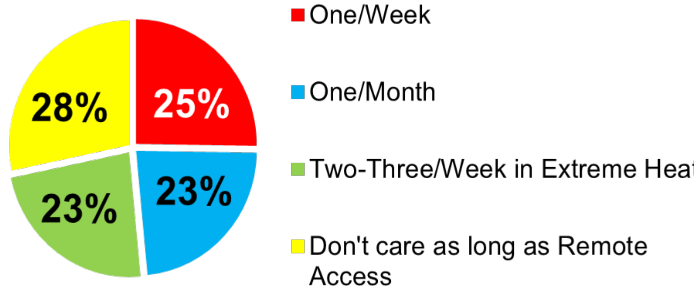
[13] Respondents asked: "Is the new [device] helping you to better manage your energy use?"

this is motivated by saving money.[14] Customers were also asked "What benefits of [VPP] would most encourage you to enroll in this pricing plan?" and across all age groups and income levels, saving money was the biggest motivator (figure 7).

Critical Price Events

About 71% of respondents were aware that a critical price event could be called anytime of the year with at least a two hour notice, and 62% felt they had adequate amount of notice to make changes for them. Also, 28% said OG&E could call as many critical price events during the summary as long as they could accommodate with remote access control (figure 8). When broken down by age and income, age did have an impact on timing adequacy, with mature customers more likely to feel they had adequate time to make adjustments for critical price events.

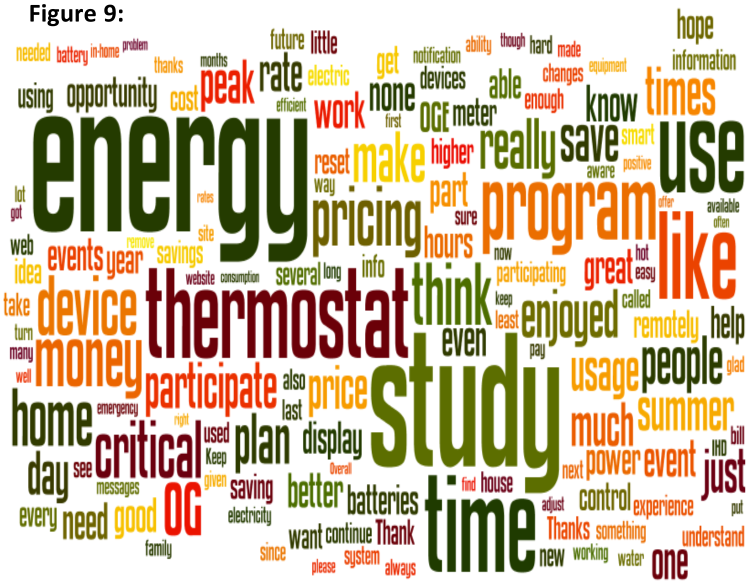
Figure 8: How many CP events are reasonable during a summer?



Conclusion

Overall, feedback was positive on the SST program and customers are likely to continue on their pricing plan. Some areas to improve upon to better satisfy customers include better education, fixing technical issues, and the implementation of remote control thermostat control. At the conclusion of the study, an overall positive attitude was reflected from the participants' final comments (Figure 9).[15]

Figure 9:



[14] Respondents asked: "Assume OGE offered pricing plan similar to one you tested in study, but where peak-price could [vary]. Would you be interested in enrolling in the pricing plan?" (Y/N)
[15] Respondents asked: "Do you have any additional comments on the OGE Positive Energy Smart Study Together? "

2.3 SST Focus Groups

Overview

In October 2011, OG&E brought in about 50 customers to understand perception of TOU and VPP and how OG&E can introduce these programs to customers in the most compelling way. We also wanted to insight for a naming architecture for the Demand Response 2012 offering and finally we wanted to learn about the satisfaction levels and consumers' understanding of the SST program. The focus groups were conducted by Ackerman McQueen.

The Participants

There were two main groups that participated in these focus groups. Half the groups consisted of Smart Study program participants and the other half were non-participants. Of these groups, two were commercial customers and four were residential customers. In both the commercial and residential customer groups, half had been a part of the study and the other half had not. While, half the residential groups were supposed to be with heavy energy users and half light users, the numbers were slightly skewed downward, based on factors such as old equipment, old homes, or they were less energy aware than assumed.

Topics

On-Peak Pricing

In the focus groups, there were several issues identified that should be addressed. The first of these involved on-peak pricing. Non-program participants have only a *vague* understanding that electricity costs more at different times of the day. At best, half said they "kind of" knew this. When pressed, **virtually none of these respondents could correctly define on-peak hours** from 2 to 7. Moreover, respondents were surprised that *on-peak hours* did not also apply to *weekends* when "everyone is home." We should reconsider the mobile industry's "nights and weekends free" model and place greater emphasis in communications on when we want consumers to use electricity versus when we don't want them to. We need to provide a better explanation of critical price events and how often they are likely to occur.

Skepticism

After thinking about it, many non-SST participants do not buy the fact that electricity costs more to produce during peak demand. They miss the fundamental concept of *supply and demand* based on total energy use. In a focus group, this skepticism turned quickly to cynicism. "Sure OG&E says that, but how do I know…" This was a higher level of skepticism than normal for OG&E which has an enormous trust bank. This issue needs to be addressed so it doesn't fester. The "why does it costs more" issue should be more transparent and addressed directly in all communications and explained in detail on OG&E's sites and public presentations (possibly in a video presentation).

Smart Grid

The next issue involved the understanding of Smart Grid. Only a few in the non-SST groups could correctly define the concept of Smart Grid. Even fewer were aware of the SST program and only a handful already had Smart Meters or knew they were going to be installed. When asked why OG&E was interested in installing Smart Meters, they said 1) to monitor use 2) to be able to cut your service off remotely and 3) very few knew of the 2020 initiative. We need to continue to educate consumers about Smart Meters, pricing and 2020. Many non-participants have not yet gotten the message.

TOU versus VPP

The next issue involved the choices between TOU and VPP and the customers' understanding of these two choices and their concepts. TOU was an easier concept for most to grasp but, there was still a consensus that it was a gamble with the program. VPP, on the other hand, created a fear of the unknown among the focus group participants. The last issue was around critical price events that people thought OG&E could call repeatedly on a whim. Customers need to understand that the TOU and VPP options are ***choices***. They fear that in the near future OG&E will "force them" into a plan. Consider positioning these pricing plans as options along with the standard rate and other available plans (GFB, average, etc.). Consumers need to be clearly told the pros and cons of TOU versus VPP and their standard rate so they can make an informed choice about which is better for them.

Naming Structure

The last items discussed involved the naming structure for our TOU, VPP and PCT. Two names were favored most by focus group participants, MyPower Program and SmartHours (figure 1).

Figure 1: **Name Suggestions by Participants**

Overall	**VPP**	**TOU**	**PCT**
SmartHours	SmartWatch Pricing	SmartTime Pricing	SmartTemp Control
Positive Power Plan	Positive Point Pricing	Positive Time Pricing	Positive Power Control
PowerMove	PowerPlan Pricing	PowerTime Pricing	Personal Power Control
Power Balance Program	Fact & Act Pricing	Time & Use Pricing	PowerBalance Control
MyPower Program	MyPlan Pricing	MyTime Pricing	MyPower Control
OGEnius Program	OGEnergy Flex Price	OGEnergy Time Price	OGEnergy Vision

Overall Name Suggestions

Naming Architecture	**First Place**	**Second Place**	**Total**
MyPower Program	23	14	37
SmartHours	21	11	32

Web Site Reactions

Overall reactions to the Smart Study website were mixed, varying from very useful, comparative information to unaware of its existence. Others found it useful at first, but quickly lost interest because the website was not user-friendly and provided more information than they cared to know. Simplifying the process and the ease of navigation to get the information customers care about will allow for a better customer experience and hopefully increase website participation.

Recommendations

Overall customer sentiment of the program was positive, but there are areas that could be better. Program and product instructions should be communicated in the simplest manner to ensure customer understanding and future participation. Customers' lack of knowledge makes it critical to speak as plainly and clearly as possible to reduce or eliminate unneeded frustration with our products. An instruction card posted over the PCT SmartTemp Control explaining the basic settings may make the device less intimidating and easier for customers to use. Instructional videos posted on the website should be developed explaining various "how to" scenarios.

Customers also need assurance that they have a choice in which price plans they participate. Future positioning of these new pricing plans should be presented as options to go along with the standard rate and other available plans. These pricing plans should also better communicate the "no-risk guarantee." Presenting the positives of the pricing plan programs should encourage more participation.

OG&E should utilize testimonial videos from locals to talk about their savings. Testimonials from fellow commercial and residential customers were extremely beneficial and helped dissipate skepticism from focus group participants. Additional information needs to be made easily available through customer video testimonials, Frequently Asked Questions, and through more detailed and transparent answers on the web.

Conclusions

The majority of participants in the SST program would recommend this program again and hope for it to continue and improve. The recommendations given above were based on providing customers with a better explanation and education of our programs to avoid confusion. Commercial customers should be targeted to find early adopters, or those who can most clearly benefit from the program. Also, the reasons behind our programs should be more transparent to our customers so they can fully understand the benefits they are receiving while helping us to reach our goals.

2.4 Smart Grid Call Center & Field Service Transactional Survey

To measure customer satisfaction with the OG&E call center and OG&E field service visits, we surveyed a random sample of customers following their interaction with OG&E. Their responses provide vital insight into how OG&E is meeting and exceeding the needs of our customers. We conducted similar surveys on the Smart Grid call center and field service transactions. This analysis will look at the details of each group while also presenting some comparisons.

Call Center Survey Report

Call center customer satisfaction is based on a random sampling of 240 customers who contacted the call center during the month. It is important to note that in 2011, during the months of June and July, there was a decrease in satisfaction most likely caused by high bill shock due to the extreme summer heat. Customers are asked to rate their level of satisfaction with OG&E on a scale of 1 to 10, with 10 being very satisfied on the following topics:

- The overall satisfaction with the Call Center
- Ease of contacting the call center
- Courtesy of representative
- How well was your question or issue understood
- How well the representative demonstrated genuine concern for your needs
- The accuracy of the information you were given
- Resolution to your issue or questions during the first call

Figure 2:

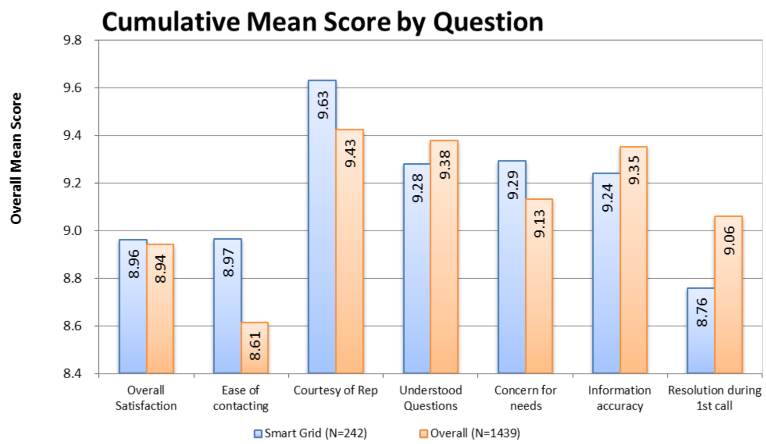
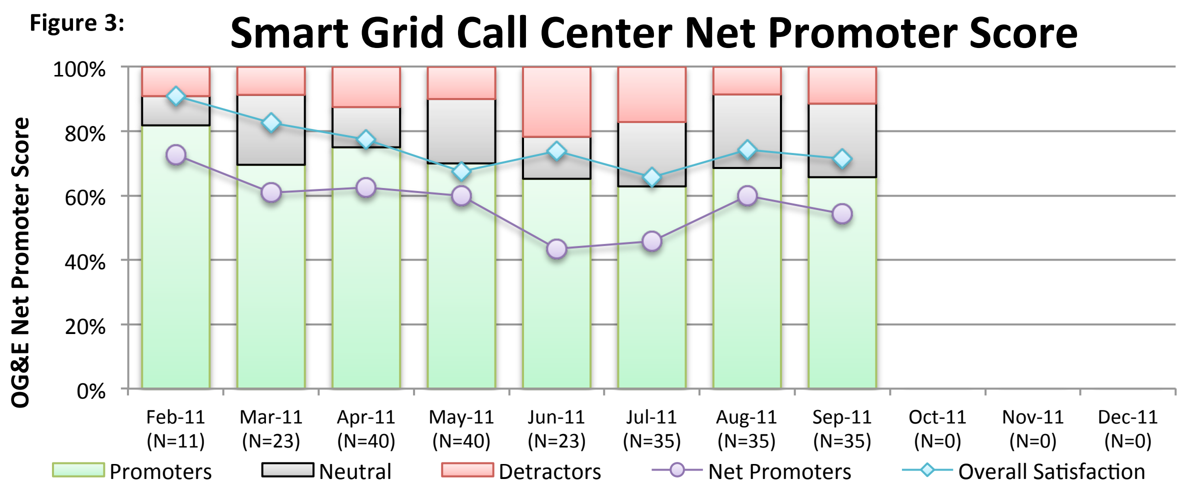


Figure 2 provides the mean scores by question for both the OG&E call center and the Smart Grid call center. Scores for both crews remain very high, averaging above 8.5 in every category. Both crews also appear to be delivering a consistent customer experience.

In addition to satisfaction, NPS is another important customer experience metric. NPS is measured by breaking respondents into three segments based on their likelihood to recommend OG&E. Customers that respond with a 0-6 are considered detractors, customers that respond with a 7 or 8 are neutral and customers that respond with a 9 or 10 are promoters. The percentage of “detractors” is subtracted from the percentage of promoters to calculate the net promoter score, or NPS. Scores can range from -100 to 100. Figure 4 highlights the NPS for the Smart Grid Call Center during 2011. Net Promoter is a registered trademark of Satmetrix Systems, Inc., Bain & Company and Fred Reichheld.

Figure 3:



Field Service Survey Report

The OG&E field service survey asked a random sample of 191 customers, who had a work order issued during the month, the following series of questions. Customers are asked to rate their level of satisfaction with OG&E on a scale of 1 to 10, with 10 being very satisfied on the following topics:

1. The overall quality of services provided by OG&E
2. How well the service crew understood your needs
3. How well the service crew demonstrated genuine concern for your needs
4. Communication with you as a customer
5. Having competent employees performing service work
6. Performing work on time
7. Providing professional help in solving problems
8. Following up on problems and concerns
9. Resolution to your problem with the first request
10. Showing concern for personal property
11. Performing work efficiently
12. Having courteous personnel?

The following questions were added to address the OG&E Smart Grid specific needs:

1. Arranging the appointment
2. Level of training you received on the equipment
3. Resolution of your issue on the first request

Figure 4 provides the mean scores by question for both the OG&E field service crews and the Smart Grid field service crews. Scores for both crews remain very high, averaging above 8.5 in every category. Both crews also appear to be delivering a consistent customer experience. While still scoring high, it appears we have some opportunity to improve our training on the Smart Grid in-home equipment, since this item was scored slightly lower than the other topics.

Figure 4:

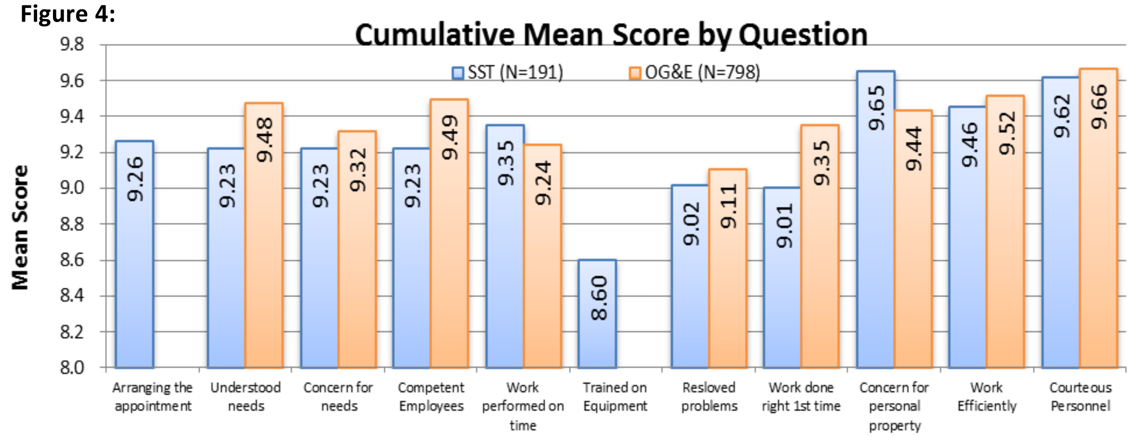
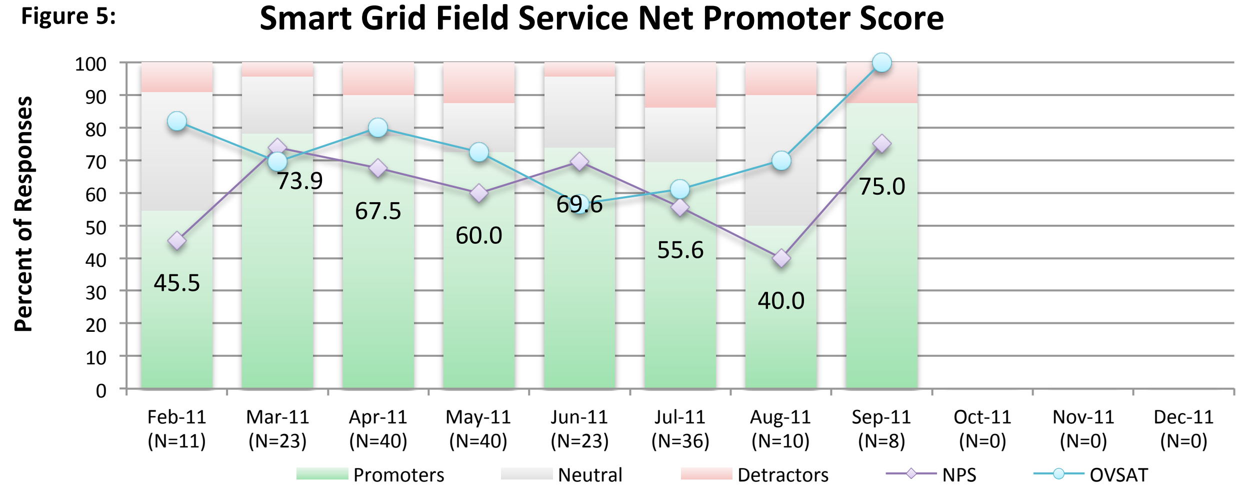


Figure 5 highlights the NPS for the Smart Grid Field Service crews during 2011. The scores have ranged from 40 to 75, although the monthly sample sizes are fairly low.

Figure 5:



Conclusion

Overall, the Smart Grid call center and field service teams have done a fine job of representing OG&E and have delivered a consistent customer experience. The OG&E field service and Smart Grid teams continue to score excellent marks from our customers, as well. These high scores are something in which all members should take pride.