



# Hibbing Public Utilities

2020 Steam Customer Survey  
Summary of Results



now joined with  
Springsted and Umbaugh





## INTRODUCTION

# Steam customer survey

- Survey was distributed to 1,000 customers receiving steam service from HPU.
- Participants could return paper survey to Baker Tilly or choose equivalent survey on the web.
- Web survey was also linked from HPU web page.



## INTRODUCTION

# Survey responses

- Baker Tilly received 327 responses in total.
  - 288 responses by mail; 39 on the web.
  - 300 residential customers; 27 commercial accounts.
- Response rate over 30% is very high for surveys of this type.



## INTRODUCTION

# Survey responses *(cont.)*

- Of the total responses, 23 indicated they were not currently steam customers.
  - These responses included open-ended feedback only.
  - Not included in analysis of regular survey questions.



## RESIDENTIAL ACCOUNTS

# Residential participants

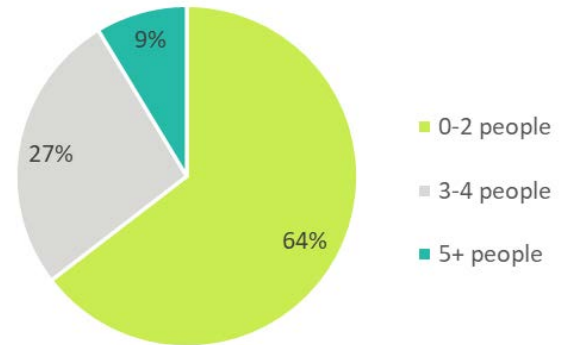
- We first look at responses from residential steam customers.
- Setting aside commercial accounts and non-steam customers, we have 278 responses to review.

## RESIDENTIAL ACCOUNTS

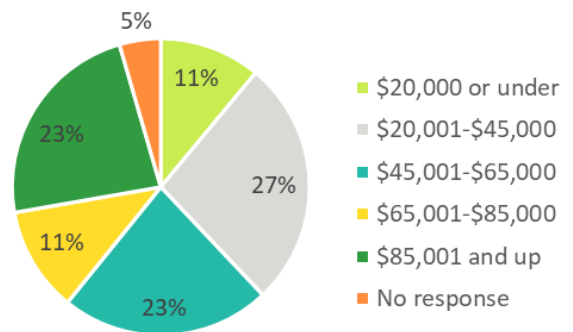
# Residential participants – characteristics

- Most responses came from homes with 1-2 occupants.
- Approximately 39% of responses were from households with annual income over \$65,000.
  - Similar proportion from households with income under \$45,000 per year.

Household size



Household income

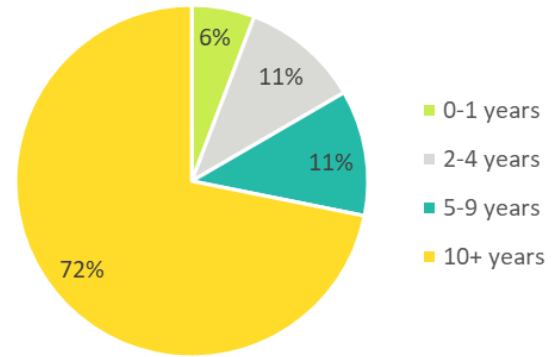


## RESIDENTIAL ACCOUNTS

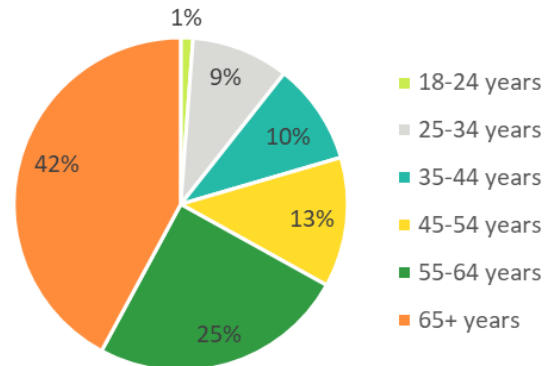
# Residential participants – characteristics *(cont.)*

- Responses tended to come from long-time customers.
  - Nearly three quarters from customers of 10 years or longer.
- Two thirds of responses from homes where head of household is 55 years or older.

Years receiving steam service



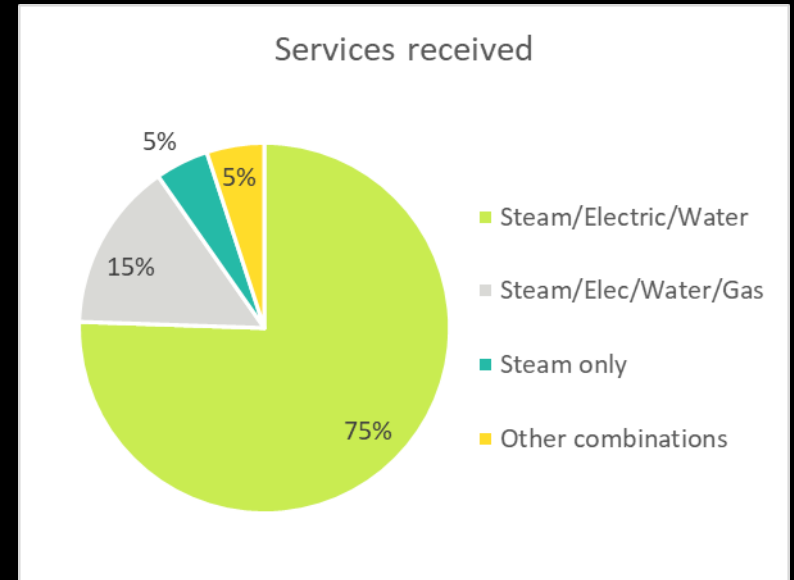
Age of householder



RESIDENTIAL ACCOUNTS

## Residential participants – characteristics *(cont.)*

- Participants were asked which services they received from HPU.
- Three quarters received steam, electricity, and water.
- Another 15% received natural gas service in addition to the three above.





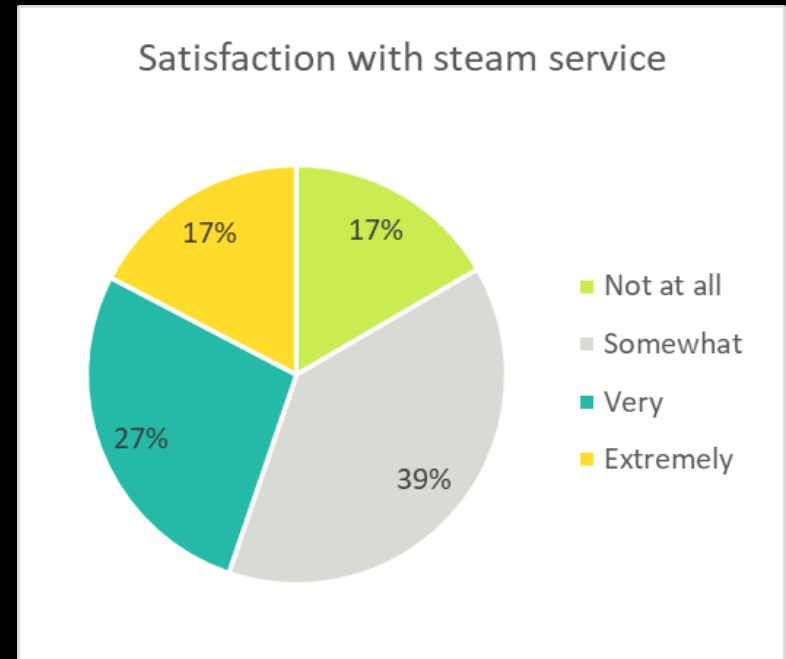
## Survey structure

- Main body of survey asked participants to answer the following:
  - Satisfaction with current steam service
  - Likelihood of switching to another heat source
  - Important qualities when considering heat source to use
  - Likelihood of switching under different utility rate scenarios
  - Likelihood of switching under different break-even timelines
  - Open-ended feedback and suggestions
- Analysis of open-ended feedback will be included in a separate report.

## RESIDENTIAL ACCOUNTS

# Satisfaction with current steam service

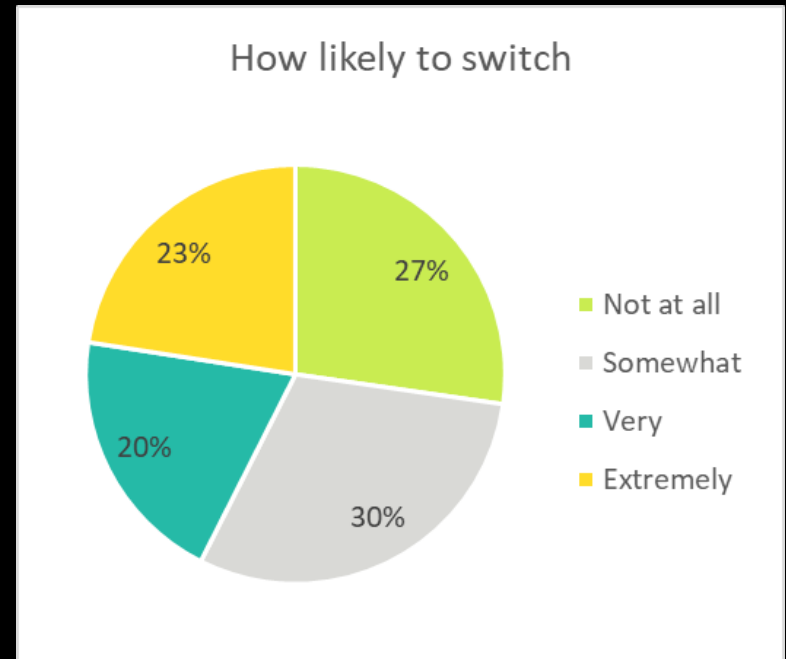
- Approximately 44% responded that they were extremely or very satisfied with the quality of their current service.
- 39% were somewhat satisfied, and 17% were not at all satisfied.
  - Primary criticisms from open-ended feedback were based on expense and service outages.



## RESIDENTIAL ACCOUNTS

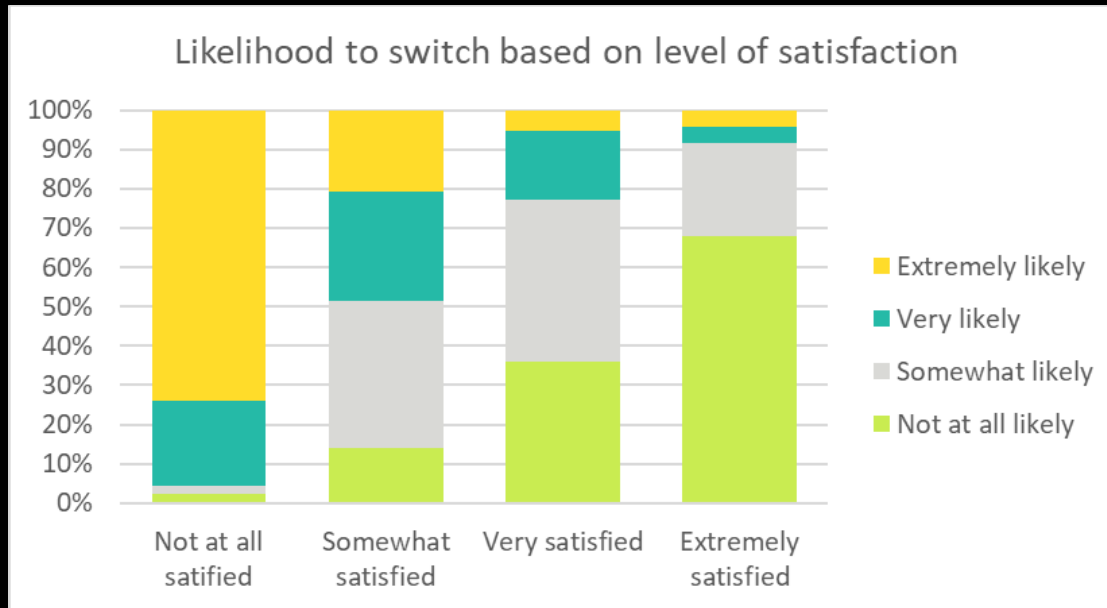
# Likelihood of switching source

- Respondents were asked how likely they were to switch to another heating source, if one were made available to them.
- 43% were extremely or very likely to switch to a new source.
- 30% were somewhat likely, and 27% were not at all likely to switch.



RESIDENTIAL ACCOUNTS

# Likelihood of switching source (cont.)

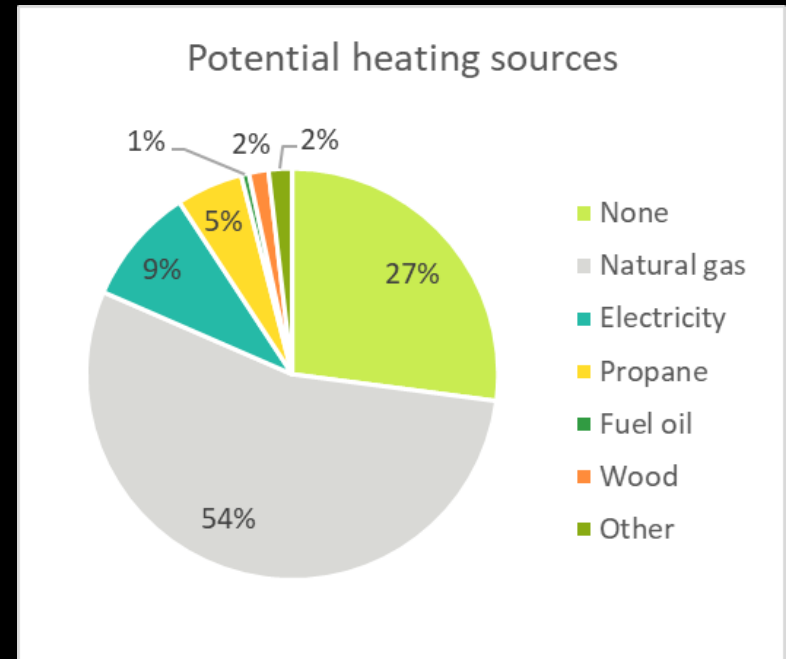


- Looking at the two questions together, those saying they were less satisfied with current steam service were much more open to switching to other sources.

RESIDENTIAL ACCOUNTS

# Potential heating sources

- Participants were asked whether they had considered any specific alternatives to their steam service.
- Most popular response by far was natural gas, with 54% of responses.
- 27% indicated they had not considered any other sources.





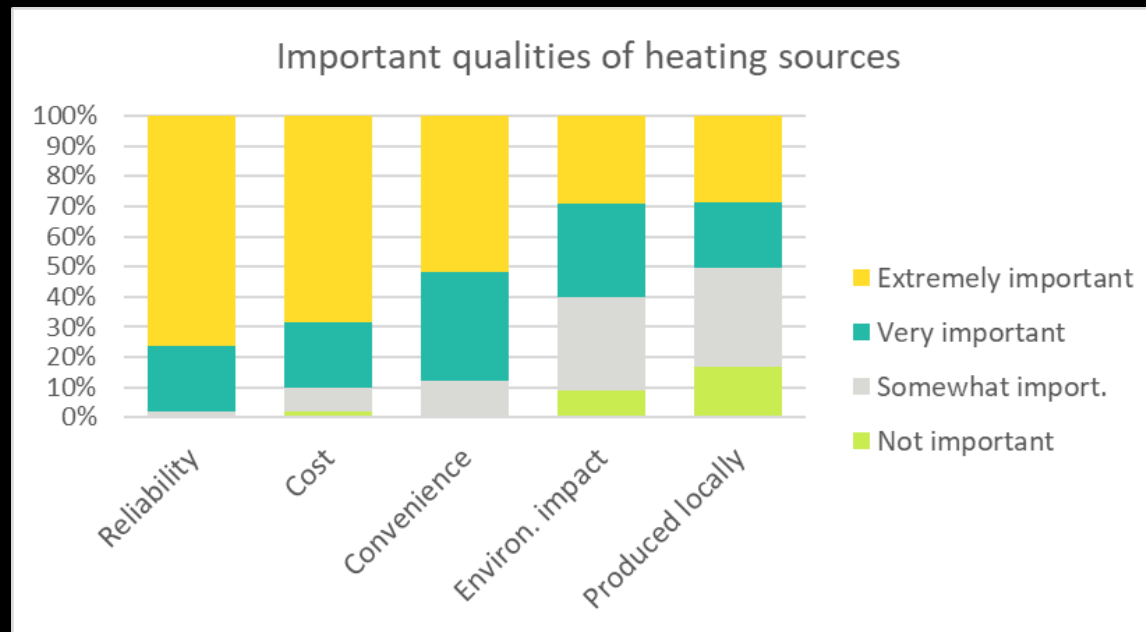
RESIDENTIAL ACCOUNTS

## Important qualities of heating sources

- Participants were given five characteristics of potential heating sources and asked how important each element was when they were considering their options.

RESIDENTIAL ACCOUNTS

# Important qualities of heating sources *(cont.)*



- Reliability and cost were rated most important.
- Locally produced and environmental impacts were ranked of lower importance.



**RESIDENTIAL ACCOUNTS**

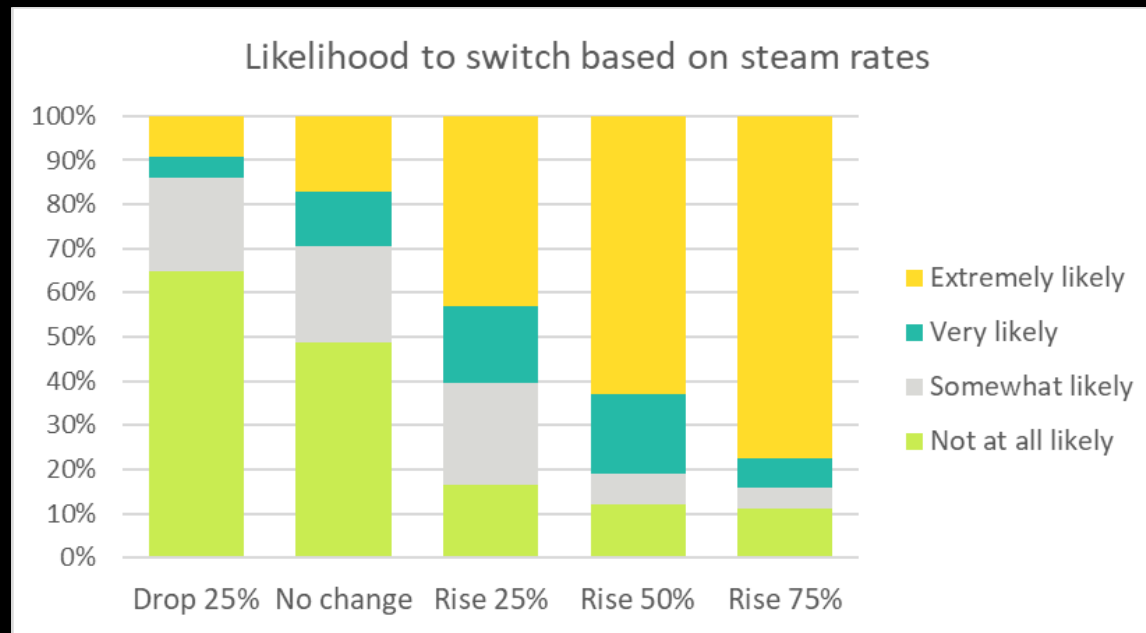
## Effects of steam cost assumptions

- Participants were given two sets of scenarios related to steam costs and asked how likely they would be to look at other heating sources.
- First set of options asked about effects of changes in the cost of steam service.
- Second set asked about different timelines for a “break-even” on costs, assuming that lower monthly utility payments would offset up-front costs to convert to a new source.



RESIDENTIAL ACCOUNTS

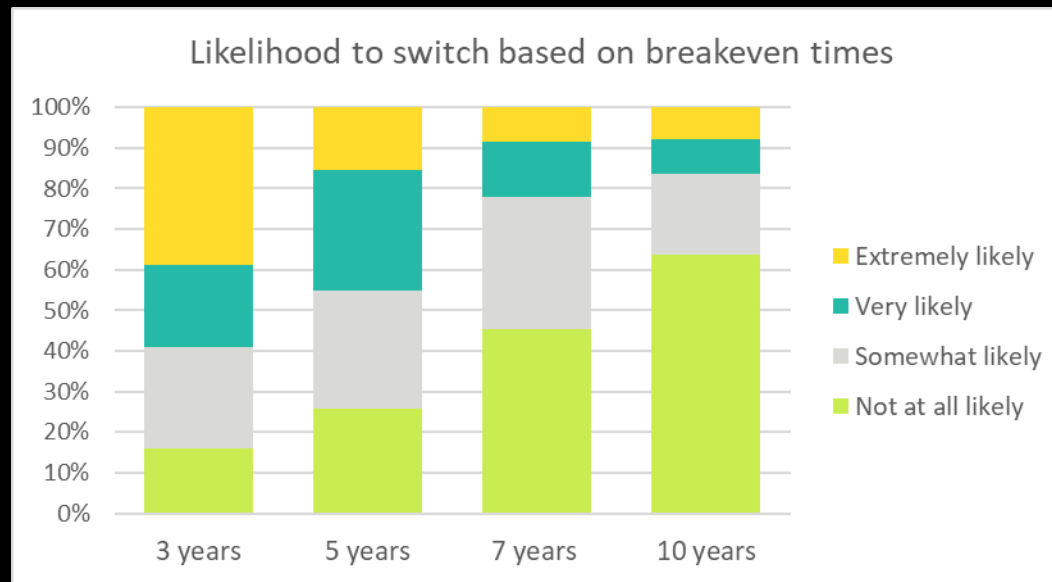
# Effects of steam cost assumptions (cont.)



- Likelihood of exploring other heating options goes up in proportion to increases in cost of steam service.

## RESIDENTIAL ACCOUNTS

# Effects of steam cost assumptions (cont.)

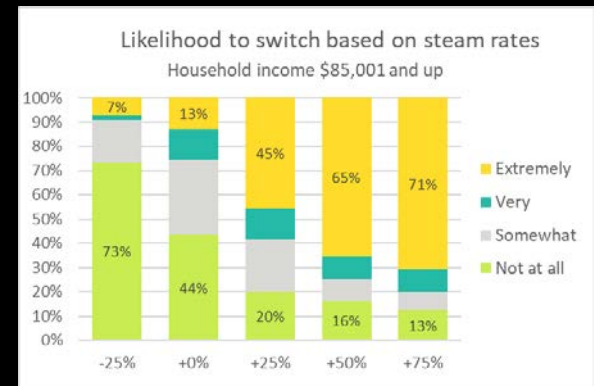
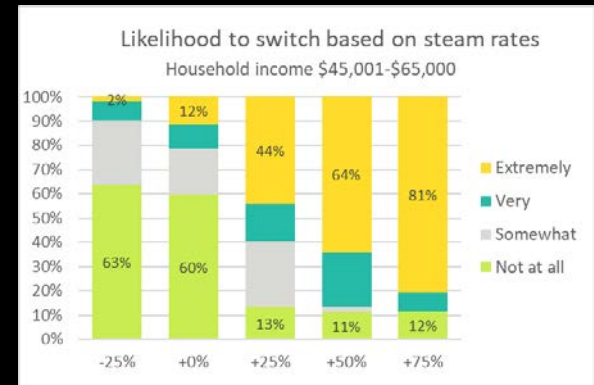
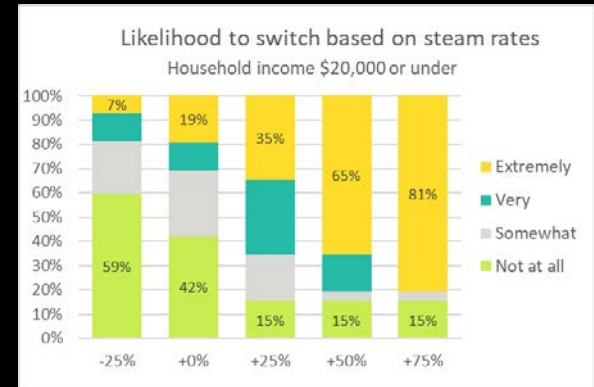


- Likelihood of exploring other heating options goes up in inverse proportion to amount of time required to break even.
- Based on open-ended feedback received, many respondents felt cost of conversion was understated and break-even times would be longer.

RESIDENTIAL ACCOUNTS

# Effects of steam cost assumptions (cont.)

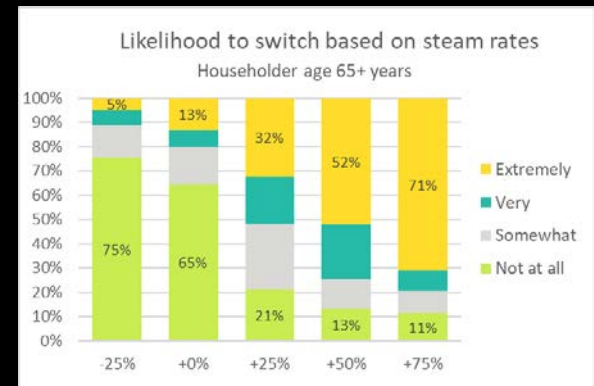
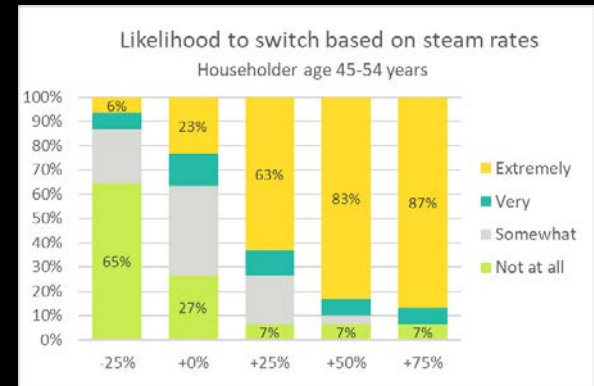
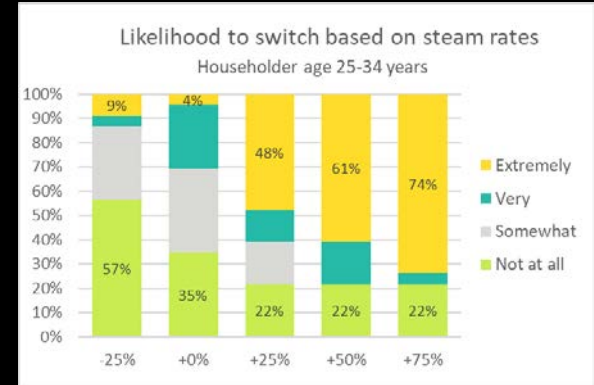
- Likelihood of exploring other options is remarkably stable across income levels.



RESIDENTIAL ACCOUNTS

# Effects of steam cost assumptions (cont.)

- Likelihood of exploring other options is more sensitive to age of householder
  - Older residents are less likely to consider other heating sources.





COMMERCIAL ACCOUNTS

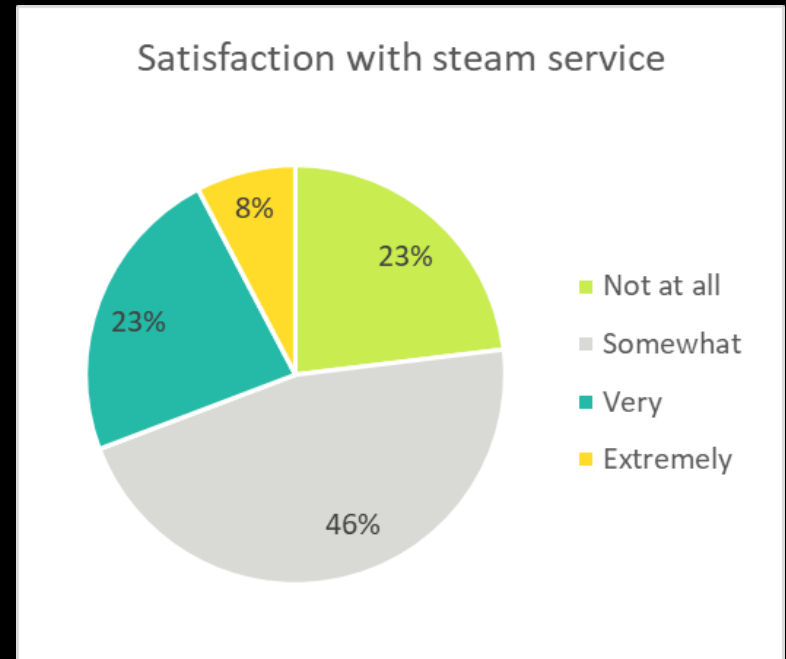
## Commercial/industrial participants

- Responses included 27 surveys from commercial/industrial accounts.
- 92% had received HPU steam service for longer than 10 years.
- 96% received multiple services from HPU.
  - 72% received steam, electricity and water.
  - 24% received steam, electricity, water and natural gas.

COMMERCIAL ACCOUNTS

# Satisfaction with current steam service

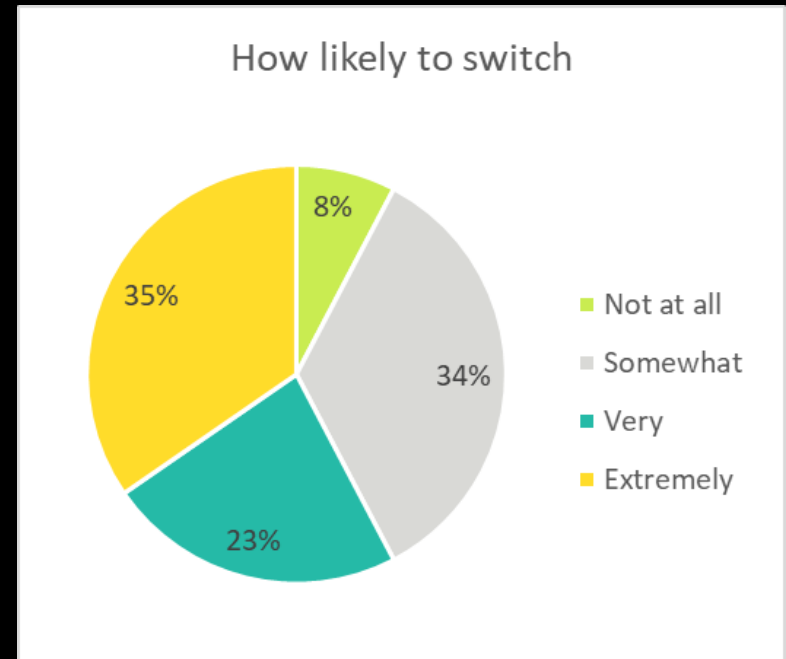
- 31% of businesses were extremely or very satisfied with the quality of their current service.
- Nearly half (46%) were somewhat satisfied, and 23% were not at all satisfied.



COMMERCIAL ACCOUNTS

# Likelihood of switching source

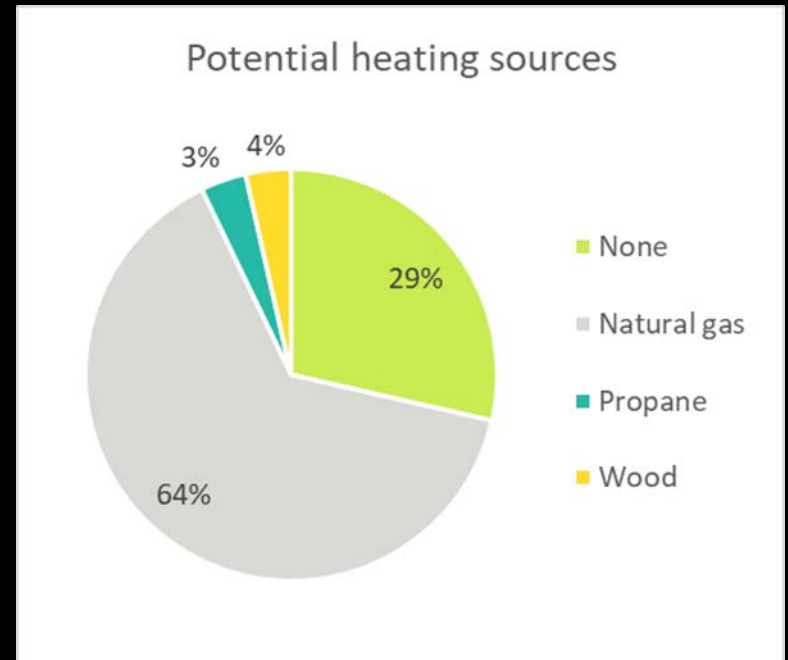
- 58% of commercial accounts were extremely or very likely to explore new sources.
- 34% were somewhat likely, and just 8% were not at all likely to switch.



COMMERCIAL ACCOUNTS

# Potential heating sources

- Similar pattern as seen with residential customers.
- Natural gas considered most widely, with 64% of responses.
- 29% indicated they had not considered any other sources.







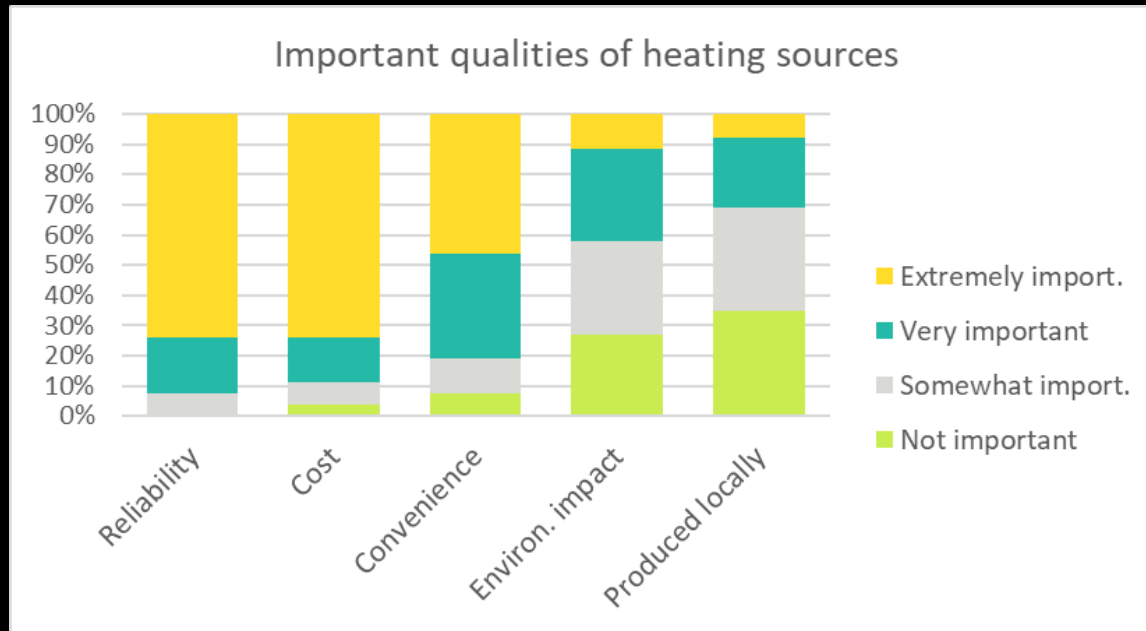
COMMERCIAL ACCOUNTS

## Important qualities of heating sources

- Participants were given five characteristics of potential heating sources and asked how important each element was when they were considering their options.

COMMERCIAL ACCOUNTS

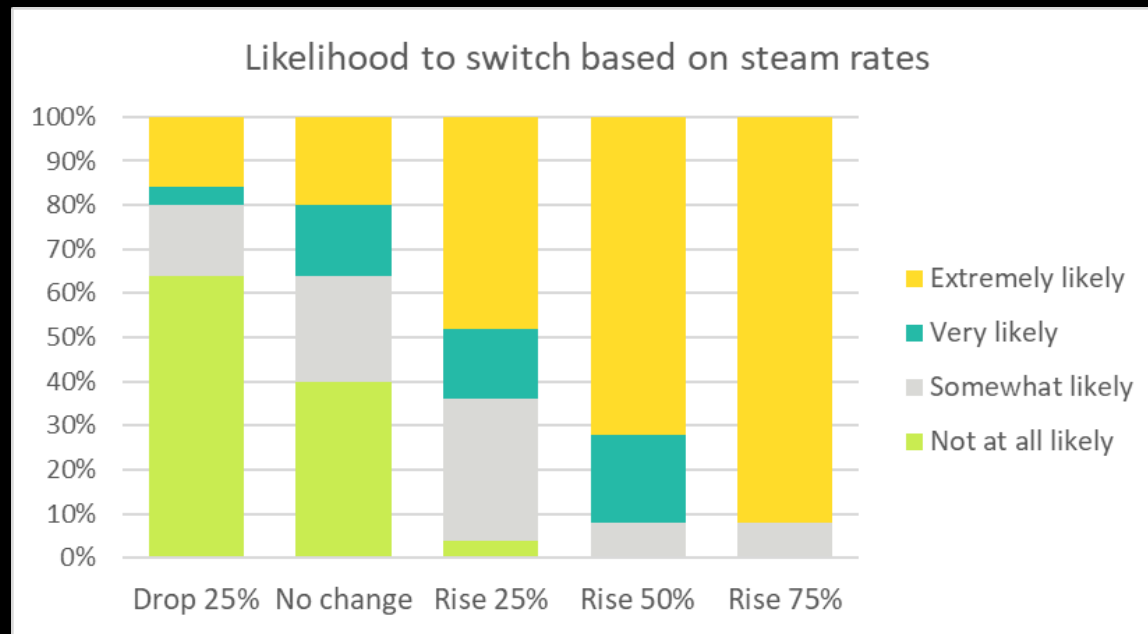
# Important qualities of heating sources *(cont.)*



- Similar responses as from residential customers.

COMMERCIAL ACCOUNTS

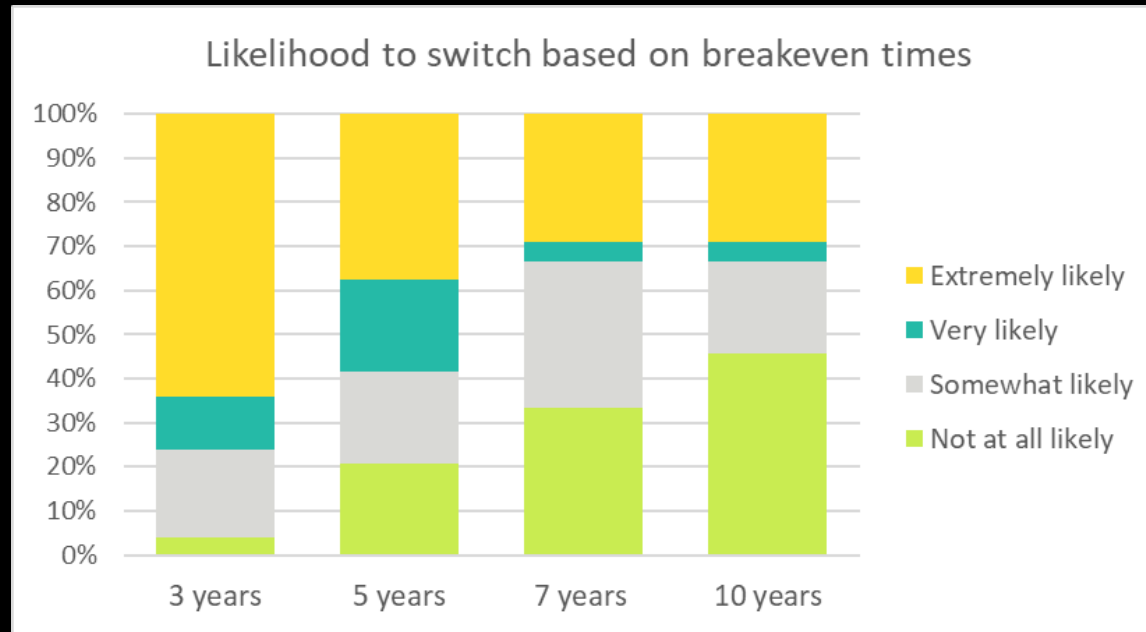
# Effects of steam cost assumptions (cont.)



- Likelihood goes up in proportion to steam costs.
- Consistent with pattern seen on residential side.

COMMERCIAL ACCOUNTS

# Effects of steam cost assumptions (cont.)



- Likelihood goes up in inverse proportion to breakeven.
- Businesses more sensitive to longer breakeven horizons.



## Closing

- We hope this information proves useful to HPU as it considers its options for moving forward.
- If HPU has any questions or requests for additional analysis, we will be happy to follow up.

Nick Dragisich  
Firm Director  
651-223-3012

Matthew Stark  
Senior Analyst  
651-223-3043



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