



For Immediate Release

U.S. Energy Consumers Starting to View and Pay More Utility Bills Online—Still Lag Well Behind Canada, According to E Source Studies

BOULDER, CO, December 10, 2003—U.S. consumers are slowly starting to view and pay their electricity and natural gas bills online, but Canadians are far more likely to use the Internet for that purpose, according to two recent studies conducted by E Source.

In North America over 2 percent of utility customers are now viewing and paying their utility bill using their local utility's web site or consolidator web sites such as Checkfree, Metavante, or Yahoo. In the United States a further 1.7 percent of consumers are paying their utility bill directly at their bank's web site. In Canada, 27.1 percent are going to their bank site to pay their utility bill.

"Compared to the financial services sector, these adoption rates are low," said Andrew Heath, director of the *E Source E-Business Service*. "However, some customers are now willing to use and in some case are already actively using online services provided by their energy company. Adoption rates of only 2 percent in the U.S. are minimal, but for the utility sector this is double the rates they were experiencing just 12 months ago."

E Source conducted two separate research studies to measure the latest behaviors of online utility customers: The first was a survey of the adoption rates as measured by the electric and gas companies; the second was a market research study that polled over 1,000 residential consumers in the United States and Canada.

"Encouraging customers to view their bills online and make an online payment is important to most North American utilities," Heath said. "Online transactions are cheaper than the traditional method of sending a bill in the mail and then receiving a payment as a check. However, these benefits can be realized only when enough customers switch to the online channels to cover the fixed costs associated with launching these services. For many utilities this point has now been reached and surpassed."

For the purposes of the study, E Source contacted a representative group of over 30 North American electric and gas companies. Twelve of the companies provided comprehensive data on adoption rates for online bill payment and online bill viewing. On average, this group reported that 2.0 percent of consumers were regularly paying their bill at their utility site or a consolidator site such as Checkfree or Metavante, and 2.3 percent of consumers were regularly viewing their bill at either their utility web site or a consolidator site.

Heath further noted that "the adoption rates varied widely within the group of utilities we contacted. Some still had adoption rates below 1 percent, whereas some had over 4 percent of their customers regularly using their online billing services."

In parallel to this research, E Source also conducted a market survey of consumers' behaviors. Conducted in summer 2003, this market research study polled 1,000 residential consumers in the United States and Canada. The market survey found a similar pattern of consumer behavior, with 2.4 percent of consumers reporting that they had paid their utility bill at either their utility web site or a consolidator site. Importantly, this research also examined payment behaviors at bank sites. In the United States 1.7 percent of residential energy customers reported paying their utility bill at their bank's web site, whereas in Canada 27.1 percent of customers are already using their bank site to pay their utility bill.

"Our research highlights that if you want your customers to start using online services, you need to understand their existing behaviors, as well as their opinions about conducting online transactions," said

Tia Hensler, director of market research at Platts. She also commented that “a further 5 to 10 percent of consumers not using these services are now saying they are very or somewhat interested in paying their bill at their bank site, their utility site, or a consolidator site. If energy companies respond to this demand in a targeted way, online payments may soon represent an important payment channel for utilities.”

The market survey was conducted between June and July 2003. A total of 1,000 interviews were completed with respondents who had at least some responsibility for the monthly bill-paying process in the household. The results were weighted by region of the country according to 2000 census data.

About E Source

Headquartered in Boulder, CO, E Source is a leading research and information services organization, providing member organizations with unbiased, independent analysis of retail energy markets, services, and technologies. Additional information is available at www.esource.com.

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