

# UTILITIES OUTLOOK 2025

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## Utilities Intelligence Report January 2025

The nation's electric, gas and water utilities are at a crossroads. Environmental conditions (<https://www.noaa.gov/news/earth-had-its-hottest-august-in-175-year-record>) and catastrophes (<https://www.latimes.com/california/live/pacific-palisades-fire-updates-los-angeles>) are forcing stakeholders to face a reckoning about what a sustainable future looks like. But with utility customers already bearing a heavier rate burden, finding a way to get customer buy-in for costly, sweeping initiatives seems too wide of a gap to bridge.

Utilities find themselves grappling with tough questions. What do customers truly value in their relationship with their respective utilities? Which programs can move the needle on customer satisfaction? Can they find a way to not only move themselves into the future, but ensure their customers are willing to come along for the ride?

JD Power has been tracking customer sentiment with all aspects of utility service and delivery for the past two decades, evaluating everything from customer satisfaction with the price, reliability and service of local utilities to opinions on sustainability and clean-air initiatives. Based on those accumulated insights, below are JD Power predictions for the biggest trends to watch in the year ahead.

### **Sky High Prices Paint Utilities into a Corner**

With customers facing surging prices— the average residential electric bill, for example, increased to a record-high \$182 per month in 2024, according to JD Power data—the industry average for customer satisfaction has declined consistently. Average customer satisfaction was as high as 751 (on a 1,000-point scale) as recently as 2020. In 2024, that number dipped to 708.

That doesn't necessarily mean that utilities are destined to a fate of poor customer relationships. While higher rates certainly put utilities at a disadvantage, some are starting to decipher which issues can move the needle on customer satisfaction. For example, customers have strong recall about paperless billing, but this program does very little to improve customer satisfaction rates. Meanwhile, when utilities explain reasons behind a rate hike or how they're investing in alternative energy initiatives, customers are more likely to be satisfied with their utility. The problem is that few customers recall utility communication on these issues, which suggests they may be focused on the wrong things.

In 2025, more utilities will look for a way to balance those scales (<https://www.jdpower.com/business/resources/how-can-utilities-fend-frustration-sky-high-energy-rates>) and build deeper relationships that foster trust and loyalty. Those that do can buck the trend with customer satisfaction.

### **Customer Support for Sustainability Will Surge**

As new sustainability regulations begin to take hold, sustainability and businesses' effect on the climate are under increased scrutiny from not just regulators but investors, public authorities and customers. And with more than 83% of U.S. electric customers now served by a utility with a carbon reduction target, many utilities describe their sustainability strategy as their business strategy.

Since 2020, JD Power has been measuring the level of residential and business customer support for these sustainability goals. The metric includes awareness of the goal, customer engagement with the plan, and advocacy for the local electric utility's clean energy plans. Since the inception of the J. D. Power Sustainability Index, no electric utility has secured a rating of 50 or more on the index's 100-point scale.

As utilities increase their communication and customers learn more about the goals and initiatives, it is possible that one (or more) of the leading utilities reaches or surpasses the 50-point threshold. For utilities with urgent goals, such as net-zero by 2030, this would be positive news as they move towards meeting their clean energy goals. The final step is securing the level of customer support required to achieve these plans.

### **Responsibility Reigns Supreme**

Ask the average customer how appealing it is to do business with their utility. Odds are, it won't be an outpouring of love and praise. Utilities do boast strong trust scores, high marks for service and reliable brand identities, but they significantly lag on establishing strong reputations of being customer or community focused and lag on perceptions of being environmental stewards. In fact, when asked about their respective utility in the JD Power 2025 U.S. Brand Appeal Study customers gave utilities a 4.39 rating (on a 7-point scale) when asked if the utility supports causes they care about. When it came to reliability, however, the average rating was a more respectable 5.18.

Because of this reputational lag, many utilities have started to re-brand around value propositions that go beyond the table stakes traits of service and trust. More and more, utilities are likely to expand their perceptions to include the programs, offerings and efforts they have developed to align their images around the expectations of their customers and communities they serve.

### **Gas Goes Digital**

Customer satisfaction for residential gas declined significantly in 2024. Residential gas utilities saw their overall satisfaction drop 11 points, with lagging scores on digital experience serving as a major driver of the decline. In fact, 33% of digital customers had a problem accessing their utility's digital services.

This performance makes digital experience a clear point of emphasis for these utilities in the coming year, as many will turn to next generation artificial intelligence and other tools to help anticipate customer needs and allow them to respond through digital channels to resolve service issues faster and more easily.

### **Communication Will Unlock Satisfaction**

In 2025, utilities will revisit the importance of customer experience and reinvest in customer experience as residential satisfaction levels continue to decline.

With increasing competition from alternative energy providers, increasing customer expectations and growing frustration over service reliability and communication, utilities will realize that maintaining a satisfied customer base requires a more customer-centric approach. To address these concerns, utilities will shift focus toward improving customer support by improving their omnichannel communication solutions, such as more personalized features on mobile apps, AI-

driven chatbots and improved text alerts (e.g., outage and billing). These tools will help create smoother, more responsive interactions and ensure customers can easily resolve issues without long wait times or frustrations.

Additionally, utilities will focus on more targeted and personalized communications. To deliver on that promise, utilities will make investments in data analytics and enhanced ways to communicate about service reliability, billing and payment and program offerings. In 2025, utility companies will leverage advanced data-driven platforms to predict customer needs, detect issues earlier, and provide customers with real-time updates about outages, estimated restoration times and service changes. By offering customers more visibility into their energy usage and offering personalized recommendations, utilities can empower customers to make better decisions about consumption. This transparency not only builds trust but also gives customers greater control over their energy bills and usage patterns, addressing concerns around pricing and unexpected spikes in energy costs.

As a result of this reinvestment in customer experience, companies will foster deeper connections with customers by aligning their operations with customer needs. These efforts will help utilities build stronger customer loyalty, increase satisfaction and position themselves as leaders in a rapidly evolving energy landscape.

## **Find Out More**

This Utilities Intelligence Report is based on data and insights gathered across all JD Power Utilities Intelligence studies conducted during the course of 2024. It was authored by Andrew Heath, vice president, utilities and TMT intelligence; Chris Oberle, managing director; Maureen Russolo, senior director; and Mark Spalinger, director of utilities intelligence at JD Power.

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