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December 30, 2014

Via Electronic and US MAIL

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

**Re: Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
Docket No. DG 14-041 Cast Iron/Bare Steel Replacement Program**

Dear Ms. Howland:

In Order No. 25,684 dated June 27, 2014 in Docket No. DG 14-041, the Commission stated its expectation that Liberty would provide a report to Staff by the end of 2014 documenting the results of its market research conducted during 2014, and its plans for marketing to new customers on a going forward basis along mains being replaced under the Company's Cast Iron/Bare Steel Replacement Program. This letter provides the report referenced in the Commission's Order.

Marketing Efforts in 2014

Liberty's marketing efforts in 2014 included efforts to acquire customers located along mains being replaced under the CIBS program as well as on existing customers who currently have gas service, but do not use gas for heating purposes.

A. CIBS Program

Prior to commencement of construction at any CIBS project, Liberty sent letters to all abutters along the project route. The purpose of the letter was to notify current customers about the upcoming construction, and to notify non-customers that while construction was underway, it was the most opportune time to become gas customers (due to limitations on road modifications that are imposed by some municipalities following completion of road construction). A total of 371 letters were sent to abutters as part of the 2014 CIBS program. Of these, only 47 letters were to non-customers, indicating that 87% of abutters along CIBS projects are currently gas customers. 21 of the 47 non-customers responded to Liberty's letter. 15 of the 21 customers who responded to the letter became gas customers, a success rate of 71%. As a result of these efforts, existing customer penetration rate rose from 87% to 91%.

In addition to sending letters, Liberty sales personnel placed door hangers on doors of potential customers. No potential customer responded to the door hangers. In addition, sales and field

personnel spoke to customers who were present when Liberty personnel were at the customer's location in an effort to convince customers to convert to natural gas service.

B. Low Use (R1) Residential Customers

Liberty serves approximately 3,000 low use residential customers who do not use gas for heating purposes. Liberty sent letters to those customers in October suggesting that converting their heating system to burn natural gas could be economical. Liberty received 66 responses to the letters (a 2.2% response rate). Of those responses:

- 20 customers converted to natural gas
- 33 customers indicated an interest, but decided to wait until the spring and/or for their existing fuel supply to be exhausted
- 13 customers decided not to convert to natural gas

Liberty will follow up in the spring with the 33 customers who indicated an interest.

C. Advertising/Branding Campaign

Liberty performed advertising/branding campaigns aimed at educating the public regarding energy efficiency programs and the availability of natural gas in Liberty's franchise area. The campaign included the following:

- Clear Channel Radio contest
- WMUR-TV online web banner ads
- NHPR spots

Planned Marketing Efforts in 2015

In 2015, Liberty will undertake the same marketing program for customers located along CIBS project routes, except that it will not utilize door hangers due to the lack of response to the door hangers that it received from customers in 2014. For low use customers, Liberty is not likely to repeat its 2014 marketing efforts due to the limited effectiveness of the marketing campaign. However, Liberty will follow up with the 33 low use customers who indicated an interest in converting their heating systems to natural gas.

In an effort to acquire new customers, Liberty has implemented or is in the process of implementing the following:

- A Vice President of Customer Expansion was hired at the parent corporation level to lead expansion efforts across the Liberty Utilities' footprint in the United States
- A new marketing campaign is being developed in New Hampshire [I assume it is for NH but if it is for the whole US, specify that]and is currently under internal review
- A dedicated Marketing Analyst for gas sales is expected to be hired in New Hampshire
- Liberty has established a goal of 2,000 new gas customers in 2015

- Liberty will continue to focus efforts on non-customers located on existing mains in order to keep capital expansion costs low
- Liberty will continue its marketing through direct mail, email and telephonic cold-calling

If you have any questions regarding this report, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Stephen R. Hall". The signature is written in a cursive style with a large, stylized 'S' and 'H'.

Stephen R. Hall

cc: Service List