STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

NATIONAL GRID USA et al.

and

LIBERTY ENERGY UTILITIES CO. et al.

Docket No. __________

JOINT PETITION FOR AUTHORITY TO TRANSFER OWNERSHIP OF GRANITE STATE ELECTRIC COMPANY AND ENERGYNORTH NATURAL GAS, INC. TO LIBERTY ENERGY UTILITIES (NEW HAMPSHIRE) CORP. AND FOR RELATED APPROVALS

Joint Petitioners' Attachments

Book 3 of 3

March 4, 2011

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Book 3 of 3

Joint Petitioners
Attachment 17

Disconnect Process

- March 2010 started making phone calls and leaving door tags
- Significant Reduction in number of services disconnected

DISCONNECT - LPSCO

	Jan	Feb	Ma	Apr	Ma	June	Jul	Aug	Sep	Oc	Nov	Dec	Tota
2009	152	204	288	236	82	207	221	153	174	159	123	110	2,109
2010	98	114	165	22	25	33	21	31	31	46	31	19	636
Reduction from Previous Year	(54)	(90)	(123	(214	(57)	(174	(200	(122	(143	(113	(92)	(91)	(1,473

Joint Petitioners
Attachment 18

Liberty Water
Customer Satisfaction - Final Report

August, 2010

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Contents

Contents

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Objective

Objectives & Methodology

Objectives

- Compare current customer satisfaction levels with 2009 index scores
- Analyze satisfaction at the overall level as well as by Business Manager

Methodology

- A total of 1,003 surveys from Liberty Water's customers were completed
- 1003 interviews were completed through the phone
- Interview were conducted in the 4 areas Liberty Water services:
  - Central Arizona: LPSCO, BM: Matt Garlick
  - Southern Arizona: Bella Vista, Rio Rico, Northern Sunrise, Southern Sunrise, BM: Martin Garlant
  - Eastern Arizona: Black Mountain, Gold Canyon and Entrada del Oro, BM: Charlie Hernandez
  - Central US: Tall Timbers, Timber Creek, Woodmark, Big Eddy, Holly Ranch, Ozark Mountain, Holiday Hills, BM: Joe Wilkins (through Sean Lonergan)
- For each of the 4 business manager 250 interviews were completed
- The study was fielded from August 3rd to August 17th, 2010

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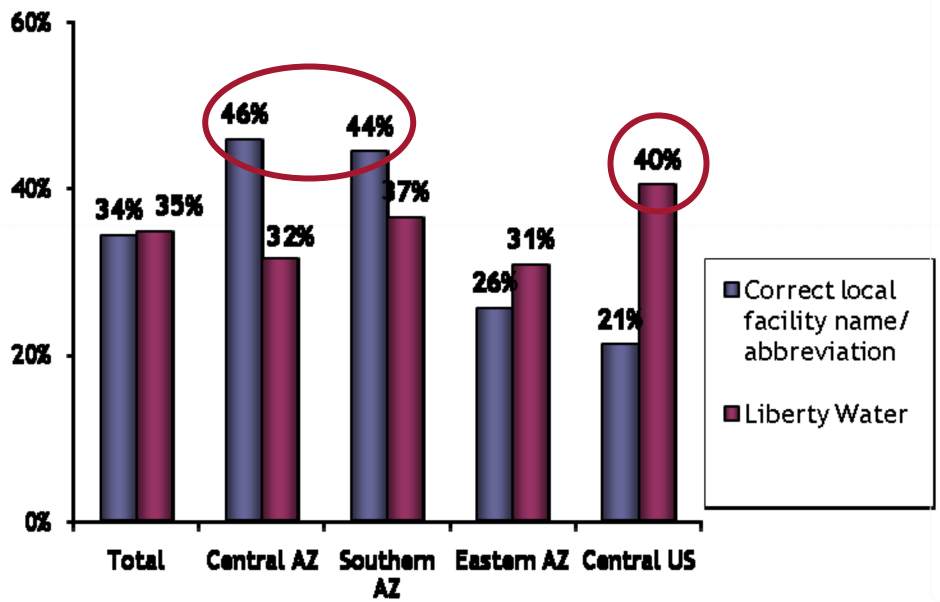
Key Findings & Recommendations

Awareness

Respondents were familiar with the name of the facility that provides water/waste water to their home

- The Liberty Water name has caught on fairly well since its introduction with about 35% of customers aware of it.
- Customer in the Central US were most aware of the name Liberty Water.
- Central AZ and Southern AZ service providers were still known mainly by their local facility name, which is not surprising as these customers had the strongest familiarity in 2009 with their facility name.



- On a facility level, customers of the following providers were most familiar with the Liberty Water name:
  - LPSCO
  - Bella Vista
  - Entrada del Oro
  - Holiday Hills
- Facilities with customers more familiar with the facility name rather than Liberty Water were:
  - Southern Sunrise
  - Tall timbers

Association with Liberty Water				Association with Local Facility Name			
Central AZ	Southern AZ	Eastern AZ	Central US	Central AZ	Southern AZ	Eastern AZ	Central US
LPSCO	Bella Vista	Entrada del Oro	Holiday Hills	N/A	Southern Sunrise	N/A	Tall Timbers

Key Findings/Recommendations

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Perception

A positive perception of the facilities was reported

- Overall, 68% of respondents made positive comments.
    - *Good/like it* mentioned by 65% of respondents.
- Fewer than one third of respondents (29%) commented negatively.
    - Key concern was *cost is too high/expensive* mentioned by 20% of respondents, especially among customers in the Eastern AZ and Central US service areas (35% and 26%).
    - *Poor water quality:* 6%

Central AZ respondents were most positive, while Eastern AZ customers had the worst perception

- Respondents in the Central AZ service area were most likely to describe their facility positively (82%) and least likely to give negative comments (16%).
- Eastern AZ respondents were on the opposite spectrum being least likely to describe their provider positively (46%) while giving the most complaints (41%).

Key Findings/Recommendations

Water Services

Satisfaction with water services received remained high.

- Top satisfactory aspects were:
  - *Availability when needed* was rated as satisfactory/very satisfactory (top 2 box score) by 93% of respondents (92% in 2009).
  - *Color of tap water:* 84% gave top 2 box satisfaction ratings (83% in 2009).

Price was the only area that received lower satisfaction ratings compared to 2009.

•Only 51% of respondents rated the *price charged* satisfactory/very satisfactory compared to 58% in 2009.

- Central US customers were least satisfied with the price charge. Among them only 33% stated the price was satisfactory/very satisfactory.

17% of interviewed customers reported service interruptions. The fewest water interruptions were reported by respondents in the Central AZ service area.

- Only 4% of respondents in Central AZ had interruptions in the last year compared to 24% in Southern AZ and 27% in the Central US.
- Within Southern AZ, Southern Sunrise residents experienced the most water interruptions by far with 45% of respondents reporting outages. However this number is down from 69% in 2009

Water interruptions were resolved quickly in all areas as reported by 83% of affected respondents.

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Key Findings/Recommendations

Water Services (Cont.)

Advance notifications remained somewhat few or were not remembered

- Overall only 39% of respondents (slightly down from 46% in 2009) with scheduled interruptions had received advance notifications. Customers in Central AZ were most likely to have received a notification (57%).
  - ➢ Improve on notifying residents of scheduled water interruptions in advance

Notification Sent to Respondents reporting SCHEDULED interruption	TOTAL 2010	Central AZ	Southern AZ	Central US
Yes	39%	57%	41%	33%
No	61%	43%	59%	67%
Not applicable/no scheduled interruptions	Excluding N/A from the percentage base			

Fewer options of improving advance notifications were desired compared to feedback in 2009. Key was getting reminders shortly before the interruptions would take place.

•*Send reminder notice day before interruption* selected by 47%

•*Reminder call day of interruption* (46%)

Improvements to water filtration and price were the two most often mentioned improvements to water services (14% and 14%, respectively).

- Central US residents continued to complain most about their water rates (22%) but were less concerned with the water quality compared to the other regions. When asked about rates of services and utilities they received, they were more likely to find their water and/or waste water service expensive (see table in slide 13).

Overall, satisfaction and feedback with water service received was consistent with 2009. Concern about high/rising prices was the only area with significant negative changes. However, this has not affected satisfaction with services received.

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Key Findings/Recommendations

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Customer Billing

Respondents reported a high level of satisfaction with customer billing, slightly up compared to 2009.

- Top satisfaction was reported with:
  - *My bill is easy to read:* 91% (top 2 box agreement = 91% of respondents stated they agree or strongly agree; compared to 88% in 2009)
  - *My bill is easy to understand*: 90% compared to 86% in 2009
- Residents in the Eastern AZ and Central US service areas were less satisfied with their customer billing. However, satisfaction was still high with 71% or more providing positive scores (top 2 box agreement).

Almost two thirds of respondents (60% vs. 62% in 2009) stated they read information inserts in their bill *sometimes* or *always*.

- A lower rate of readership of information inserts was reported among respondents in Eastern AZ (54%). They appear to be less informed and less satisfied with the services they receive.

Website usage was low with only 15% of interviewed customers having accessed the new website. Those who used the website services were very satisfied.

- Online services utilized by most were:
  - *Access to account information online* (77% of those that had accessed the website)
  - *Pay online by credit card* (60%)

•Satisfaction with most of the online services was very high with 77% or more stating they were somewhat or very satisfied.

  - *Ease to receive customer support* was the lowest scoring aspect but still satisfactory by 64% of website users.

Key Findings/Recommendations

Customer Service

About 41% of respondents had contacted customer service in the last year. Their experiences were very positive, even slightly up compared to 2009. Overall experience was rated excellent/good by 77% (vs. 68% in 2009) which is significantly up.

- Eastern AZ residents were least likely to have contacted customer service.

Offering longer office hours past 5 PM on weekdays was requested by more then one quarter (27%).

- Residents in Southern AZ were especially interested in late weekday hours (39%).

Wait time to speak to a live person should be less than 4 minutes.

- A wait time of less than 4 minute was considered acceptable by 52% of respondents. If the wait dropped until 2 minutes 80% of respondents would be satisfied.
- A wait time of more than 5 minutes was unacceptable by 84%.

Customer service in Spanish was not of great demand. However, customers in the Southern AZ service area (17%) were more likely to prefer being offered Spanish customer service compared to overall (9%).

Key Findings/Recommendations

Home Visits by Service Representative

Only 6% of respondents reported receiving a home visit by a service representative within the last year. Home visits were rated highly satisfactory.

- Customers in Southern AZ reported receiving the most home visits by service representatives, with 15% stating they received at least one visit.
- Eastern AZ and Central US received the fewest home visits; 98% and 96% of respondents respectively stated no service representative had come to their home.
- All aspect of the service representatives' home visit were rated highly, with agreement scores (agree/strongly agree) that services were performed well at 73% and higher.

Overall satisfaction with service representatives' home visits was high as 84% (slightly up from 81% in 2009) stated they were somewhat or very satisfied.

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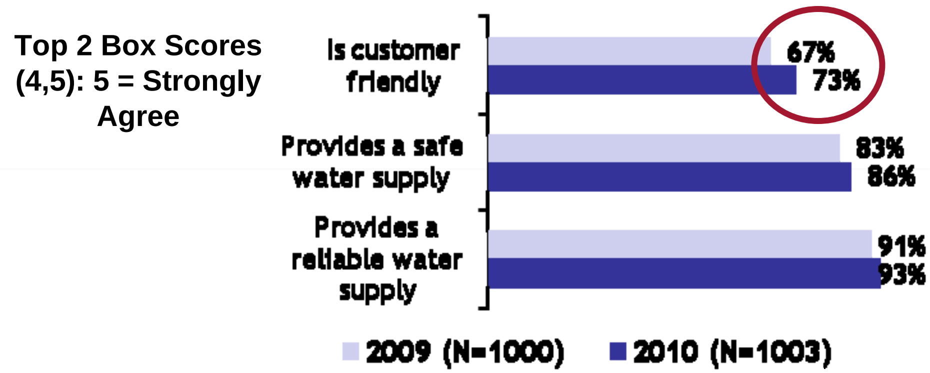
Key Findings/Recommendations

Company Evaluation

Customers were highly satisfied with water/ waste water facility on *provides a safe water supply* and *provides a reliable water supply.*

- *Provides reliable water supply:* 93% (top 2 box agreement = 93% of respondents stated they agree or strongly agree; slightly up from 91% in 2009).
- *Provides a safe water supply:* 86% up from 83% in 2009.
- *Is customer friendly* was up significantly compared to 2009. 73% agreed or strongly agreed with the statement in regards to their provider compared to 67% in 2009.
- The other elements of the company evaluation rated somewhat lower but still with more than two thirds in agreement that the company was *a good neighbor* and/or *encourages water conservation.*



NOTE: Data red circled indicates significant change/ difference compared to 2009.

- Similar to 2009, *good neighbor* and *customer friendly* received lowest ratings in Eastern AZ and by residents serviced by the Gold Canyon Sewer Company.

Agree with statement (Top 2 box score: 4/5 = agree/strongly agree)	Total 2010	Eastern AZ	Gold Canyon
Good neighbor	68%	44%	36%
Customer friendly	73%	50%	44%

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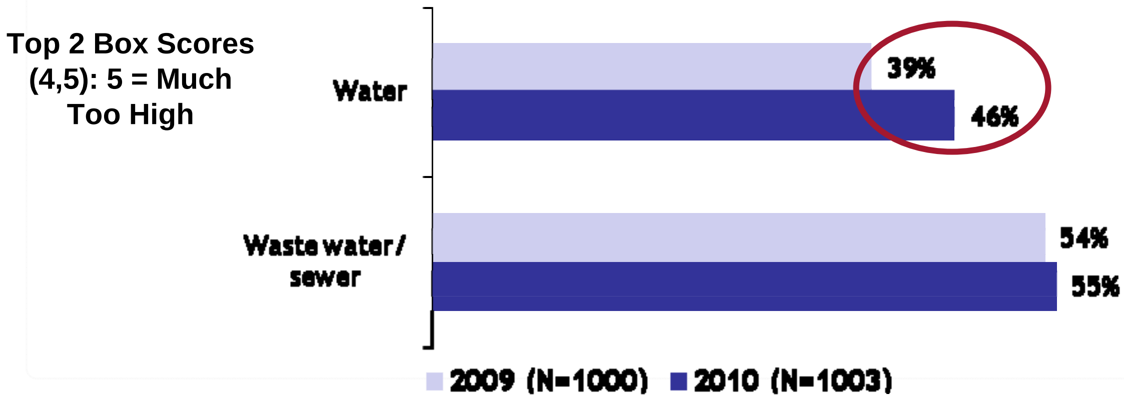
Key Findings/Recommendations

Company Evaluation

Significantly more customers (46%) felt that their water service was somewhat or much too high. Perception of waste water/ sewer remains at the same level as in 2009.



NOTE: Data red circled indicates significant change/ difference compared to 2009.

- Respondents in the Central US service area were least satisfied with their water and waste water prices.
- Eastern AZ customers felt strongly that their waste water prices were too high (76%).

Rates of Utilities (Top 2 box score: 4/5 = somewhat/much too high)	Total 2010	Central AZ	Southern AZ	Eastern AZ	Central US
Water	46%	40%	36%	45%	64%
Waste water/sewer	55%	34%	47%	76%	60%

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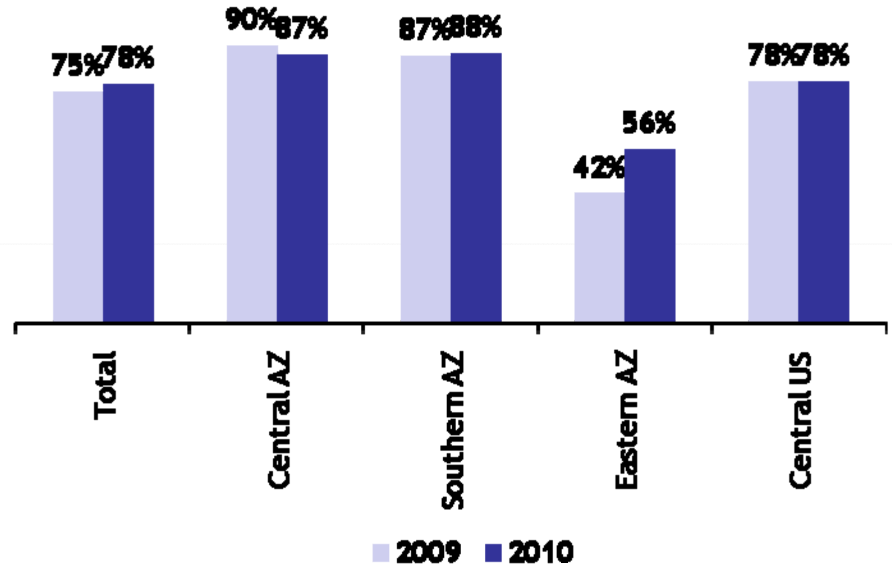
Key Findings/Recommendations

Company Evaluation

Overall Satisfaction with their facility was rated high with 78% of respondents being somewhat or very satisfied.

- Eastern AZ received lowest satisfaction scores with only 56% of respondents satisfied with their facility. However, satisfaction levels among these customers were up significantly compared to 2009 (42%).

Top 2 Box Scores (4,5):
5 = Very Satisfied



Provide additional information on *upcoming service improvements* and *water conservation.*

- *Upcoming service improvement* information was requested by 25% of respondents.
- *Water conservation* information was specifically desired by customers in Central and Southern AZ, requested by 20% and 24% of the customers respectively.

Key Findings/Recommendations

Overall Findings Re Rate Hikes

In 2010 customers' feedback regarding their satisfaction with their water and/or waste water provider were positive. This was true for the overall satisfaction rating as well as for specific services tested such as water service, billing, customer service and home visits by service representatives.

Satisfaction ratings remained level compared to 2009 and in some instances even improved.

While several facilities have implemented rate hikes or are going through the formal process of getting rate increases approved, this has not affected customer satisfaction with the overall company performance or with specific service aspects to date.

However, satisfaction with the water prices decreased significantly mainly driven by customers in the Central US service area.

It is essential to continue with public relations campaigns to help customers understand why rates are increasing, how it will benefit customers in the long run and that Liberty Water is a "friend and good neighbor" who works to improve and help the community.

To alleviate the financial burden of the customers facing upcoming rate hikes, it is suggested to implement small rate increases gradually over time (preferred by 89%).

There was considerable interest in information and involvement in the process for rate hikes.

•About half (53%) of the interviewed customers very likely to attend informational meetings. Those in Eastern AZ indicated a higher likelihood to attend (64%) compared to customers in the other service areas.

•Over two thirds (67%) indicated they were very or somewhat interested in understanding how rate hikes are determined.

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Key Findings/Recommendations

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Recommendations

Water Services

- Main concerns were price.
    - ➢ Given that reducing prices may not be an option, it is essential for Liberty Water to continue with comprehensive public relations campaigns to increase customer understanding and acceptance of the rate increases. Address price concern especially in the Central US service area.
- Advance notification of scheduled interruptions or awareness of notifications was low.
    - ➢ Continue to improve on notifying residents of scheduled water interruptions in advance possibly though different design and coloring schemes of notices.
    - ➢ Customers requested reminders especially the day before and on the day of the outage.
    - ➢ Utilize technology (phone calls/ email/ online postings) to notify and remind residents of outages.

Website and Online Services

- Website usage was low with only 15% of customers using it.
    - ➢ Promote new website and new services included.

Customer Service

- Customers were overall satisfied with the service they received. Some measures to further improve customer satisfaction include:
    - ➢ Offer longer office hours, being open past 5PM, especially in Southern AZ.
    - ➢ Keep wait times to speak to a live person to less than 4 minutes, preferably to less than 2 minutes.
    - ➢ Offer Spanish customer service specifically in the Southern AZ service area.

Key Findings/Recommendations

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Recommendations (Cont.)

Overall Company

- Overall Liberty Water received high ratings on the various elements of the company evaluation. Some aspects however rated somewhat lower for certain areas:
  - Improve perception of facilities as *good neighbor* and *customer friendly,* especially in Eastern AZ and for the Gold Canyon facility .
  - Boost messages on *water conservation.*

Eastern AZ

- Those provided with waste water/sewer services in Eastern AZ tended to be least satisfied with their service providers. Gold Canyon Sewer Company continued to receive lowest scores, however up compared to 2009. Areas of improvement continue to be:
  - Provide educational and information campaigns as to why rates need to be charged, especially for Gold Canyon.
  - Improve perception of company as a good member in the community: *good neighbor* and *customer friendly.*
  - When communicating with customer, use additional method including online/email besides inserts into the bill. Only 54% of respondent stated they read them sometime/always.

Southern AZ

- Satisfaction with Southern AZ facilities was high overall. However, respondents for the Southern AZ service area reported higher numbers of water interruptions than other facilities and overall lower ratings on several aspects and overall company satisfaction.
  - Reduce water service interruptions.
  - Ensure residents receive advance notification for scheduled water service interruptions.
  - Educate why rates need to be charged at the level or increased level.

Detailed Findings

Detailed Findings
-
Respondent Profiles & New Questions

Respondent Profile

Respondent Profile

	Total	Central AZ	Southern AZ	Eastern AZ	Central US
Contact					
Residence	100%	100%	100%	100%	99%
Business	1%	0%	0%	0%	1%
Gender					
Male	52%	53%	53%	51%	51%
Female	48%	47%	47%	49%	49%
Age					
18 to 24 years	2%	2%	3%	1%	1%
25 to 34 years	10%	10%	18%	2%	9%
35 to 44 years	12%	14%	21%	8%	7%
45 to 54 years	12%	15%	13%	13%	9%
55 to 64 years	21%	23%	18%	26%	19%
64 years or older	43%	37%	28%	51%	56%
Household Income					
Under $25,000	7%	4%	12%	5%	8%
$25,000 - $49,999	17%	14%	25%	12%	18%
$50,000 - $74,999	19%	21%	22%	16%	19%
$75,000 - $99,999	12%	12%	11%	14%	13%
$100,000 - $149,999	8%	14%	6%	7%	6%
$150,000 or more	5%	6%	1%	9%	5%
Prefer not to say	31%	29%	23%	39%	32%
Ethnicity					
White/Caucasian	79%	76%	63%	87%	90%
Black/African-American	2%	6%	1%	0%	1%
Asian or Pacific Islander	1%	2%	2%	0%	0%
Native American/Alaska Native	1%	0%	2%	0%	0%
Hispanic/ Latino (White/Caucasian)	8%	6%	21%	3%	1%
Hispanic/ Latino (Black/African-American)	0%	0%	0%	0%	0%
Hispanic/ Latino (all other or multiple race)	2%	2%	5%	0%	1%
Other	1%	2%	1%	0%	1%
Prefer not to say	7%	6%	6%	8%	6%

NOTE: Data in orange shaded cell are significantly higher; data in gray shaded cells are significantly lower: at 95% confidence level.

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Respondent Profile

Respondent Profile

	Total	Central AZ	Southern AZ	Eastern AZ	Central US
Children in Household (Average per age)					
Under 3 years of age	1.21	1.23	1.25	1.14	1.17
3 to 5 years of age	1.11	1.05	1.19	1.00	1.08
5 to 9 years of age	1.38	1.20	1.33	1.29	2.00
10 to 12 years of age	1.17	1.17	1.20	1.00	1.20
13 to 17 years of age	1.53	1.33	1.70	1.46	1.60
Education					
Less than high school	2%	1%	4%	1%	2%
High school/GED	12%	8%	18%	11%	12%
Professional school/training (i.e., Mechanic, Be	6%	5%	8%	4%	5%
Some college	26%	24%	29%	21%	31%
Associate's Degree	9%	12%	10%	8%	5%
Bachelor's Degree	24%	25%	20%	27%	24%
Some Graduate School	5%	5%	4%	7%	4%
Graduate School Degree	16%	20%	8%	21%	17%
Years in Current Residence					
Less than one year	10%	9%	17%	7%	7%
1 to 5 years	33%	36%	39%	26%	32%
6 to 10 years	31%	42%	19%	36%	26%
11 to 20 years	21%	12%	15%	28%	29%
More than 20 years	5%	0%	9%	3%	7%
Don't know	0%	0%	1%	0%	0%

NOTE: Data in orange shaded cell are significantly higher; data in gray shaded cells are significantly lower: at 95% confidence level.

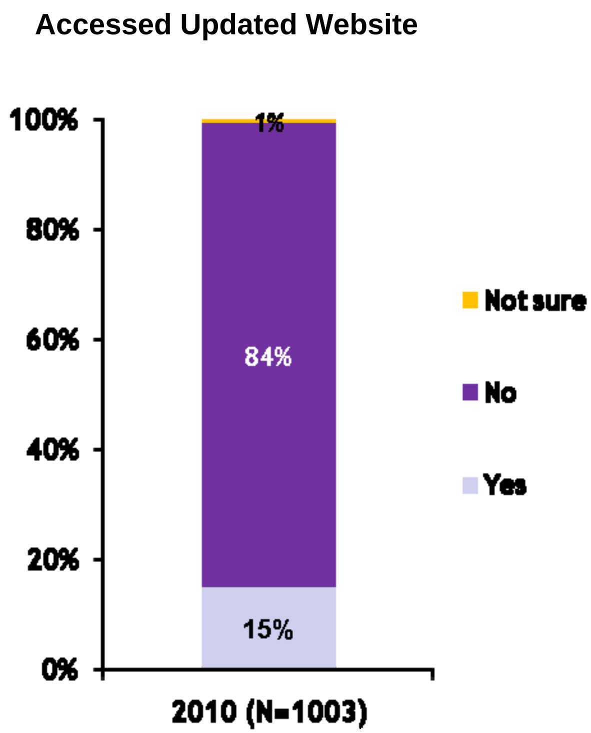
20

Detailed Findings – New

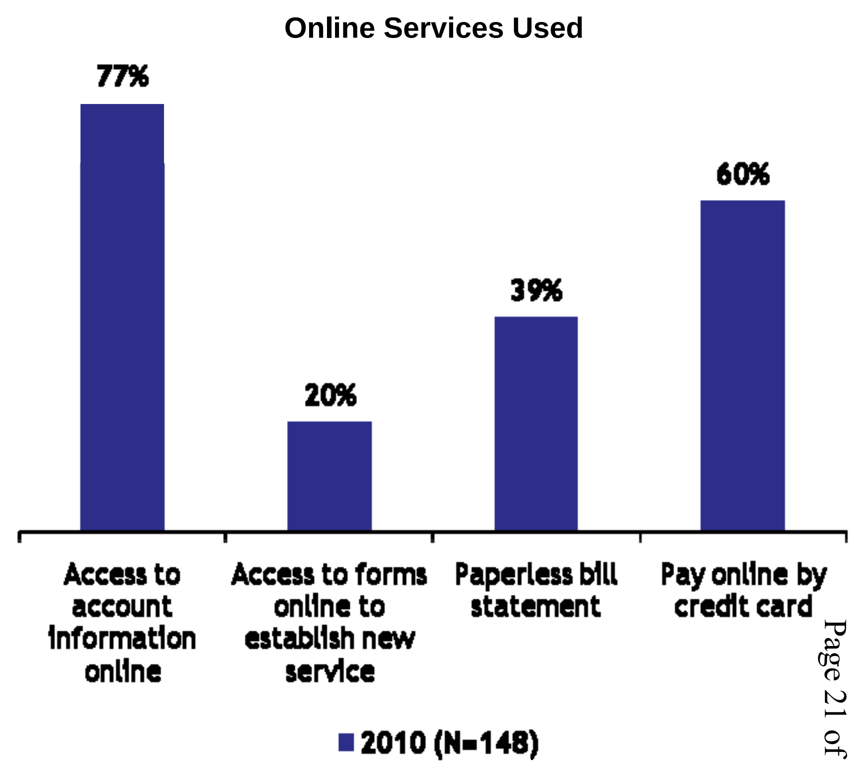
Website - Online Services

15% of customers reported they had accessed the new Liberty Water website. Significantly more of those in the Central AZ service area stated they had accessed the new website (21%).

The online services used by most was *access to account information* (77%) followed by *pay online by credit card* (60%).



Significantly Higher: Accessed Website
Yes: Central AZ (21%)



10N1. [INSERT FACILITY BASED ON QFAC] has updated their website in September 2009. Have you accessed the new website?

*10N2. The following new services were made available to **[INSERT FACILITY BASED ON QFAC]** customers in the past year. Please tell me if you have used any of them?*

Detailed Findings - New

Satisfaction Website - Online Services

Satisfaction with the online services customers had used was high.

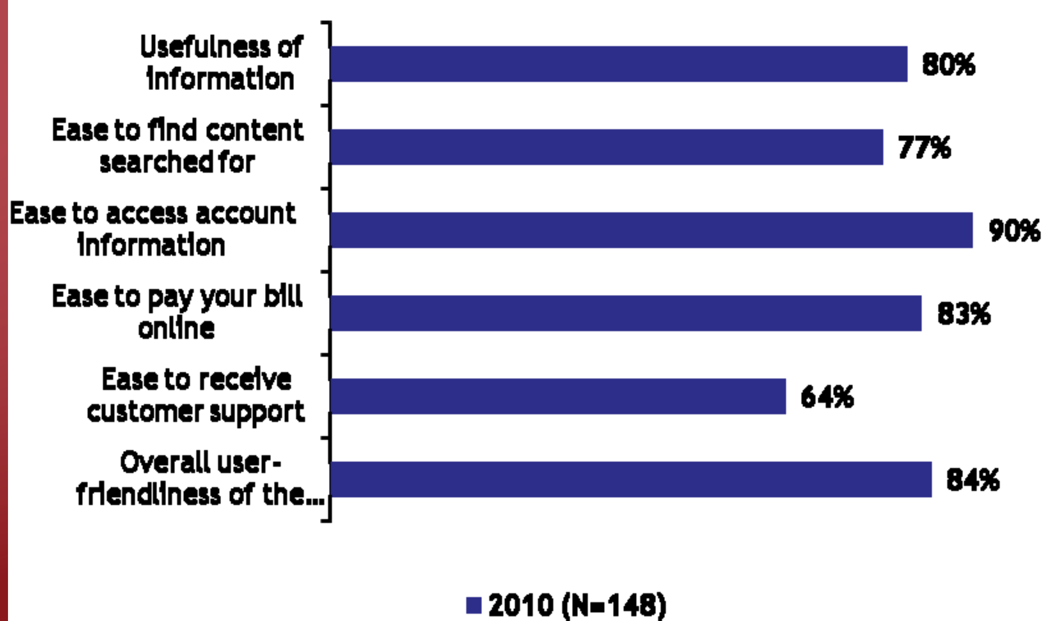
Ease to access account information received the highest satisfaction rating with 90% of customers indicating they were very or somewhat satisfied.

The only area that received relatively lower scores was *ease to receive customer support* (64%).

Not many customers had improvement suggestions for the website (84% had no suggestions and/or stated the site was fine as is). Those who had suggestions asked to *improve user interface/easier to navigate* and *add bank transfer as a payment option.*

Satisfaction with Online Services Used

Top 2 Box Scores (4,5): 5 = Very Satisfied



Suggestions for improvements (N = 148)

- 5% Improve user interface/easier to navigate
- 3% Add bank transfer as a payment option
- 84% No suggestions/fine as is

10a. Using a 5-point scale where 5 is Very Satisfied and 1 is Very Dissatisfied, please tell me how satisfied you are with the new [INSERT FACILITY BASED ON QFAC] website.

10b. Do you have any suggestions for improving [INSERT FACILITY BASED ON QFAC] website and/or online services?

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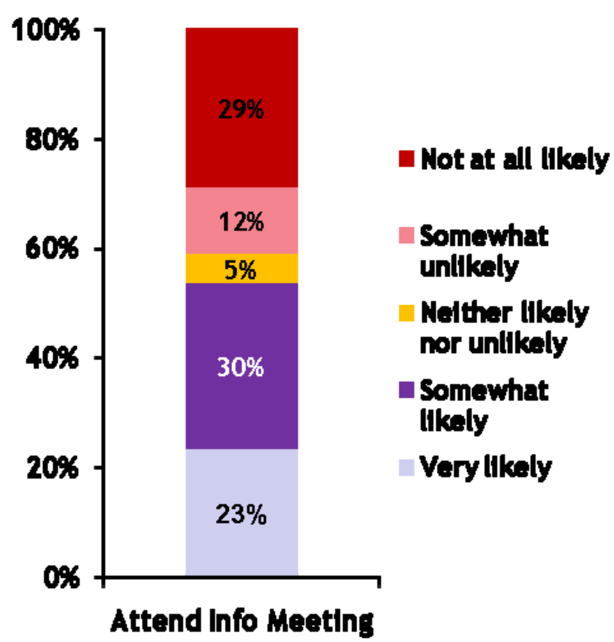
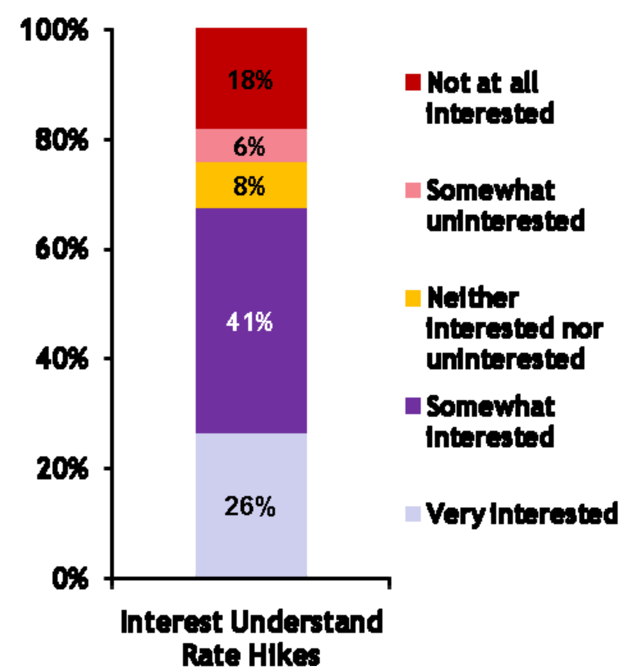
Detailed Findings - New

Rate Hikes

In terms of customer involvement in rate hike cases, over half (53%) stated they were very or somewhat likely to attend an informational meeting. Those in Eastern AZ indicated a much higher likelihood to attend (64%) compared to customers in the other service areas.

Over two thirds (67%) indicated they were very or somewhat interested in understanding how rate hikes are determined.





21a. If rate case informational meetings were held in your community how likely would it be that you would attend?
21b. How interested are you in understanding how rates are determined?

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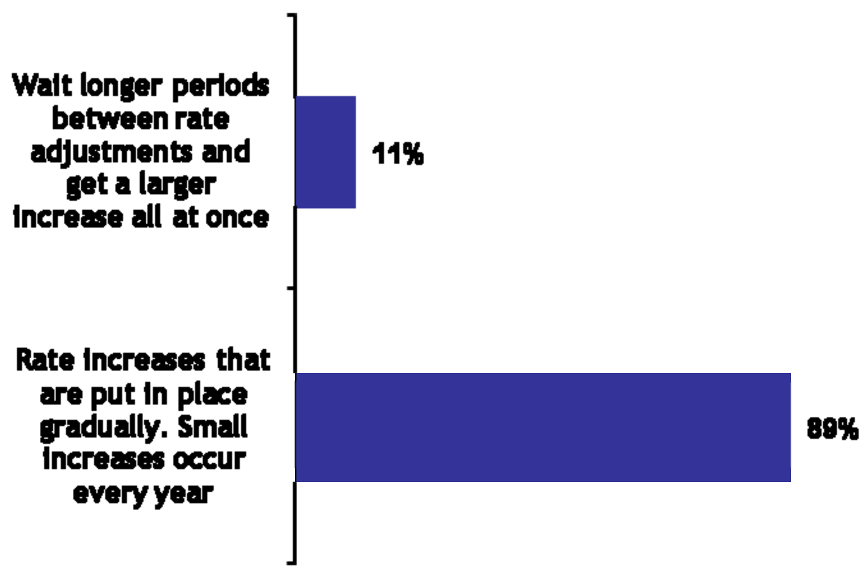
Detailed Findings - New

Rate Hikes

In case of rate increases the vast majority (89%) preferred having the increases spread out over time with small increases occurring every year.



21c. Regarding rate increases, given the opportunity would you prefer:

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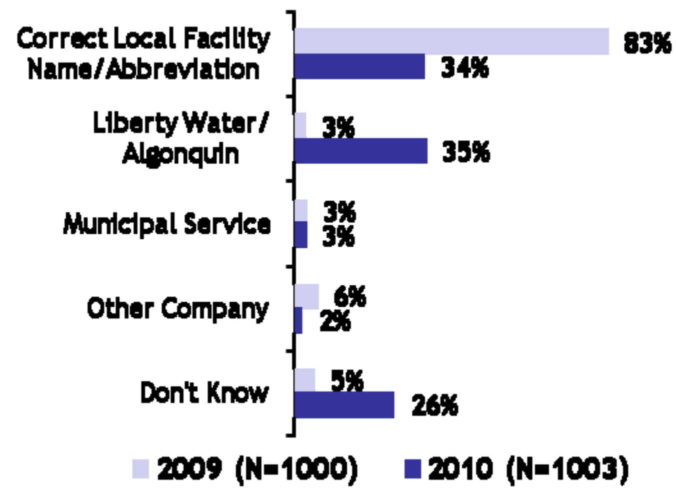
Detailed Findings
-
Overall Findings

Awareness & Perception

Familiarity with the water and/or waste water provider remained high. An obvious shift from the association with the local facility name to the newly branded Liberty Water name (35%) could be seen. Central and Southern Arizona tended to be most familiar with their facility name while respondents in the Central US tended to associate more strongly with the Liberty Water name.

When asked to describe their provider, 68% of comments were positive, slightly down from 71% in 2009. Overall positive and negative comments were fewer than in the previous year. Positive mentions like *good water quality* (3% vs. 8% in 2009) and *reasonable cost* (1% vs. 4% in 2009) went down, but so did negative comments like *cost/expensive* (20% vs. 24% in 2009), *poor water quality* (6% vs. 8% in 2009) and *low water pressure* (2% vs. 4% in 2009). Central AZ respondents tended to describe their service provider most positively while Eastern AZ respondents mentioned the most negative feedback.

Name of Water/Waste Water Provider



Significantly Higher
Correct Local Facility Name/Abbreviation: Central AZ (46%), Southern AZ (44%)
Liberty Water/Algonquin: Central AZ (40%)

	2010	Difference from 2009 (percent points)
Positive Comments (NET)	68%	-3
Good/Like it (general)	65%	-3
Good water quality	3%	-5
Reasonable cost	1%	-3
Negative Comments (NET)	29%	-7
Cost/expensive	20%	-4
Poor water quality	6%	-2
Low water pressure	2%	-2

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

A1. What is the name of the company that provides water and/or waste water service to your household/business?
A2. How would you describe your water and/or waste water service company and the services it provides?

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Detailed Findings - Overall

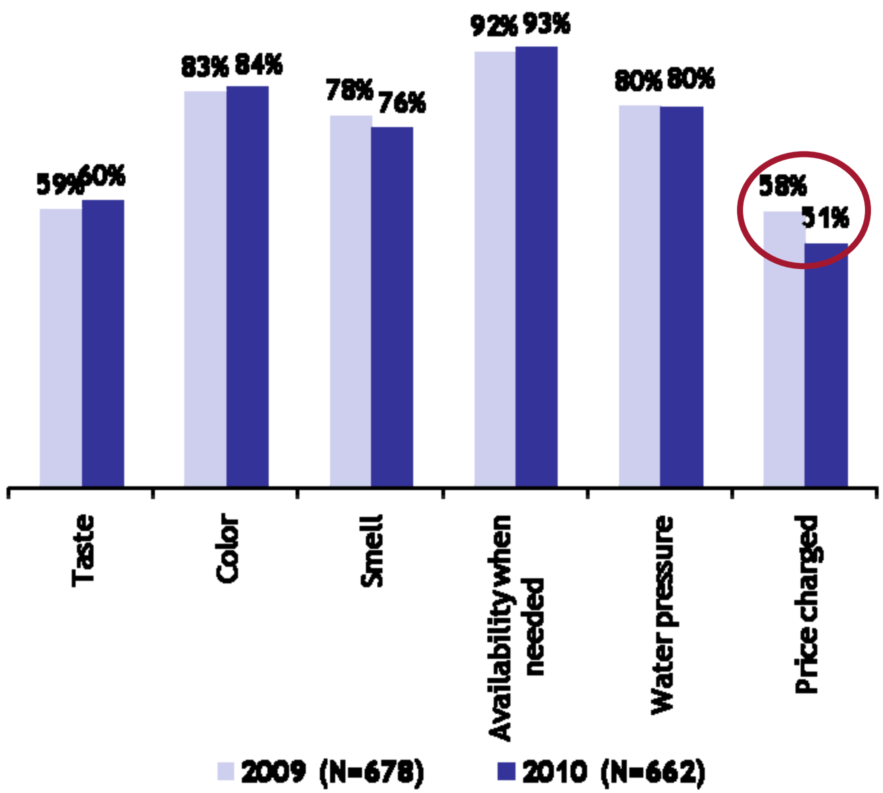
Water Services - Satisfaction

Respondents continued to be most satisfied with the *water availability when needed*, with 93% giving it a 4 or 5 (where 5 = Very satisfactory). Other highly rated aspects of water service *were color* (84%), *water pressure* (80%) and *smell* (76%). Respondents were least satisfied with the *price charged* and *taste*.

Overall satisfaction with their water services remained the same compared the previous year. The *price charged* was the only aspect customers were less satisfied with. Only 51% (compared to 58% in 2009) felt the *price charged* was somewhat or very satisfactory.

Customers of facilities in the Central US were least satisfied with the *price charged*. Only 33% were somewhat or very satisfied.

Top 2 Box Scores (4,5): 5 = Very Satisfactory



Significantly Higher Top 2 Box Scores
Price charged: Central AZ (55%)/ Southern AZ (60%) vs. Central US (33%)

NOTE: Data red circled indicates significant change/ difference compared to 2009.

1. Please rate your water services in the following areas by using a 5-point scale with 5 being "Very Satisfactory" and 1 being "Not Satisfactory At All".

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Detailed Findings - Overall

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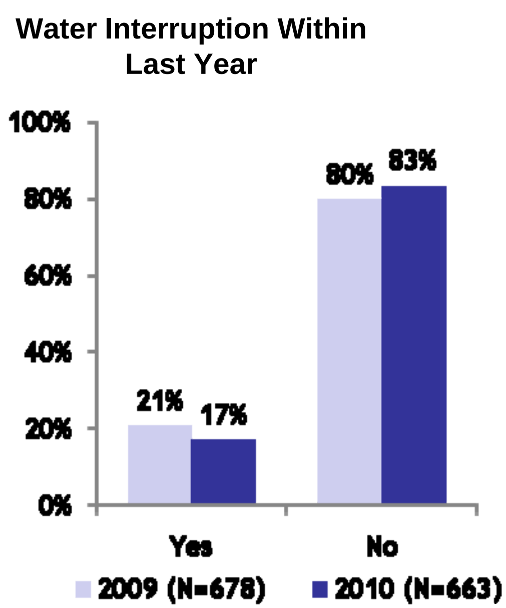
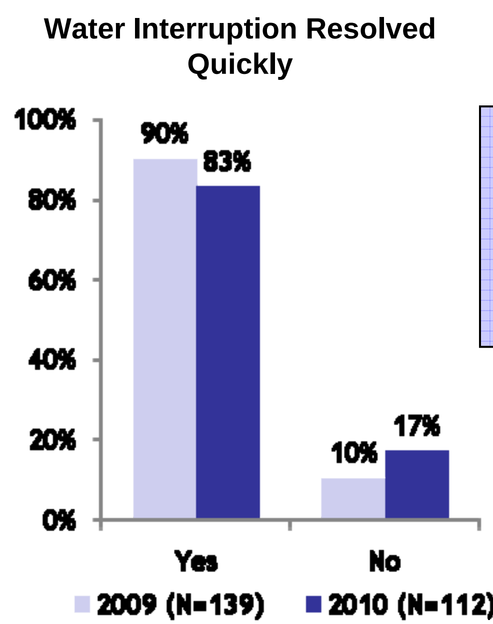
Water Services - Interruptions

Fewer than 1 out of 5 customers (17%) reported a water interruption within the last year. Those in the Central Arizona service area reported significantly fewer interruptions as only 4% experienced an interruption compared to Central US (27%) and Southern AZ (24%).

Water interruptions were generally resolved quickly. Only 17% of respondents, or 19 respondents in total, indicated they were not resolved quickly.





Why Not Resolved Quickly (N = 19)

- Resolution took too long (10 mentions)
- No explanation for interruption (3 mentions)
- No notification of service interruption (2 mentions)

Significantly Higher Water Interruption
Central US (27%) vs. Southern AZ (24%) vs. Central AZ (4%)

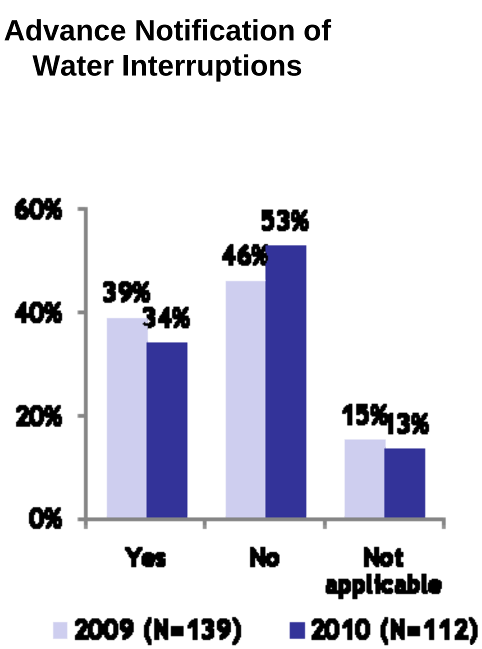
2. Within the last year, have you had any interruptions to your water service?
3. Was your water service interruption problem resolved quickly?
4. Being as detailed as possible, please tell us how and why your water interruption problem was not resolved quickly.

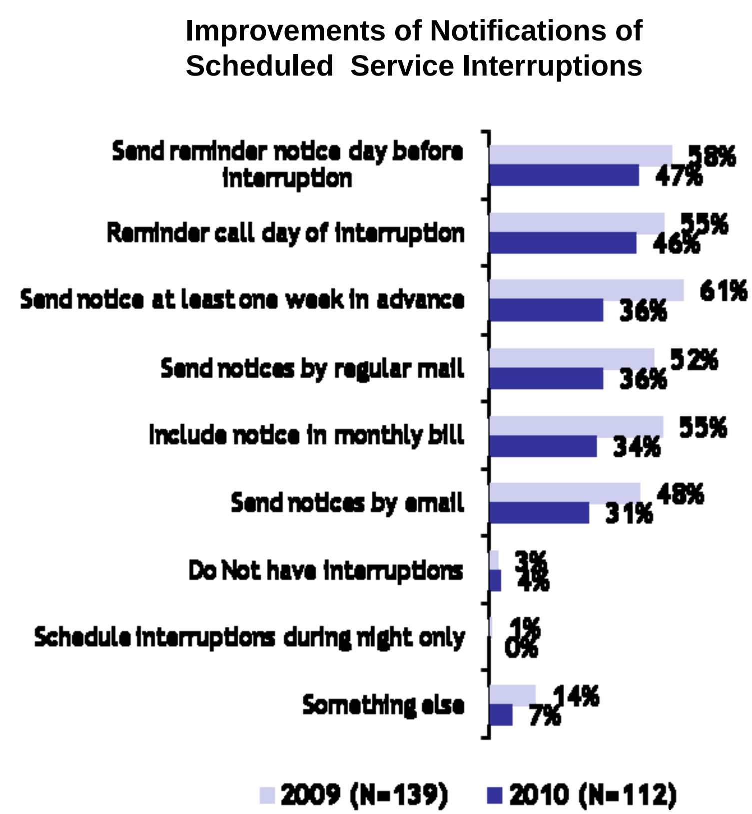
Detailed Findings - Overall

Water Services – Interruptions Notification

Among the customers who had experienced a scheduled water service interruption in the last year, 34% recalled receiving a notification in advance. Over half (53%) reported they had not received advance notification. This may indicate that advance notifications were not provided consistently or that residents did not notice them among other mailings or information.

Similar to 2009, customers requested a number of improvements to advance notifications, however fewer notification methods were stated. *Send reminder notice day before interruption* (47%) was considered the most important followed by *reminder call day of interruption* (46%).





5. *Are you notified in advance when scheduled interruptions to water service will occur?*

6. *In which of the following ways could [INSERT FACILITY BASED ON ZIP CODE] improve their notifications of scheduled service interruptions? You may select all that apply.*

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Detailed Findings - Overall

Water Services – Improvements

Over half of the respondents (63%) had no suggestions on how to improve their water service, feeling it was *fine as is*.

Among the improvements suggested were *water filtration (improve taste/smell/color)* mentioned by 14% of customer. *Lower rates/don't increase rates* was mentioned by 14% of customers and especially among those within the Central US service area.

Suggestions	2009 Total	2010 Results				
		2010 Total	Central AZ	Southern AZ	Eastern AZ*	Central US
Water filtration (improve taste/smell/color)	14%	14%	16%	13%	N/A	11%
Lower rates/don't increase rates	11%	14%	11%	11%	N/A	22%
Improve water pressure	7%	4%	2%	6%	N/A	3%
No suggestions/fine as is	61%	63%	66%	61%	N/A	61%

NOTE: Data in orange shaded cell are significantly higher; data in gray shaded cells are significantly lower: at 95% confidence level.

** Facilities in Eastern AZ provide Sewer/Waste Water service only.*

7. Do you have any suggestions on how [INSERT FACILITY BASED ON ZIP CODE] could improve their water services?

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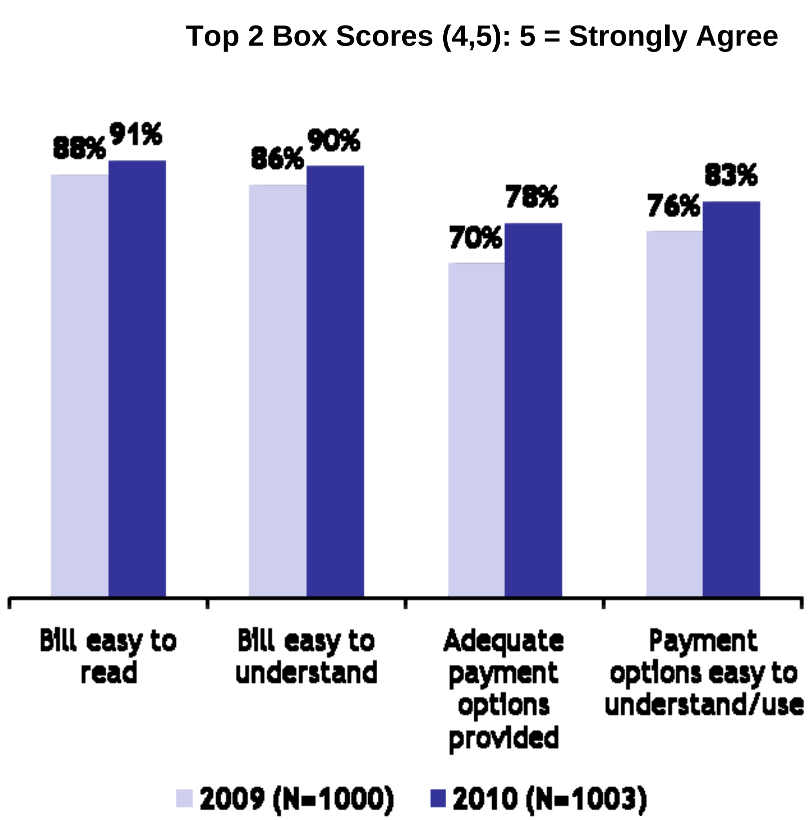
Detailed Findings - Overall

Customer Billing - Satisfaction

Customer satisfaction with billing remained high with 78% or more of interviewed customers stating they somewhat or strongly agreed that they were satisfied with the customer billings received. All aspects of billing tested scored significantly higher as compared to 2009 results.

While Central and Southern AZ service areas received significantly higher satisfaction scores, Eastern AZ and Central US still received positive feedback with billing scores of 71% or higher.



	Central AZ	Southern AZ	Eastern AZ	Central US
Bill easy to read	92%	94%	91%	87%
Bill easy to understand	92%	95%	87%	86%
Adequate payment options provided	82%	87%	73%	71%
Payment options easy to understand/ use	85%	87%	79%	80%

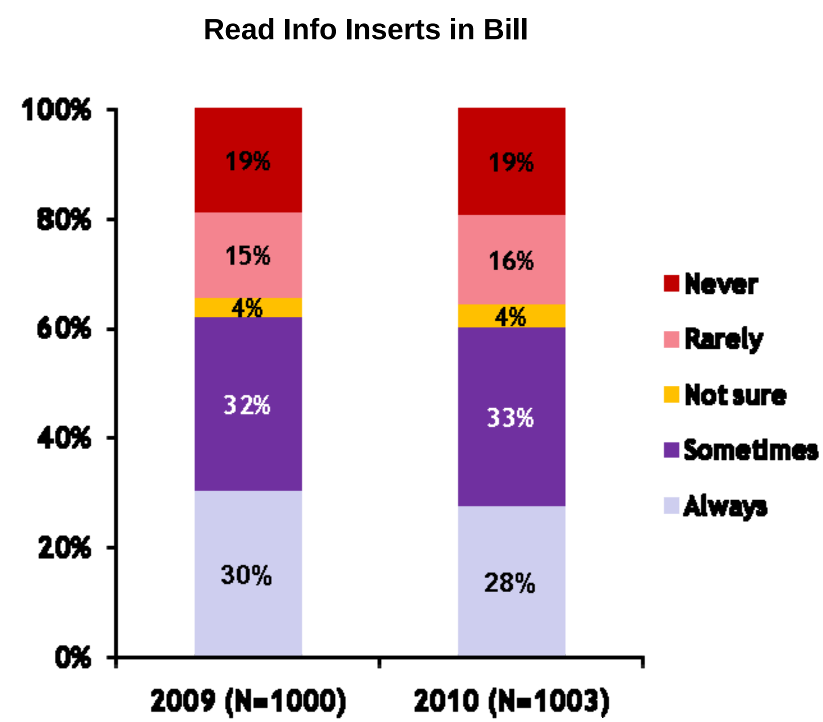
NOTE: Data in orange shaded cell are significantly higher; data in gray shaded cells are significantly lower: at 95% confidence level.

8a-d. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements.

Detailed Findings - Overall

Customer Billing – Information/Services

Almost two thirds of respondents (61%) stated they read the information inserts in their bill *sometimes* or *always*. These results were consistent with findings in 2009.



9. How often do you read the informational inserts included in your bill?

Detailed Findings - Overall

Customer Billings – Improvements

When asked about suggestions to improve customer billings, the majority of respondents did not have any improvements and felt it was *fine as is* (82%).

Lower rates/don't increase rates was mentioned by 6%, specifically by those from Eastern AZ (12%) and Central US (8%) who tend to be most critical with their rates.

Comments regarding improvements related to online and automated payment options were significantly fewer (decrease of 6% points compared to 2009), presumably a reflection of changes and new services offered on the updated website.

Suggestions for Improvements	2009	2010	Difference from 2009 (percent points)
Lower rates/Don't increase rates	7%	6%	-1
Improve or implement electronic/online/paperless billing	10%	4%	-6
Make bill easier to understand	1%	2%	+1
No suggestions/fine as is	74%	82%	+8

*Mentions 2%+ shown

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

11. Do you have any suggestions for improving the billing?

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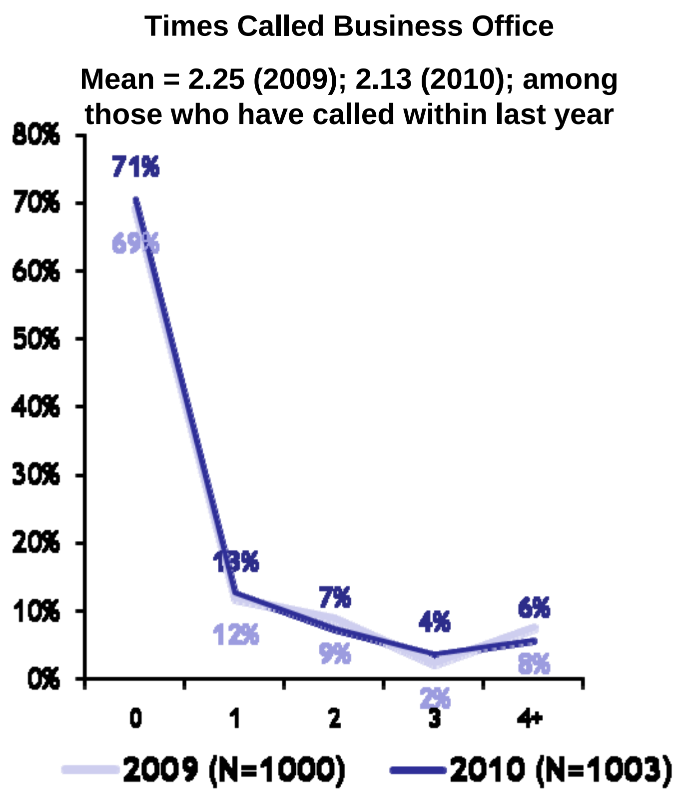
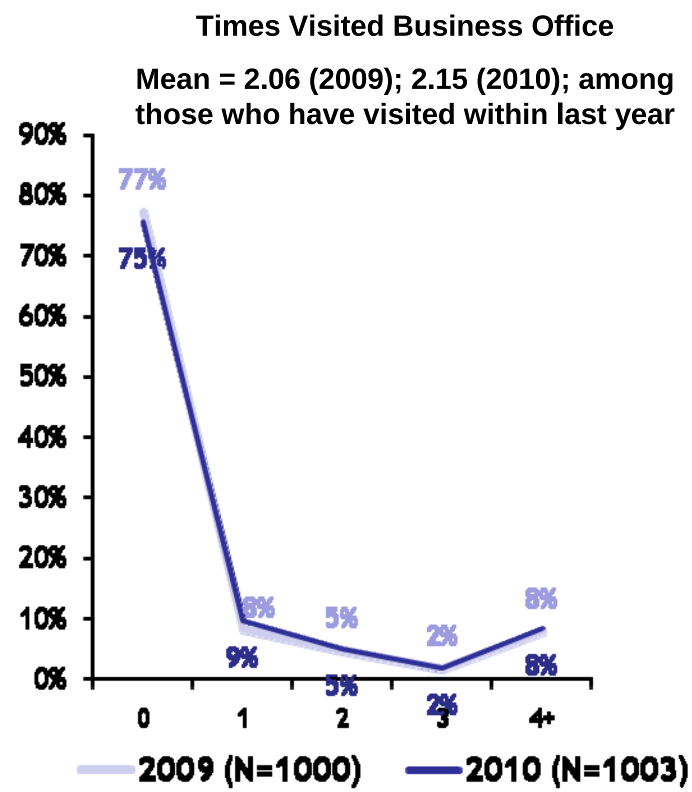
Detailed Findings - Overall

Customer Service – Calls & Visits

The majority of respondents did not have any customer service contact within the last year: 71% indicated they had <u>not</u> called and 75% stated they had <u>not</u> visited the business office.

Among those who had contact with customer service, the average number of calls and visits was about two within the last year (2.13 calls, 2.15 visits).





11b. To the best of your recollection, how many times have you called or visited the [INSERT FACILITY BASED ON ZIP CODE] business office within the last year?

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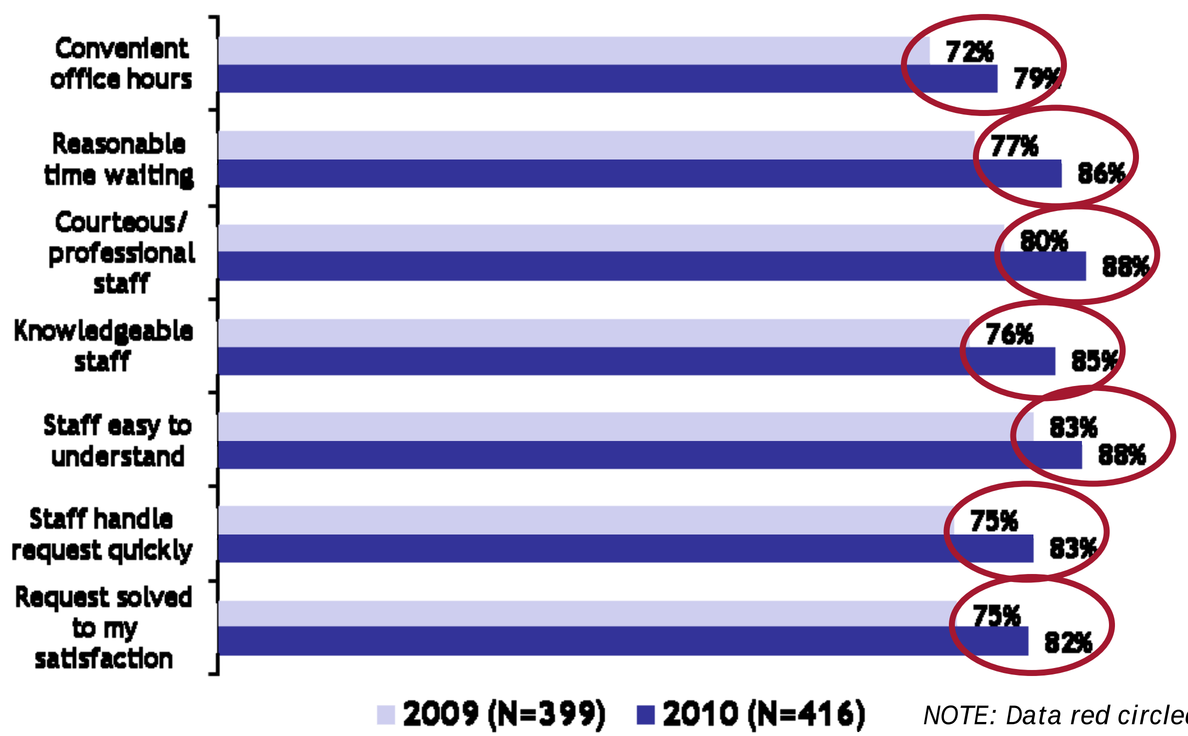
Detailed Findings - Overall

Customer Service - Satisfaction

Among those customer who reported they had contact with customer service in the last year, satisfaction was strong and significantly higher than the 2009 scores across all aspects tested.

Eastern AZ continued to have the lowest levels of agreement/satisfaction with customer service. While about two thirds of these customers were satisfied, their agreement levels were significantly lower for *convenient office hours* (67%), *staff handle request quickly* (71%) and *request solved to my satisfaction* (65%).

Top 2 Box Scores (4,5): 5 = Strongly Agree



NOTE: Data red circled indicates significant change/ difference compared to 2009.

12a. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about [INSERT FACILITY BASED ON ZIP CODE]'s customer service. If you have called or visited the office more than once in the last year, please think only about your last contact with the [INSERT FACILITY BASED ON ZIP CODE] business office.

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Detailed Findings - Overall

Customer Service – Hours & Wait Time

Customers who did not agree strongly that the office hours were convenient were asked what they felt would be more convenient hours. Longer weekday hours and office hours on Saturdays were suggested; *keeping the office open late - past 5PM* was mentioned by 27%, down 5% from 2009, followed by *Saturday hours - full or half days* (7%) and *opening early during the week – before 8AM* (4%). Compared to 2009, fewer suggestions regarding better office hours were made and more customers indicated the current hours were fine.

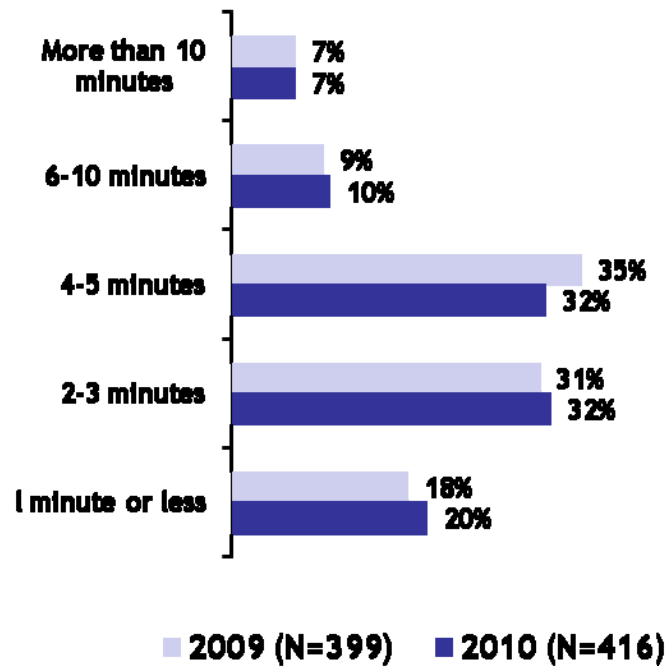
On average, respondents reported that an acceptable wait time for a live person was approximately three and a half minutes (mean of 3.69 minutes), a slight decrease from 2009 (3.86 minutes). With 84% of respondents feeling an acceptable wait time is no more than five minutes, Liberty Water should strive to keep wait times below this mark.

More Convenient Time	2009 (N=237)	2010 (N=210)	Difference from 2009 (percent points)
Weekday hours: late open/past 5PM	32%	27%	-5
Saturday hours: half/full day	11%	7%	-4
Weekday hours: early open/before 8AM	9%	4%	-5
Office hours are fine	20%	25%	+5

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

Acceptable Wait Time for Live Person

Mean = 3.86 minutes (2009); 3.69 minutes (2010)



12b. What would you consider more convenient office hours?
12c. How long are you willing to wait to speak to a live person?

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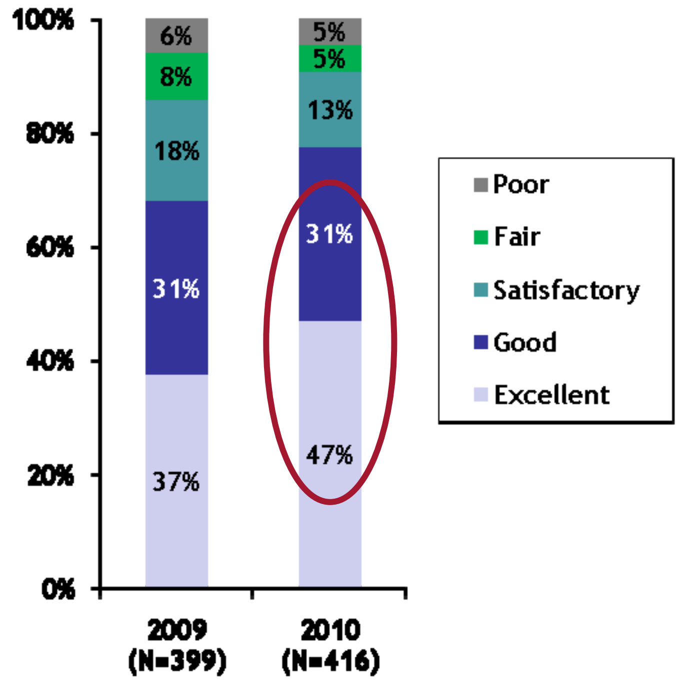
Detailed Findings - Overall

Customer Services – Overall Experience

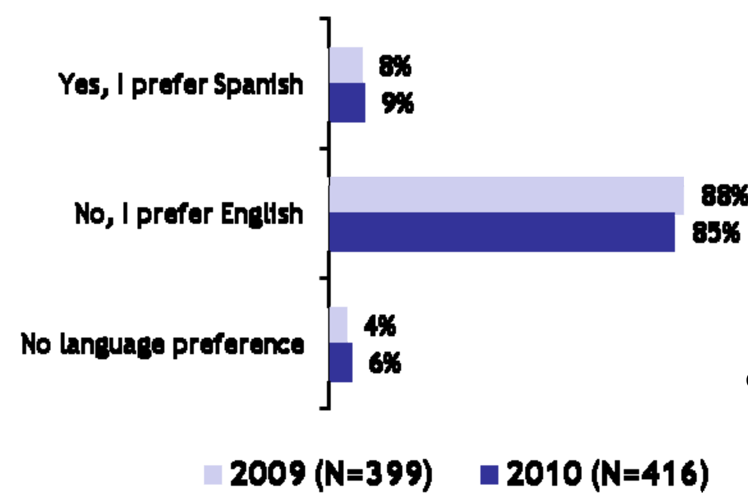
Slightly more than three fourths of respondents were satisfied with their overall customer service experience (78% *excellent/good*). This was a significant increase from 2009 (+10%) and was primarily driven by significantly higher satisfaction levels in Eastern AZ. Specifically, 71% of 2010 Eastern AZ respondents said their experience was *excellent* or *good* compared to 41% in 2009.

Respondents did not indicate a great need for customer service communications in Spanish, with only 9% stating they *prefer Spanish over English*. Southern AZ continued to be more interested in Spanish customer service interaction (17%).

Satisfaction With Overall Experience



Customer Service in Spanish



NOTE: Data red circled indicates significant change/ difference compared to 2009.

13. Overall, how would you rate your experience with the customer service you received? If you have called or visited the office more than once in the last year, please think only about your last contact with the [INSERT FACILITY BASED ON ZIP CODE] business office.

13a. If customer service were available in Spanish would you take advantage of it?

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Detailed Findings - Overall

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Customer Service - Improvements

Respondents had few suggestions on how to improve customer service; 84% had *no suggestion* (+7% from 2009) . The few comments given centered around communications for service shutoffs and being p*olite/friendly/ understanding.*

Suggestions for Improvements	2009	2010	Difference from 2009 (percent points)
Improve communication w/customers (service follow-up, shutoffs, etc)	2%	3%	+1
Be more polite/ friendly/ understanding	5%	3%	-2
Speak English better/ English as a default language	1%	2%	+1
Be more professional/ knowledgeable	5%	2%	-3
No suggestions/fine as is	77%	84%	+7%

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

14. Do you have any suggestions for improving customer service?

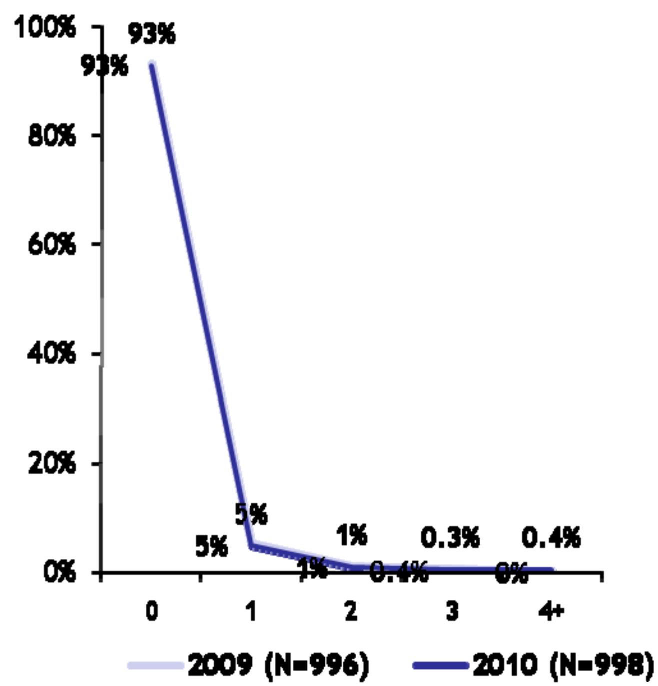
Detailed Findings - Overall

Service Rep Home Visits

The vast majority of respondents had no service representative visit their home within the last year (93% none). Of those who had a representative visit, the average number of visits was 1.52 which was up slightly from 2009 (1.28 visits).

Number Called Business Office

Mean = 1.28 (2009); 1.52 (2010); among those who had a service rep visit their home within last year



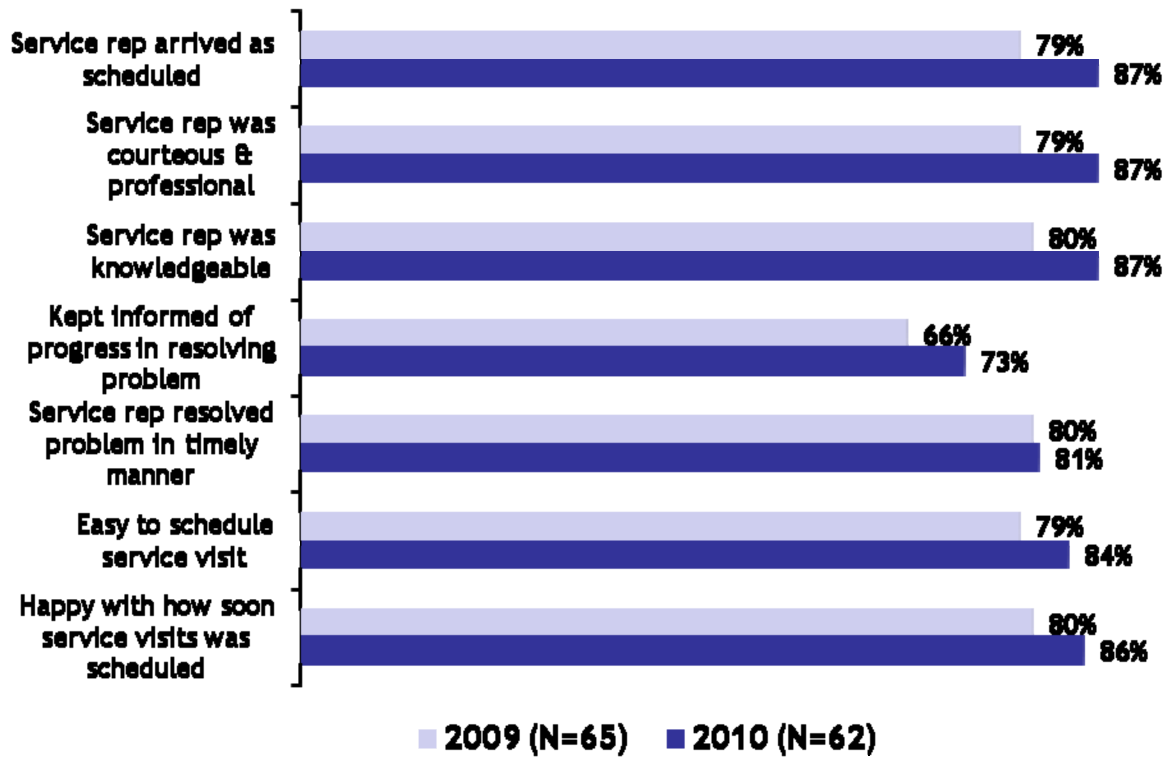
14b. How many times has an [INSERT FACILITY BASED ON ZIP CODE] employee visited your home to resolve a problem within the last year?

Detailed Findings - Overall

Service Rep Home Visits - Satisfaction

Satisfaction with service representative home visits was very high on all aspects. While satisfaction was slightly up compared to 2009, this change was not significant.

Top 2 Box Scores (4,5): 5 = Strongly Agree



15. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about your in home service visit. If an [INSERT FACILITY BASED ON ZIP CODE] employee has visited your home more than once within the last year, please think only about your last visit.

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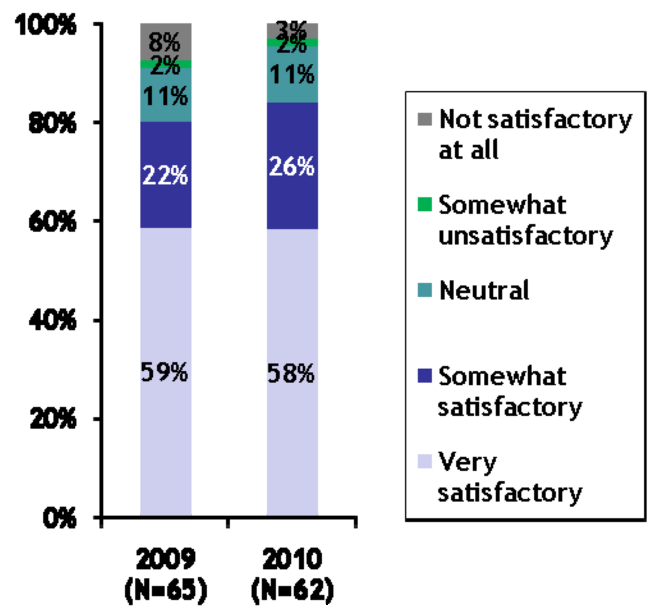
Detailed Findings - Overall

Service Rep Home Visits – Overall Satisfaction & Improvements

Overall satisfaction remained high, inching up from 81% of respondents stating they were *somewhat* or *very satisfied* in 2009 to 84% in 2010.

The majority of respondents did not have any suggestions for improvements (86%). The improvements that were mentioned were *resolve problems faster* (7%), *service personnel more knowledgeable* (5%) and *advance notification* (3%).

Overall Satisfaction With Service Visit



Suggestions for Improvements	2009	2010	Difference from 2009 (percent points)
Resolve problems faster	0%	7%	+7%
Service personnel be more knowledgeable	3%	5%	+2%
Notification in advance when visit will be	3%	3%	0%
No suggestions/fine as is	86%	86%	0%

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

16. Overall, how would you rate your experience with the service visit to your home using a 5-point scale with 5 being "Very Satisfactory" and 1 being "Not Satisfactory At All"? If you had more than one visit in the last year, please think only about your last visit.

17. Do you have any suggestions for improving home visits?

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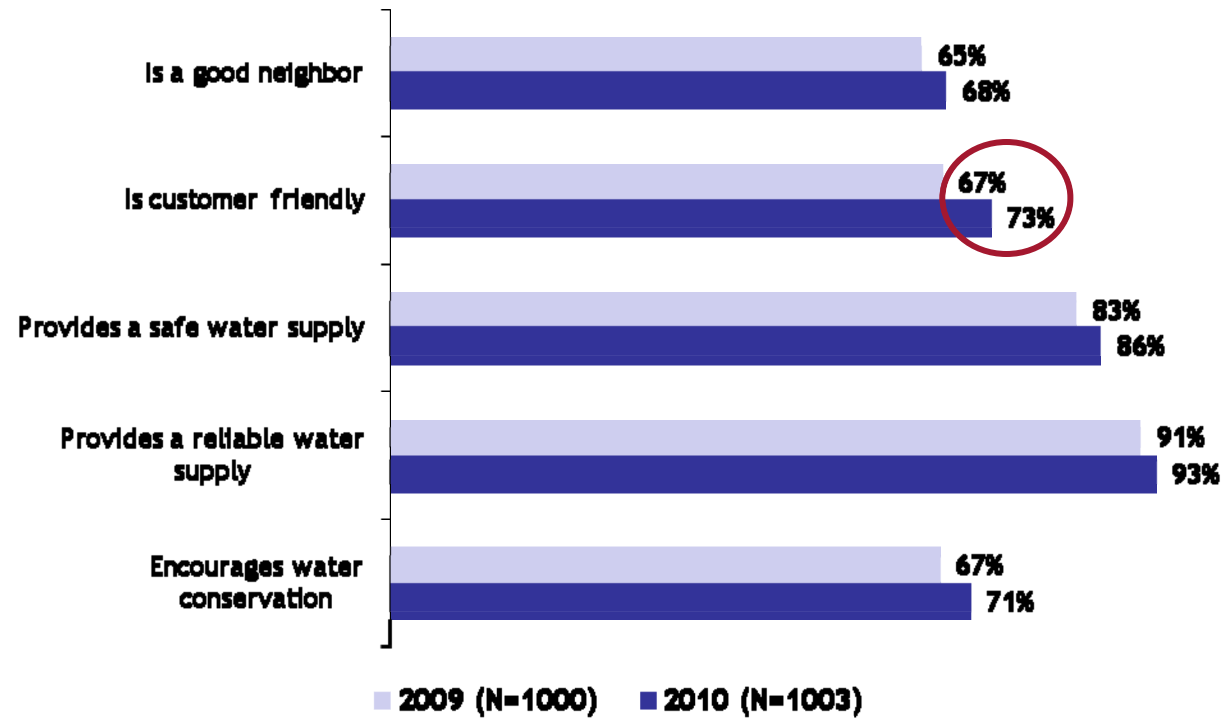
Detailed Findings - Overall

Company Evaluation - Satisfaction

Respondents agreed that their water service facility *provides a reliable water supply* (93%, top 2 box agree/strongly agree) followed by *provides a safe water supply* (86%). While all agreement scores were up compared to 2009, *is customer friendly* was significantly higher at 73% compared to 67% in 2009.

Top 2 Box Scores (4,5): 5 = Strongly Agree



NOTE: Data red circled indicates significant change/ difference compared to 2009.

18. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about [INSERT FACILITY BASED ON ZIP CODE].

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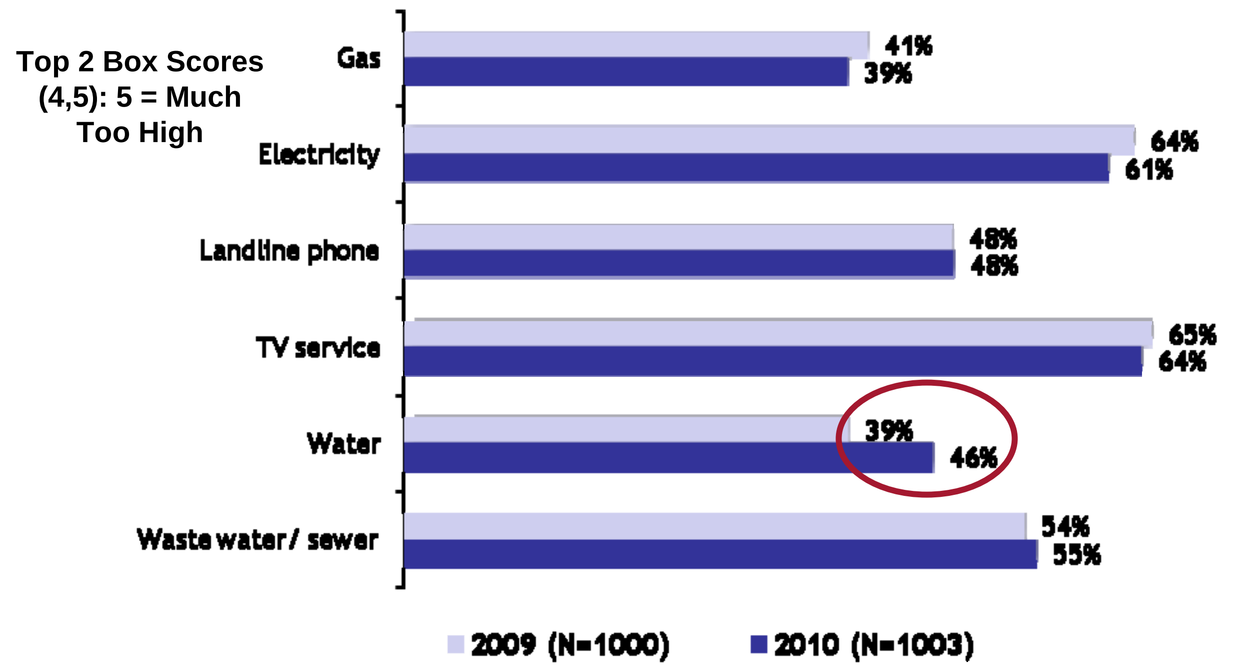
Detailed Findings - Overall

Company Evaluation – Utility Rates

When comparing the perception of pricing for different utilities and services that respondents received, those considered *somewhat/much too high* continued to be *television* (64%), *electricity* (61%) and *waste water/sewer* (55%).

Water saw a significant jump from 39% to 46% of respondents considering their rate is too high. This increase was driven mainly by customers in the Central US service area (64%).

Central AZ respondents were most satisfied with their *waste water/ sewer* rates as only 34% stated the rates were *somewhat/much too high*.



NOTE: Data red circled indicates significant change/ difference compared to 2009.

19. For each of the following utility services, please indicate if you feel the rates charged are much too high, somewhat too high, just right, somewhat low, or very low.

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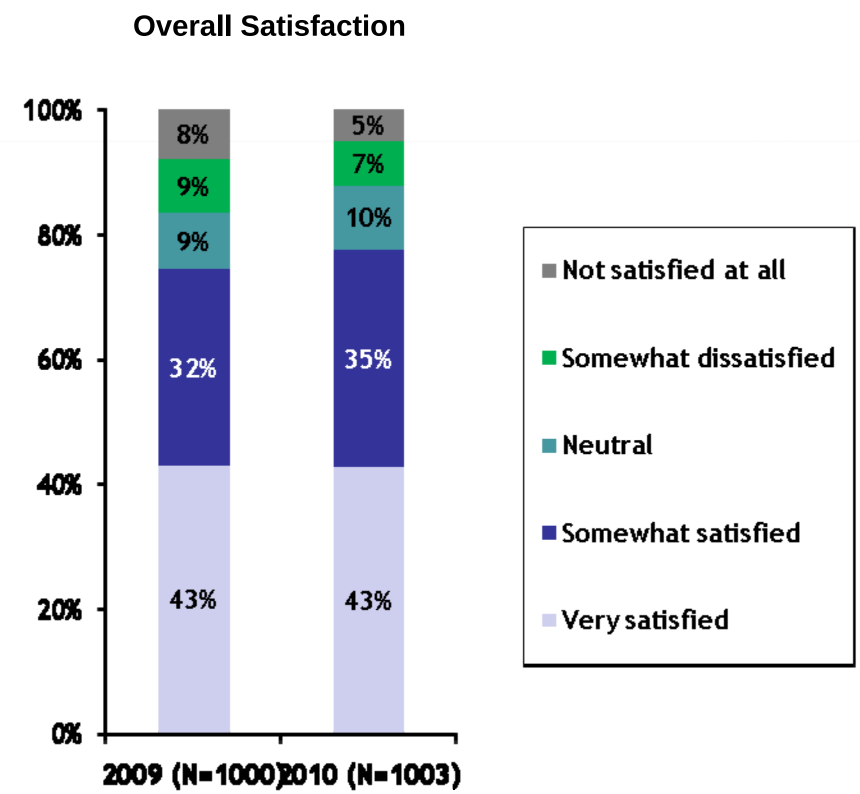
Detailed Findings - Overall

Company Evaluation – Overall Satisfaction

Respondents were satisfied with their water/waste water provider overall, with 78% of respondents stating they were *somewhat/very satisfied* (+3% from 2009).

Eastern AZ was least satisfied (56%) with all other regions reporting top 2 box satisfaction scores of 78% or higher. However, Eastern AZ showed a significant increase in satisfaction, up 14% from 2009 (42% *somewhat/very satisfied*).



20. Overall, how satisfied are you with [INSERT FACILITY BASED ON ZIP CODE]?

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Detailed Findings - Overall

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Company Evaluation – Overall Satisfaction

Those *somewhat/very satisfied* with the provider were so because the *service is satisfactory/ good/ excellent* (10%), *good/friendly/courteous customer service* (8%) and *reliable/ receive services paid for/no service interruptions* (6%). However, 21% of respondents stated that they felt the *cost was too high;* mainly those somewhat satisfied and/or those from Eastern AZ and Central US (29% each).

Not surprisingly, *cost* (72%) was the main reason why respondents were dissatisfied (*not satisfied at all/somewhat dissatisfied*). Other negative comments were related to the water quality (10% *odor from sewer/sewage processing facility*, 6% *smell/taste of water* and 5% *water is cloudy/contaminated/poor quality/hard*) and customer service (6% *poor/unfriendly/uncaring customer service*).

	2009	2010	Difference from 2009 (percent points)
Why Satisfied	N=743	N=777	
Cost is too high/ rate increases	11%	21%	+10
Service is satisfactory/ good/ excellent	14%	10%	-4
Good/ friendly/ courteous customer service	8%	8%	0
Reliable/ receive services paid for/ no service interruptions	14%	6%	-8
Water quality is good	6%	4%	-2
Why Not Satisfied	N=167	N=124	
Cost is too high/rate increases	63%	72%	+9
Odor from sewer/sewage processing facility	14%	10%	-4
Poor/unfriendly/uncaring customer service	11%	6%	-5
Smell/taste of water	4%	6%	+2
Water is cloudy/contaminated/poor quality/hard	4%	5%	+1

NOTE: Data in orange shaded cell indicate a significant change/ difference compared to 2009.

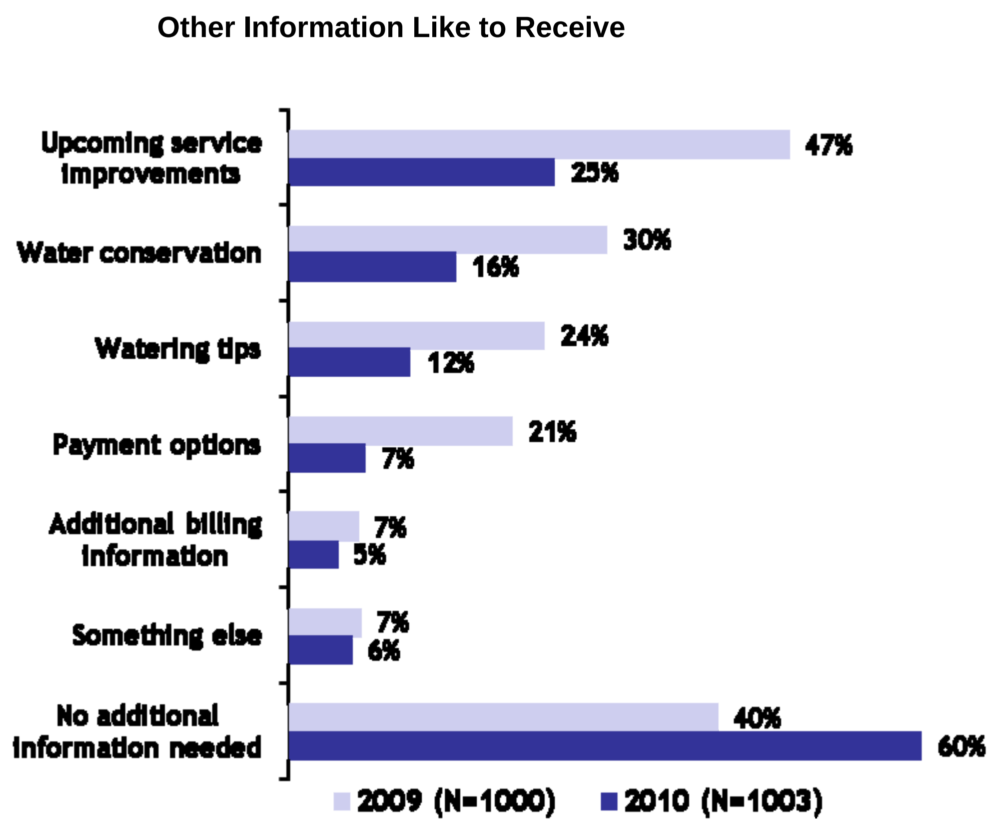
20a. Being as specific as possible, why did you say you are [INSERT FROM Q20] with [INSERT FACILITY BASED ON ZIP CODE]?

Detailed Findings - Overall

Company Evaluation - Information

Respondents were asked if there was other information they would like to receive. *No additional information* was needed by 60% of respondents, up from 40% in 2009.

While of lower importance compared to 2009, information on *upcoming service improvements* was still the most desired (25%). *Water conversation* was of interest for 16% of respondents along with *watering tips* (12%).



21. *What other information would you like to receive from [INSERT FACILITY BASED ON ZIP CODE]? You may select all that apply.*

Matt Garlick – Central AZ

Business Manager: Matt Garlick
Central Arizona (LPSCO)

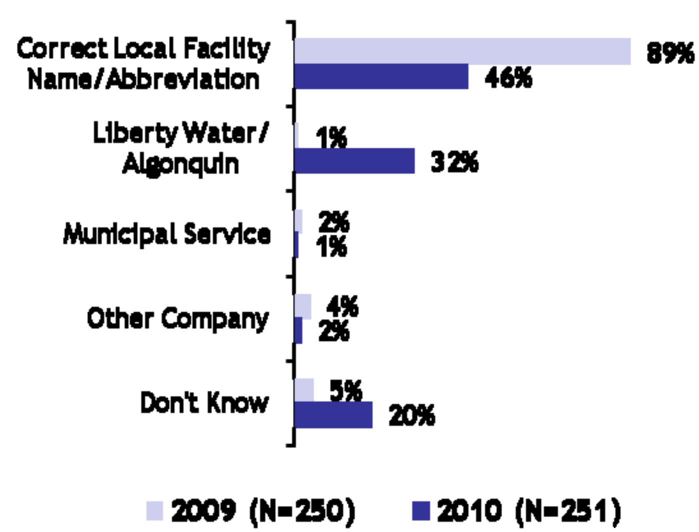
Matt Garlick – Central AZ

Awareness & Perception

Familiarity with their water and waste water provider remained high. An obvious shift from the association with the local facility name to the newly branded Liberty Water name (32%) was noted.

When asked to describe the provider, most comments were positive (82%) and general with 79% respondents saying *good/like it*. Also mentioned was *good water quality* (5%, slightly down from 8% in 2009). While a few customers indicated the *cost is reasonable* (1%), this was mentioned significantly less compared to the previous year (6%).

Only 16% of respondents mentioned any negative comments: *Cost* (8%) was the leading reason for negative associations slightly up from 5%, followed closely by *water quality* (7% vs. 10% in 2009).



	2009	2010	Difference from 2009 (percent points)
Positive Comments (NET)	83%	82%	-1
Positive general	82%	79%	-3
Water quality	8%	5%	-3
Customer service	2%	2%	0
Cost is reasonable	6%	1%	-5
Negative Comments (NET)	16%	16%	0
Cost is too high	5%	8%	+3
Water quality	10%	7%	-3
Customer service	2%	1%	-1

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

A1. What is the name of the company that provides water and/or waste water service to your household/business?
A2. How would you describe your water and/or waste water service company and the services it provides?

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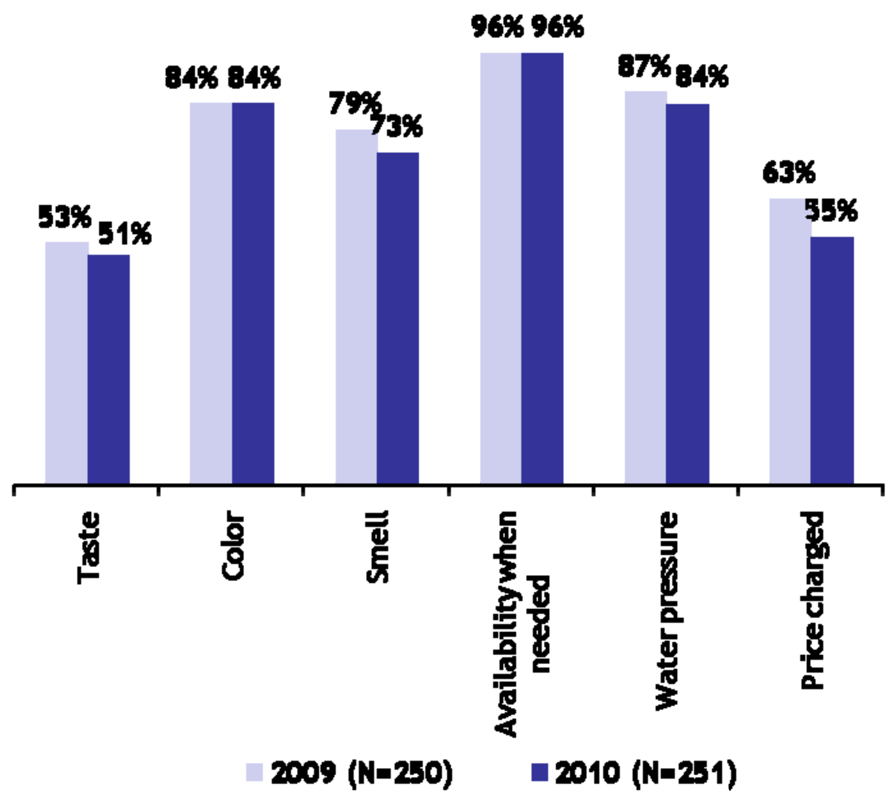
Matt Garlick – Central AZ

Water Services - Satisfaction

Respondents generally rated the water services they received highly. *Availability when needed* received the highest top 2 box score (96%; 4/5, where 5 = very satisfactory) followed by *water pressure* (84%; slightly down compared to 2009) and *color* (84%).

Taste of tap water received the lowest score (51%). *Price charged* was slightly down compared to 2009.

Top 2 Box Scores (4,5): 5 = Very Satisfactory

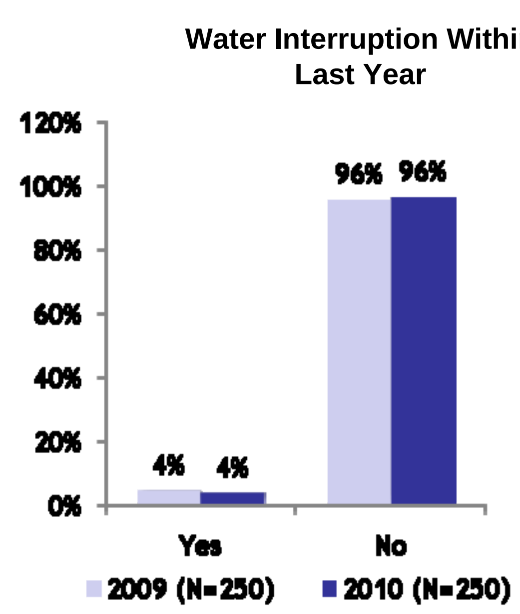


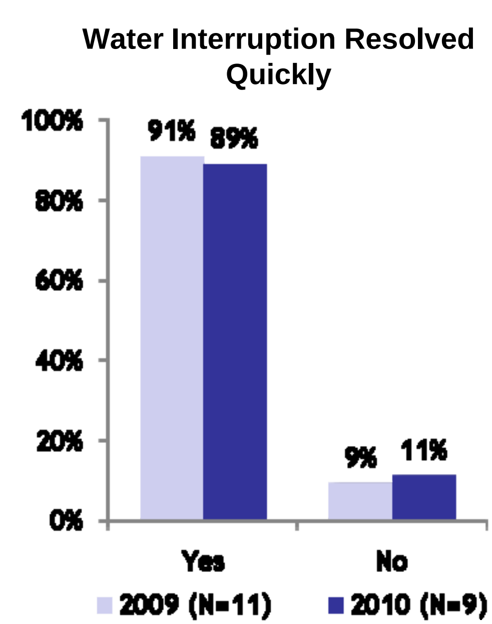
1. Please rate your water services in the following areas by using a 5-point scale with 5 being "Very Satisfactory" and 1 being "Not Satisfactory At All".

Matt Garlick – Central AZ

Water Services - Interruptions

Only 4% of respondents had a water service interruption in the past year. Among these, 89% stated the interruption was resolved quickly. The only respondent who did not receive a quick resolution indicated they *simply took too long.*





2. Within the last year, have you had any interruptions to your water service?
3. Was your water service interruption problem resolved quickly?
4. Being as detailed as possible, please tell us how and why your water interruption problem was not resolved quickly.

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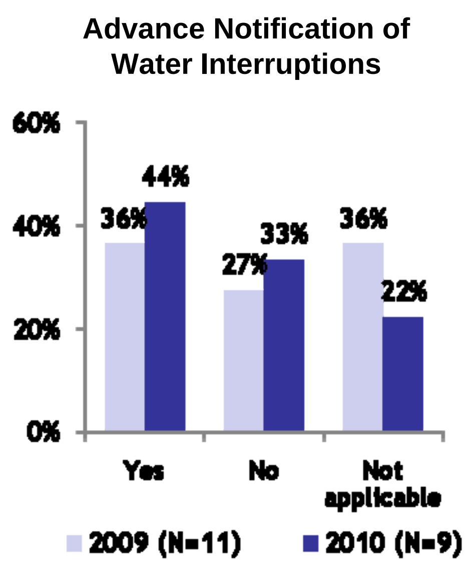
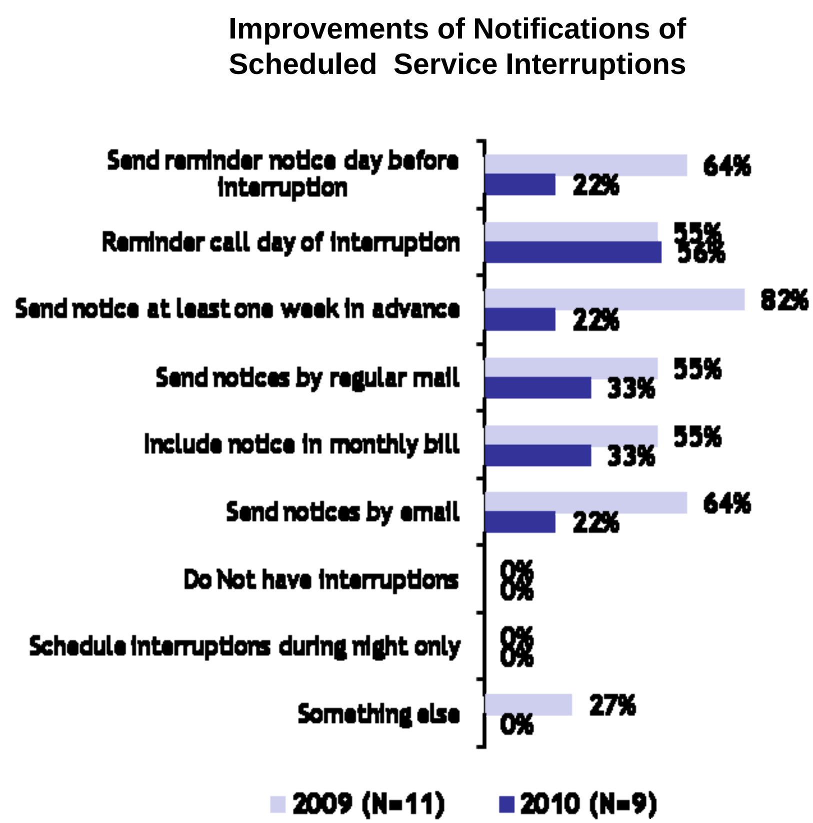
Matt Garlick – Central AZ

Water Services – Interruptions Notification

Of the nine customers who had a water interruption in the last year four (44%) stated they received an advance notification of scheduled interruptions.

In terms of improvements for scheduled service interruptions, the top improvement requested was *reminder call day of interruption,* mentioned by five customers (56%).





5. *Are you notified in advance when scheduled interruptions to water service will occur?*

6. *In which of the following ways could [INSERT FACILITY BASED ON ZIP CODE] improve their notifications of scheduled service interruptions? You may select all that apply.*

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Matt Garlick – Central AZ

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Water Services – Improvements

When asked about suggestions to improve the water service, 66% stated they had *no suggestions/fine as is*.

The few suggestions given included *water filtration (improve taste/smell/color)* mentioned by 16% of respondents, followed by *lower rates/don't increase rates* (11% up slightly from 6% in 2009).

Suggestions for Improvements	2009 (N=250)	2010 (N=250)	Difference from 2009 (percent points)
Water filtration (improve taste/ smell/ color)/ soften water	16%	16%	0
Lower rates/ don't increase rates	6%	11%	+5
Improve water pressure	4%	2%	-2
Electronic/ online billing	1%	2%	+1
Improve cold water temperature fluctuations	3%	2%	-1
No suggestions/fine as is	66%	66%	0

7. Do you have any suggestions on how [INSERT FACILITY BASED ON ZIP CODE] could improve their water services?

Matt Garlick – Central AZ

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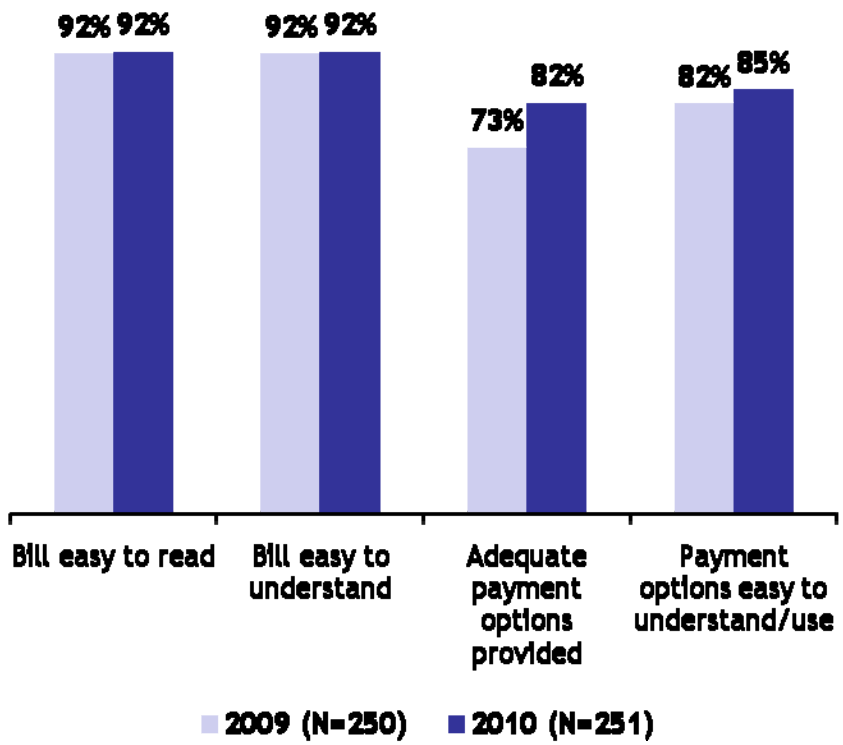
Customer Billing - Satisfaction

The Central AZ facility received high satisfaction scores for their customer billing. Respondents agreed that the bill was both *easy to read* and *easy to understand* (Top 2 box = 92% each; agree/strongly agree). Scores for *adequate payment options provided* and *payment options easy to understand/use* both showed increases from 2009.

Top 2 Box Scores (4,5): 5 = Strongly Agree

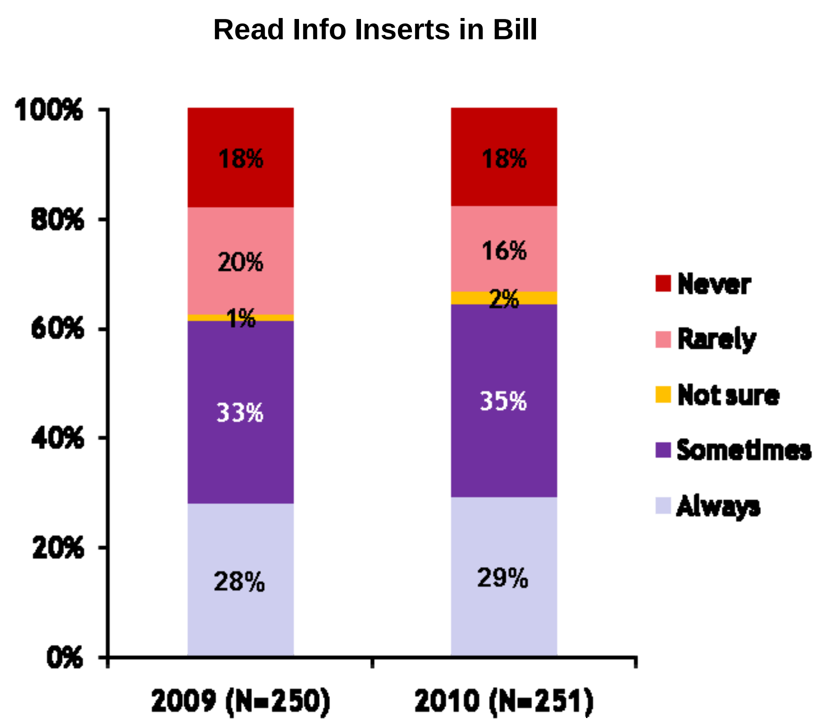


8a. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements.

Matt Garlick – Central AZ

Customer Billing – Information/Services

A total of 64% read information inserts included with their *bill sometimes/always* while 34% read the information *rarely/never*.



9. How often do you read the informational inserts included in your bill?

Matt Garlick – Central AZ

Customer Billings – Improvements

The majority (83%) of customers in the Central AZ service area did not have any suggestions on how to improve customer billing. *Electronic/online/paperless billing* was a key improvement suggestion during 2009 indicated by 13%.While was still heading the list of suggestions, it was mentioned by significantly fewer respondents (6% point drop to 7% of mentions).

Suggestions for Improvements	2009 (N=250)	2010 (N=251)	Difference from 2009 (percent points)
Improve or implement electronic/online/paperless billing	13%	7%	-6
Lower rates/don't increase rates	2%	2%	0
Eliminate inserts in billing envelope	0.4%	2%	+1.6
Make bill easier to understand	0	2%	+2
No suggestions/fine as is	76%	83%	+7

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

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11. Do you have any suggestions for improving the billing?

Matt Garlick – Central AZ

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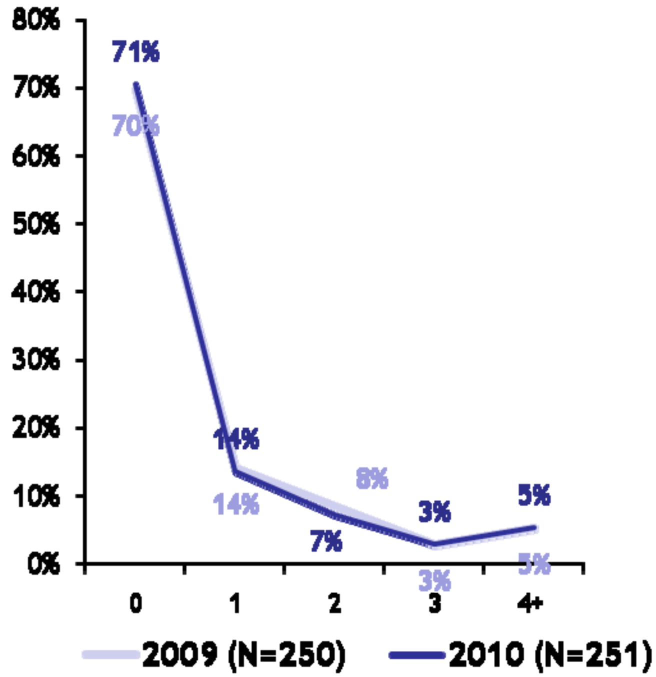
Customer Service – Calls & Visits

The majority of respondents did not call (71%) or visit (79%) the business office within the last year. Respondents who had contacted the business office had both called or visited the office nearly twice, on average (2.03 calls and 1.93 visits).

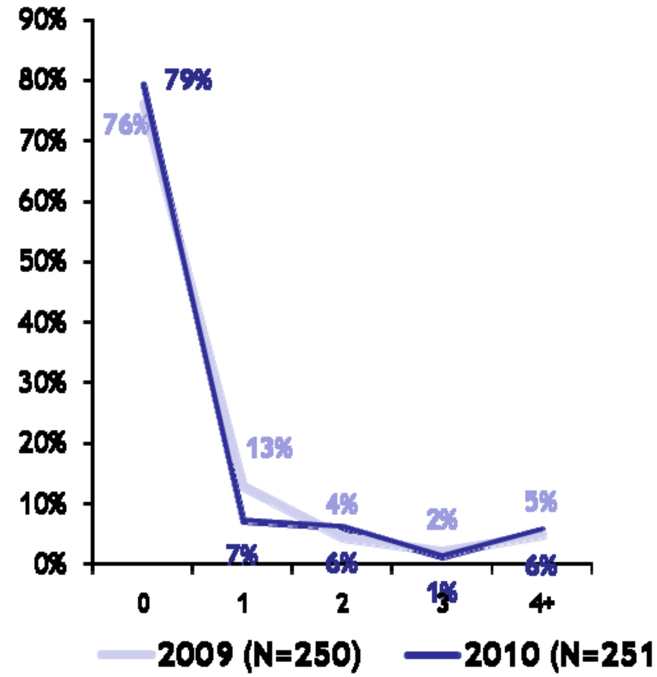
Times Called Business Office

Mean = 1.97 (2009); 2.03 (2010); among those who have called within last year



Times Visited Business Office

Mean = 1.79 (2009); 1.93 (2010); among those who have visited within last year



11b. To the best of your recollection, how many times have you called or visited the [INSERT FACILITY BASED ON ZIP CODE] business office within the last year?

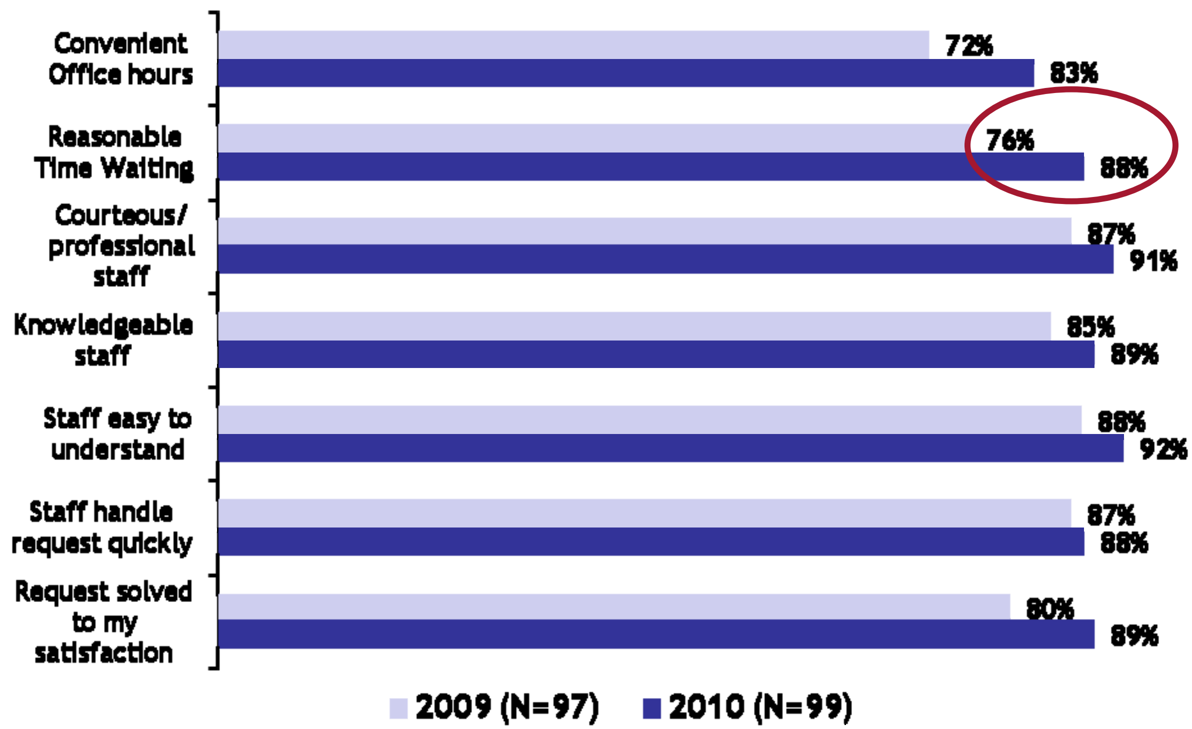
Matt Garlick – Central AZ

Customer Service - Satisfaction

All aspects of customer service tested were rated very positively, with more than 70% of respondents reporting agreement (agree/strongly agree) that customer service was performed well.

The two service aspects that scored somewhat low in 2009 (*convenient office hours 72%* and *reasonable time waiting to speak to a representative* 76%) received much higher scores in 2010 (83% and 88%, respectively).

Top 2 Box Scores (4,5): 5 = Strongly Agree



NOTE: Data red circled indicates significant change/ difference compared to 2009.

12a. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about [INSERT FACILITY BASED ON ZIP CODE]'s customer service. If you have called or visited the office more than once in the last year, please think only about your last contact with the [INSERT FACILITY BASED ON ZIP CODE] business office.

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Matt Garlick – Central AZ

Customer Service – Hours & Wait Time

When asked about more convenient office hours, a fourth of customers felt that *office hours are fine* (24%, up from 13% in 2009). One in five (21%) stated *late office hours during the week* would be desirable, down compared to 2009 when 45% requested this.

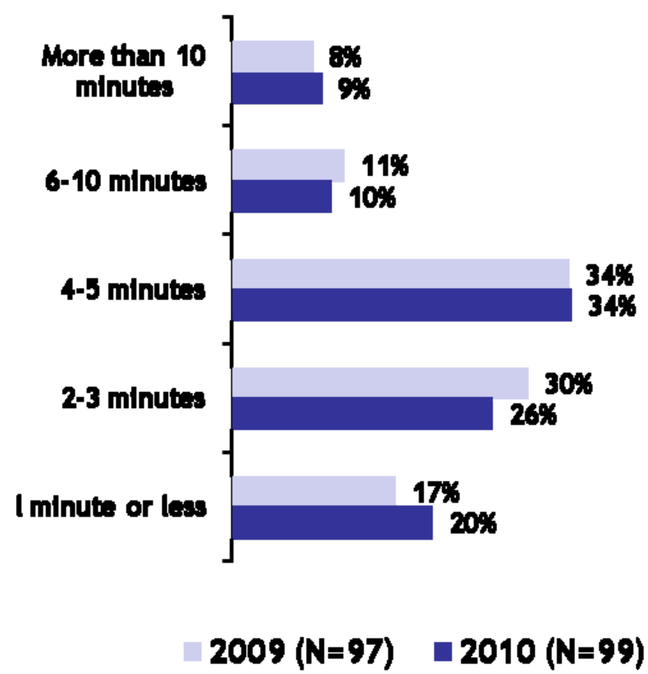
In terms of wait time for a live person, 46% felt that wait time should not be more than 3 minutes.

More Convenient Time	2009 (N=60)	2010 (N=42)	Difference from 2009 (percent points)
Weekday hours: late open/past 5PM	45%	21%	-24
Saturday hours: half/full day	10%	7%	-3
Weekday hours: early open/before 8AM	13%	0%	-13
Office hours are fine	13%	24%	+11

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

Acceptable Wait Time for Live Person

Mean = 4.00 minutes (2009); 3.79 minutes (2010)



12b. What would you consider more convenient office hours?
12c. How long are you willing to wait to speak to a live person?

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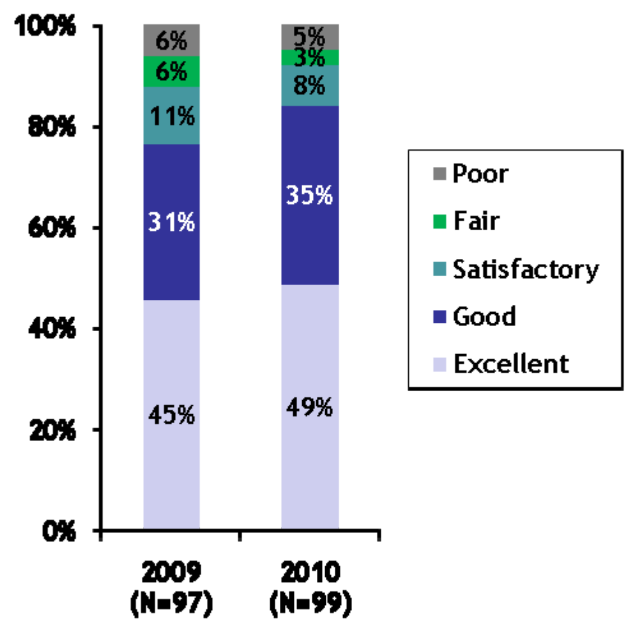
Matt Garlick – Central AZ

Customer Services – Overall Experience

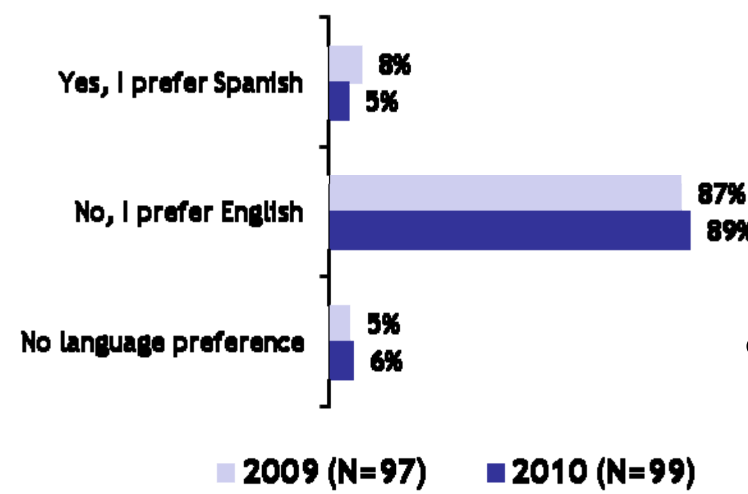
Overall customer service experience was rated high with 84% of respondents stating it was *excellent* or *good.* This was slightly up from the 76% received in 2009.

Only a small number of respondents preferred customer service communications in Spanish (5%).

Satisfaction With Overall Experience



Customer Service in Spanish



13. Overall, how would you rate your experience with the customer service you received? If you have called or visited the office more than once in the last year, please think only about your last contact with the [INSERT FACILITY BASED ON ZIP CODE] business office.

13a. If customer service were available in Spanish would you take advantage of it?

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Customer Service - Improvements

Similar to 2009, few suggestions were given on how to improve customer service as most said *no suggestions/fine as is* (86%). Improvement suggestions related to staff communications: *be more polite/friendly/understanding staff* (3%, down slightly from 2009), *speak English better* (3%) and *be more professional/ knowledgeable* (3%).

Not surprisingly, *increase online services* (1%) saw a drop compared to 2009.

Suggestions for Improvements	2009 (N=97)	2010 (N=99)	Difference from 2009 (percent points)
Be more polite/ friendly/ understanding	5%	3%	-2
Speak English better/English as a default language	3%	3%	0
Be more professional/ knowledgeable	1%	3%	+2
Improve communication w/customers (service follow-up, shut offs, etc)	3%	2%	-1
Increase online services	4%	1%	-3
No suggestions/fine as is	77%	86%	+9

14. Do you have any suggestions for improving customer service?

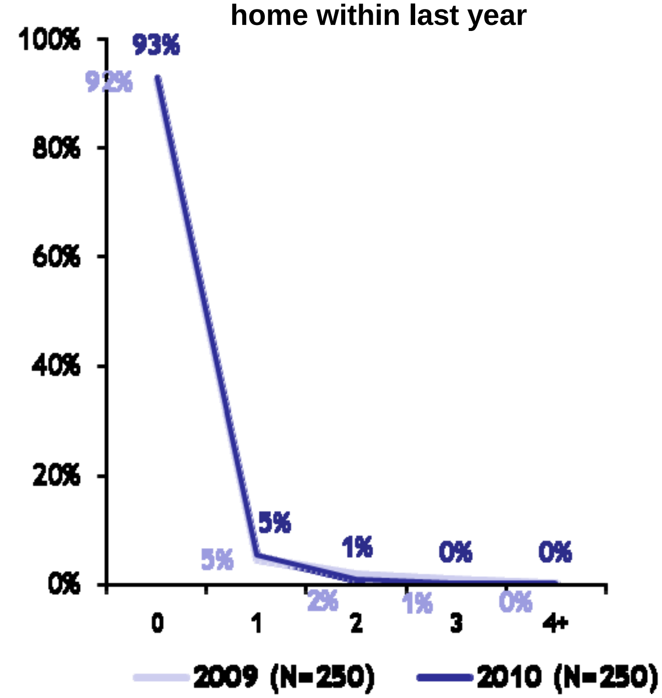
Matt Garlick – Central AZ

Service Rep Home Visits

Very few customers reported receiving a service representative home visit within the last year (7% = 15 respondents). Among those who had received a home visit, the average number was 1.13 times within the year.

Number Called Business Office

Mean = 1.44 (2009); 1.13 (2010); among those who had a service rep visit their home within last year



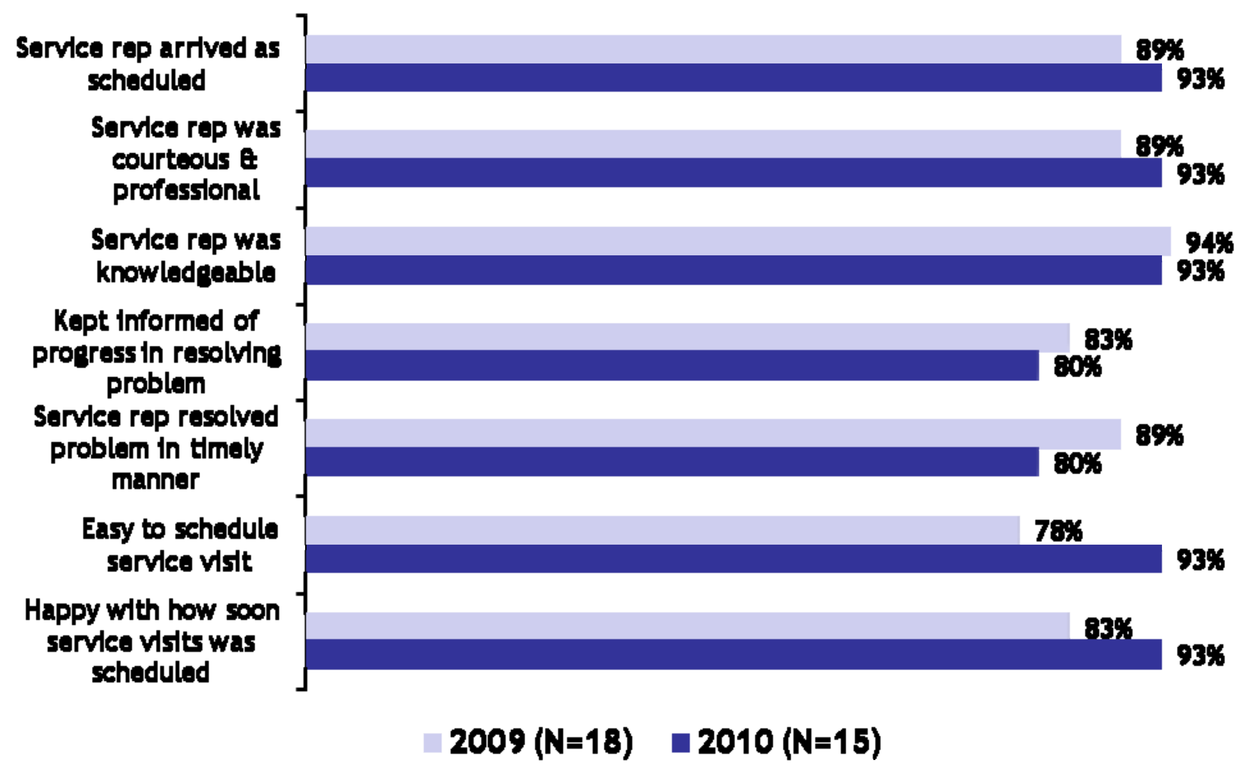
14b. How many times has an [INSERT FACILITY BASED ON ZIP CODE] employee visited your home to resolve a problem within the last year?

Matt Garlick – Central AZ

Service Rep Home Visits - Satisfaction

Those who had a service representative visit reported a high level of satisfaction (agreement levels at 80% and above for agree/strongly agree) with all aspects of the visit.

Top 2 Box Scores (4,5): 5 = Strongly Agree



15. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about your in home service visit. If an [INSERT FACILITY BASED ON ZIP CODE] employee has visited your home more than once within the last year, please think only about your last visit.

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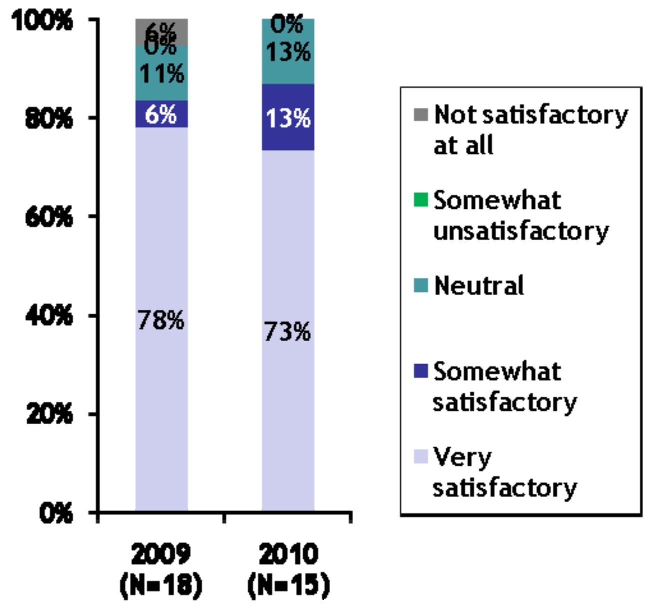
Service Rep Home Visits – Overall Satisfaction & Improvements

Overall satisfaction was high with 86% of respondents stating they were *somewhat* or *very satisfied* with their experience with the service representatives home visit. This was slightly up from the 84% received in 2009.

The majority of these respondents (13 out of 15) had no suggestions for improvement.

Overall Satisfaction With Service Visit



Suggestions for Improvements	2009 (N=18)	2010 (N=15)	Difference from 2009 (percent points)
Resolve problems faster	0%	7%	+7
Service personnel be more knowledgeable	0%	7%	+7
Notification in advance when visit will be	6%	7%	+1
No suggestions/fine as is	89%	87%	-2

16. Overall, how would you rate your experience with the service visit to your home using a 5-point scale with 5 being "Very Satisfactory" and 1 being "Not Satisfactory At All"? If you had more than one visit in the last year, please think only about your last visit.

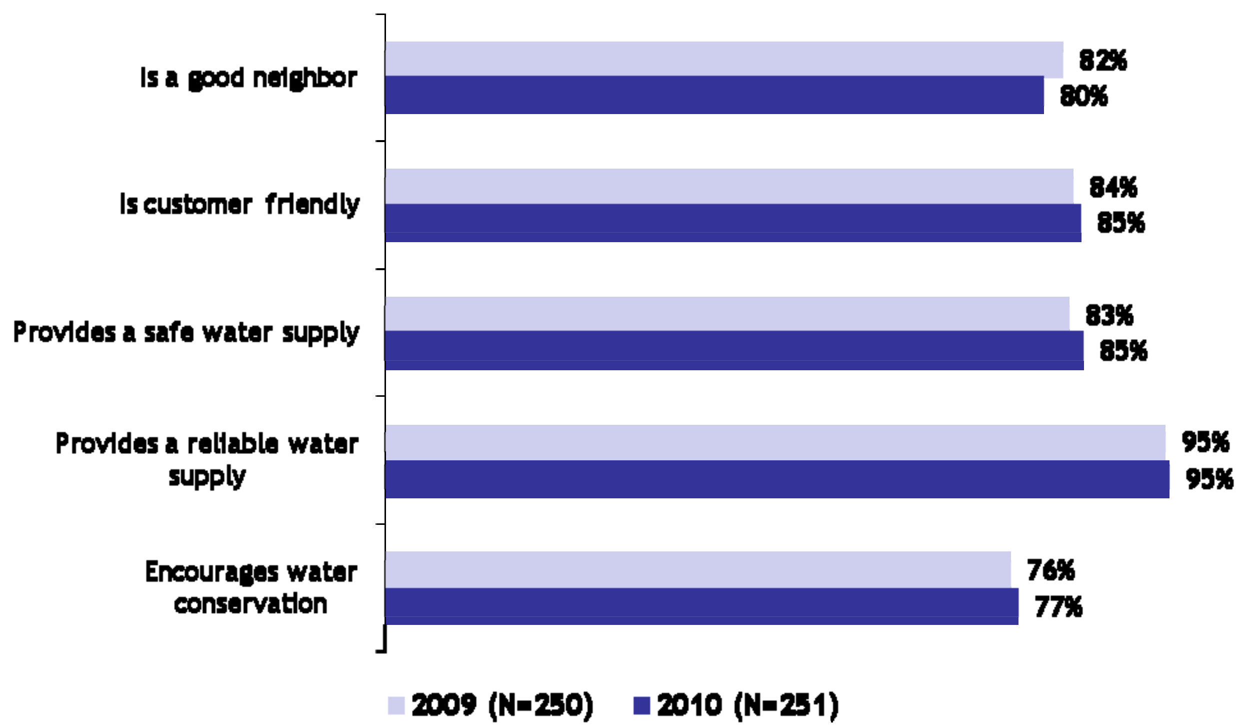
17. Do you have any suggestions for improving home visits?

Matt Garlick – Central AZ

Company Evaluation - Satisfaction

For the overall company evaluation, Central AZ received high scores on all tested areas and specifically on *provides a reliable water supply* (95%).

Top 2 Box Scores (4,5): 5 = Strongly Agree



18. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about [INSERT FACILITY BASED ON ZIP CODE].

Matt Garlick – Central AZ

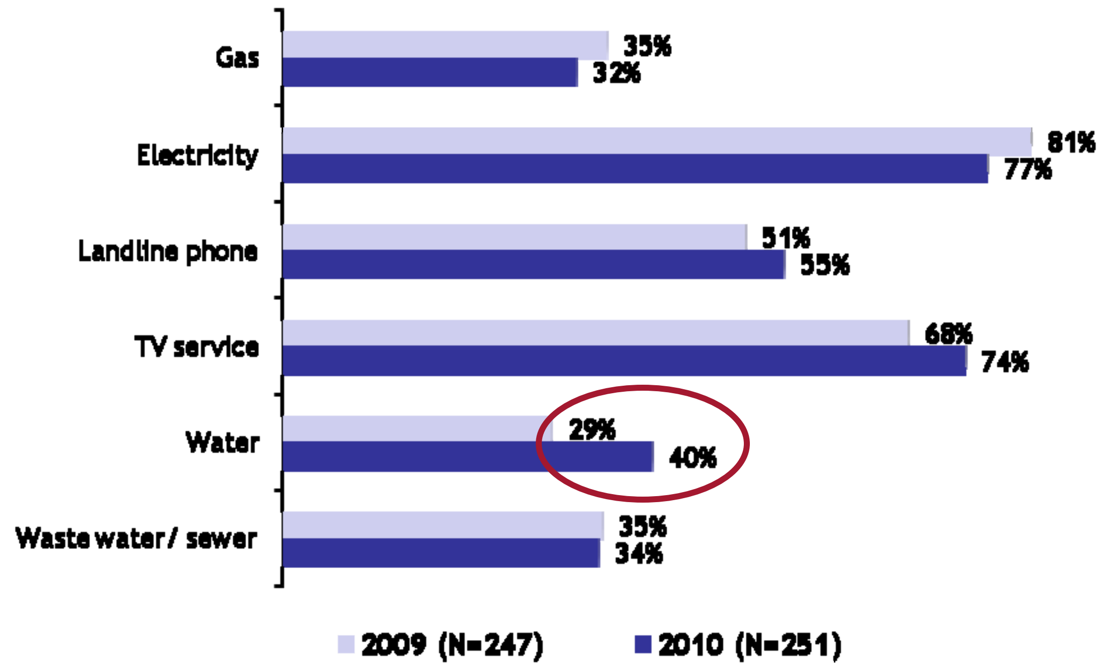
Company Evaluation – Rates for Utilities

Electricity and *television service* remained the services respondents most felt were priced *high* or *much too high* (77% and 74%, respectively).

Water was considered expensive by 40%, a significant increase when compared to the 29% received in 2009.

Waste water/sewer rates were considered *somewhat* or *much too high* by 34% of respondents, this was similar to the 35% received in 2009.

Top 2 Box Scores (4,5): 5 = Much Too High



NOTE: Data red circled indicates significant change/ difference compared to 2009.

19. For each of the following utility services, please indicate if you feel the rates charged are much too high, somewhat too high, just right, somewhat low, or very low.

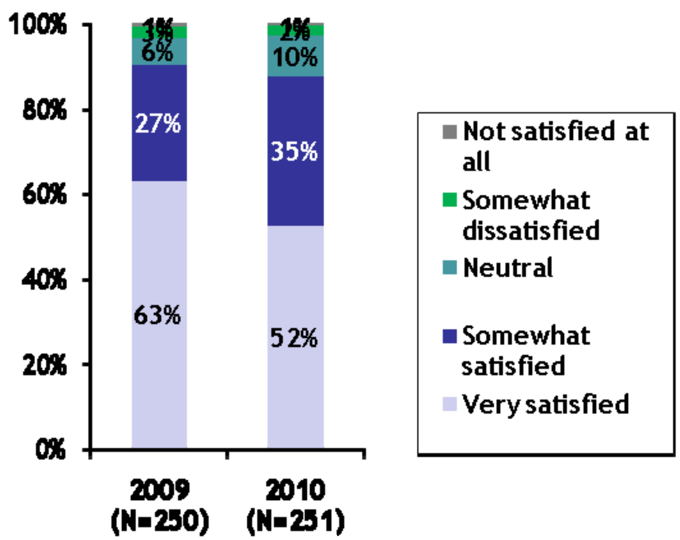
Matt Garlick – Central AZ

Company Evaluation – Overall Satisfaction

The majority of respondents were *somewhat/very satisfied* with LPSCO (87% compared to 90% in 2009), the company providing water and waste water to them.

Only 3% of respondents were dissatisfied. The main reason for this was *cost is too high/ rate increases* mentioned by 38% (3 of the 8 respondents who were dissatisfied).

Overall Satisfaction



	2009	2010	Difference from 2009 (percent points)
Why Satisfied	N=225	N=219	
Cost is too high/ rate increases	6%	14%	+8
Good/ friendly/ courteous customer service	5%	10%	+5
Service is satisfactory/ good/excellent	14%	7%	-7
Water quality is good	5%	7%	+2
Reliable/ receive services paid for/ no service interruptions	20%	6%	-14
Water is cloudy/ contaminated/ poor quality/ hard	4%	6%	+2
Why Not Satisfied	N=9	N=8	
Cost is too high/ rate increases	0	38%	+38
Water is cloudy/ contaminated/ poor quality/ hard	0	13%	+13
Poor/ unfriendly/ uncaring customer service	44%	13%	-31
No cool/cold water	11%	13%	+2
Billing is confusing/ unclear/ uninformative	0	13%	+13

20. Overall, how satisfied are you with [INSERT FACILITY BASED ON ZIP CODE]?
20a. Being as specific as possible, why did you say you are [INSERT FROM Q20] with [INSERT FACILITY BASED ON ZIP CODE]?

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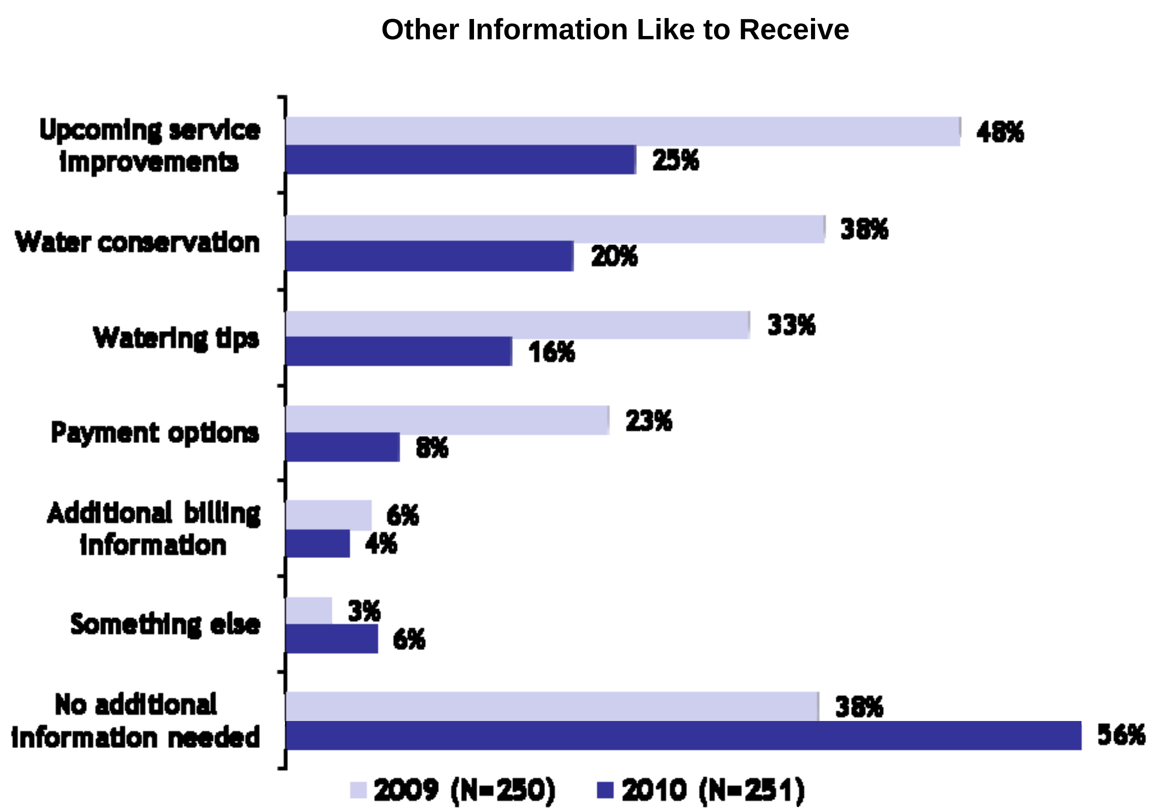
Matt Garlick – Central AZ

Company Evaluation - Information

In terms of additional information, most (56%) indicated they didn't need any. Those who requested other information stated they would like to receive information on *upcoming service improvements* (25%), *water conversation* (20%) and *watering tips* (16%).



21. What other information would you like to receive from [INSERT FACILITY BASED ON ZIP CODE]? You may select all that apply.

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Martin Garlant – Southern AZ

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Business Manager: Martin Garlant
Southern Arizona (Bella Vista, Rio Rico, Northern Sunrise, Southern Sunrise)

Martin Garlant – Southern AZ

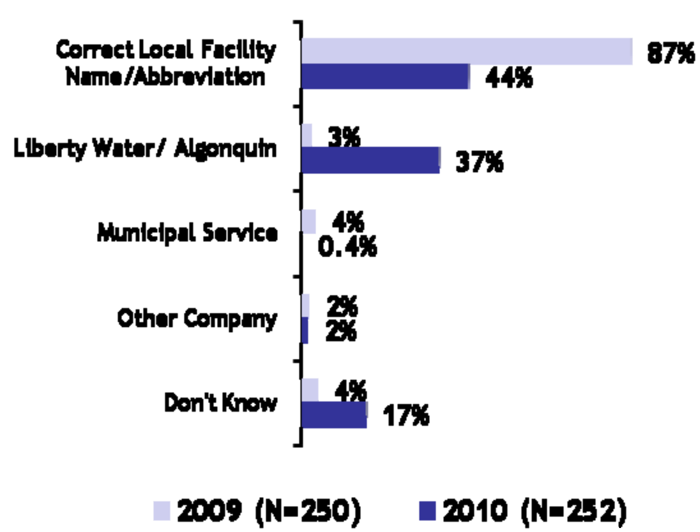
Awareness & Perception

Familiarity with the water and/or waste water provider remained high. An obvious shift from the association with the local facility name to the newly branded Liberty Water name (37%) was noted.

When asked to describe the provider, most comments were positive (78%) and general (75% *good/like it*). Another positive mention was *good water quality* (4%) which was down from 9% in 2009. Another significant decrease in positive association was *cost is reasonable* with only one customer mentioning it (0.4%) compared to 6% in 2009.

About one fourth of comments were negative (24%): 10% had complaints about *cost/expensive*, 8% about *poor water quality* and 4% about *customer service*.

Name of Water/Waste Water Provider



	2009	2010	Difference from 2009 (percent points)
Positive Comments (NET)	77%	78%	+1
Positive general	73%	75%	+2
Water quality	9%	4%	-5
Customer service	4%	3%	-1
Cost is reasonable	6%	0.4%	-5.6
Negative Comments (NET)	26%	24%	-2
Cost is too high	10%	10%	0
Water quality	9%	8%	-1
Customer service	4%	4%	0

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

A1. What is the name of the company that provides water and/or waste water service to your household/business?
A2. How would you describe your water and/or waste water service company and the services it provides?

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Martin Garlant – Southern AZ

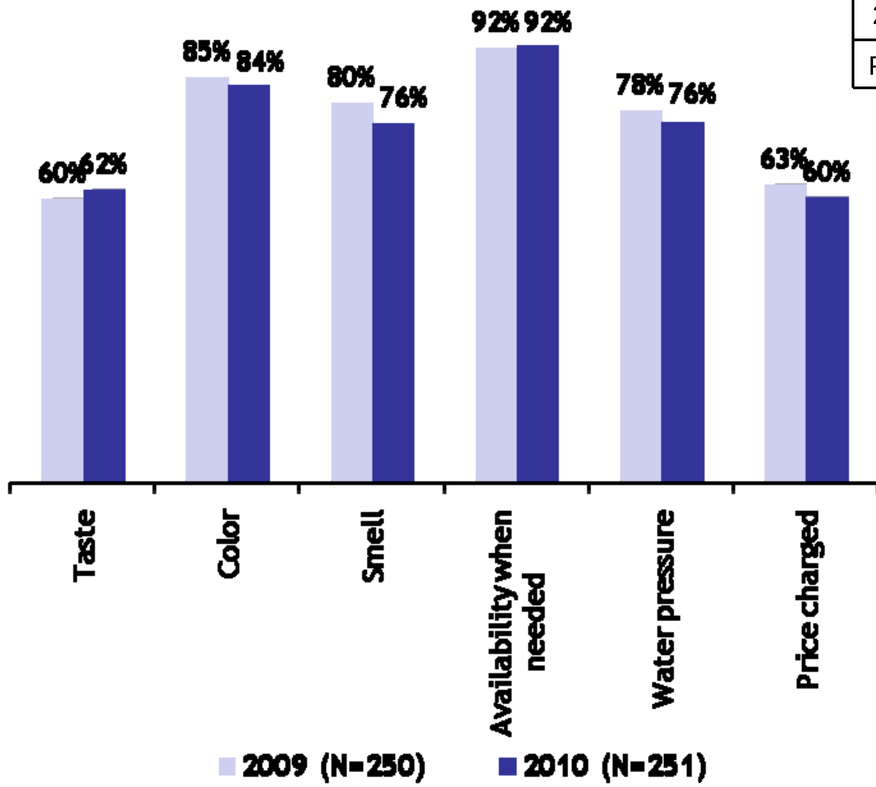
Water Services - Satisfaction

Respondents rated the water services they received generally high. *Availability when needed* received the highest top 2 box score (92%; 4/5, where 5 = very satisfactory) followed by *color* (84%).

Taste of tap water (62%) and *price charged* (60%) received the lowest scores.

In terms of *price charged,* Bella Vista and Rio Rico tended to have more satisfied residents than those in the Southern Sunrise service area. This trend is consistent with 2009 findings.

Top 2 Box Scores (4,5): 5 = Very Satisfactory



2010 Results	Bella Vista	Rio Rico	Northern Sunrise	Southern Sunrise
Price charged	83%	63%	N/A*	38%

*Small sample size; only 1 customer from Northern Sunrise was included.
NOTE: Data in orange shaded cell are significantly higher; data in gray shaded cells are significantly lower: at 95% confidence level.

1. Please rate your water services in the following areas by using a 5-point scale with 5 being "Very Satisfactory" and 1 being "Not Satisfactory At All".

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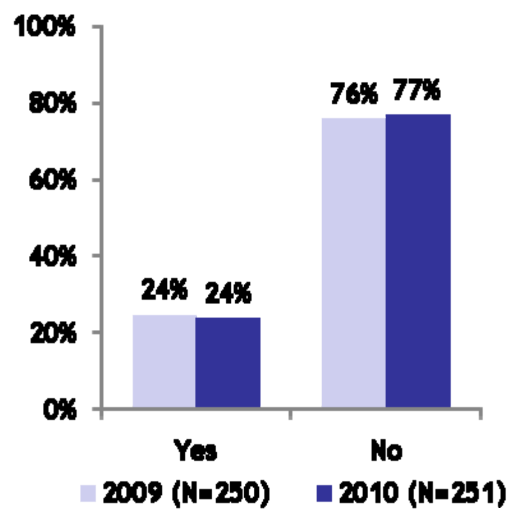
Martin Garlant – Southern AZ

Water Services - Interruptions

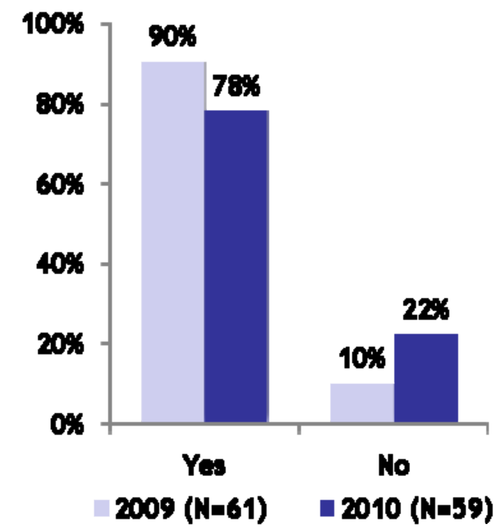
About one quarter of respondents (24%) had a water service interruption in the last year, similar to 2009. Among the interruptions, 78% of the interruptions were resolved quickly.

Respondents in the Southern Sunrise service area were most likely to have experienced water service interruptions.

Water Interruption Within Last Year



Water Interruption Resolved Quickly



Significantly Higher: Water interruption
Southern Sunrise (45%) vs. Bella Vista (8%)/ Rio Rico (17%)

2. Within the last year, have you had any interruptions to your water service?
3. Was your water service interruption problem resolved quickly?
4. Being as detailed as possible, please tell us how and why your water interruption problem was not resolved quickly.

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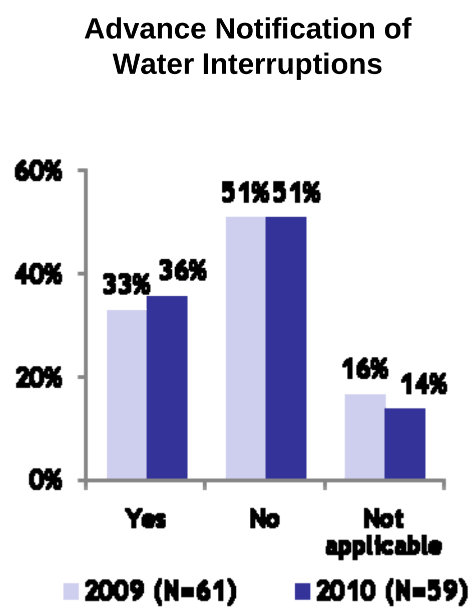
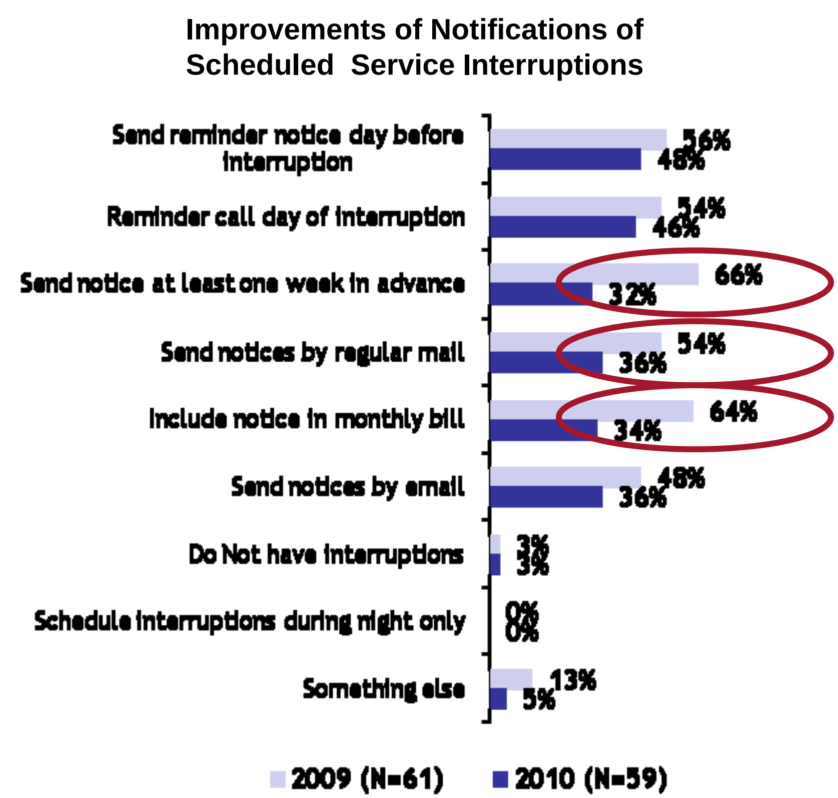
Martin Garlant – Southern AZ

Water Services – Interruptions Notification

More than one third of the respondents (36%) who had a water interruption in the last year recalled receiving an advance notification of scheduled interruptions, while 51% stated they did not.

Overall, fewer improvements were requested compared to 2009. Top improvements for scheduled service interruptions were *send reminder notice day before interruption* (48%) and *reminder call day of interruption* (46%).





NOTE: Data red circled indicates significant change/ difference compared to 2009.

5. Are you notified in advance when scheduled interruptions to water service will occur?

6. In which of the following ways could [INSERT FACILITY BASED ON ZIP CODE] improve their notifications of scheduled service interruptions? You may select all that apply.

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Martin Garlant – Southern AZ

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Water Services – Improvements

When asked about suggestions to improve the water service, 61% of respondents stated they had *no suggestions/fine as is.*

Suggestions given were *water filtration,* mentioned by 14% of respondents (slightly down from 17% in 2009), followed by *lower rates/don't increase rates* (11%, up from 9%) and *improve water pressure* (6%; no change).

Lower rates were a specific concern for customers in the Southern Sunrise service area. Those in the Bella Vista area had the fewest suggestions for improvements.

Suggestions for Improvements	2009 (N=250)	2010 (N=251)	Difference from 2009 (percent points)
Water filtration (improve taste/smell/color)/ soften water	17%	13%	-4
Lower rates/ don't increase rates	9%	11%	+2
Improve water pressure	6%	6%	0
New/more water tower(s)/ pumping station(s)	1%	3%	+2
No suggestions/fine as is	58%	61%	+3

Significantly Higher
Lower rates/don't increase rates: Southern Sunrise (19%) vs. Bella Vista (5%)
No suggestions/ fine as is: Bella Vista (75%) vs. Rio Rico (59%)/ Southern Sunrise (51%)

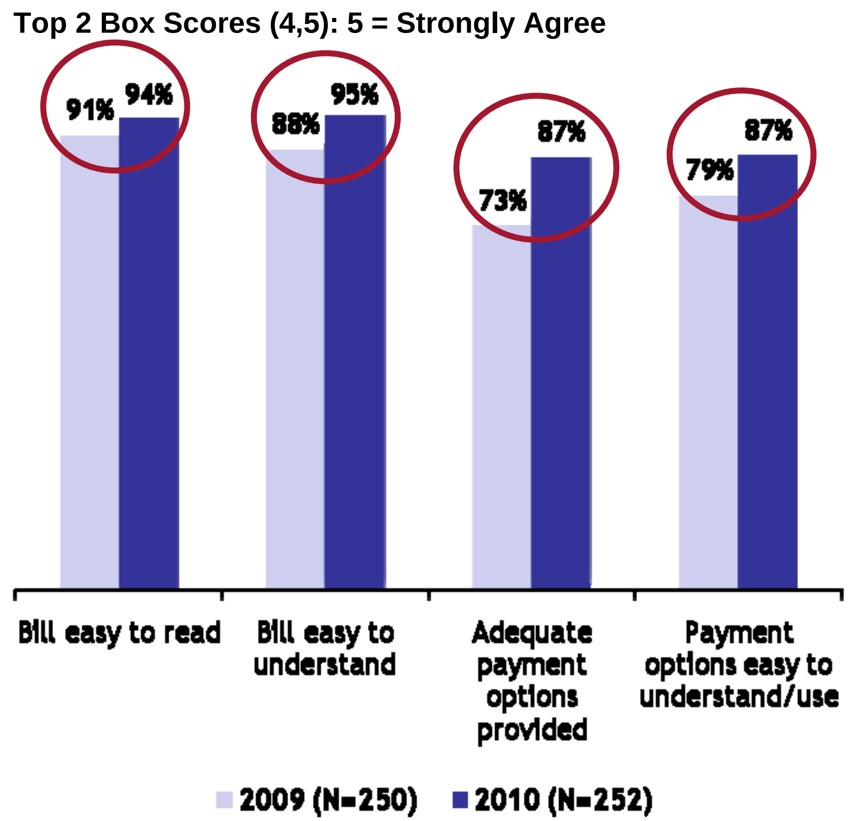
7. Do you have any suggestions on how [INSERT FACILITY BASED ON ZIP CODE] could improve their water services?

Martin Garlant – Southern AZ

Customer Billing - Satisfaction

The Southern AZ facilities received high satisfaction scores on their customer billing, each of which was higher than the rating received in 2009. Respondents agreed that the bill was *easy to read* (94% agree/strongly agree) and *easy to understand* (95% each).

Even *adequate payment options provided* “caught up” with 87% of respondents agreeing with the statement.



NOTE: Data red circled indicates significant change/ difference compared to 2009.

8a. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements.

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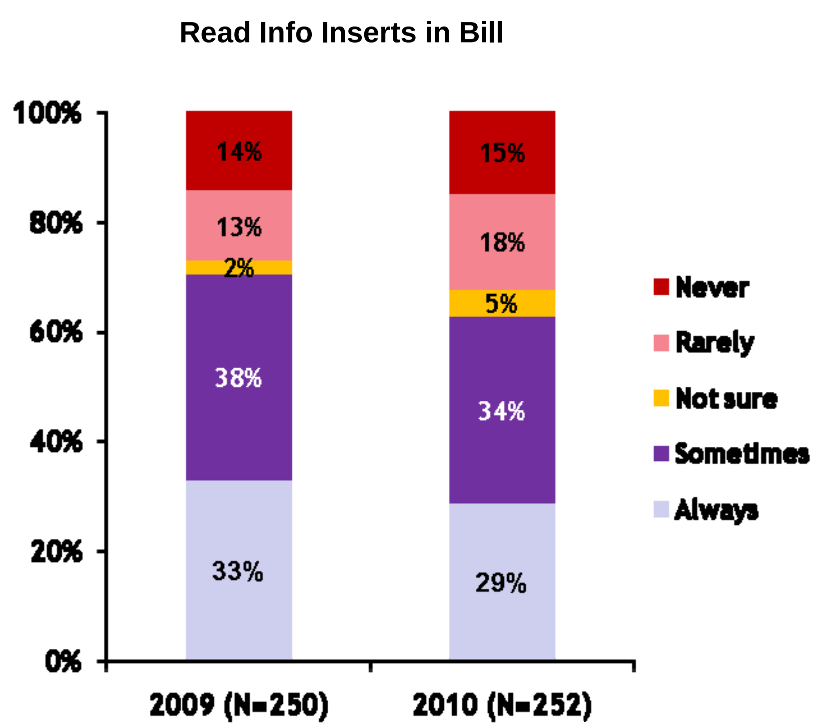
Martin Garlant – Southern AZ

Customer Billing – Information/Services

A total of 63% of respondents (slightly fewer than in 2009: 71%) stated they read information inserts included with their bill *sometimes/always* while 33% read the information *rarely/never.*



9. How often do you read the informational inserts included in your bill?

10. If the following new services were made available to [INSERT FACILITY BASED ON ZIP CODE] customers, would you use them?

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Customer Billings – Improvements

Only a few billing improvements were suggested; 85% of respondents stated *no suggestions/fine as is.*

Improvements *to electronic/ online/ paperless billings* which were leading improvements in 2009 (15%) have been resolved largely. Only 4% still felt improvements in this area were needed.

Suggestions for Improvements	2009 (N=250)	2010 (N=252)	Difference from 2009 (percent points)
Improve or implement Electronic/online/paperless billing	15%	4%	-11
Lower rates/don't increase rates	3%	3%	0
Make bill easier to understand	1%	3%	+2
A longer grace period	2%	1%	-1
No suggestions/fine as is	74%	85%	+11

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

11. Do you have any suggestions for improving the billing?

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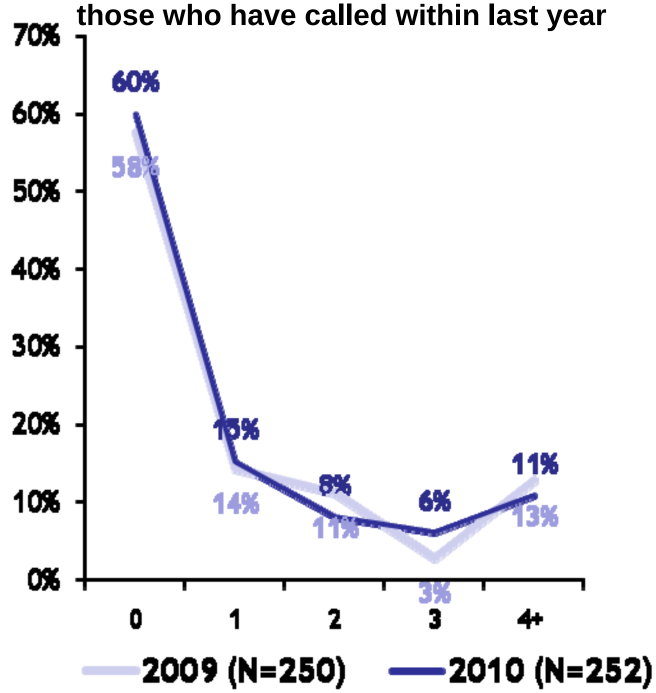
Martin Garlant – Southern AZ

Customer Service – Calls & Visits

Most of the respondents did not call (60% zero) or visit (55%) the business office within the last year. Respondents who had contacted the business office had both called or visited the office on average two to three times (2.40 calls, 2.44 visits).

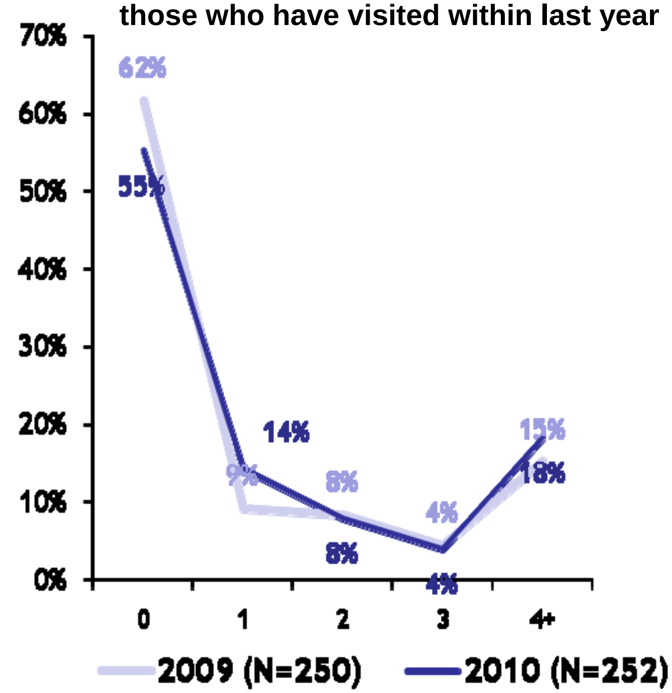
Times Called Business Office

Mean = 2.41 (2009); 2.40 (2010); among those who have called within last year



Times Visited Business Office

Mean = 2.46 (2009); 2.44 (2010); among those who have visited within last year



11b. To the best of your recollection, how many times have you called or visited the [INSERT FACILITY BASED ON ZIP CODE] business office within the last year?

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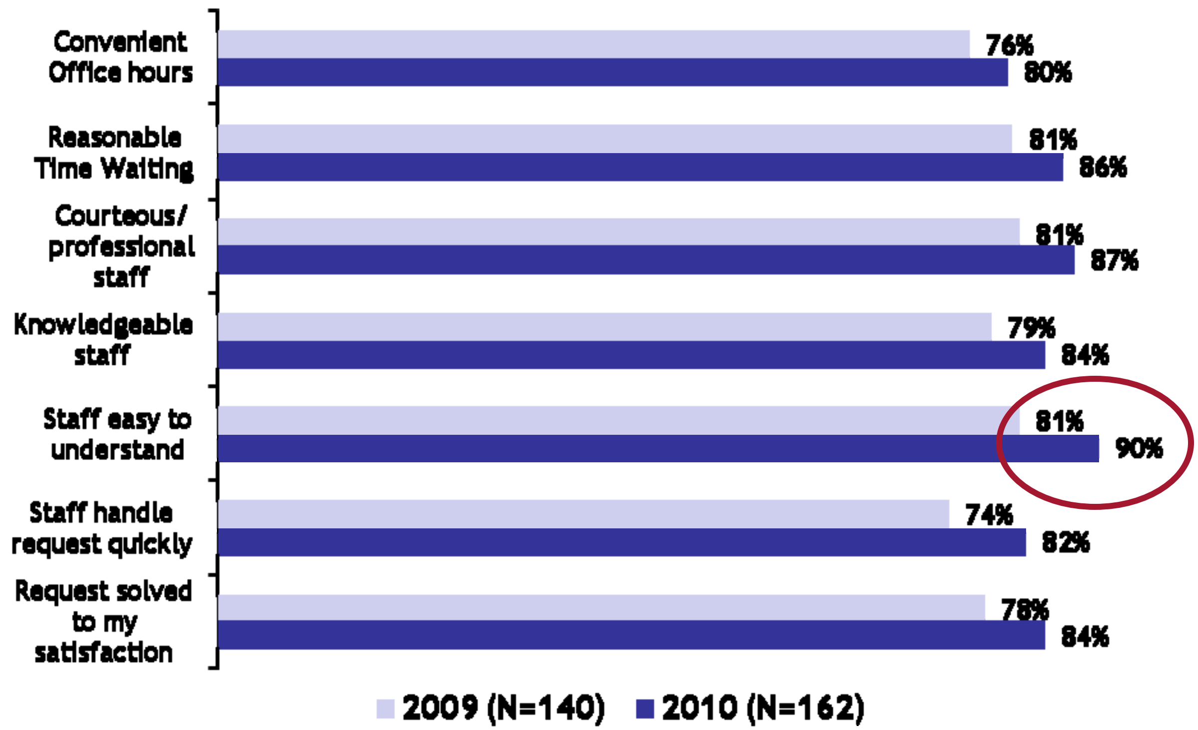
Martin Garlant – Southern AZ

Customer Service - Satisfaction

All aspects of customer service tested were rated very positively, inching up from 2009. *Staff was easy to understand* received even significantly higher ratings than in the previous year, with 90% agreeing somewhat or strongly compared to 81% in 2009.

Top 2 Box Scores (4,5): 5 = Strongly Agree



NOTE: Data red circled indicates significant change/ difference compared to 2009.

12a. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about [INSERT FACILITY BASED ON ZIP CODE]'s customer service. If you have called or visited the office more than once in the last year, please think only about your last contact with the [INSERT FACILITY BASED ON ZIP CODE] business office.

Martin Garlant – Southern AZ

Customer Service – Hours & Wait Time

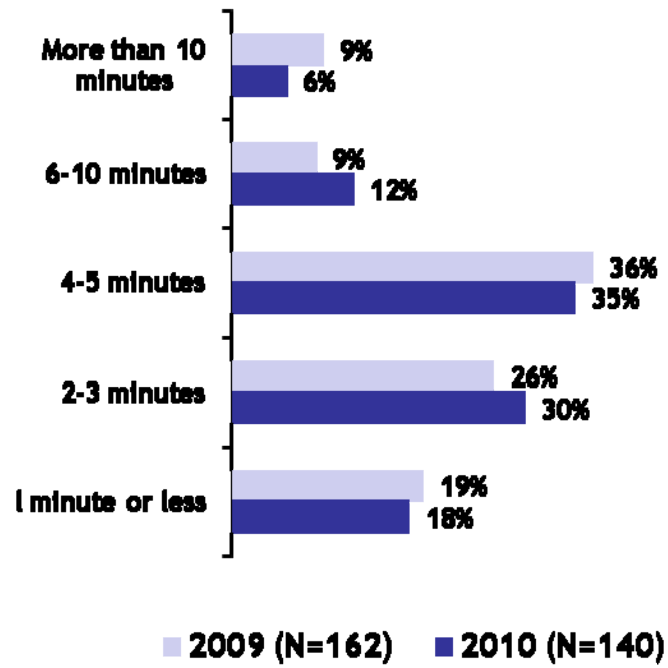
When asked about more convenient office hours, 39% of respondents mentioned *later opening hours/past 5PM*. *Earlier hours/before 8AM* was requested by 6% of respondents and *Saturday hours* were desired by 10%.

In terms of getting a live person, about half (48%) felt that wait time should not be more than three minutes.

More Convenient Time	2009 (N=79)	2010 (N=83)	Difference from 2009 (percent points)
Weekday hours: late open/past 5PM	32%	39%	+7
Saturday hours: half/full day	15%	10%	-5
Weekday hours: early open/before 8AM	8%	6%	-2
Office hours are fine	23%	21%	-2

Acceptable Wait Time for Live Person

Mean = 3.99 minutes (2009); 3.95 minutes (2010)



12b. What would you consider more convenient office hours?
12c. How long are you willing to wait to speak to a live person?

79

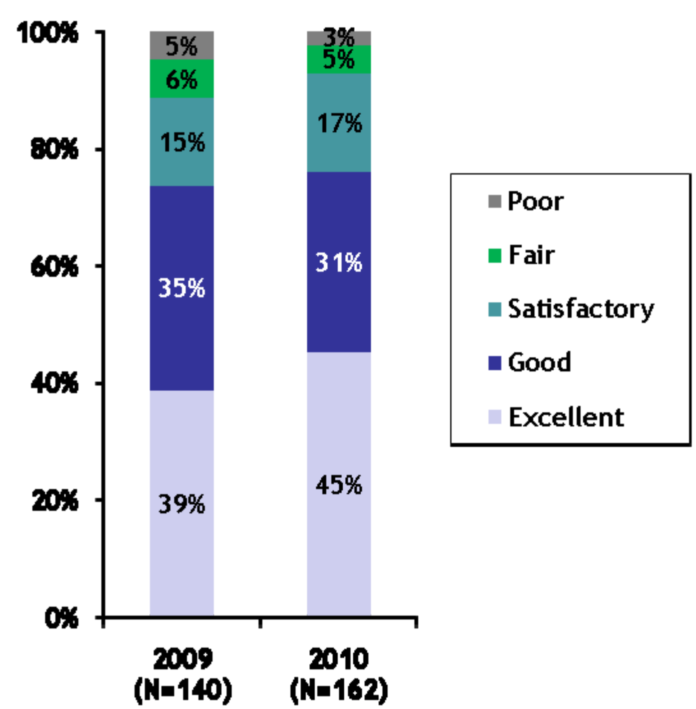
Martin Garlant – Southern AZ

Customer Services – Overall Experience

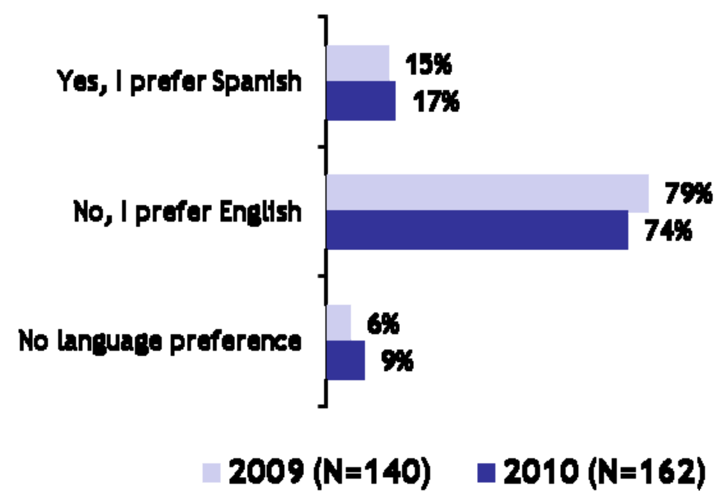
Overall, the customer service experience was rated high with 76% of respondents stating it was *excellent* or *good*. *Excellent* showed a slight increase, up 6% from 2009.

Only a small number of respondents preferred customer service communications in Spanish (17%). However, among Hispanics, 58% preferred Spanish. Residents in Rio Rico were also more likely to prefer customer service in Spanish.

Satisfaction With Overall Experience



Customer Service in Spanish



Significantly Higher: Yes, I prefer Spanish
Rio Rico (30%) vs. Bella Vista (5%)/ Southern Sunrise (7%); Hispanics (58%) vs. Non-Hispanics (2%)

13. Overall, how would you rate your experience with the customer service you received? If you have called or visited the office more than once in the last year, please think only about your last contact with the [INSERT FACILITY BASED ON ZIP CODE] business office.

13a. If customer service were available in Spanish would you take advantage of it?

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Martin Garlant – Southern AZ

Customer Service - Improvements

Few suggestions were given on how to improve customer service, most said *no suggestion/fine as is* (83%).

Improvement suggestions were related to staff communications: *be more polite/friendly/understanding staff* and *speak English better/ English as a default language* were mentioned by five respondents each (3%).

Suggestions for Improvements	2009 (N=140)	2010 (N=162)	Difference from 2009 (percent points)
Be more polite/ friendly/ understanding	6%	3%	-3
Speak English better/ English as a default language	1%	3%	+2
Be more professional/ knowledgeable	6%	3%	-3
Improve communication w/customers (service follow-up, shut offs, etc)	1%	3%	+2
Answer the phone promptly	0%	3%	+3
No suggestions/fine as is	79%	83%	+4

14. Do you have any suggestions for improving customer service?

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Martin Garlant – Southern AZ

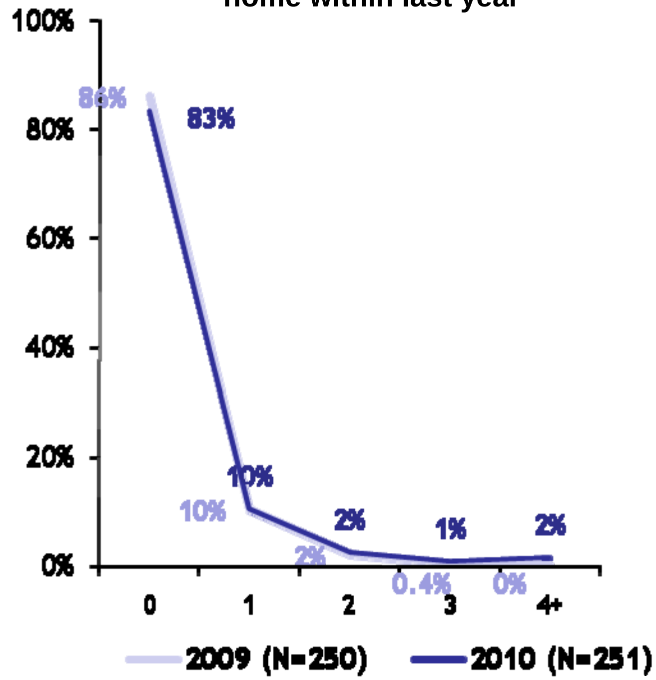
Service Rep Home Visits

Only a few respondents had received a service representative home visit within the last year (15%). Of those who had, an average of 1.74 visits were made. This was slightly higher than the 1.22 visits reported in 2009.

Those in the Southern Sunrise service area were most likely to have received a service representative home visit.

Number Called Business Office

Mean = 1.22 (2009); 1.74 (2010); among those who had a service rep visit their home within last year



Significantly Higher: 1 Visit
Southern Sunrise (18%) vs. Rio Rico (8%)/ Bella Vista (7%)

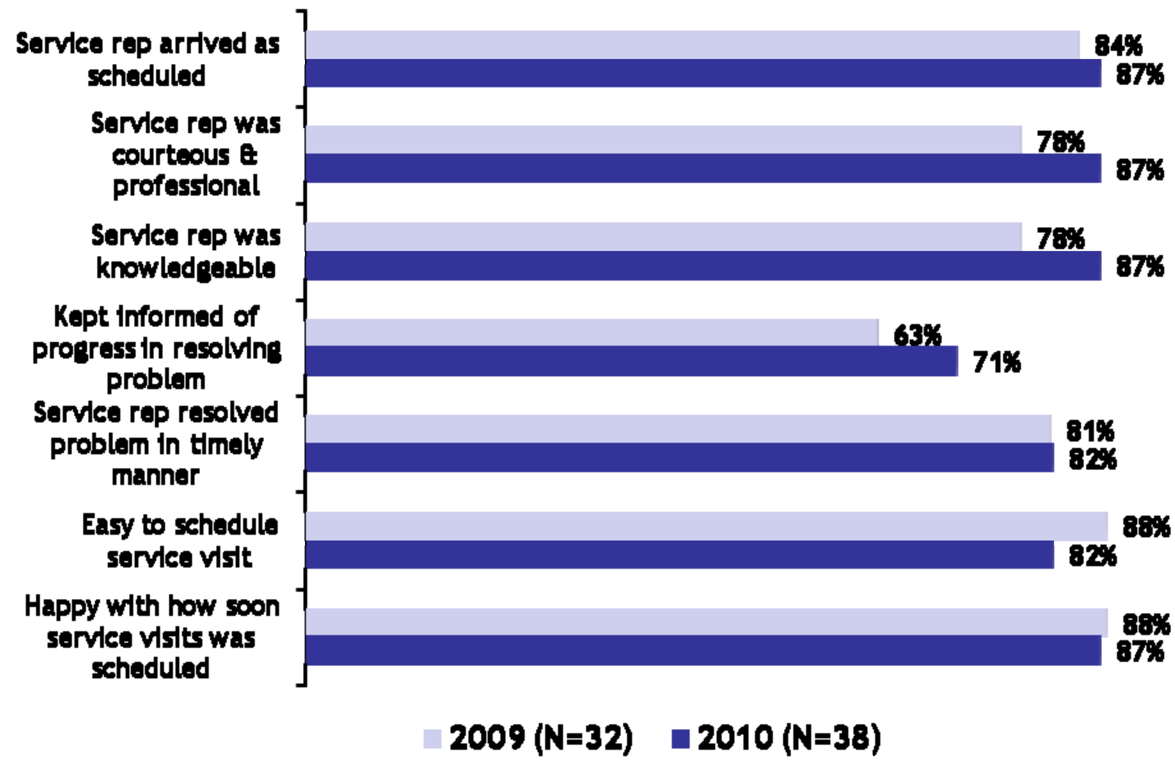
14b. How many times has an [INSERT FACILITY BASED ON ZIP CODE] employee visited your home to resolve a problem within the last year?

Martin Garlant – Southern AZ

Service Rep Home Visits - Satisfaction

Those who had a service representative visit stated a high level of satisfaction with agreement levels at 71% and above (*agree/strongly agree*) that aspects with the visit were performed well.

Top 2 Box Scores (4,5): 5 = Strongly Agree



15. *Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about your in home service visit. If an [INSERT FACILITY BASED ON ZIP CODE] employee has visited your home more than once within the last year, please think only about your last visit.*

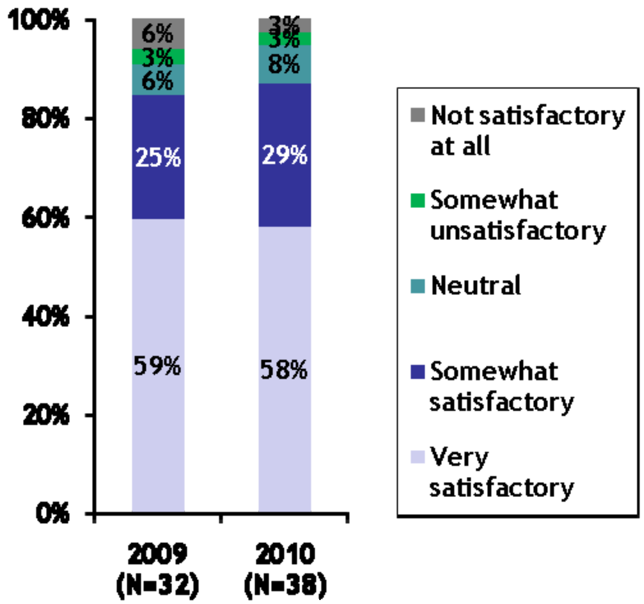
Martin Garlant – Southern AZ

Service Rep Home Visits – Overall Satisfaction & Improvements

Overall satisfaction was high with 87% of respondents stating they were *somewhat* or *very satisfied* with their experience with the service representatives home visit. This was up slightly from the 84% received in 2009.

The majority of the respondents (32 out of 38) had no suggestions for improvement.

Overall Satisfaction With Service Visit



Suggestions for Improvements	2009 (N=32)	2010 (N=38)	Difference from 2009 (percent points)
Resolve problems faster	0%	8%	+8
Service personnel be more knowledgeable	6%	3%	-3
Notification in advance when visit will be	3%	3%	0
Be on time for scheduled appointment	3%	3%	0
No suggestions/fine as is	84%	84%	0

16. Overall, how would you rate your experience with the service visit to your home using a 5-point scale with 5 being "Very Satisfactory" and 1 being "Not Satisfactory At All"? If you had more than one visit in the last year, please think only about your last visit.

17. Do you have any suggestions for improving home visits?

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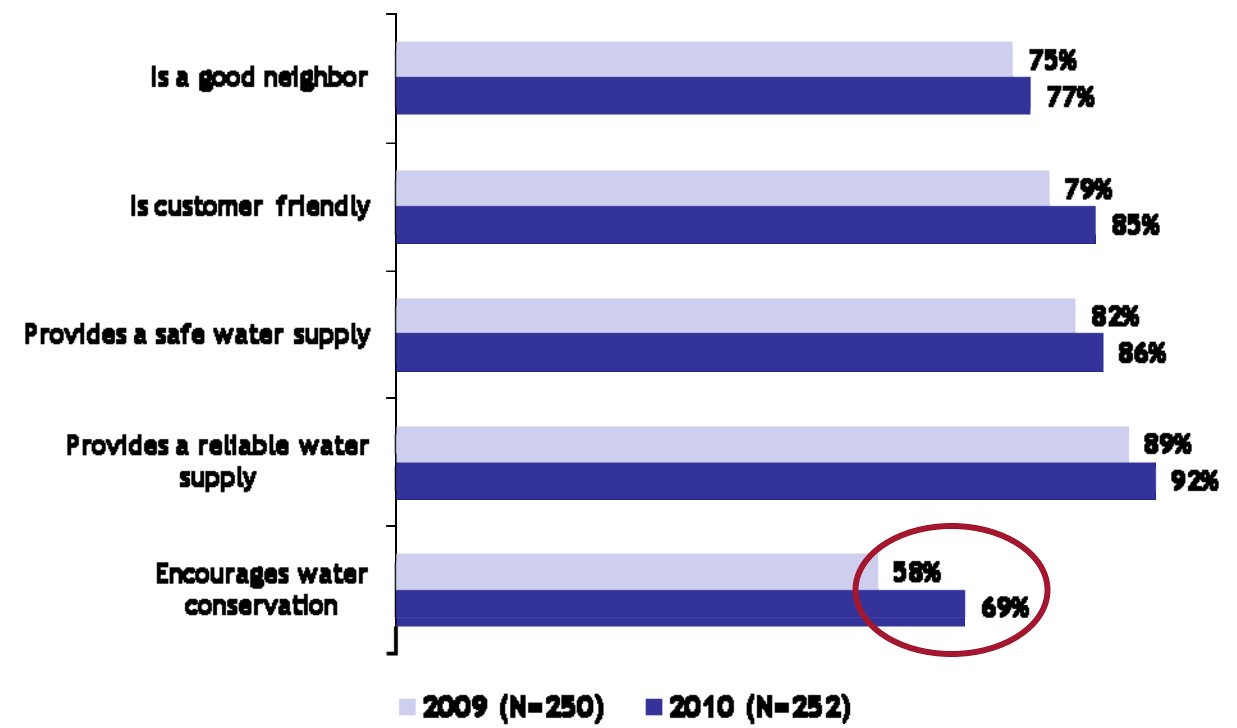
Martin Garlant – Southern AZ

Company Evaluation - Satisfaction

For the overall company evaluation, Southern AZ facilities received high scores on most tested aspects scoring 77% and higher based on top 2 box scores (*agree/strongly agree*). *Encourages water conservation* was the only area that received a somewhat lower score (69%), but this was significant improvement compared to 2009 (58%).

Top 2 Box Scores (4,5): 5 = Strongly Agree



NOTE: Data red circled indicates significant change/ difference compared to 2009.

18. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about [INSERT FACILITY BASED ON ZIP CODE].

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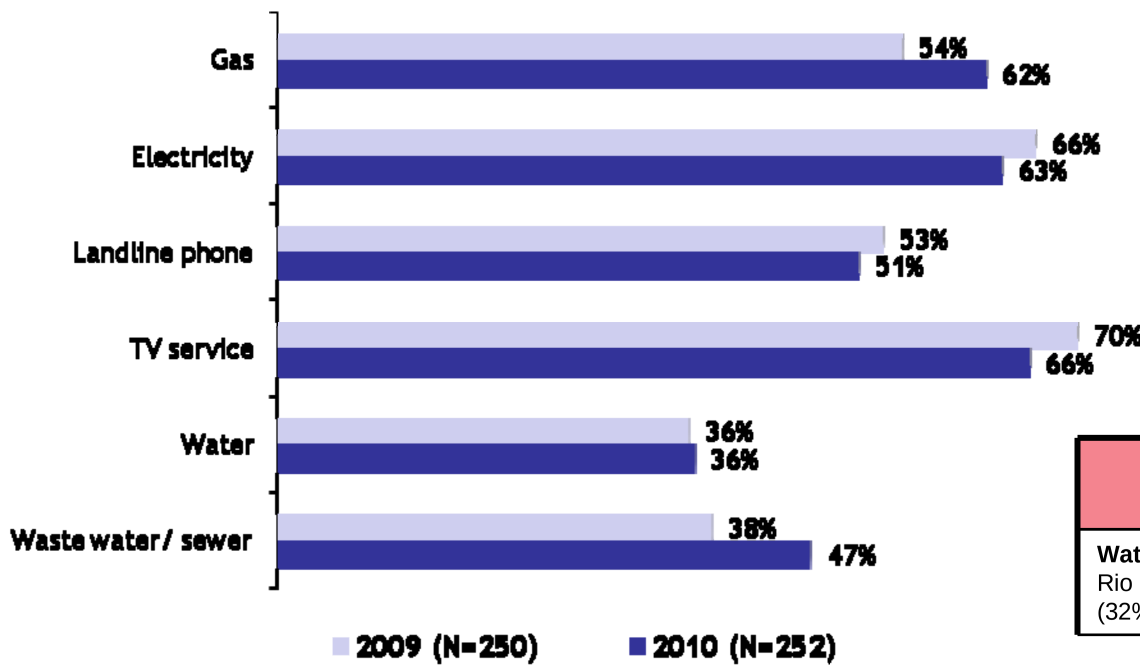
Martin Garlant – Southern AZ

Company Evaluation – Rates for Utilities

Television service, electricity and *gas* were the services that respondents felt were priced *high* or *much too high*. *Water* and *waste water/sewer* was considered expensive by comparatively fewer respondents (36% and 47%, respectively).

Bella Vista water service recipients were least likely to consider their water rates somewhat *high* or *much too high*.

Top 2 Box Scores (4,5): 5 = Much Too High



Significantly Higher
Water: Southern Sunrise (60%)/ Rio Rico (57%) vs. Bella Vista (32%)

19. For each of the following utility services, please indicate if you feel the rates charged are much too high, somewhat too high, just right, somewhat low, or very low.

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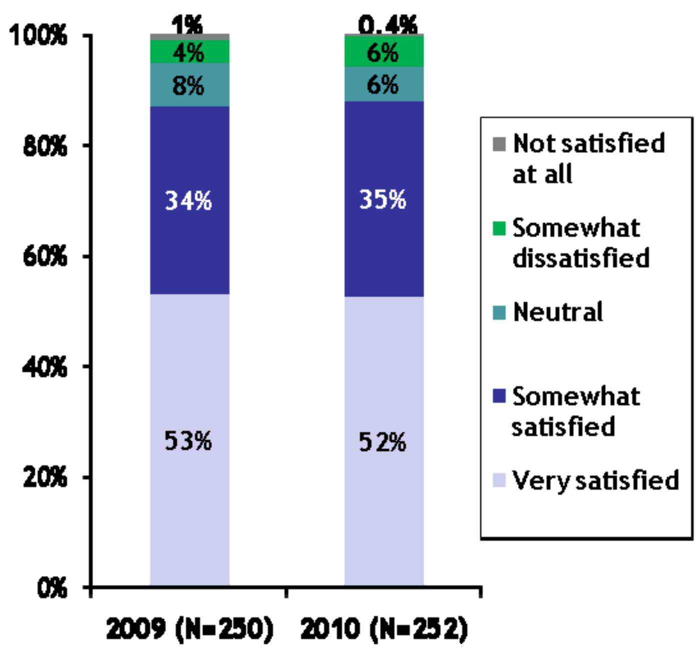
Company Evaluation – Overall Satisfaction

The majority of respondents (87%) were *somewhat* or *very satisfied* with their Southern AZ company providing water/ waste water to them. Reasons for satisfaction included *service was satisfactory/ good/ excellent* (13%), *reliable/ received service paid for/ no service interruptions* (10%) and *good/friendly/courteous customer service* (9%).

While only 6% of respondents were dissatisfied, *cost* was an important concern for all customers regardless of how satisfied they were: *cost too high/rate increase* was mentioned by 16% regardless of satisfaction, but especially by those not satisfied (40%).

Overall Satisfaction



	2009	2010	Difference from 2009 (percent points)
Why Satisfied	N=217	N=221	
Cost is too high/rate increases	10%	14%	+4
Service is satisfactory/good/excellent	11%	13%	+2
Reliable/receive services paid for/No service interruptions	17%	10%	+7
Good/friendly/courteous customer service	14%	9%	-5
Cost is reasonable	14%	5%	-9
Why Not Satisfied	N=13	N=15	
Cost is too high/rate increases	23%	40%	+17
Poor/ unfriendly/ uncaring customer service	15%	13%	-2
They are dishonest/ crooked/ price gougers	0%	13%	+13

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

20. Overall, how satisfied are you with [INSERT FACILITY BASED ON ZIP CODE]?
20a. Being as specific as possible, why did you say you are [INSERT FROM Q20] with [INSERT FACILITY BASED ON ZIP CODE]?

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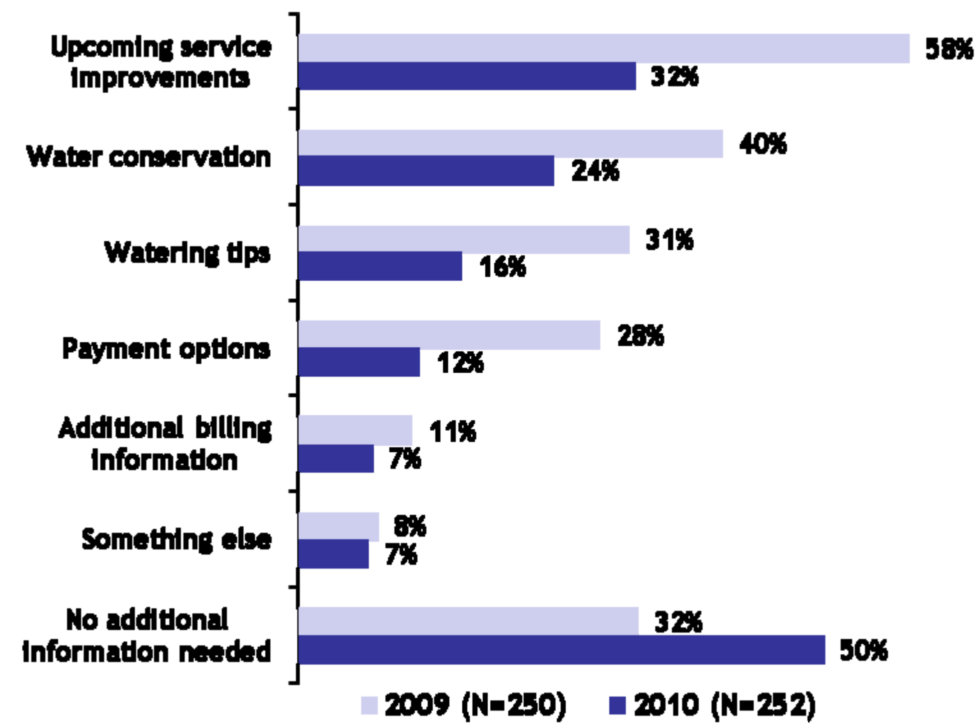
Martin Garlant – Southern AZ

Company Evaluation - Information

In terms of additional information fewer customers stated a need for additional information 2010 (50% *no additional information needed*, up from 32% in 2009).

Those who wanted additional information stated they would like to receive *info on upcoming service improvements* (32%), followed by *water conversation* (24%). They remained the key information requests consistent with 2009 findings.

Other Information Like to Receive



21. What other information would you like to receive from [INSERT FACILITY BASED ON ZIP CODE]? You may select all that apply.

Charlie Hernandez – Eastern AZ

Business Manager: Charlie Hernandez
Eastern Arizona (Black Mountain, Gold Canyon, Entrada del Oro)

Charlie Hernandez – Eastern AZ

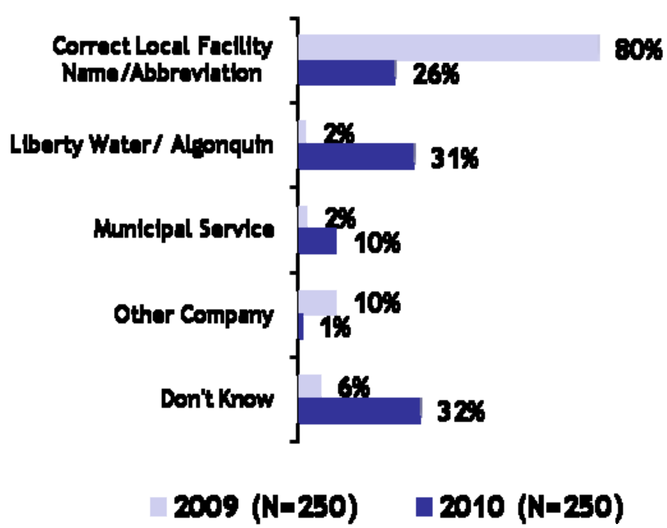
Awareness & Perception

Familiarity with the waste water provider was still over 50%, however customers were associating with the newly branded Liberty Water name (31%) more than with the local facility name.

When asked to describe the provider of their waste water/sewer service 46% of the comments given were positive while 41% were negative.

While having a considerable amount of negative associations, the number of negative comments went down significantly compared to 2009 (41% in 2010 vs. 61% in 2009). Even the perception of *cost is too high* had decreased compared to the previous year's results (35% compared to 53% in 2009).

Name of Waste Water Provider



	2009	2010	Difference from 2009 (percent points)
Positive Comments (NET)	55%	46%	-9
Positive general	52%	46%	-6
Cost is reasonable	2%	1%	-1
Negative Comments (NET)	61%	41%	-20
Cost is too high	53%	35%	-18
Sewage smell	8%	6%	-2
Negative general	5%	4%	-1

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

Significantly Higher
Negative comments: Gold Canyon (47%) vs. Black Mountain (24%)

A1. What is the name of the company that provides water and/or waste water service to your household/business?
A2. How would you describe your water and/or waste water service company and the services it provides?

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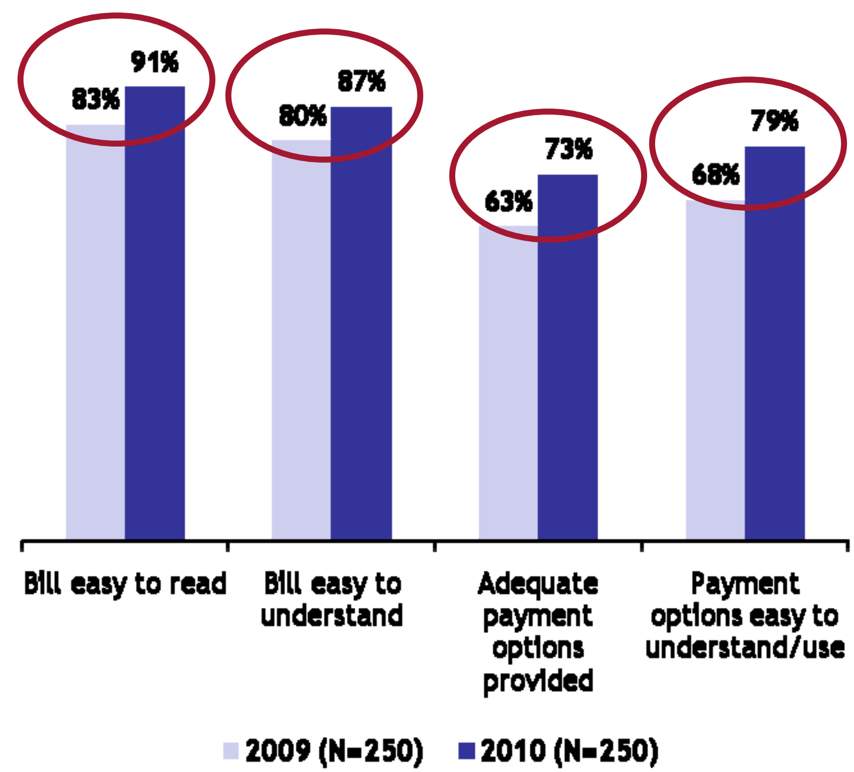
Customer Billing - Satisfaction

The Eastern AZ facilities received high satisfaction scores on all aspects of customer billing tested. Agreement was significantly higher compared to 2009.

Top 2 Box Scores (4,5): 5 = Strongly Agree



NOTE: Data red circled indicates significant change/ difference compared to 2009.

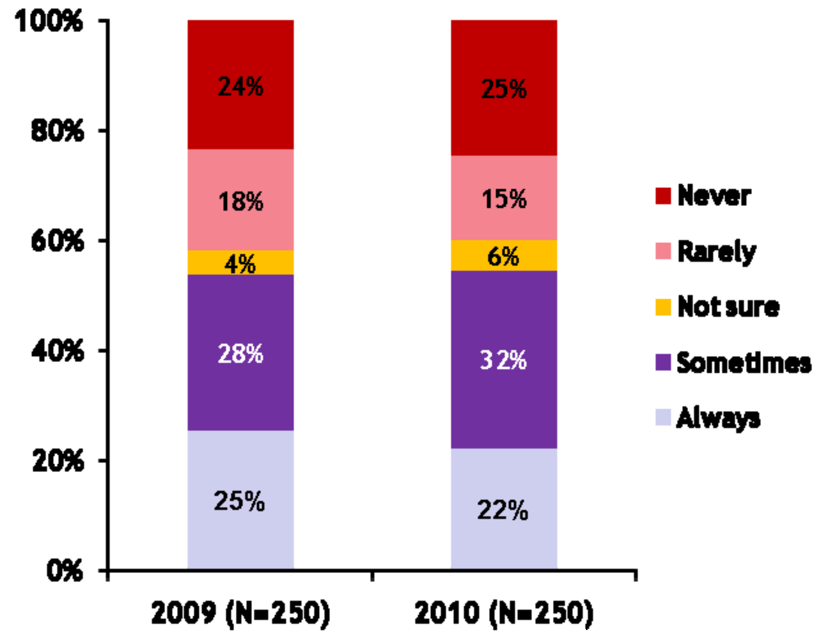
8a. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements.

Charlie Hernandez – Eastern AZ

Customer Billing – Information/Services

A little more than half of the respondents (54%) stated they read information inserts included with their bill *sometimes* or *always* while 40% read the information *rarely* or *never*.

Read Info Inserts in Bill



9. How often do you read the informational inserts included in your bill?

10. If the following new services were made available to [INSERT FACILITY BASED ON ZIP CODE] customers, would you use them?

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Charlie Hernandez – Eastern AZ

Customer Billings – Improvements

While 79% of respondents did not have any suggestions on how to improve customer billing, the main request by respondents who made suggestions was to *lower rates/don't increase rates* (12% of respondents). Other mentions were again *improve or implement electronic/online paperless billing* (mentioned by 5%).

Suggestions for Improvements	2009 (N=250)	2010 (N=250)	Difference from 2009 (percent points)
Lower rates/don't increase rates	17%	12%	-5
Improve or implement electronic/online/paperless billing	6%	5%	-1
Make bill easier to understand	1%	1%	0
Eliminate inserts in billing envelope	0.4%	1%	+0.6
No suggestions/fine as is	69%	79%	+10

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

11. Do you have any suggestions for improving the billing?

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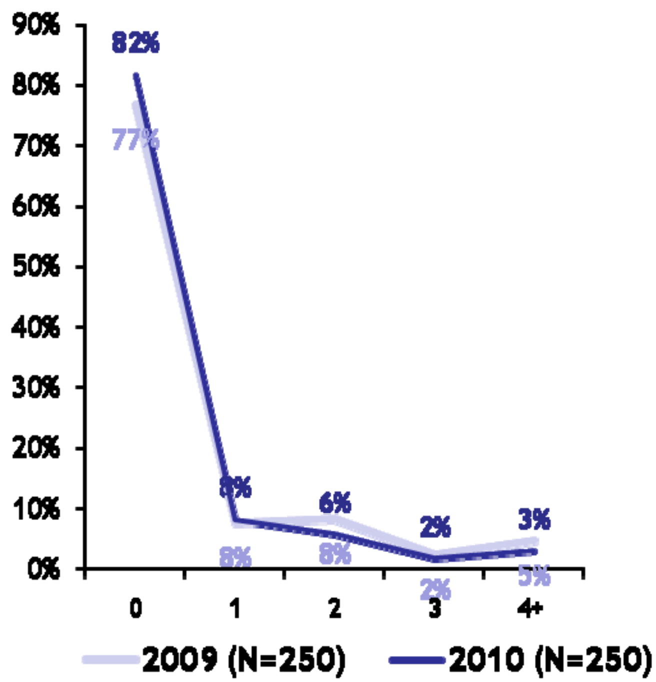
Charlie Hernandez – Eastern AZ

Customer Service – Calls & Visits

The majority of respondents did not call (82%) or visit (96%) the business office within the last year. Respondents who had contacted the business office had called on average about 2 times, while visiting the office 1 or 2 times.

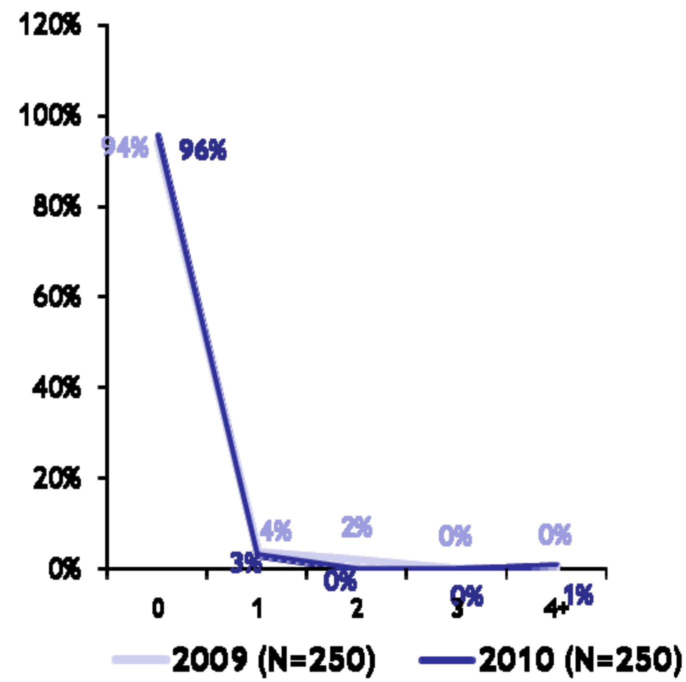
Times Called Business Office

Mean = 2.25 (2009); 2.00 (2010); among those who have called within last year



Times Visited Business Office

Mean = 1.53 (2009); 1.44 (2010); among those who have visited within last year



11b. To the best of your recollection, how many times have you called or visited the [INSERT FACILITY BASED ON ZIP CODE] business office within the last year?

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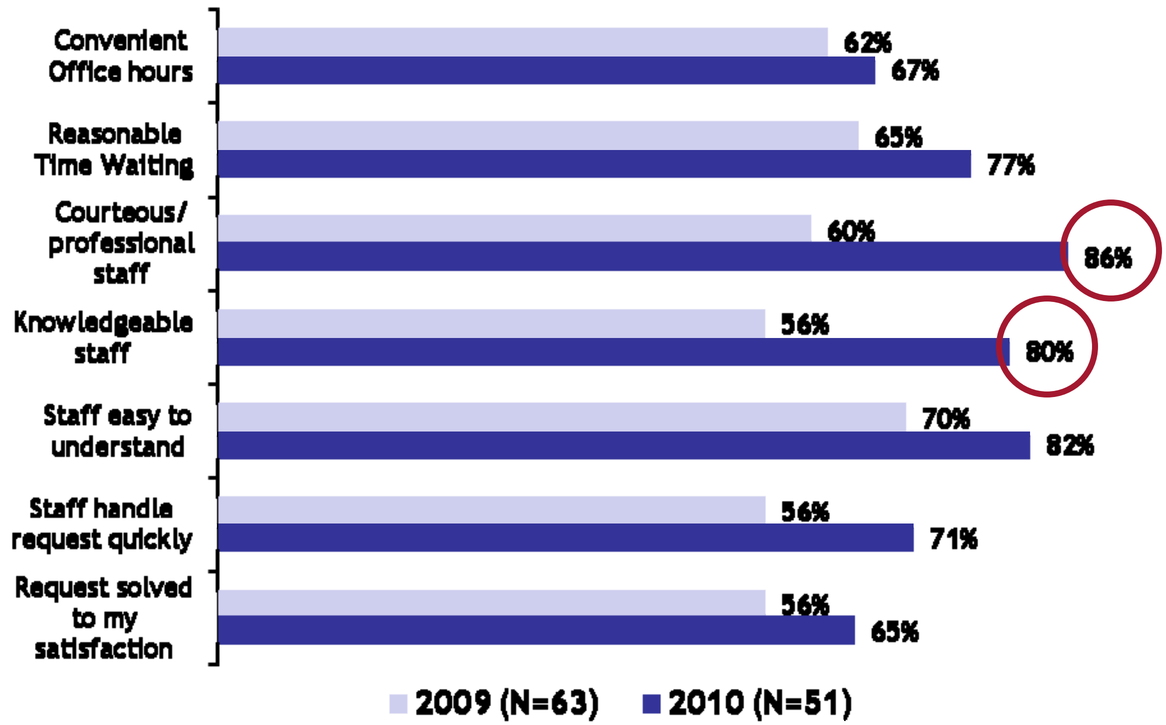
Charlie Hernandez – Eastern AZ

Customer Service - Satisfaction

Customer service was rated better compared to 2009 on all attributes tested and significantly higher for *courteous/ professional staff* (86%) and *knowledgeable staff* (80%).

The aspects receiving the lowest ratings still scored well with 65% or more of respondents somewhat or strongly agreeing that office hours are convenient and requests are resolved satisfactorily.

Top 2 Box Scores (4,5): 5 = Strongly Agree



NOTE: Data red circled indicates significant change/ difference compared to 2009.

12a. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about [INSERT FACILITY BASED ON ZIP CODE]'s customer service. If you have called or visited the office more than once in the last year, please think only about your last contact with the [INSERT FACILITY BASED ON ZIP CODE] business office.

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Charlie Hernandez – Eastern AZ

Customer Service – Hours & Wait Time

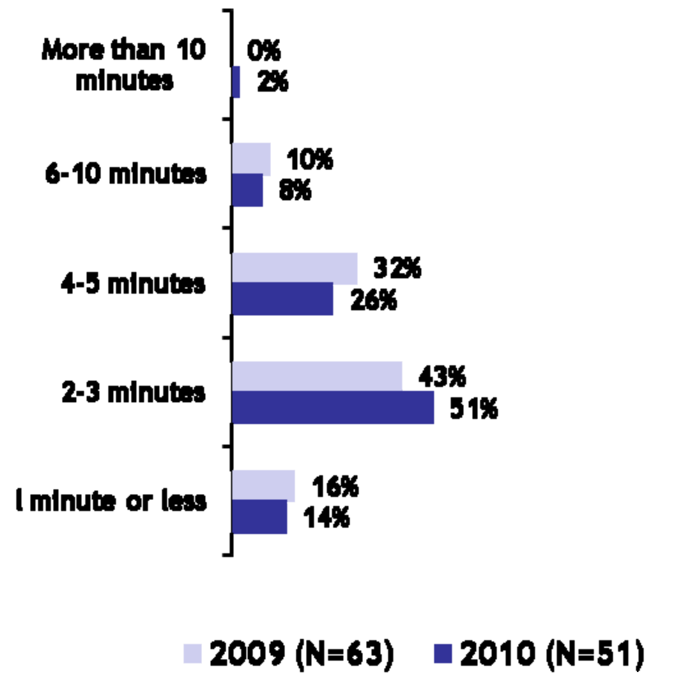
When asked about more convenient office hours, 25% of the respondents stated the current *office hours are fine*. *Later opening hours/past 5PM* and *earlier hours/before 8AM* were requested by 11% each. Only 4% asked for *Saturday office hours.*

A total of 65% (slightly up from 59% in 2009) felt that wait time should not be more than 3 minutes.

More Convenient Time	2009 (N=44)	2010 (N=28)	Difference from 2009 (percent points)
Weekday hours: late open/past 5PM	23%	11%	-12
Saturday hours: half/full day	7%	4%	-5
Weekday hours: early open/before 8AM	11%	11%	0
Office hours are fine	14%	25%	+11

Acceptable Wait Time for Live Person

Mean = 3.65 minutes (2009); 3.44 minutes (2010)



12b. What would you consider more convenient office hours?
12c. How long are you willing to wait to speak to a live person?

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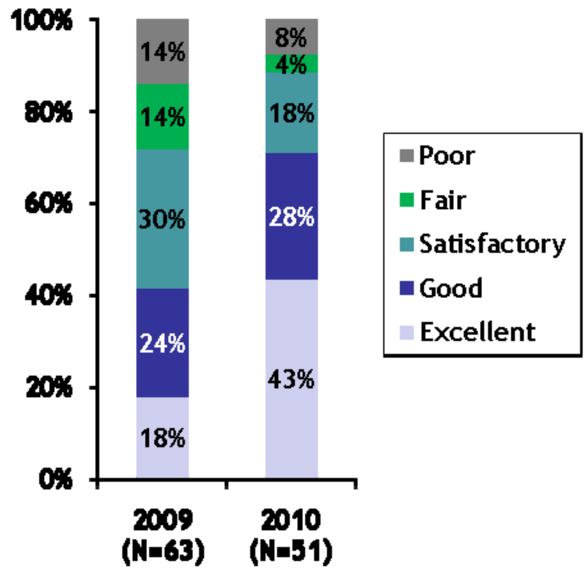
Charlie Hernandez – Eastern AZ

Customer Services – Overall Experience

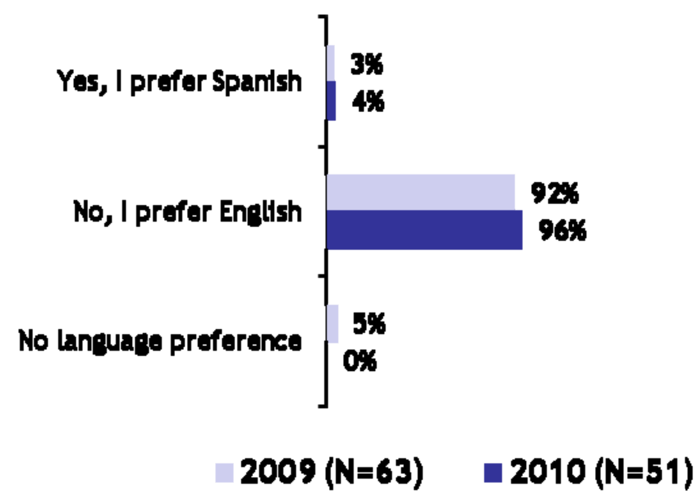
Overall customer service experience received significantly higher ratings compared to the previous year's findings (71% vs. 42% in 2009 rating customer service as *excellent* or *good).*

Only a small number of respondents (4%) preferred customer service communications in Spanish.

Satisfaction With Overall Experience



Customer Service in Spanish



13. Overall, how would you rate your experience with the customer service you received? If you have called or visited the office more than once in the last year, please think only about your last contact with the [INSERT FACILITY BASED ON ZIP CODE] business office.

13a. If customer service were available in Spanish would you take advantage of it?

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Charlie Hernandez – Eastern AZ

Customer Service - Improvements

Few suggestions were given on how to improve customer service, many (82%) having no suggestions/stated it was fine as is.

Improvement suggestions were related to staff communications: *improve communication w/customers* (8%) and *more polite/friendly/understanding staff* (2%).

Suggestions for Improvements	2009 (N=63)	2010 (N=51)	Difference from 2009 (percent points)
Improve communication w/customers (service follow-up, shut offs, etc)	2%	8%	+6
Lower the rates/don't increase rates	5%	6%	+1
Be more polite/friendly/understanding	6%	2%	-4
No suggestions/fine as is	68%	82%	+14

14. Do you have any suggestions for improving customer service?

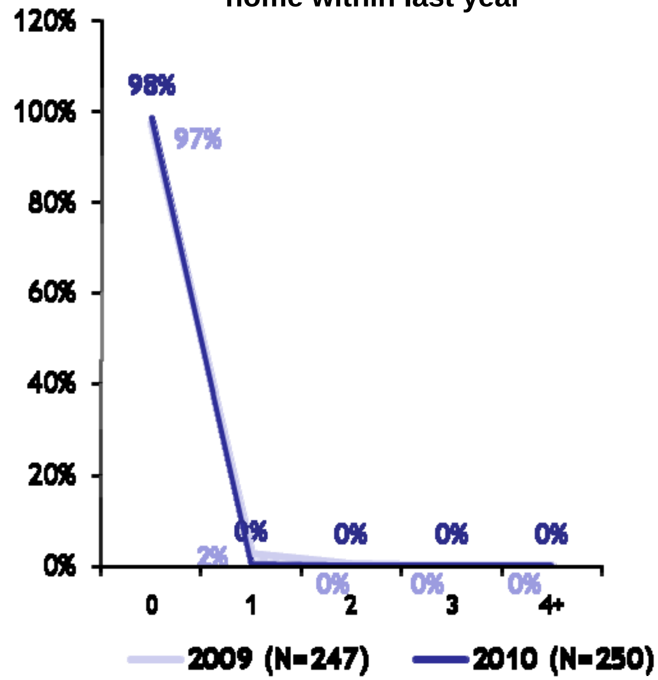
Charlie Hernandez – Eastern AZ

Service Rep Home Visits

Only one respondent reported having received a service representative home visit within the last year.

Number Called Business Office

Mean = 1.14 (2009); 1.00 (2010); among those who had a service rep visit their home within last year



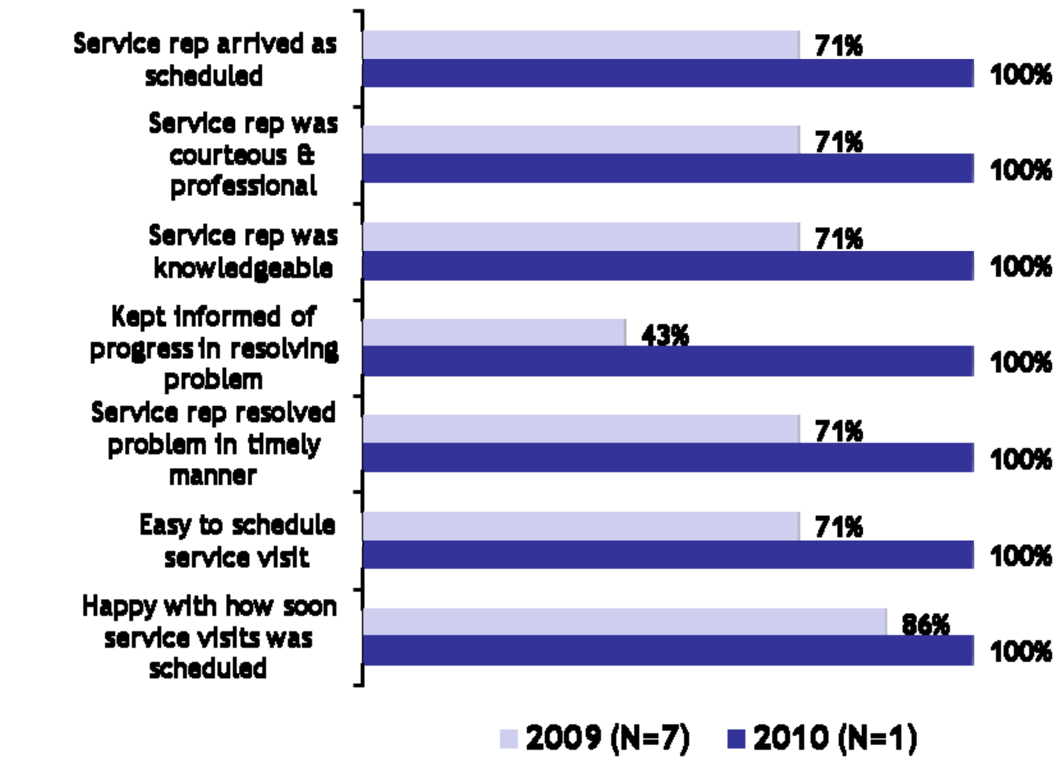
14b. How many times has an [INSERT FACILITY BASED ON ZIP CODE] employee visited your home to resolve a problem within the last year?

Charlie Hernandez – Eastern AZ

Service Rep Home Visits - Satisfaction

The one customer who had a service representative visit stated high level of satisfaction with the visit agreeing that all aspects were performed well.

Top 2 Box Scores (4,5): 5 = Strongly Agree



15. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about your in home service visit. If an [INSERT FACILITY BASED ON ZIP CODE] employee has visited your home more than once within the last year, please think only about your last visit.

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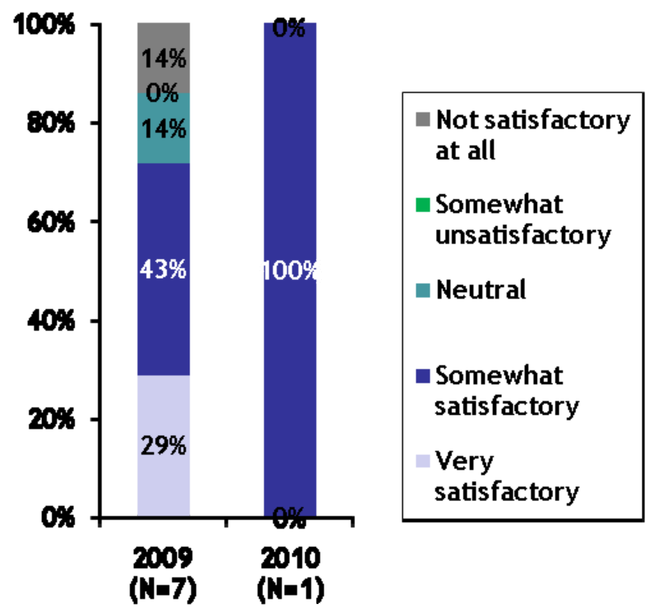
Charlie Hernandez – Eastern AZ

Service Rep Home Visits – Overall Satisfaction & Improvements

The customer rated the overall experience with somewhat satisfactory and had no suggestions regarding improvements.

Overall Satisfaction With Service Visit



16. Overall, how would you rate your experience with the service visit to your home using a 5-point scale with 5 being "Very Satisfactory" and 1 being "Not Satisfactory At All"? If you had more than one visit in the last year, please think only about your last visit.
17. Do you have any suggestions for improving home visits?

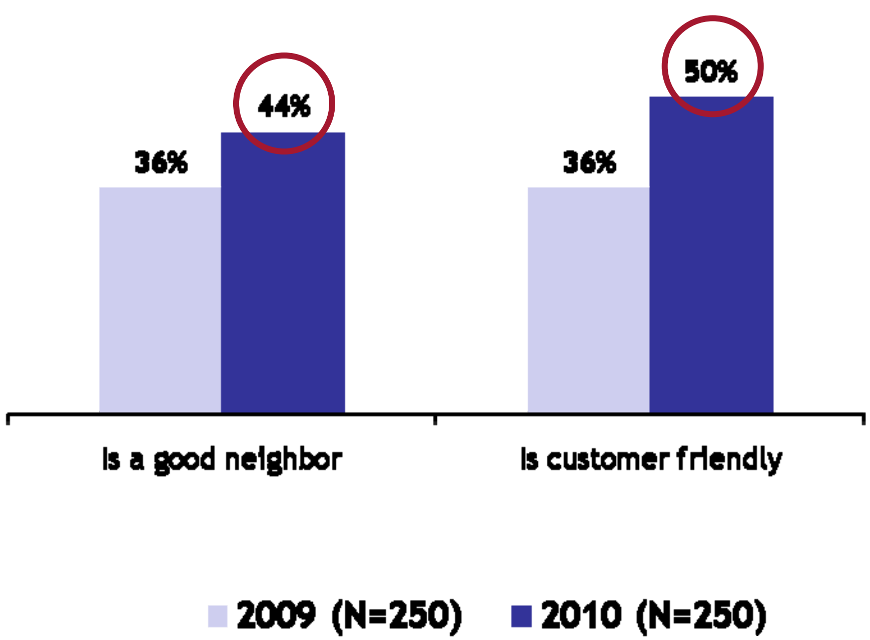
Charlie Hernandez – Eastern AZ

Company Evaluation - Satisfaction

As part of the overall company evaluation, respondents were asked to state their agreement that waste water/sewer provider is a good neighbor and is customer friendly. Both received significantly higher scores than in 2009, however still much lower agreement scores than facilities in other service regions.

Customers in the Gold Canyon service area continued to give lower scores than customers of the other facilities within the Eastern AZ service area.

Top 2 Box Scores (4,5): 5 = Strongly Agree



Significantly Higher
Is a good neighbor: Entrada del Oro (80%) / Black Mountain (63%) vs. Gold Canyon (36%)
Is customer friendly: Entrada del Oro (73%)/ Black Mountain (67%) vs. Gold Canyon (44%)

NOTE: Data red circled indicates significant change/ difference compared to 2009.

18. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about [INSERT FACILITY BASED ON ZIP CODE].

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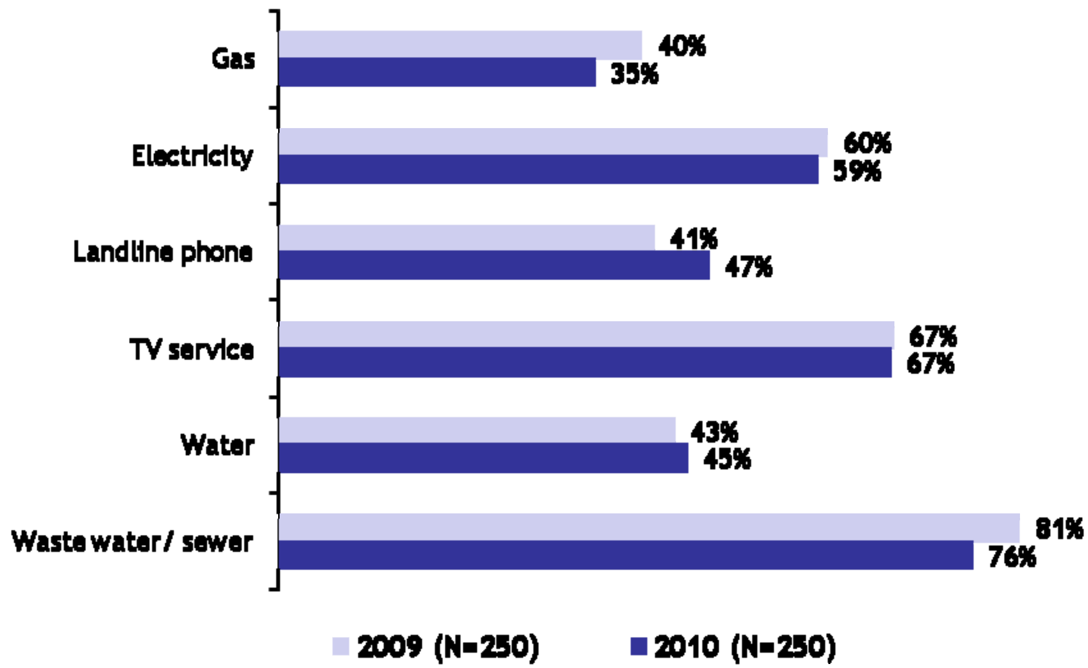
Charlie Hernandez – Eastern AZ

Company Evaluation – Rates for Utilities

The majority of respondents (76%) considered *waste water/sewer* rates somewhat or much too high. Significantly more respondents found the rates high compared to all other services and utilities tested.

Within the Eastern AZ service area, Gold Canyon customers were most likely to find their waste water/sewer rates expensive.

Top 2 Box Scores (4,5): 5 = Much Too High



Significantly Higher: Waste water/sewer
Gold Canyon (83%) vs. Black Mountain (50%)

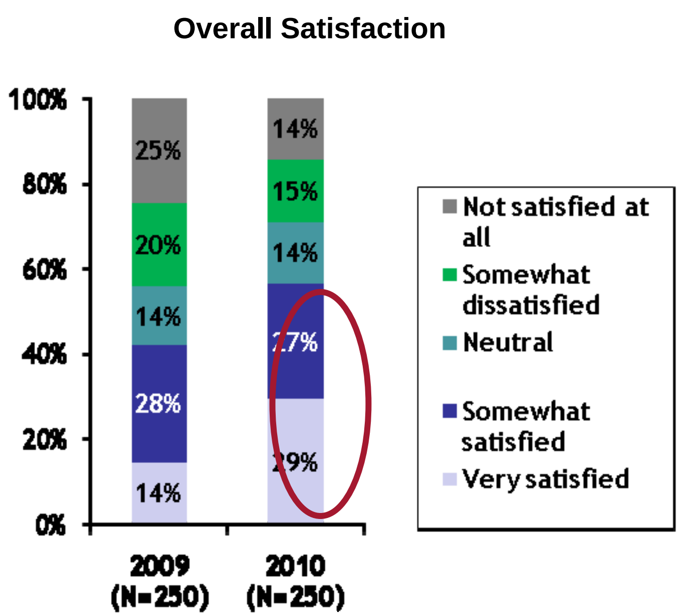
19. For each of the following utility services, please indicate if you feel the rates charged are much too high, somewhat too high, just right, somewhat low, or very low.

Charlie Hernandez – Eastern AZ

Company Evaluation – Overall Satisfaction

Respondents reported significantly higher satisfaction compared to 2009 with 56% indicating they were somewhat or very satisfied compared to 42% in 2009. Respondents in the Black Mountain service area tended to be most satisfied with a top 2 box score (somewhat/very satisfied) of 75%.

While more than half of interviewed customers indicated satisfaction with the waste water facility providing service, key concern among them was *cost is too high/rate increases* (29%). Among those not satisfied, cost was even more of an issue mentioned by 81% (slightly up from 75% in 2009) as reason why they were dissatisfied. Other aspects mentioned were *odor from sewer/sewage processing facility* (15%) and *smell/ taste of water* (7%).



	2009	2010	Difference from 2009 (percent points)
Why Satisfied	N=105	N=141	
Cost is too high/rate increases	30%	29%	-1
Service is satisfactory/good/excellent	10%	6%	-4
Good/friendly/courteous customer service	6%	5%	-1
Service is adequate	1%	4%	+3
Cost is reasonable	3%	4%	+1
Reliable/receive services paid for/no service interruptions	9%	3%	-6
Why Not Satisfied	N=111	N=73	
Cost is too high/rate increases	75%	81%	+6
Odor from sewer/sewage processing facility	20%	15%	-5
Smell/taste of water	2%	7%	+5
They are dishonest/crooked/price gougers	15%	4%	-11
Poor/unfriendly/uncaring customer service	8%	1%	-7

Significantly Higher: Top 2 Box = very/somewhat satisfied

Black Mountain (75%) vs. Gold Canyon (51%)

NOTE: Data in orange shaded cell indicate a significant change/ difference compared to 2009.

NOTE: Data red circled indicates significant change/ difference compared to 2009.

20. Overall, how satisfied are you with [INSERT FACILITY BASED ON ZIP CODE]?

20a. Being as specific as possible, why did you say you are [INSERT FROM Q20] with [INSERT FACILITY BASED ON ZIP CODE]?

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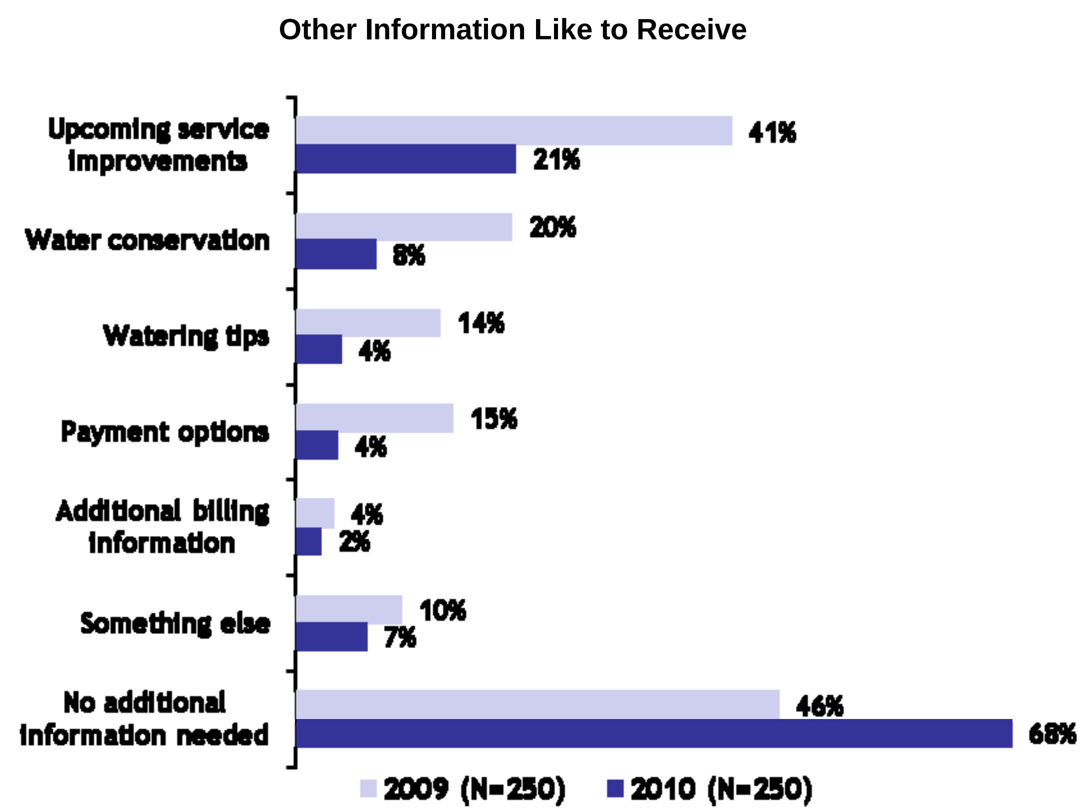
Charlie Hernandez – Eastern AZ

Company Evaluation - Information

In terms of additional information significantly more customers stated they had *no additional information need* (68%) up significantly from 46% in 2009.

The top information respondents would like to receive was *info on upcoming service improvements* selected by 21%. Those tended to be in the Entrada del Oro service area (33%).



21. What other information would you like to receive from [INSERT FACILITY BASED ON ZIP CODE]? You may select all that apply.

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Joe Wilkins – Central US

Business Manager: Joe Wilkins (through Sean Lonergan)

Central US (Tall Timbers, Timber Creek, Woodmark, Big Eddy, Holly Ranch, Ozark Mountain, Holiday Hills)

Joe Wilkins – Central US

Awareness & Perception

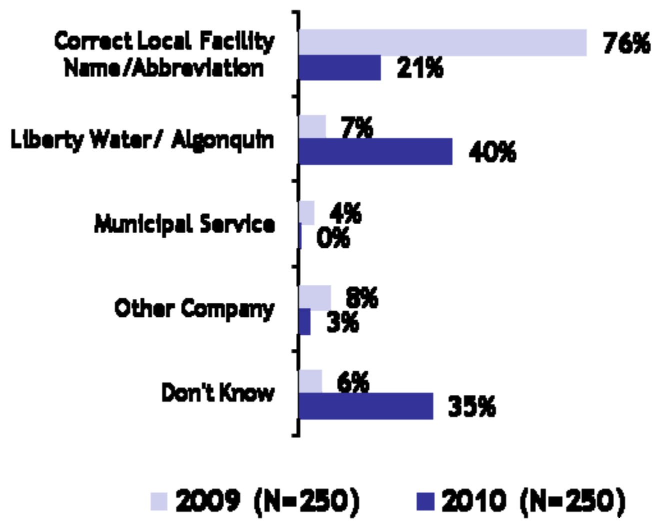
Respondents in the Central US service area were familiar with the company name providing their water and waste water services, however association shifted strongly from the local facility name to the new name of Liberty Water.

When asked to describe the provider of their waste water/sewer service 64% of the comments given were positive and 34% negative (slightly down from 40% in 2009).

Positive comments tended to be general (61%) and few were specific to the services provided. Negative comments centered around cost (cost too high mentioned by 26%). Other complaints related to *water quality* (5%) and *water pressure* (3%).

Name of Water/Waste Water Provider

N = 250



	2009	2010	Difference from 2009 (percent points)
Positive Comments (NET)	68%	64%	-4
Positive general	63%	61%	-2
Water quality	11%	2%	-9
Negative Comments (NET)	40%	34%	-6
Cost is too high	28%	26%	-2
Water quality	6%	5%	-1
Water pressure	8%	3%	-5
Negative general	4%	3%	-1

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

A1. What is the name of the company that provides water and/or waste water service to your household/business?
A2. How would you describe your water and/or waste water service company and the services it provides?

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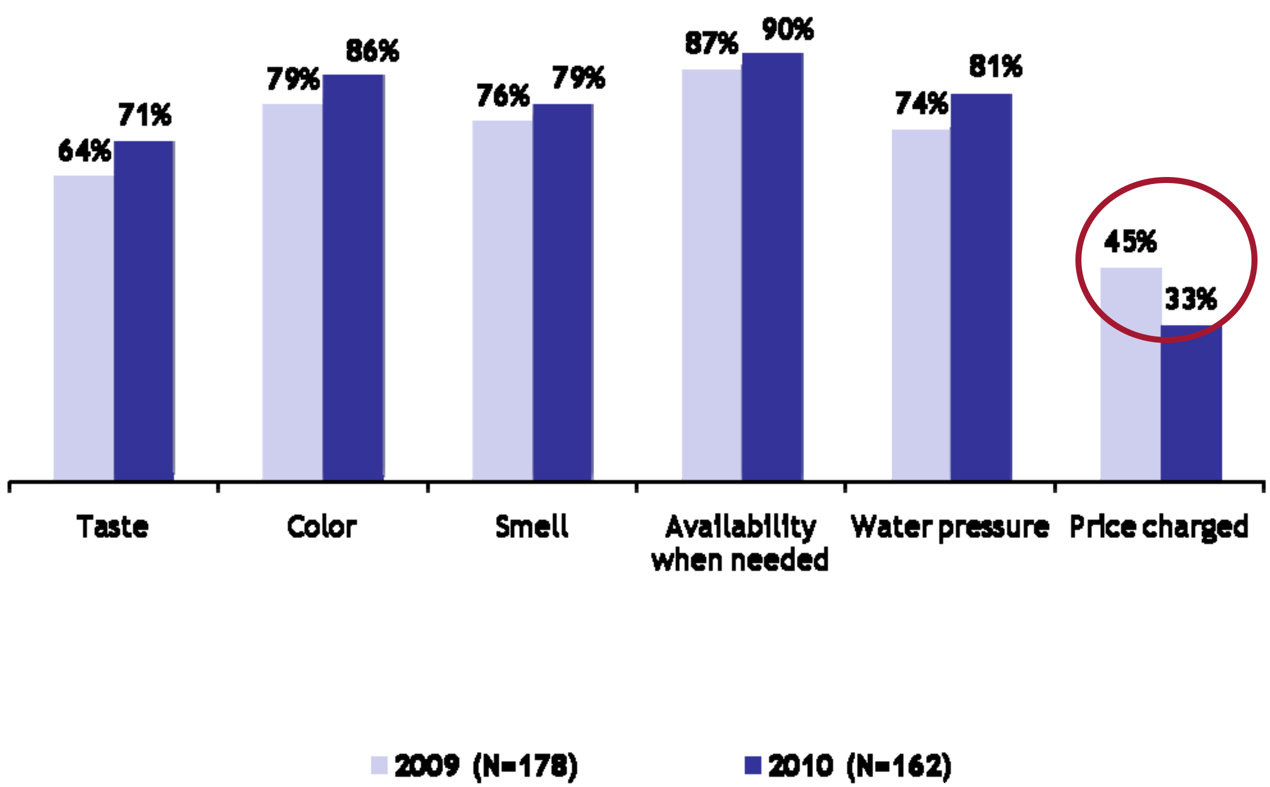
Joe Wilkins – Central US

Water Services - Satisfaction

Respondents rated the water services they received generally high, even slightly higher than in 2009. *Availability when needed* received the highest top 2 box scores (90%; 4/5, where 5 = very satisfactory) followed by *color* (86%).

Price charged received the lowest satisfaction score and was the only area in which customers indicated a significant decrease in satisfaction. Only 33% compared to 45% in 2009 rated it *somewhat* or *very satisfactory*.

Top 2 Box Scores (4,5): 5 = Very Satisfactory



NOTE: Data red circled indicates significant change/ difference compared to 2009.

1. Please rate your water services in the following areas by using a 5-point scale with 5 being "Very Satisfactory" and 1 being "Not Satisfactory At All".

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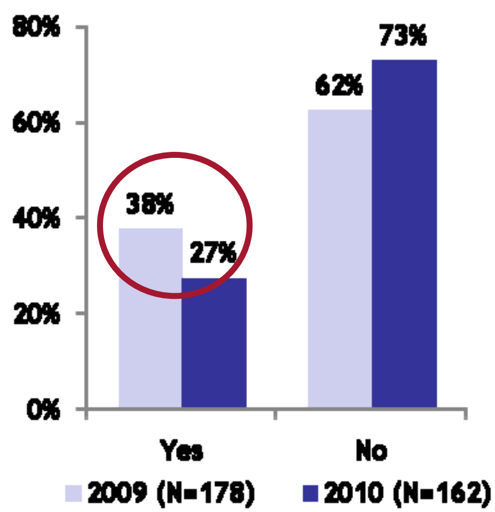
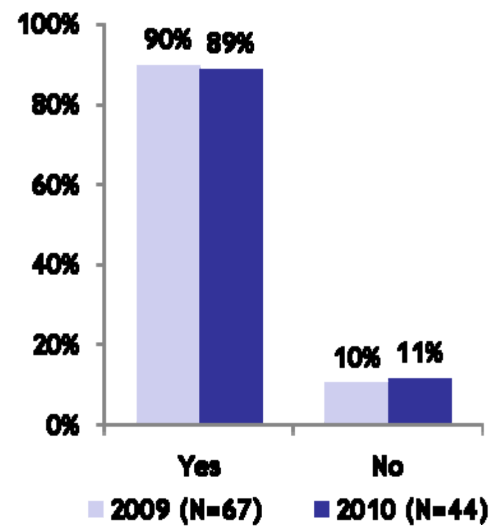
Joe Wilkins – Central US

Water Services - Interruptions

Compared to 2009 significantly fewer interviewed customers (27% compared to 33% in 2009) reported having experienced a water service interruption in the last year.

Of those with an interruption, 89% stated it had been resolved quickly.





NOTE: Data red circled indicates significant change/ difference compared to 2009.

2. Within the last year, have you had any interruptions to your water service?
3. Was your water service interruption problem resolved quickly?
4. Being as detailed as possible, please tell us how and why your water interruption problem was not resolved quickly.

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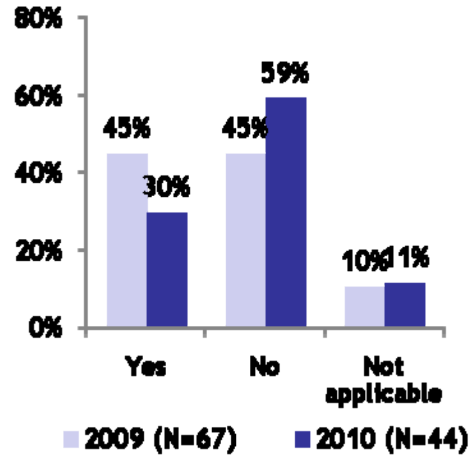
Joe Wilkins – Central US

Water Services – Interruptions Notification

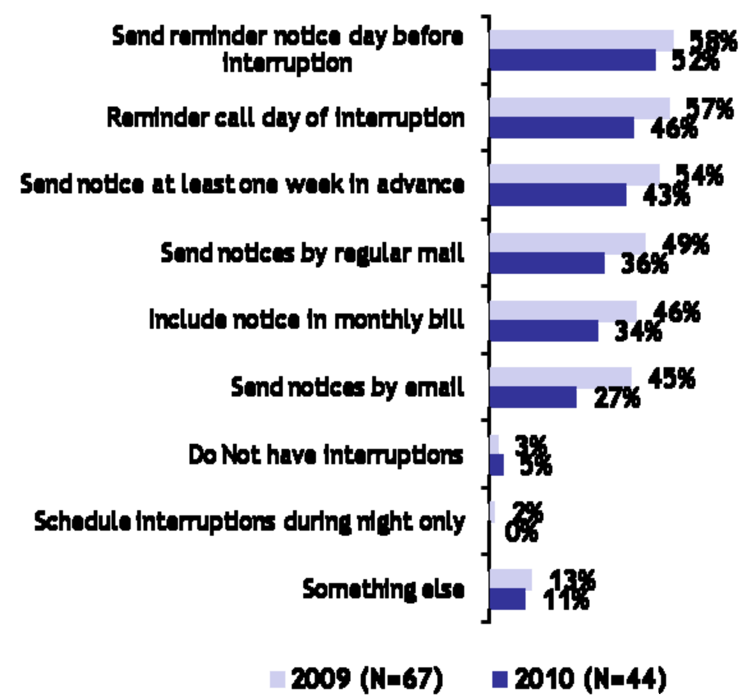
Of those who had a water interruption in the last year, 30% stated they had received advance notification (down from 45% in 2009).

In terms of improvements for scheduled service interruptions, all types of communications were still considered important but with overall slightly fewer mentions compared to last year. On the top of the list remained *send a notice day before interruption* (52%) and *reminder call day of interruption* (46%).

Advance Notification of Water Interruptions



Improvements of Notifications of Scheduled Service Interruptions



5. Are you notified in advance when scheduled interruptions to water service will occur?

6. In which of the following ways could [INSERT FACILITY BASED ON ZIP CODE] improve their notifications of scheduled service interruptions? You may select all that apply.

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Joe Wilkins – Central US

Water Services – Improvements

When asked about suggestions to improve the water service 61% respondents (slightly up from 56% in 2009) stated they had *no suggestions/fine as is.*

The suggestion most often mentioned (22% of respondents) was to *lower rates/don't increase rates*. Secondly, 11% of respondents would like better *water filtration*.

Suggestions for Improvements	2009 (N=178)	2010 (N=162)	Difference from 2009 (percent points)
Lower rates/don't increase rates	20%	22%	+2
Water filtration (improve taste/smell/color)/soften water	8%	11%	+3
Improve water pressure	11%	3%	-8
No suggestions/fine as is	56%	61%	+5

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

7. Do you have any suggestions on how [INSERT FACILITY BASED ON ZIP CODE] could improve their water services?

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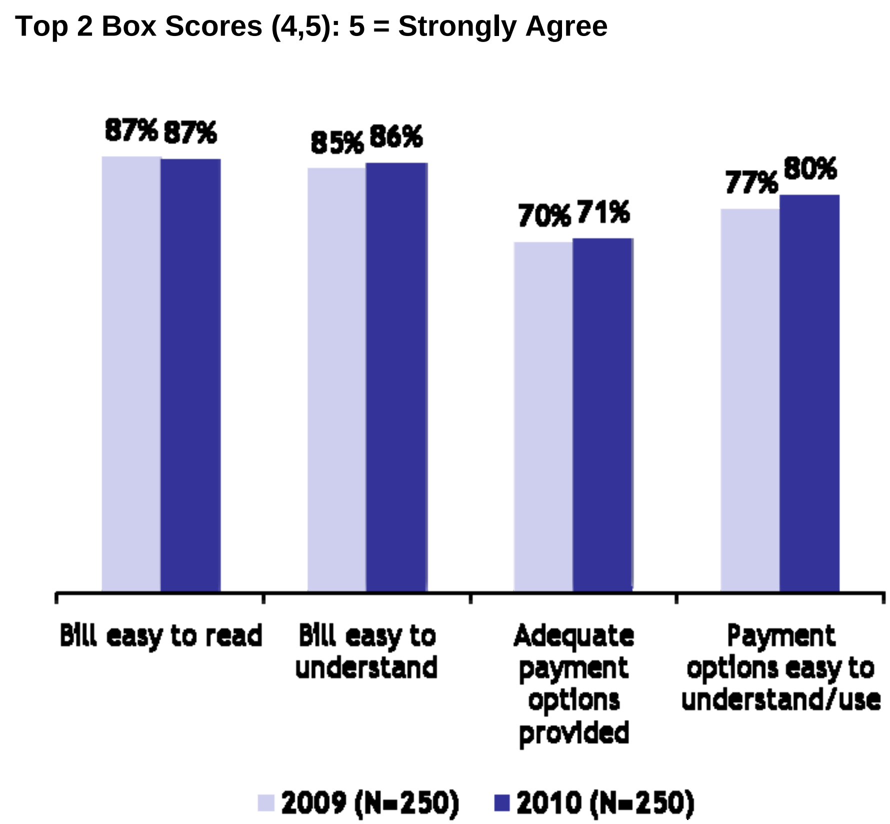
Joe Wilkins – Central US

Customer Billing - Satisfaction

The Central US facilities received high satisfaction scores on their customer billing with all ratings level or slightly up compared to 2009. Respondents agreed that the bill was *easy to read* (87% agree/strongly agree) and *easy to understand* (86% each).



8a. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements.

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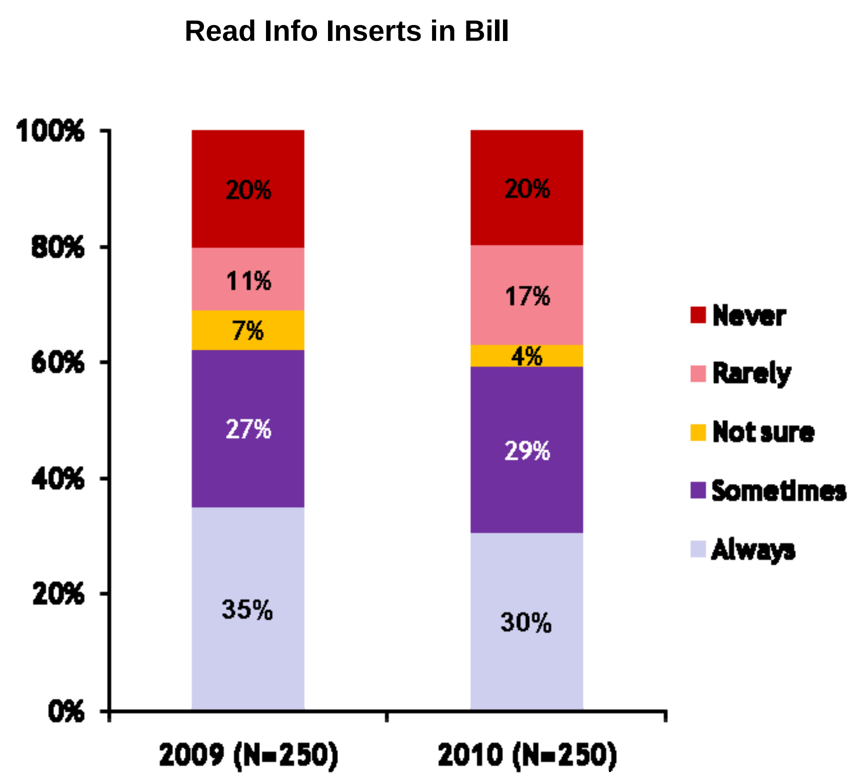
Joe Wilkins – Central US

Customer Billing – Information/Services

A total of 59% of respondents (slightly fewer than in 2009 (62%)) stated they read information inserts included with their bill *sometimes* or *always,* while 37% read the information *rarely* or *never.*



9. How often do you read the informational inserts included in your bill?

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Joe Wilkins – Central US

Customer Billings – Improvements

While 82% of respondents did not have any suggestions on how to improve customer billing, *lower rates/don't increase rates* was mentioned by 8% of respondents (slightly up from 6% in 2009). Other improvements were *make bill easier to understand* significantly up to 4%, while *improve or implement electronic/ online/ paperless billing* saw a significant decrease by 6% points.

Suggestions for Improvements	2009 (N=250)	2010 (N=250)	Difference from 2009 (percent points)
Lower rates/don't increase rates	6%	8%	+2
Make bill easier to understand	0.4%	4%	+3.6
Improve or implement electronic/online/paperless billing	7%	1%	-6
No suggestions/fine as is	78%	82%	+4

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

11. Do you have any suggestions for improving the billing?

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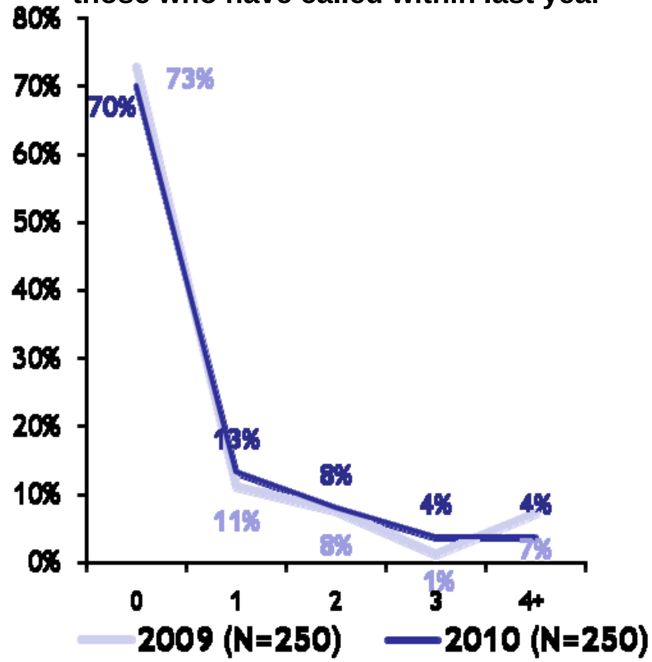
Joe Wilkins – Central US

Customer Service – Calls & Visits

The majority of respondents did not call (70%) or visit (72%) the business office within the last year. Respondents who had contacted the business office had both called or visited the office on average 2 times.

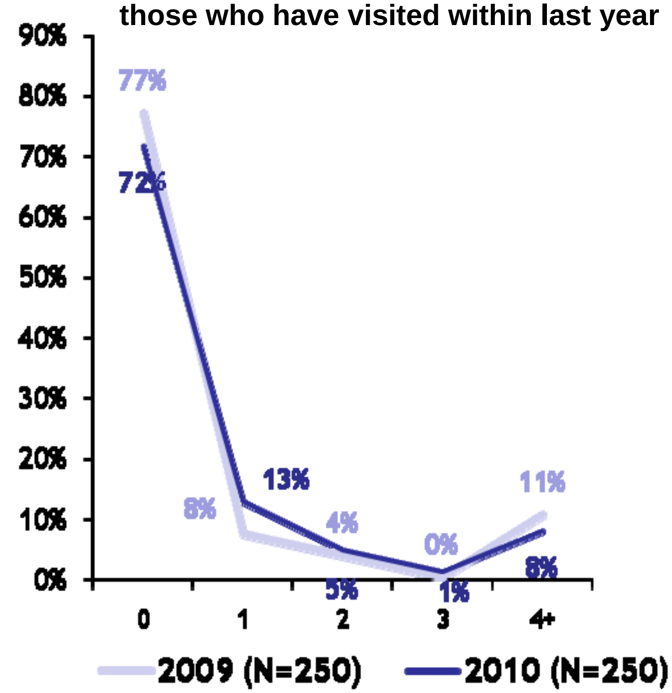
Times Called Business Office

Mean = 2.32 (2009); 1.97 (2010); among those who have called within last year



Times Visited Business Office

Mean = 1.89 (2009); 1.96 (2010); among those who have visited within last year



11. To the best of your recollection, how many times have you called or visited the [INSERT FACILITY BASED ON ZIP CODE] business office within the last year?

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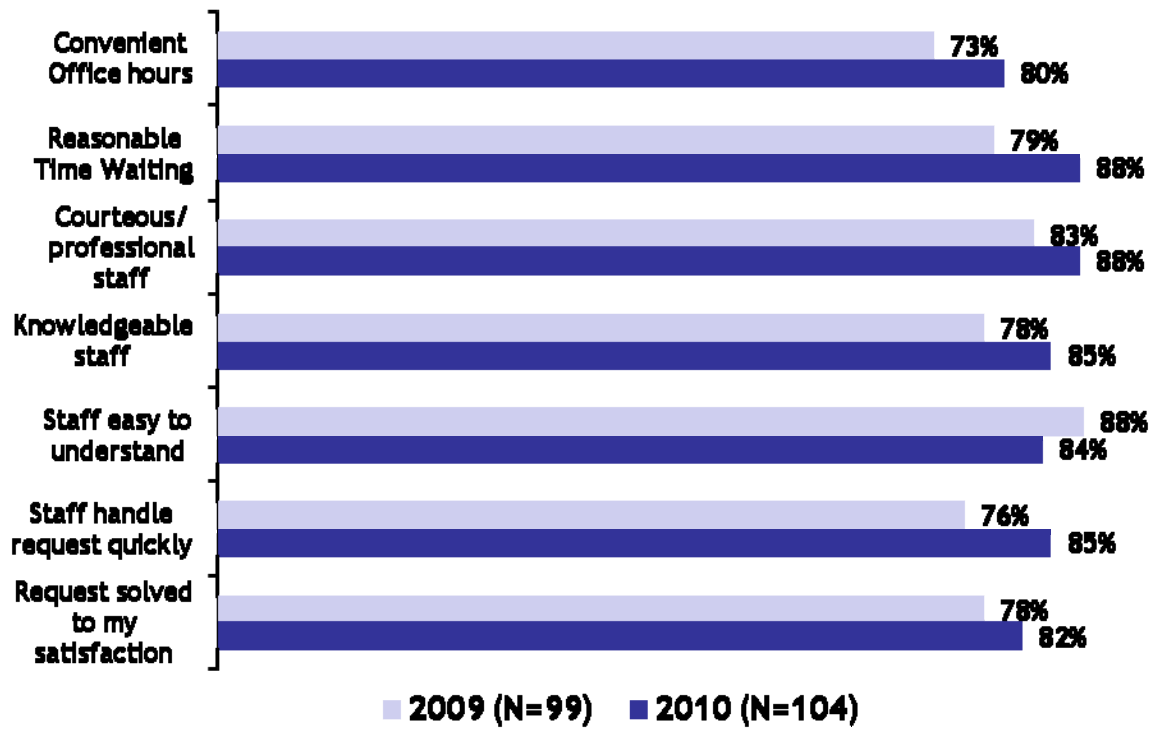
Joe Wilkins – Central US

Customer Service - Satisfaction

All aspects of customer service tested were rated very positively and slightly above their 2009 levels with 80% or more of respondents reporting agreement (*agree/strongly agree*) that customer service performed well.

Top 2 Box Scores (4,5): 5 = Strongly Agree



12a. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about [INSERT FACILITY BASED ON ZIP CODE]'s customer service. If you have called or visited the office more than once in the last year, please think only about your last contact with the [INSERT FACILITY BASED ON ZIP CODE] business office.

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Joe Wilkins – Central US

Customer Service – Hours & Wait Time

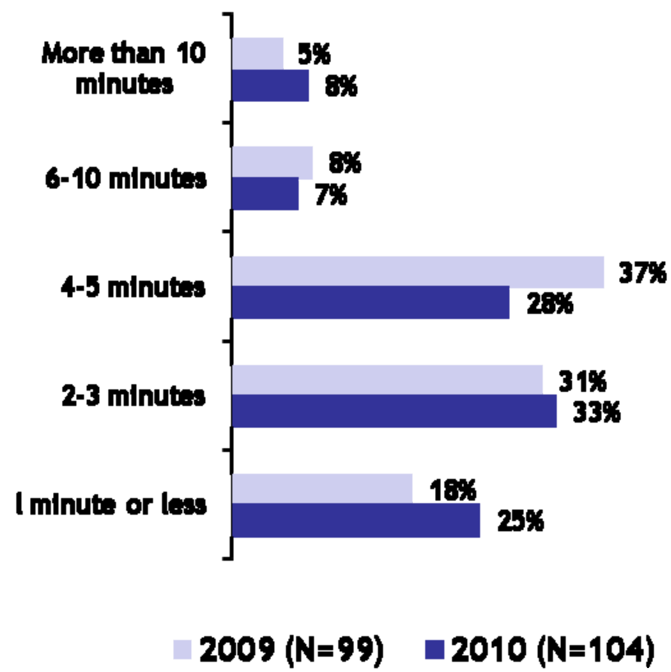
When asked about more convenient office hours, 23% of respondents mentioned *later opening hours/past 5PM* during the week. *Earlier hours/before 8AM* was requested by 2% of respondents and *Saturday hours* were desired by 5%.

A total of 58% felt that wait time should not be more than 3 minutes.

More Convenient Time	2009 (N=54)	2010 (N=57)	Difference from 2009 (percent points)
Weekday hours: late open/past 5PM	26%	23%	-3
Saturday hours: half/full day	7%	5%	-2
Weekday hours: early open/before 8AM	6%	2%	-4
Office hours are fine	28%	32%	+4

Acceptable Wait Time for Live Person

Mean = 3.68 minutes (2009); 3.32 minutes (2010)



12b. What would you consider more convenient office hours?
12c. How long are you willing to wait to speak to a live person?

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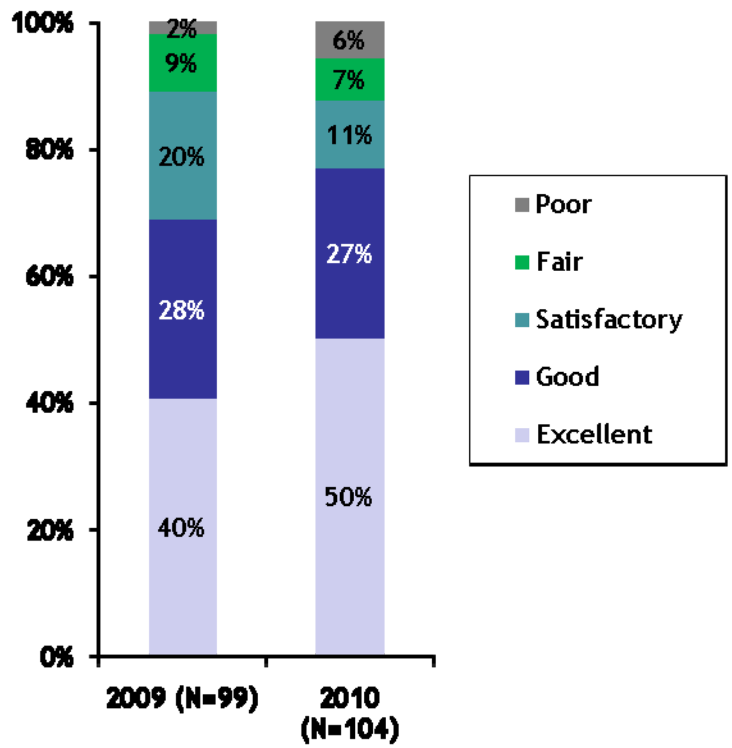
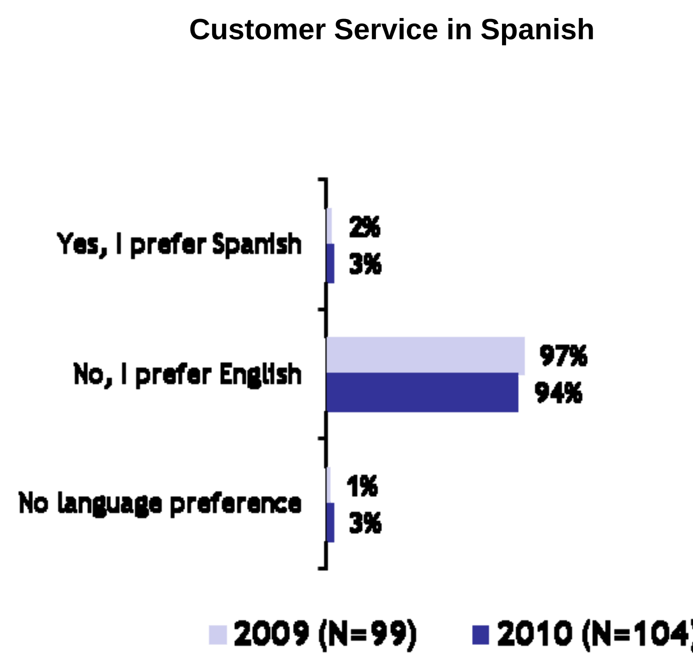
Joe Wilkins – Central US

Customer Services – Overall Experience

Overall customer service experience was rated well with 77% of respondents (slightly up from 68% in 2009) stating it was *excellent* or *good*.

A very small number of respondents (3%) preferred customer service communications in Spanish.





13. Overall, how would you rate your experience with the customer service you received? If you have called or visited the office more than once in the last year, please think only about your last contact with the [INSERT FACILITY BASED ON ZIP CODE] business office.

13a. If customer service were available in Spanish would you take advantage of it?

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Joe Wilkins – Central US

Customer Service - Improvements

Few suggestions were given on how to improve customer service, most (84%) having no suggestion/stated it was fine as is.

Improvement suggestions were related to staff communications: *improve communications with customers* (4%) and *be more polite/ friendly/ understanding* (4%).

Suggestions for Improvements	2009 (N=99)	2010 (N=104)	Difference from 2009 (percent points)
Improve communication w/customers (service follow-up, shut offs, etc)	0%	4%	+4
Be more polite/ friendly/ understanding	0%	4%	+4
Lower the rates/don't increase rates	3%	3%	0
Speak English better/English as a default language	0%	2%	+2
Be more professional/ knowledgeable	5%	2%	-3
No suggestions/fine as is	81%	84%	+3

NOTE: Data in orange shaded cell indicate a significant change/difference compared to 2009.

14. Do you have any suggestions for improving customer service?

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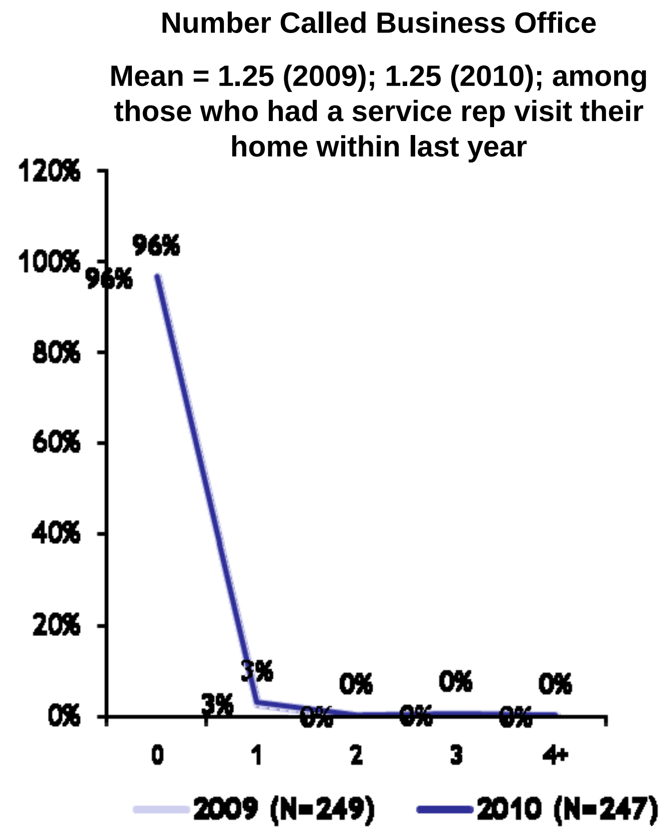
Joe Wilkins – Central US

Service Rep Home Visits

Only very few respondents (3% = 8 respondents) had received a service representative home visit within the last year.

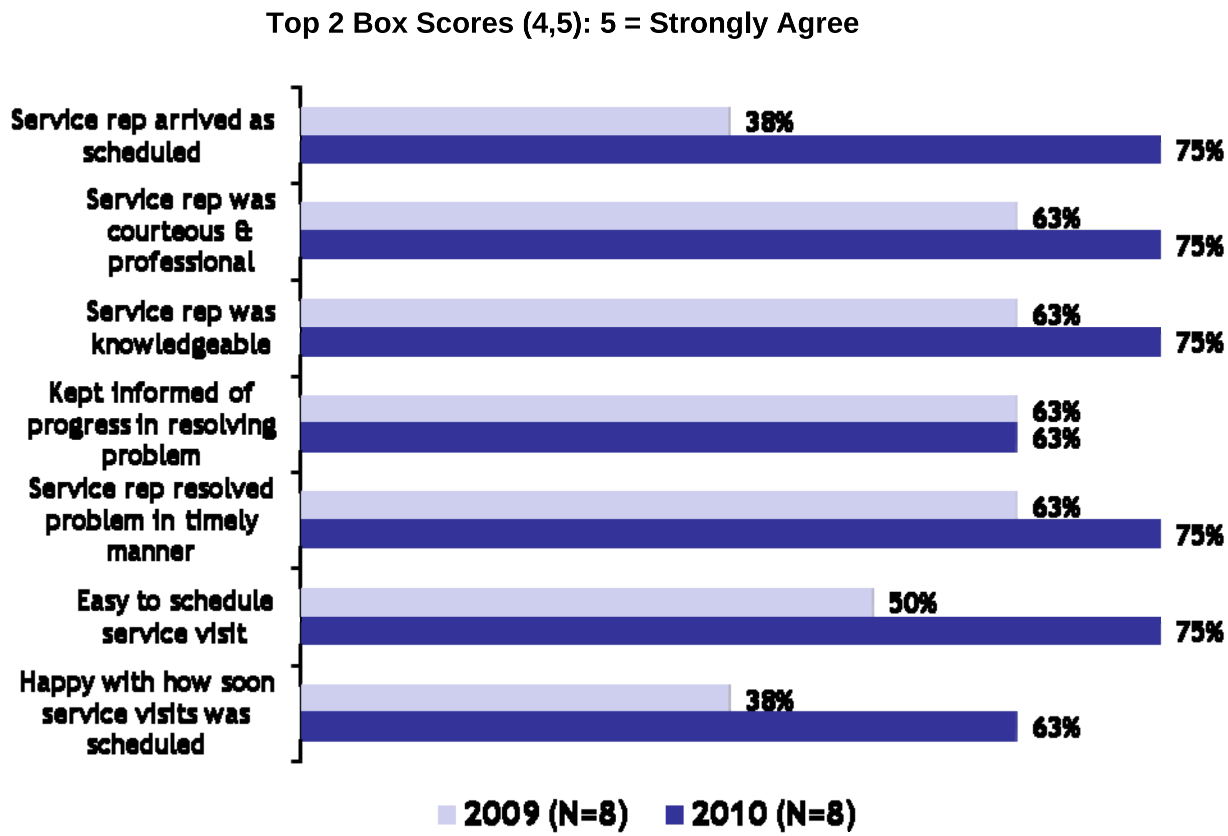


14b. How many times has an [INSERT FACILITY BASED ON ZIP CODE] employee visited your home to resolve a problem within the last year?

Joe Wilkins – Central US

Service Rep Home Visits - Satisfaction

Among the few respondents (8) who had a service representative visit, satisfaction was high across all aspects. Because the sample size is very small, it is difficult to make reliable trending evaluations.



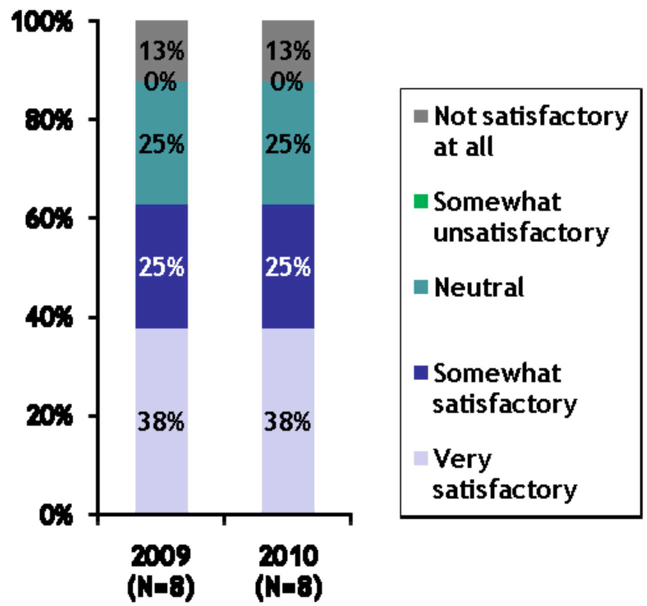
15. Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about your in home service visit. If an [INSERT FACILITY BASED ON ZIP CODE] employee has visited your home more than once within the last year, please think only about your last visit.

Joe Wilkins – Central US

Service Rep Home Visits – Overall Satisfaction & Improvements

Among the 8 respondents with a home visit, overall satisfaction remained high with 63% of respondents stating they were *somewhat* or *very satisfied* with their experience with the service representatives home visit.

Overall Satisfaction With Service Visit



Suggestions for Improvements (N = 8)

- Service personnel be more knowledgeable (1 mention)
- No suggestions/fine as is (7 mentions)

16. Overall, how would you rate your experience with the service visit to your home using a 5-point scale with 5 being "Very Satisfactory" and 1 being "Not Satisfactory At All"? If you had more than one visit in the last year, please think only about your last visit.

17. Do you have any suggestions for improving home visits?

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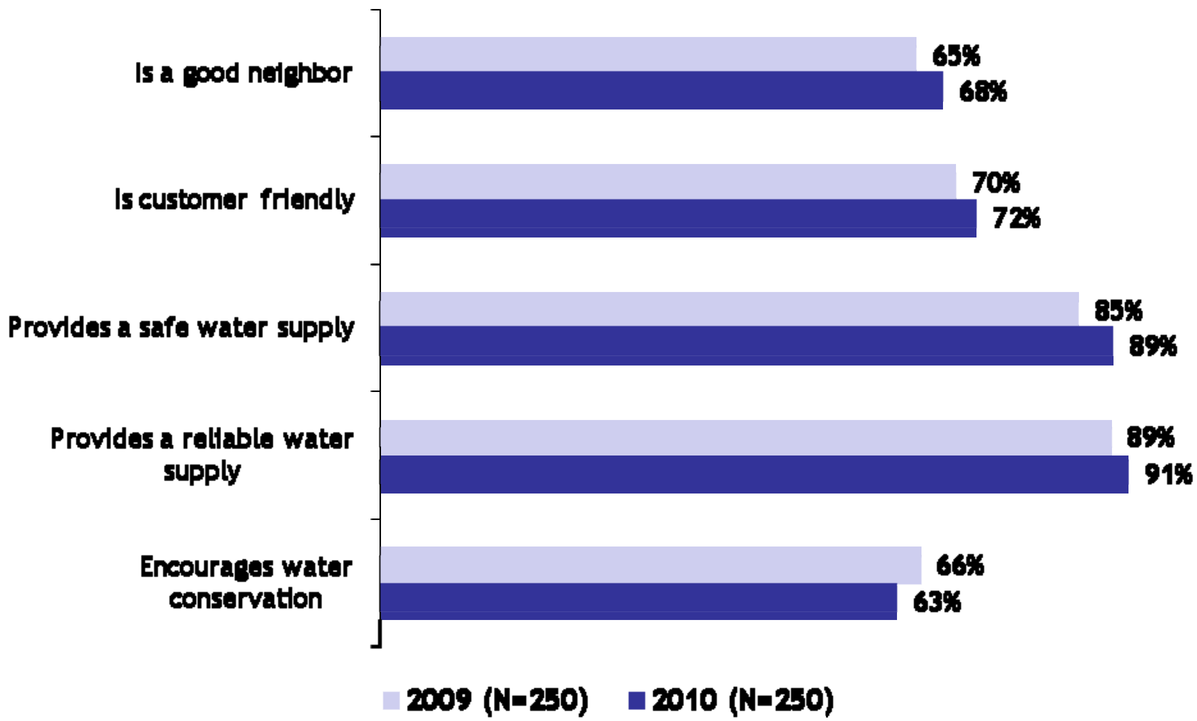
Joe Wilkins – Central US

Company Evaluation - Satisfaction

For the overall company evaluation, the Central US facilities received high scores for *provides a reliable water supply* (91%, top 2 box score: *agree/strongly agree*) and *provides a safe water supply* (89%). The other aspects received good agreement scores as well, with most slightly above the 2009 levels.

Top 2 Box Scores (4,5): 5 = Strongly Agree



18. *Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about [INSERT FACILITY BASED ON ZIP CODE].*

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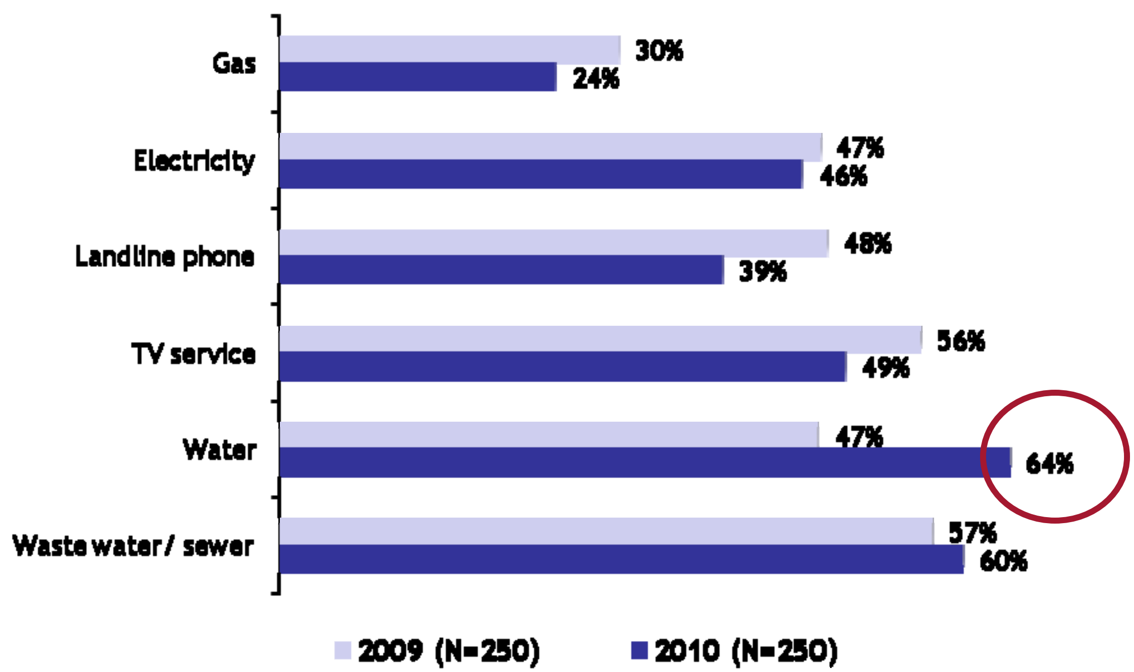
Joe Wilkins – Central US

Company Evaluation – Rates for Utilities

Waste water/sewer and *water* were the services that most respondents felt were priced high or much too high (60% and 64%, respectively). *Water* saw a significant increase in customers who felt the rates were somewhat/ much too high (64% vs. 47% in 2009).

Given the recent rate increases, it was not surprising that customers serviced by the Woodmark and Tall Timbers facility were more likely to be dissatisfied with their waste water/ sewer rates. 76% and 66% of interviewed customers stated their waste water/sewer rates were somewhat/much too high.

Top 2 Box Scores (4,5): 5 = Much Too High



NOTE: Data red circled indicates significant change/ difference compared to 2009.

19. For each of the following utility services, please indicate if you feel the rates charged are much too high, somewhat too high, just right, somewhat low, or very low.

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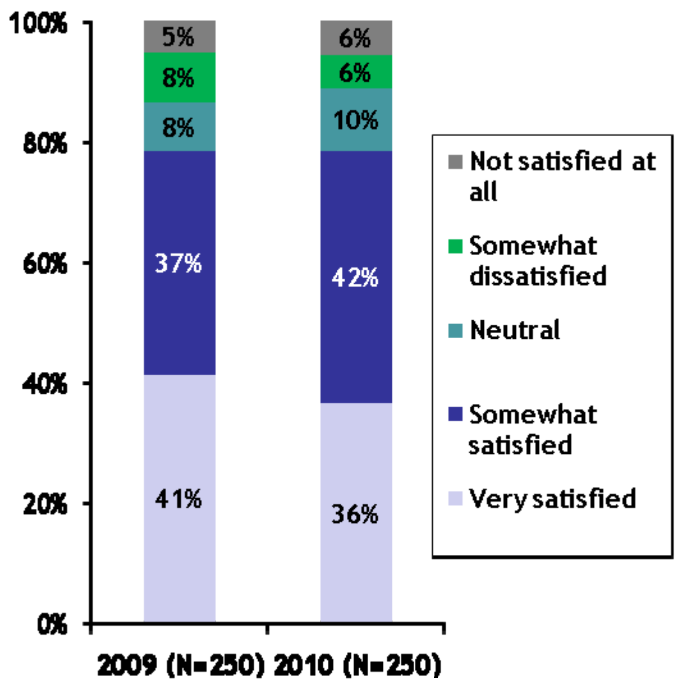
Joe Wilkins – Central US

Company Evaluation – Overall Satisfaction

The majority of respondents (78%) were *somewhat* or *very satisfied* with their Central US company providing water/ waste water to them. Only 12% of respondents were dissatisfied.

While many reasons for satisfaction centered around *satisfactory/ good /excellent service* (11%), *service is adequate* (5%) and *good/ friendly/ courteous customer service* (7%), cost concerns were a very important issue even among those satisfied (mentioned by 29% up from 8% in 2009). Three out of four (75%) of those dissatisfied stated *cost is too high/rate* as reason for their dissatisfaction. Other reasons were *water is cloudy/ contaminated/ poor quality/ hard* (14%) and *poor/ unfriendly/ uncaring customer service* (11%).

Overall Satisfaction



	2009	2010	Difference from 2009 (percent points)
Why Satisfied	N=196	N=196	
Cost is too high/rate increases	8%	29%	+21
Service is satisfactory/good/excellent	19%	11%	-8
Good/friendly/courteous customer service	6%	7%	+1
Service is adequate	0.5%	5%	+4.5
Cost is reasonable	10%	3%	-7
Reliable/receive services paid for/no service interruptions	8%	3%	-5
Why Not Satisfied	N=34	N=28	
Cost is too high/rate increases	56%	75%	+19
Water is cloudy/contaminated/poor quality/hard	15%	14%	-1
Poor/unfriendly/uncaring customer service	12%	11%	-1
Low/fluctuating water pressure	12%	7%	-5
Shutoff with no notice	0%	7%	+7

NOTE: Data in orange shaded cell indicate a significant change/ difference compared to 2009.

20. Overall, how satisfied are you with [INSERT FACILITY BASED ON ZIP CODE]?
20a. Being as specific as possible, why did you say you are [INSERT FROM Q20] with [INSERT FACILITY BASED ON ZIP CODE]?

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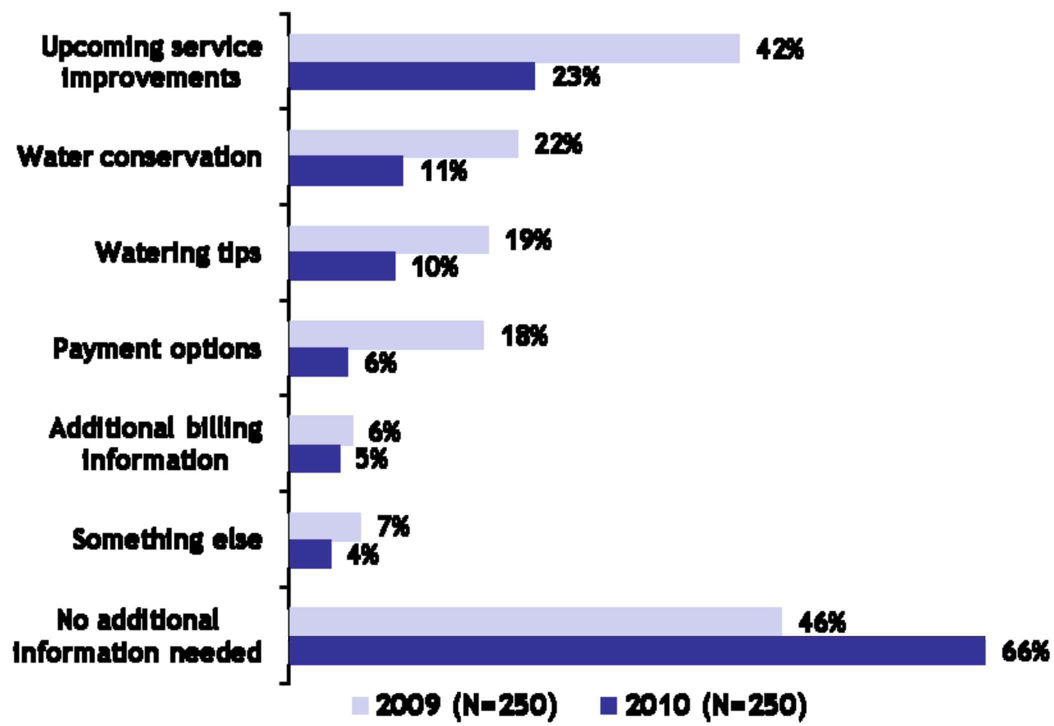
Joe Wilkins – Central US

Company Evaluation - Information

In terms of additional information 66% respondents stated they had no need for additional information, significantly up from 46% in 2009.

The top information respondents would like to receive was *info on upcoming service improvements,* selected by 23%.

Other Information Like to Receive



21. What other information would you like to receive from [INSERT FACILITY BASED ON ZIP CODE]? You may select all that apply.

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Joint Petitioners
Attachment 19

National Grid/Liberty Energy
Docket No. ______
Joint Petitioners Attachment 19
Page 1 of 1

Access your account
Apply for Liberty Water service
Have a water emergency?

Your Community | Customer Support | Smart Water Use | About Us | Contact Us

close

Try our Water Footprint Calculator

Estimate your total water footprint and compare your use to the country, your state or your community.
click here to get started

Managing your account
Now available – Liberty Water customers are now able to pay bills and manage their account online. read more

Supporting our customers
Liberty Water strives to provide our customers with the information they need to make the most of their water service. read more

Conserving our water
Liberty Water is committed to smart water use. There are many easy ways to help keep this resource flowing. read more

Keeping our water safe
Liberty Water conducts routine quality testing to ensure that customers are provided with clean, safe water services. read more

Joint Petitioners
Attachment 20

STANDARD & POOR'S

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March 11, 2010

Assessing U.S. Utility Regulatory Environments

Primary Credit Analyst:
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Assessing U.S. Utility Regulatory Environments

*(**Editor's Note:** For our latest comments on regulated utility subsidiaries, please see "Methodology: Differentiating The Issuer Credit Ratings Of A Regulated Utility Subsidiary And Its Parent," published March 11, 2010, on RatingsDirect.)*

The assessment of regulatory risk is perhaps the most important factor in Standard & Poor's Ratings Services' analysis of a U.S. regulated, investor-owned utility's business risk. Each of the other four factors we examine--markets, operations, competitiveness, and management--can affect the quality of the regulation a utility experiences, but we believe the fundamental regulatory environment in the jurisdictions in which a utility operates often influences credit quality the most. In our credit analysis, we evaluate regulatory risk on a company-specific basis. A utility management's skill in managing regulatory risk can in many cases overcome a difficult regulatory environment. Conversely, other companies can experience greater regulatory risk even with supportive regulatory regimes if management fails to devote the necessary time and resources to the important task of managing regulatory risk. Operating in a state with a regulatory structure that is conducive to maintaining credit quality will improve the chances for a utility to successfully negotiate the regulatory maze.

This commentary discusses our views on what constitutes a favorable regulatory climate. We then use those factors to create assessments of the regulatory environments in states that regulate the electric and gas utilities that we rate. (See the table at the end of this article.) Our intention is to provide a common base for our own analysis of regulatory risk and to better communicate to investors, issuers, and regulators how various elements of regulation can affect credit quality. The exercise is also expected to enhance our ability to evaluate management by highlighting instances where our opinion of a company's regulatory risk diverges significantly from the fundamental quality of the regulatory jurisdictions where it operates.

The assessments of relevant jurisdictions are based on quantitative and qualitative factors. Importantly, we make our assessments from a credit perspective. We plan to update them annually or when significant events occur that have an important impact on the regulatory climate in a particular jurisdiction. The new regulatory assessment information augments the methodology applied to regulated utilities today.

Our introduction of these regulatory assessments coincides with what we view as the increasing influence of regulatory matters on the rated utilities' risk profiles and greater credit market awareness of the importance of understanding the regulatory process. Our goal in explaining our views on regulatory practices and policies and their effect on Standard & Poor's analysis of the credit quality of utilities is to provide additional transparency to the market.

Background

State utility regulation is almost as old as credit ratings. Standard & Poor's predecessor, Standard Statistics Bureau, was formed in 1906, and the first state utility commissions, as we know them today, appeared in 1907. Regulation has always been a factor in Standard & Poor's analysis of utility ratings, but its importance to our analysis has shifted with industry trends over time.

Before the 1970s, regulators presided for the most part over stable or decreasing rates as economic growth, rising consumption, and economies of scale drove costs down. The advent of inflation, rising and volatile fuel costs, and nuclear power missteps led to higher rates and, in our view, greater regulatory influence on credit quality during the 1980s. Restructuring in the natural gas and then the electric industries marked the 1990s and the first years of the new millennium, and the importance of regulatory issues in our analysis again started to subside. In our view, we are now in another era of increasing and unstable costs and some semblance of a return to traditional utility regulation. Consequently, the quality of regulation is at the forefront of our analysis of utility creditworthiness.

We have historically focused on regulatory risk on a company-specific basis. Nothing in what follows will change that approach. Utility commissions regulate diverse industries and adopt different approaches to different types of businesses. Treatment of utilities within the same industry can vary significantly in the same jurisdiction. The quality of the regulation experienced by a company is often the product of the company's management and business strategy as much as its regulators. The regulatory climate assessments only serve as a baseline of our opinion on the fundamental attitude of a jurisdiction toward the credit quality of the utilities in that state, and they are the starting point for Standard & Poor's analysis of the regulatory risk of each rated utility. Our goal is to achieve greater consistency and continuity in utility ratings.

Assessing Regulatory Jurisdictions

We assess jurisdictions on one basic attribute--the fundamental approach to controlling utility rates--and then in three major categories. The resulting assessments are based primarily on various measures of regulatory risk that are discussed briefly below. With respect to qualitative factors, we look for long-term, historical characteristics of the jurisdiction, as well as transient regulatory and political developments.

The foundation of our opinion of the regulation in a jurisdiction is the degree to which competitive market forces are allowed to influence rates. In order of credit-friendliness, a state will rely either on full cost-based regulation for all components of the utility bill, market-based mechanisms for generation, and (more rarely) retail markets, or a hybrid of the two to control the amount charged and the terms on which that service is offered. It may surprise some to learn that we consider a hybrid setup, which in most cases exists because the transition to some sort of competition has stalled, to harbor more risk for bondholders than a system that is committed to letting market prices set a major part of the customer's bill.

The risk inherent in the market-based model is straightforward: the price for electricity can be more volatile when based on a market than when it is based on embedded costs, and regulators are apt to resist full and timely recovery when changes in generation costs are abrupt and substantial (and perhaps misunderstood). The risks in a hybrid or transitional model are less apparent, but, in our opinion, potentially more significant. First, we consider the uncertainty of the timing of reaching the end state--and what that end state will look like--to be a negative factor from a credit perspective. Second, in some cases, the hybrid model may result in a "lower-of-cost-or-market" approach that allows generation rates to reflect one or the other at different times depending on which one suits ratepayers best. A utility and its bondholders may then face a prolonged period of potential exposure to market risk (the downside) with little or no opportunity to participate in the benefits of competition (the upside of greater returns).

After identifying the fundamental regulatory paradigm, our analysis turns to factors that influence the utility's business risk climate in the jurisdiction. The factors fall into three broad categories: ratemaking, political environment, and financial stability. Broadly speaking, the ratemaking and financial stability factors influence our assessments more than the paradigm and political factors.

Ratemaking Practices And Procedures

The main, and often the most contentious, task of a regulator is to set the rates a utility may charge its customers. We analyze specific rate decisions as part of the surveillance of each utility. Our regulatory assessments focus on the jurisdiction's overall approach to setting rates and the process it uses to conduct and manage base rate filings. Practices pertaining to separate tariff clauses for large expense items are examined in the third category of the analysis (see below). In this part of the assessment, we concentrate on whether established base rates fairly reflect the cost structure of a utility and allow management an opportunity to earn a compensatory return that provides bondholders with a financial cushion that promotes credit quality.

Notably, the analysis does not revolve around "authorized" returns, but rather on actual earned returns. We note the many examples of utilities with healthy authorized returns that, we believe, have no meaningful expectation of actually earning that return because of rate case lag, expense disallowances, etc. Although, in general, the absolute level of financial returns is less important to our analysis than how that return is earned, we recognize that, all else being equal, higher earned returns translate into better credit metrics and a more comfortable equity cushion for bondholders. A regulatory approach that allows utilities the opportunity to consistently earn a reasonable return is a positive factor in our view of credit quality.

The rates of return and capital structures used to generate the revenue requirement in rate proceedings may not be the primary focus of the assessment, but those and other decisions made in the ratemaking process are still noted. We consider those decisions to be potential signals from regulators on their attitude toward credit quality. We believe that the capital structure in particular is a handy and direct indication from the regulator as to whether or not creditworthiness is an important consideration in its deliberations when setting rates. Obviously, any pronouncements from a regulator that explicitly address credit ratings or ratemaking practices that incorporate credit-minded adjustments (e.g., the use of double-leveraged capital structures or off-balance-sheet debt-like obligations) are considered in the Standard & Poor's assessment.

We analyze the issue of "regulatory lag" in a comprehensive manner and not just as a matter of the efficiency of the regulator in completing rate cases. As part of this analysis, we evaluate the timeliness of rate decisions, coupled with an evaluation of the test year. In addition, we take into account the timing of interim rates, and other practices that affect the appropriateness of rates periodically established by the regulator. We do not view the issue of regulatory lag as an intermittent concern, consequential only during times of acute inflation or rising capital spending, but as a consistent part of our credit analysis. Accordingly, in our regulatory assessments we focus on whether the regulator efficiently prosecutes rate requests and bases its decisions with respect to rate setting on the most current information.

In our view, the prevalence of rate case settlements is not necessarily an important credit consideration. Although the common assumption among market participants seems to be that a settlement must be in the best interest of a utility, we believe this assumption disregards the possibility that management will sometimes make decisions based on its effect on earnings at the expense of cash flow considerations. This does not mean we dismiss the ability of stipulations to reach a fair resolution of difficult matters that help regulators issue timely and constructive rate decisions. It just means that frequent settlements do not, in our view, directly lead to a conclusion that the regulatory environment in a state enhances credit quality.

An important policy-related issue outside of individual rate cases that falls under this part of the assessment is the regulatory oversight of large capital projects with long lead times that carry out-sized risks to a utility and its bondholders. In our opinion, practices such as legislative or regulatory recognition of the need for pre-approval of such endeavors, periodic reviews that substantively involve the regulator in the progress of the project, and rolling prudence determinations during construction can reduce the general level of risk associated with a utility committing substantial capital well in advance of the rate proceeding that results in the project being placed into rate base. Before committing to such projects, a resource-procurement process that uses objective guidelines to evaluate competing proposals to meet load obligations and keeps the regulator informed and involved in the decisions can, in our view, help to reduce the risk of subsequent disallowances. If the jurisdiction has an Integrated Resource Plan or similar mechanism that includes the participation of many parties and is used to definitively establish the need for new generation, we consider credit risk to be further diminished.

One more factor that we examine in this part of the analysis is whether a jurisdiction employs nontraditional ratemaking practices. Examples of what we may view to be potentially credit-enhancing regulatory mechanisms include weather normalization and incentive ratemaking. We believe that the beneficial effect on credit quality of a tariff clause that smooths out cash flows that can vary with outside influences like weather is self evident. The benefits of incentives incorporated into the regulatory regime may be less clear. Well-designed incentives can be at least credit neutral. A moderate amount of incentives can be credit supportive. We generally view incentive provisions (whether tied to cost control, reliability, or operational performance) as being beneficial for credit quality if they are linked to fair and objective benchmarks. Incentives that lack some or all of those features, such as a plain, long-term rate freeze, can be, in our opinion, detrimental to credit quality.

Political Insulation

The role of politics in utility regulation is often misunderstood. In most jurisdictions, legislatures created regulatory commissions and invested them with the power to set and enforce utility rates and service standards. Regardless of how a regulatory commission is statutorily organized, its function is to set and regulate rates and service standards with due regard not only for the interests of those who advance the capital needed to provide safe and reliable utility service but for other constituents as well. In this regard, bondholders should recognize that the setting of utility rates invariably reflects political as well as economic factors. Therefore, the potential for political considerations to affect utility regulation can be a key determinant when we assess a regulatory jurisdiction.

A primary factor in this part of our assessment is the method of selecting utility commissioners. In some jurisdictions, the governors appoint regulatory commissioners. In others, the same voters who pay utility bills directly elect commissioners. The regulatory risk associated with that model can sometimes be managed, but there is an inherent level of risk in elected regulatory bodies that we reflect in the assessment. Standard & Poor's also analyzes the track record of the involvement of the executive branch or the legislature in utility matters, and the relative visibility of utility issues in the political arena.

The ability of a regulator to deliver sound, fair, and timely rate decisions and set prudent regulatory policies that assist utility managers in managing business and financial risk can be affected by the overall atmosphere that it operates in. The tone can be set by the governor or legislature, the history and tradition of independence accorded to the regulatory body, and the behavior of important constituent groups that intervene in utility proceedings.

Cash Flow Support And Stability

The final set of factors in our assessment of regulatory environments is arguably the most important. The phrase "cash is king" can be overused, but it does highlight an essential part of the credit analysis. A regulatory jurisdiction that recognizes the significance of cash flow in its decision making is one that will appeal to bondholders. Generating cash is a function of the actions of utility management, but the regulator can supply (or withhold) the tools that can affect the company's essential ability to actually realize the intended level of cash flow.

The most prominent factor in this part of the analysis is the application of separate tariff provisions for major expenses such as fuel and purchased power. The timely adjustment of rates in response to changing commodity prices and other expenses that are largely out of the control of utility management is a key component of a credit-enhancing regulatory jurisdiction. We analyze the quality of special tariff mechanisms to determine their effectiveness in producing the cash flow stability they are designed to achieve. The frequency of rate adjustments, the ability to quickly react to unusual market volatility, and the control of opportunities to engage in hindsight disallowances of costs could affect the analysis almost as much as whether the tariff provisions exist at all. The record of disallowances plays a part in the regulatory assessment.

The commission's policies and oversight covering hedging activities may also be a factor in this part of the review if a utility has sought regulatory approval. For utilities that attempt to manage commodity risks, we look for a clearly-stated hedging policy and a track record of activity that conforms to that policy. The responsibility for communicating the policy and demonstrating the prudence of the hedging activity rests with the utility, but the initial response to a hedging program and the history of the regulator's treatment of the results of the program could influence our assessment.

Regulators can employ other ratemaking techniques that promote stable cash flows. We consider a commission's decisions on rate design in assessing its attitude on credit quality. For example, we take into account the relative size of the typical monthly customer charge, a decoupling mechanism that severs the direct relationship between revenues and customer usage, or other rate design features that bolster credit quality.

Especially during upswings in the capital expenditure cycle, such as we are experiencing now, a jurisdiction's willingness to support large capital projects with cash during the construction phase is an important aspect of our analysis. This is especially true for ventures with big budgets and long lead times, such as baseload coal-fired or nuclear power plants and high-voltage transmission lines that are susceptible to construction delays. Allowance of a cash return on construction work-in-progress or similar ratemaking methods historically were considered extraordinary measures for use in unusual circumstances, but in today's environment of rising construction costs and possible inflationary pressures, cash flow support could be crucial in maintaining credit quality through the spending program.

Jurisdictional Assessments

The table below shows Standard & Poor's assessments of regulatory jurisdictions. The category titles are designed to communicate one other important point regarding utility regulation and its effect on ratings. All categories are denoted as "credit-supportive". To one degree or another, all U.S. utility regulation sustains credit quality when compared with the rest of corporate ratings at Standard & Poor's. The presence of regulators, no matter where in the spectrum of our assessments, reduces business risk and generally supports all U.S. utility ratings.

Regulatory Jurisdictions For Utilities Among U.S. States

Most credit supportive	More credit supportive	Credit supportive	Less credit supportive	Least credit supportive
	Alabama	Arkansas	Louisiana	Arizona
	California	Colorado	Maine	Delaware
	Florida	Connecticut	Missouri	Dist. of Columbia
	Georgia	Hawaii	Montana	Illinois
	Indiana	Idaho	New York	Maryland
	Iowa	Kansas	Oklahoma	New Mexico
	South Carolina	Kentucky	Rhode Island	
	Wisconsin	Massachusetts	Texas	
		Michigan	Utah	
		Minnesota	Vermont	
		Mississippi	Washington	
		Nevada	West Virginia	
		New Hampshire	Wyoming	
		New Jersey		
		North Carolina		
		North Dakota		
		Ohio		
		Oregon		
		Pennsylvania		
		South Dakota		
		Virginia		

Joint Petitioners
Attachment 21

Algonquin Power	Liberty Utilities	Liberty Energy (New Hampshire)
Labor -Executive Management -Corporate Legal -Corporate Accounting -Treasury Services -Corporate Communications	Labor -Corporate Finance -Rates & Regulatory Affairs -Information Technology -Utility Planning -Payroll -Human Resources	Labor -All operations labor -Customer Care -Energy Efficiency -Regulatory, Government & Community Affairs -Environmental, Health, Safety, and Security -Accounting and Financial Planning -Human Resources
Non-Labor -Strategic Management -Access to capital -Financial Controls -Administrative	Non-Labor -Professional Services -Administrative costs -Systems costs	Non-Labor -Professional Services -Administrative Costs

Joint Petitioners
Attachment 22

ALGONQUIN POWER & UTILITIES CORP. DIRECT CHARGE AND COST ALLOCATIONS MANUAL

This document outlines the methods of direct charge and cost allocations between Algonquin Power & Utilities Corp. and its affiliates Algonquin Power Company, Liberty Utilities Co., Liberty Water Co., and Liberty Energy Co.

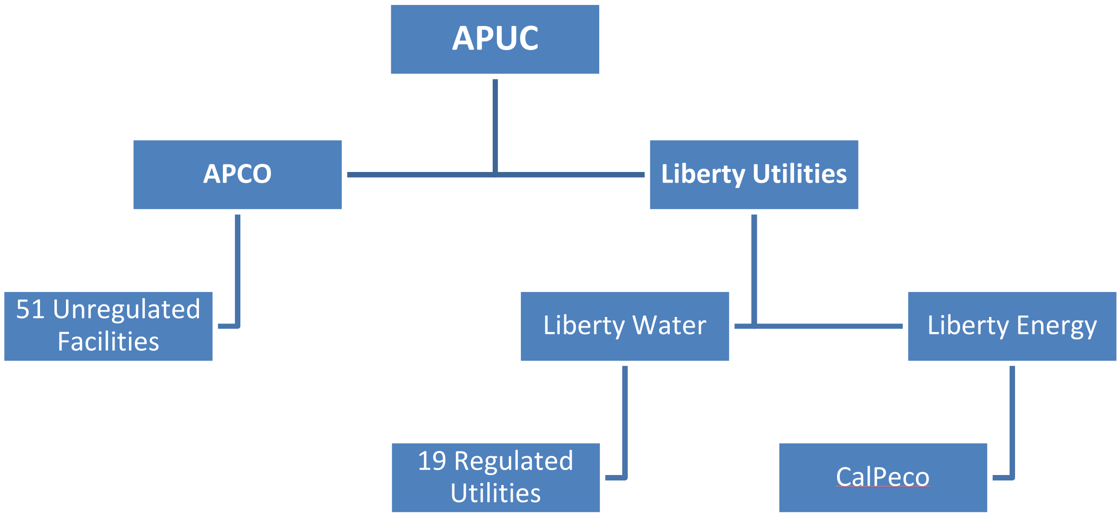
Table of Contents

Introduction

The following Cost Allocation Manual has been completed in accordance and conformance with the "NARUC Guidelines for Cost Allocations and Affiliate Transactions". More specifically, the founding principles of this Cost Allocation Manual is to, a) directly charge as much as possible to the entity that procures any specific service, and b) to ensure that inappropriate subsidization of unregulated activities by regulated activities and vice versa does not occur. For ease of reference, the NARUC Guidelines are attached as "Exhibit 1".

General Statement of Allocation Methodology

The purpose of this paper is to provide a detailed explanation of services provided by Algonquin Power & Utilities Corp ("APUC") to its affiliates, and to describe the Direct Charge and Cost Allocation Methodologies used by APUC. The primary affiliates of APUC are its affiliates Liberty Utilities Co. ("LUC"), and Algonquin Power Co. ("APCO"). The manual further describes Cost Allocation Methodologies from Liberty Utilities Co. to its regulated utility affiliates, Liberty Water Company ("LWC") and Liberty Energy Utilities Company ("LEC"), which collectively may be referred to as, "Liberty Utilities". Lastly, the manual describes the allocation processes used by LUC, LWC, and LEC to allocate costs to individual regulated utilities. The regulated utility affiliates of LWC are Litchfield Park Service Company , Black Mountain Sewer Company, Gold Canyon Sewer Company, Rio Rico Utilities, Bella Vista Water Company, Northern Sunrise Water Company, Tall Timber Utilities Company, Timber Creek Water Company, Wood Mark Utility Company, Big Eddy Water Company, Fox River Water Company, Hill Country Water Company, Holiday Hills Water Company, Holly Ranch Water Company, Ozark Mountain Water Company, Piney Shores Water Company, Northern Sunrise Water Company, and Southern Sunrise Water Company. LEC's regulated affiliate is California Pacific Energy Co.("CalPeco") which was recently acquired in January 2011. The following organization chart describes the relationships between the separate entities:



The APUC Corporate Structure

Algonquin Power & Utilities Corp.'s primary business is direct interest or equity in renewable and thermal power generating facilities and regulated utilities. APUC owns a widely diversified portfolio of 51 independent power production facilities and 20 regulated utilities consisting of 19 water distribution and wastewater treatment facilities and 1 electric utility in Canada and the United States. APUC also has an operating interest in 8 other facilities, but does not own them. APUC is publicly traded on the Toronto Stock Exchange. Its structure as a publicly traded company provides substantial benefits to its regulated utilities through access to capital markets and access to engineers, technicians, professional managers, and administrative staff, including trained plant operators and field supervisors.

APUC is the corporate parent and affiliate that provides financial, strategic management, compliance, administrative and support services to Liberty Utilities as well as to the numerous unregulated utility assets owned by it. The head office is located in Oakville, Ontario, Canada and provides administrative, technical and management support, regulatory compliance, and oversight of strategic direction, including approvals of budgets and ensuring a strict level of corporate governance for Liberty Utilities. APUC's executive management and administrative support includes accounting and finance, human resources, employee benefits, regulatory and information systems services.

The services provided by APUC are necessary to Liberty Utilities to have access to capital markets for capital projects and operations, and are necessary in providing a high level of shared services at the lowest cost. These services are expensed at APUC and are performed for the benefit of APCO, LWC, and LEC and its respective businesses. The services are Professional Services, (third-party legal services, accounting services, tax planning and filings, insurance, and required auditing), Unit Holder Services (communications, trustee fees, escrow and transfer agent fees), Business Operating Expenses (property and administrative expenses), and Human Resource Expenses (training, recruitment, licenses, membership dues, and other related fees). Certain costs which are incurred for the benefit of APUC's businesses are not allocated to any subsidiary. These include costs such as donations, corporate business jet travel, and certain overheads.

APUC and its affiliates are structured around a "shared services model". This means that certain services are housed at the corporate level but shared by all affiliates of the company in order to maximize economies of scale and minimize redundancy. In short, it provides for maximum expertise at lower costs. Further, the use of shared expertise allows each of the entities to receive a benefit they may not be able to utilize on a standalone basis such as strategic management and access to capital.

Scope of Services provided by APUC to its subsidiaries

APUC's services that it provides to its subsidiaries can best be classified into two major categories, non-labor and labor. Non-labor costs, also referred to as "Central Office Costs" are described further in the section below. Labor costs, which are directly charged via time sheets, are described further on page 10.

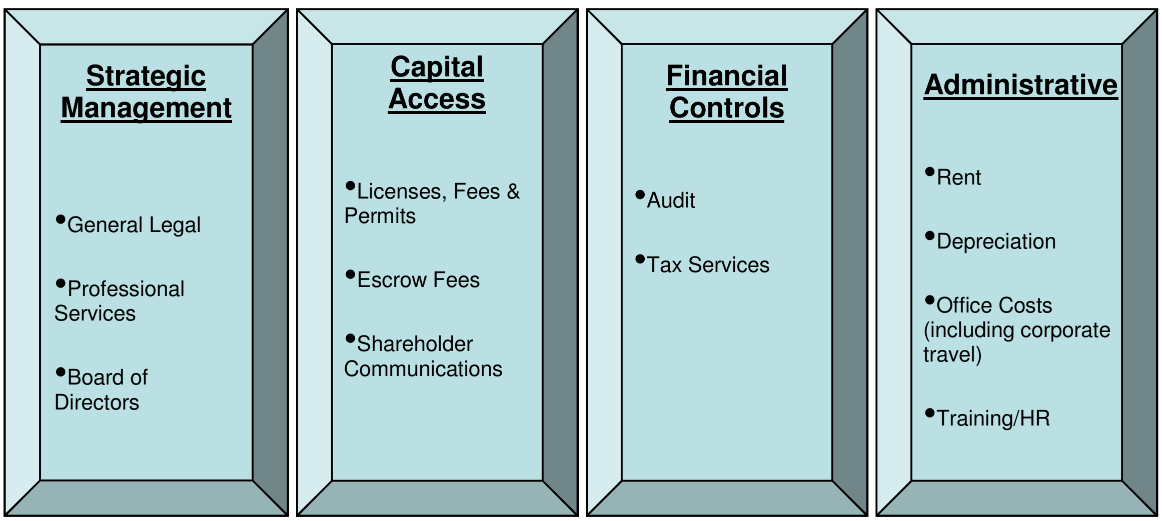
Central Office Cost Allocations from Algonquin Power & Utilities Corp to APCO and Liberty Utilities

As noted above, LUC, LWC, LEC, and APCO are wholly-owned subsidiaries of APUC. APUC is integral to its subsidiaries' business structures as a publicly traded company on the Toronto Stock Exchange. APUC sells units to public investors in order to generate the funding and capital necessary for the Liberty Utilities to provide utility services. APUC provides significant administrative services for all of its facilities, including strategic management services, access to capital markets, corporate governance, and administration and management of the Liberty Utilities.

The capital and funds obtained from the sale of shares in APUC are used by LUC, LWC, LEC, and APCO for capital investments. The services provided by APUC are critical and necessary to LUC, LWC, LEC, and APCO because without those services they would not have a readily available source of capital funding. Put another way, absent the services provided by APUC, each business, including each utility, would be forced to operate as stand-alone utilities, with resulting higher costs and operating expenses incurred by customers. In addition, the utilities would bare much greater risk due to a potential inability to obtain capital on a standalone basis.

The services provided by APUC specifically optimize performance of LWC and LEC, keeping rates low for customers while ensuring access to capital is available. If the utilities did not have access to the services provided by APUC, then they would be forced to incur associated costs for financing, capital investment, audits, taxes and other similar services on a stand-alone basis, which would substantially increase such costs. Simply put, without incurring these costs, APUC would not be able to invest capital in its subsidiaries, including the regulated utilities.

The services provided by and the costs incurred by APUC for the its subsidiaries fall into four general categories:



All of these costs incurred by APUC are calculated and totaled into the administration Central Office Cost Pool. The Central Office Cost Pool is then allocated to APUC's subsidiaries based on several methodologies outlined below.

The current cost allocation structure is reflective of APUC's corporate structure in relation to the services provided. APUC allocates cost to APCO and Liberty Utilities based on their respective shares using individual drivers for each cost type. The cost drivers are described below. As discussed earlier, APUC will retain 8.33% of all costs.

The following table describes the allocation factors used to allocate specific costs to APUC's subsidiaries.

FACTOR	APCO	LIBERTY WATER	LIBERTY ENERGY
CORPORATE FOUR FACTOR	63%	24%	13%
EBITDA	66%	14%	20%
REVENUE	64%	20%	16%
NUMBER OF EMPLOYEES	57%	28%	16%
SQUARE FOOTAGE	50%	35%	15%

Relative EBITDA, Revenue, Number of Employees, and Square Footage are used to allocate certain costs. In addition, A Corporate Four Factor is used to allocate costs that cannot be attributed to a single driver.

The Corporate Four Factor is used for costs which cannot be specifically driven by a single factor. As a result a combination of factors is used to allocate costs between the regulated and unregulated businesses. These four factors are Revenues, Expenses, Plant in Service, and EBITDA. The following is a summary of each cost and its specific allocator. For an illustrative diagram of the allocation process for central office costs, please see ***Appendix 2***.

1. *APCO Strategic Management Costs*

Strategic management decisions are critical for any public utility. The need for strategic management is even more pronounced for APUC as a publicly traded company, which depends on access to capital funding through public sales of units. APUC seeks to hire talented strategic managers that aid in running each facility owned by the company as efficiently and effectively as possible. This ensures the long term health of each utility and ensures that rates are kept as low as possible without compromising the level of service. It also facilitates each Regulated Utility's access to necessary capital funding at reduced costs. The costs included in Strategic Management Costs fall into the following categories.

BOARD OF DIRECTORS

Description	The Board of Directors provides strategic oversight on all company affairs including high level approvals of strategy, Operation and Maintenance budgets, Capital budgets, etc. In addition, the Board of Directors provides corporate governance and ensures that capital and costs are incurred prudently, which ultimately protects ratepayers.
Allocation Method	The Corporate 4 factor model is used to allocate these costs to subsidiaries. Further, LEC and LWC allocate the costs to each utility based on the Utilities 4 factor model as described on page 12.
Ratepayer Benefits	Rate payers avoid the burdens of an individual Board of Directors for each utility. Further, the Board of Directors provides oversight of all corporate activities which provides utility ratepayers with corporate governance that is often not present in small standalone utilities.
Need for Board of Directors	Ultimately, all publicly traded companies require Boards of Directors to ensure that shareholder capital is prudently spent. In short, without a Board of Directors, access to capital on a publicly traded stock exchange would not be possibly.

GENERAL LEGAL SERVICES

Description	Legal expenses incurred by APCO for general legal matters pertaining to all facilities owned by APUC. These legal services are required in order for APUC to provide capital funding to individual utilities, without which the utilities could not provide adequate service.
Allocation Method	The Corporate 4 factor model is used to allocate these costs to subsidiaries. Further, LEC and LWC allocate the costs to each utility based on the Utilities 4 factor model as described on page 12.
Services Provided	These legal services involve legal matters not specific to any single facility, including review of audited financial statements, annual information filings, Sedar filings, review of contracts with credit facilities, incorporation, tax issues of a legal nature, market compliance, and other similar legal costs.
Ratepayer Benefits	General legal costs help ensure that APUC's subsidiaries remain compliant in all aspects of operations and prevents those entities

	from being exposed to unnecessary risks. These legal services also allow utilities to have continued access to capital markets available to APUC.
Need for Legal Services	These legal expenses are critical to utility operations because they ensure APUC's status and viability as a publicly traded company and allow the utilities to provide service in a way to ensure continued access to strategic management and capital markets. These legal services also shelter APUC and its subsidiaries from operational risks.

PROFESSIONAL SERVICES

Description	Professional Services including strategic plan reviews, capital market advisory services, ERP System maintenance, benefits consulting, and other similar professional services.
Allocation Method	The Corporate 4 factor model is used to allocate these costs to APCO and Liberty Utilities. Further, LEC and LWC allocate the costs to each utility based on the Utilities 4 factor model as described on page 12.
Ratepayer Benefits	These professional services ensure that APUC's strategic plans and initiatives are completed with the highest degree of care and professionalism, which is necessary for the subsidiaries to receive debt and equity funding from capital markets. These services allow the subsidiaries to have an available source of capital funding for plant and infrastructure in the provision of utility services.
Need for Services	These costs are required for the provision of service as the strategic plans are filtered down to the individual utility level. In the absence of strategic plans, the utilities would not be investing to ensure the highest level of service is provided, and would also not be able to strive for continued operational improvements to save ratepayers money in the long run. In the absence of these services, shareholders would not invest in utility operations of APUC because the utilities would not incur the necessary costs to ensure that the strategic plans are followed as a condition of such funding.

2. *Access to Capital Markets*

One of APCO's primary functions is to ensure its subsidiaries have access to quality capital. APUC is listed on the Toronto Stock Exchange, a leading financial market. In order to allow it subsidiaries to have continued access to those capital markets, APCO incurs the following costs. These services and costs are a prerequisite to the subsidiaries continued access to those capital markets.

LICENSE FEES AND PERMITS

Description	Fees incurred by APUC to ensure that the company can participate in the Toronto Stock Exchange. These licensing and permit fees are required in order to sell units on the Toronto Stock Exchange.
Allocation Method	The Corporate 4 factor model is used to allocate these costs to subsidiaries. Further, LEC and LWC allocate the costs to each utility based on the Utilities 4 factor model as described on page 12.
Examples	Sedar fees, annual filing fees, licensing fees, etc.
Ratepayer Benefits and Need for Services	The ratepayers and regulated utilities have access to capital so long as APUC is able to access capital markets. These license fees allow APUC to sell units on the Toronto Stock Exchange and, in turn, provide funding for utility operations. These license fees incurred by APUC are critical to ensure continuing access to capital.

ESCROW FEES

Description	Escrow Fees for payment of dividends to Unit Holders.
Allocation Factor	EBITDA is used to allocate these costs to the subsidiaries. Further, LEC and LWC allocate these costs to each utility based on the Utilities 4 factor model as described on page 12.
Examples	Unit holders invest in APUC, and, in turn, provide capital funding to the regulated utilities and unregulated facilities by buying shares. In making those investments, shareholders expect monthly distributions on the shares they own. As such, APUC incurs escrow fees in paying such payments to shareholders.
Ratepayer Benefits	Escrow Fees are incurred in order to ensure that shareholders of APUC continue to maintain ownership, and that new shareholders are enticed to invest in the company. Those new shareholders are the ones truly investing money for new and future projects the utilities undertake. Without them, there is no money for APUC to invest in the utilities.
Need for Services	Escrow Fees are incurred to ensure continued access to capital and ensure continuing and ongoing investments by shareholders. Without such escrow fees, APUC's subsidiaries would not have a readily available source of capital funding.

SHAREHOLDER COMMUNICATIONS

Description	Unit holder communication costs are incurred to comply with filing and regulatory requirements of the Toronto Stock Exchange and meet the expectations of shareholders.
Allocation Factor	Revenues are used as the allocation factor for Shareholder Communications. This methodology is used to reflect that communications requirements on APUC tend to increase as businesses grow larger. Further, LEC and LWC allocate these costs to each utility based on the Utilities 4 factor model as described on page 12..
Examples	News releases, unit holder conference calls, etc.
Ratepayer Benefits	Shareholder communications costs are incurred by APUC for the benefit of its subsidiaries to ensure that shareholders are fully informed of all operational and strategic decisions. These disclosures are required by law to ensure a level of integrity and rigor is applied to the management of the subsidiaries.
Need for Services	In the absence of shareholder communication costs, investors would not invest in the units of APUC, and in turn, APUC would not have capital to invest in its subsidiaries. With such communications services, the subsidiaries would not have a readily available source of capital funding.

3. APUC Financial Controls

Financial Control costs incurred by APUC include costs for audit services, and tax services. These costs are necessary to ensure that the subsidiaries are operating in a manner that meets audit standards and regulatory requirements have strong financial and operational controls, and financial transactions are recorded accurately and prudently. Without these services, the regulated utilities would not have a readily available source of capital funding.

AUDIT FEES

Description	Audits are done on a yearly basis and reviews are performed quarterly on all facilities owned by APUC on an aggregate level.
Allocation Factors	The Corporate 4 factor model is used to allocate these costs to subsidiaries. Further, LEC and LWC allocate the costs to each utility based on the Utilities 4 factor model as described on page 12..
Examples	Audits are provided by KPMG.

Ratepayer Benefits	Audits benefit ratepayers by verifying and ensuring that all financial transactions are recorded prudently. Further, financial transactions are scrutinized to ensure that operations are run prudently. Audit fees also ensure that access to capital is available as it is a requirement of financial markets. The aggregate audit again benefits the regulated utilities by allowing continued access to capital markets and unit holders.
Need for Services	These corporate parent level audits reduce the cost of the standalone audits significantly for utilities which must perform its own separate audits. Where standalone audits are not required, rate payers receive benefits of additional financial rigor, as well as access to capital, and financial soundness checks by third parties. Finally, during rate cases, the existence of audits provides Staff and Intervenors additional reliance on the company records, thus reducing overall rate case costs. The aggregate audit is necessary for the regulated utilities to have continued access to capital markets and unit holders.

TAX SERVICES

Description	Tax Services expenses are incurred to ensure prudent tax filing, planning and management.
Allocation Factors	As the need for tax services increases with additional income, EBITDA is used as the allocation factor. Further, LEC and LWC allocate the costs to each utility based on the Utilities 4 factor model as described on page 12.
Examples	Taxes are paid on behalf of the Regulated Utilities at the parent level as part of a consolidated United States tax return. Tax services are provided by third parties including KPMG for tax planning and filing.
Ratepayer Benefits	Tax services ensure that each utility maintains tax compliance as the parent maintains compliance on their behalf. The shared cost of such tax services also are lower than the costs of standalone tax services, which would otherwise be incurred by the regulated utilities.
Need for Services	Tax services are required as each of the utilities would be required to pay taxes on a standalone basis. Filing tax returns on a consolidated basis benefits each regulated utility by reducing the costs that otherwise would be incurred by such Utility in filing its own separate tax return.

4. APUC Administrative Costs

Finally, administrative costs incurred by APUC such as rent, depreciation of office furniture, depreciation of computers, and general office costs are required to house all the services mentioned above. Without these administrative costs, the employees of APCO could not perform their work and provide the necessary services to the regulated utilities. These administrative costs also include training for corporate employees.

Corporate Affiliate Salaries Charges

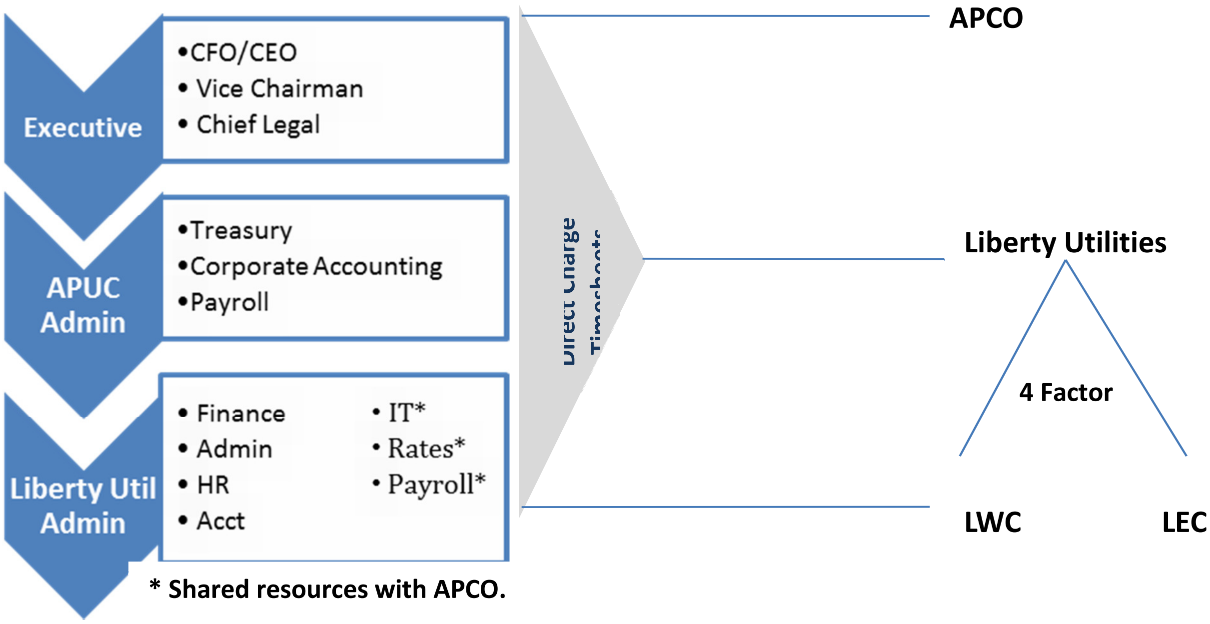
APUC Salaries Charges to its Affiliates

As described above, APUC provides benefits to the utilities it owns by use of a shared services model. Labor for services such as executive management, corporate accounting, treasury services, billing and customer service, human resources, health and safety, investor relations, and corporate finance are provided by APUC to its subsidiaries.

Through direct charging time via of time sheets, APUC attributes these labor costs among its operating subsidiaries and corporate activities. Each of the four entities (i.e. APUC, APCO, LWC, LEC) directly catalogue time spent working on each entity.

Liberty Utilities Charges to its Affiliates

Certain administrative functions are housed in Liberty Utilities. These functions provide administrative functions to Liberty Energy and Liberty Water. These functions include Accounting, Corporate Finance, Human Resources, Information Technology, Rates & Regulatory Affairs, and Utility Planning. Certain functions such as Information Technology and some Human Resources functions are provided from Liberty Utilities to APCO and APUC.



* Shared resources with APCO.

APUC charges labor rates at cost, which is the dollar hourly rate per employee as recorded in APUC's payroll systems, grossed up for burdens such as payroll taxes, health benefits, retirement plans, and other insurance provided to employees. At present, the burden rate is 81%. APUC employees charge time to either APCo, Liberty Water Co., and/or Liberty Energy Utilities Co. From time to time, APCo may provide Engineering Technical Labor to Liberty Utilities. These charges are typically capitalized, charged on the same basis using time sheets, plus an allocation for corporate overheads such as rent, materials/supplies, etc. Information Technology and Payroll, which are shared resources with APCO, will be charged to the unregulated business based on time sheets. Liberty Utilities staff directly charges Liberty Water and Liberty Energy via time sheets. Further, all labor that is directly attributable to any utility is charged directly via time sheets.

The following table demonstrates which corporate entity houses each business unit, and which entities may be charged for labor via timesheets on a weekly basis.

BUSINESS UNIT	CORPORATE ENTITY	Direct Charge Time-Sheet APUC	Direct Charge Time-Sheet APCO	Direct Charge Time-Sheet LWC	Direct Charge Time-Sheet LEUC
EXECUTIVE	APUC	X	X	X	X
TREASURY	APUC ADMIN	X	X	X	X

CORPORATE ACCOUNTING	**APUC ADMIN**	**X**	**X**	**X**	**X**
PAYROLL, IT	**LIBERTY UTILITIES ADMIN**	**X**	**X**	**X**	**X**
RATES, REGULATORY AFFAIRS, ACCOUNTING, UTILITY PLANNING, CUSTOMER SERVICE	**LIBERTY UTILITIES ADMIN**			**X**	**X**
LIBERTY HR	**LIBERTY UTILITIES ADMIN**			**X**	**X**

Since time sheets are used to charge Liberty Water or Liberty Energy, after the costs have been directly charged, a utility four factor model is used to apportion costs to the individual utilities. The "four factor" methodology allocates costs by relative size of the utilities. The methodology used by Liberty Water involves (1) Rate Base, (2) Total Customers, (3) Non-Labor Expenses and (3) Labor as allocating factors, with each factor assigned a specific weight. Liberty Water uses the following weights under this four factor methodology:

Utility Plant	50%
Customer Count	40%
Labor	5%
Expenses	5%
Total	**100%**

The following simplified hypothetical example demonstrates how the four factor allocation methodology would be calculated based on ownership of only two hypothetical utilities:

FACTOR	Utility 1	Utility 2	TOTAL ALL UTILTIES	UTILITY 1 % OF TOTAL	FACTOR WEIGHT	UTILITY 1 ALLOCATION
UTILITY PLANT	**727**	**371**	**1098**	**66%**	**50%**	**33%**
CUSTOMER COUNT	**6000**	**1000**	**7000**	**86%**	**40%**	**34%**
LABOR COSTS	**57**	**32**	**89**	**64%**	**5%**	**3%**
EXPENSES	**108**	**41**	**149**	**72%**	**5%**	**4%**
TOTAL ALLOCATION						**74%**

As can be seen from these hypothetical numbers, Utility 1 would be allocated 74% of total Administrative/Overhead Costs incurred by Liberty Water, based on its relative size and application of the four factors in comparison to Utility 2. Utility 2 would be allocated the remaining 26%. Liberty Water and Liberty Energy developed and utilized this methodology to better allocate costs, recognizing that larger utilities require more time and management attention and incur greater costs than smaller ones. Please see appendix 3 for a flow chart of how administrative time is charged to each utility.

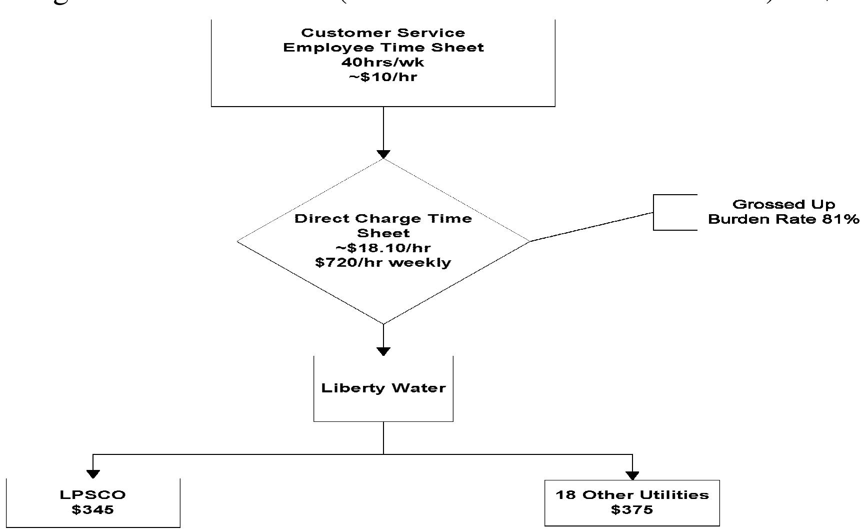
Other Labor Functions – Billing and Customer Service

Other labor functions such as Health and Safety, Billing and Customer Service may be incurred at the Liberty Water and Liberty Energy levels, respectively. These services are necessary for the utilities to provide adequate service to customers. Those costs, however, cannot be directly charged to each Regulated Utility using time sheets due to the nature of the costs. It is not practical to keep track of time for employees that serve multiple utilities during the course of a work day. For example, a customer service representative at Liberty Water's call center will field calls from customers of all Liberty Water utilities during a work day. This work directly benefits all of the utilities and should be allocated accordingly.

The following simplified example demonstrates how a customer service representative labor costs would be allocated to a regulated utility within Liberty Water:

Annual Salary	$30,000
Burden (at 81%):	$24,300
Total Labor Cost	$54,300

Time spent fielding LPSCO calls (based on 48% of customer count): = $26,046
Time spent fielding all other LWC calls (based on 52% of customer count): = $28,254



Other Allocations – Liberty Utilities overhead

Liberty Utilities incurs certain overhead costs for rent, administrative costs, depreciation of office furniture, depreciation of computers, etc. These costs are allocated based on the Utilities 4 factor model as described on page 12of the individual utilities. Please see appendix 4 for a visual representation of all of Liberty Utilities' allocations.

Appendixes

Appendix 1: NARUC Guidelines for Cost Allocations

Guidelines for Cost Allocations and Affiliate Transactions:

The following Guidelines for Cost Allocations and Affiliate Transactions (Guidelines) are intended to provide guidance to jurisdictional regulatory authorities and regulated utilities and their affiliates in the development of procedures and recording of transactions for services and products between a regulated entity and affiliates. The prevailing premise of these Guidelines is that allocation methods should not result in subsidization of non-regulated services or products by regulated entities unless authorized by the jurisdictional regulatory authority. These Guidelines are not intended to be rules or regulations prescribing how cost allocations and affiliate transactions are to be handled. They are intended to provide a framework for regulated entities and regulatory authorities in the development of their own policies and procedures for cost allocations and affiliated transactions. Variation in regulatory environment may justify different cost allocation methods than those embodied in the Guidelines.

The Guidelines acknowledge and reference the use of several different practices and methods. It is intended that there be latitude in the application of these guidelines, subject to regulatory oversight. The implementation and compliance with these cost allocations and affiliate transaction guidelines, by regulated utilities under the authority of jurisdictional regulatory commissions, is subject to Federal and state law. Each state or Federal regulatory commission may have unique situations and circumstances that govern affiliate transactions, cost allocations, and/or service or product pricing standards. For example, The Public Utility Holding Company Act of 1935 requires registered holding company systems to price "at cost" the sale of goods and services and the undertaking of construction contracts between affiliate companies.

The Guidelines were developed by the NARUC Staff Subcommittee on Accounts in compliance with the Resolution passed on March 3, 1998 entitled "Resolution Regarding Cost Allocation for the Energy Industry" which directed the Staff Subcommittee on Accounts together with the Staff Subcommittees on Strategic Issues and Gas to prepare for NARUC's consideration, "Guidelines for Energy Cost Allocations." In addition, input was requested from other industry parties. Various levels of input were obtained in the development of the Guidelines from the Edison Electric Institute, American Gas Association, Securities and Exchange Commission, the Federal Energy Regulatory Commission, Rural Utilities Service and the National Rural Electric Cooperatives Association as well as staff of various state public utility commissions.

In some instances, non-structural safeguards as contained in these guidelines may not be sufficient to prevent market power problems in strategic markets such as the generation market. Problems arise when a firm has the ability to raise prices above market for a sustained period and/or impede output of a product or service. Such concerns have led some states to develop codes of conduct to govern relationships between the regulated utility and its non-regulated affiliates. Consideration should be given to any "unique" advantages an incumbent utility would have over competitors in an emerging market such as the retail energy market. A code of conduct should be used in conjunction with guidelines on cost allocations and affiliate transactions.

A. DEFINITIONS

1. Affiliates - companies that are related to each other due to common ownership or control.

2. Attestation Engagement - one in which a certified public accountant who is in the practice of public accounting is contracted to issue a written communication that expresses a conclusion about the reliability of a written assertion that is the responsibility of another party.

3. Cost Allocation Manual (CAM) - an indexed compilation and documentation of a company's cost allocation policies and related procedures.

4. Cost Allocations - the methods or ratios used to apportion costs. A cost allocator can be based on the origin of costs, as in the case of cost drivers; cost-causative linkage of an indirect nature; or one or more overall factors (also known as general allocators).

5. Common Costs - costs associated with services or products that are of joint benefit between regulated and non-regulated business units.

6. Cost Driver - a measurable event or quantity which influences the level of costs incurred and which can be directly traced to the origin of the costs themselves.

7. Direct Costs - costs which can be specifically identified with a particular service or product.

8. Fully Allocated costs - the sum of the direct costs plus an appropriate share of indirect costs.

9. Incremental pricing - pricing services or products on a basis of only the additional costs added by their operations while one or more pre-existing services or products support the fixed costs.

10. Indirect Costs - costs that cannot be identified with a particular service or product. This includes but not limited to overhead costs, administrative and general, and taxes.

11. Non-regulated - that which is not subject to regulation by regulatory authorities.

12. Prevailing Market Pricing - a generally accepted market value that can be substantiated by clearly comparable transactions, auction or appraisal.

13. Regulated - that which is subject to regulation by regulatory authorities.

14. Subsidization - the recovery of costs from one class of customers or business unit that are attributable to another.

B. COST ALLOCATION PRINCIPLES

The following allocation principles should be used whenever products or services are provided between a regulated utility and its non-regulated affiliate or division.

1. To the maximum extent practicable, in consideration of administrative costs, costs should be collected and classified on a direct basis for each asset, service or product provided.

2. The general method for charging indirect costs should be on a fully allocated cost basis. Under appropriate circumstances, regulatory authorities may consider incremental cost, prevailing market pricing or other methods for allocating costs and pricing transactions among affiliates.

3. To the extent possible, all direct and allocated costs between regulated and non-regulated services and products should be traceable on the books of the applicable regulated utility to the applicable Uniform System of Accounts. Documentation should be made available to the appropriate regulatory authority upon request regarding transactions between the regulated utility and its affiliates.

4. The allocation methods should apply to the regulated entity's affiliates in order to prevent

subsidization from, and ensure equitable cost sharing among the regulated entity and its affiliates, and vice versa.

5. All costs should be classified to services or products which, by their very nature, are either regulated, non-regulated, or common to both.

6. The primary cost driver of common costs, or a relevant proxy in the absence of a primary cost driver, should be identified and used to allocate the cost between regulated and non-regulated services or products.

7. The indirect costs of each business unit, including the allocated costs of shared services, should be spread to the services or products to which they relate using relevant cost allocators.

C. COST ALLOCATION MANUAL (NOT TARIFFED)

Each entity that provides both regulated and non-regulated services or products should maintain a cost allocation manual (CAM) or its equivalent and notify the jurisdictional regulatory authorities of the CAM's existence. The determination of what, if any, information should be held confidential should be based on the statutes and rules of the regulatory agency that requires the information. Any entity required to provide notification of a CAM(s) should make arrangements as necessary and appropriate to ensure competitively sensitive information derived therefrom be kept confidential by the regulator. At a minimum, the CAM should contain the following:

1. An organization chart of the holding company, depicting all affiliates, and regulated entities.

2. A description of all assets, services and products provided to and from the regulated entity and each of its affiliates.

3. A description of all assets, services and products provided by the regulated entity to non-affiliates.

4. A description of the cost allocators and methods used by the regulated entity and the cost allocators and methods used by its affiliates related to the regulated services and products provided to the regulated entity.

D. AFFILIATE TRANSACTIONS (NOT TARIFFED)

The affiliate transactions pricing guidelines are based on two assumptions. First, affiliate transactions raise the concern of self-dealing where market forces do not necessarily drive prices. Second, utilities have a natural business incentive to shift costs from non-regulated competitive operations to regulated monopoly operations since recovery is more certain with captive ratepayers. Too much flexibility will lead to subsidization. However, if the affiliate transaction pricing guidelines are too rigid, economic transactions may be discouraged.

The objective of the affiliate transactions' guidelines is to lessen the possibility of subsidization in order to protect monopoly ratepayers and to help establish and preserve competition in the electric generation and the electric and gas supply markets. It provides ample flexibility to accommodate exceptions where the outcome is in the best interest of the utility, its ratepayers and competition. As with any transactions, the burden of proof for any exception from

the general rule rests with the proponent of the exception.

1. Generally, the price for services, products and the use of assets provided by a regulated entity to its non-regulated affiliates should be at the higher of fully allocated costs or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.

2. Generally, the price for services, products and the use of assets provided by a non-regulated affiliate to a regulated affiliate should be at the lower of fully allocated cost or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.

3. Generally, transfer of a capital asset from the utility to its non-regulated affiliate should be at the greater of prevailing market price or net book value, except as otherwise required by law or regulation. Generally, transfer of assets from an affiliate to the utility should be at the lower of prevailing market price or net book value, except as otherwise required by law or regulation. To determine prevailing market value, an appraisal should be required at certain value thresholds as determined by regulators.

4. Entities should maintain all information underlying affiliate transactions with the affiliated utility for a minimum of three years, or as required by law or regulation.

E. AUDIT REQUIREMENTS

1. An audit trail should exist with respect to all transactions between the regulated entity and its affiliates that relate to regulated services and products. The regulator should have complete access to all affiliate records necessary to ensure that cost allocations and affiliate transactions are conducted in accordance with the guidelines. Regulators should have complete access to affiliate records, consistent with state statutes, to ensure that the regulator has access to all relevant information necessary to evaluate whether subsidization exists. The auditors, not the audited utilities, should determine what information is relevant for a particular audit objective. Limitations on access would compromise the audit process and impair audit independence.

2. Each regulated entity's cost allocation documentation should be made available to the company's internal auditors for periodic review of the allocation policy and process and to any jurisdictional regulatory authority when appropriate and upon request.

3. Any jurisdictional regulatory authority may request an independent attestation engagement of the CAM. The cost of any independent attestation engagement associated with the CAM, should be shared between regulated and non-regulated operations consistent with the allocation of similar common costs.

4. Any audit of the CAM should not otherwise limit or restrict the authority of state regulatory authorities to have access to the books and records of and audit the operations of jurisdictional utilities.

5. Any entity required to provide access to its books and records should make arrangements as necessary and appropriate to ensure that competitively sensitive information derived therefrom be kept confidential by the regulator.

F. REPORTING REQUIREMENTS

1. The regulated entity should report annually the dollar amount of non-tariffed transactions

associated with the provision of each service or product and the use or sale of each asset for the following:

a. Those provided to each non-regulated affiliate.

b. Those received from each non-regulated affiliate.

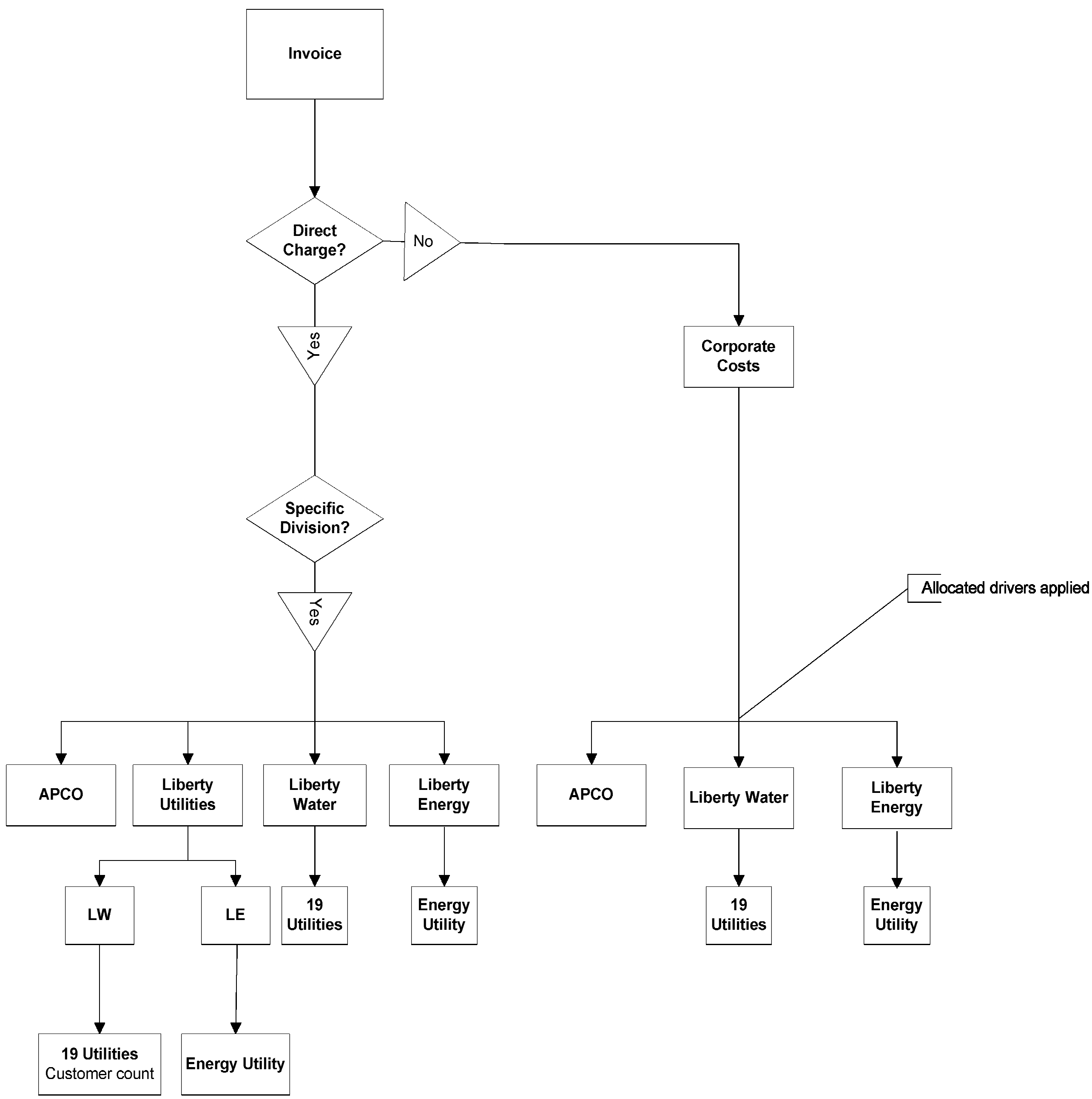
c. Those provided to non-affiliated entities.

2. Any additional information needed to assure compliance with these Guidelines, such as cost of service data necessary to evaluate subsidization issues, should be provided.

Source:
http://www.naruc.org/Publications/Guidelines%20for%20Cost%20Allocations%20and%20Affiliate%20Transactions.pdf

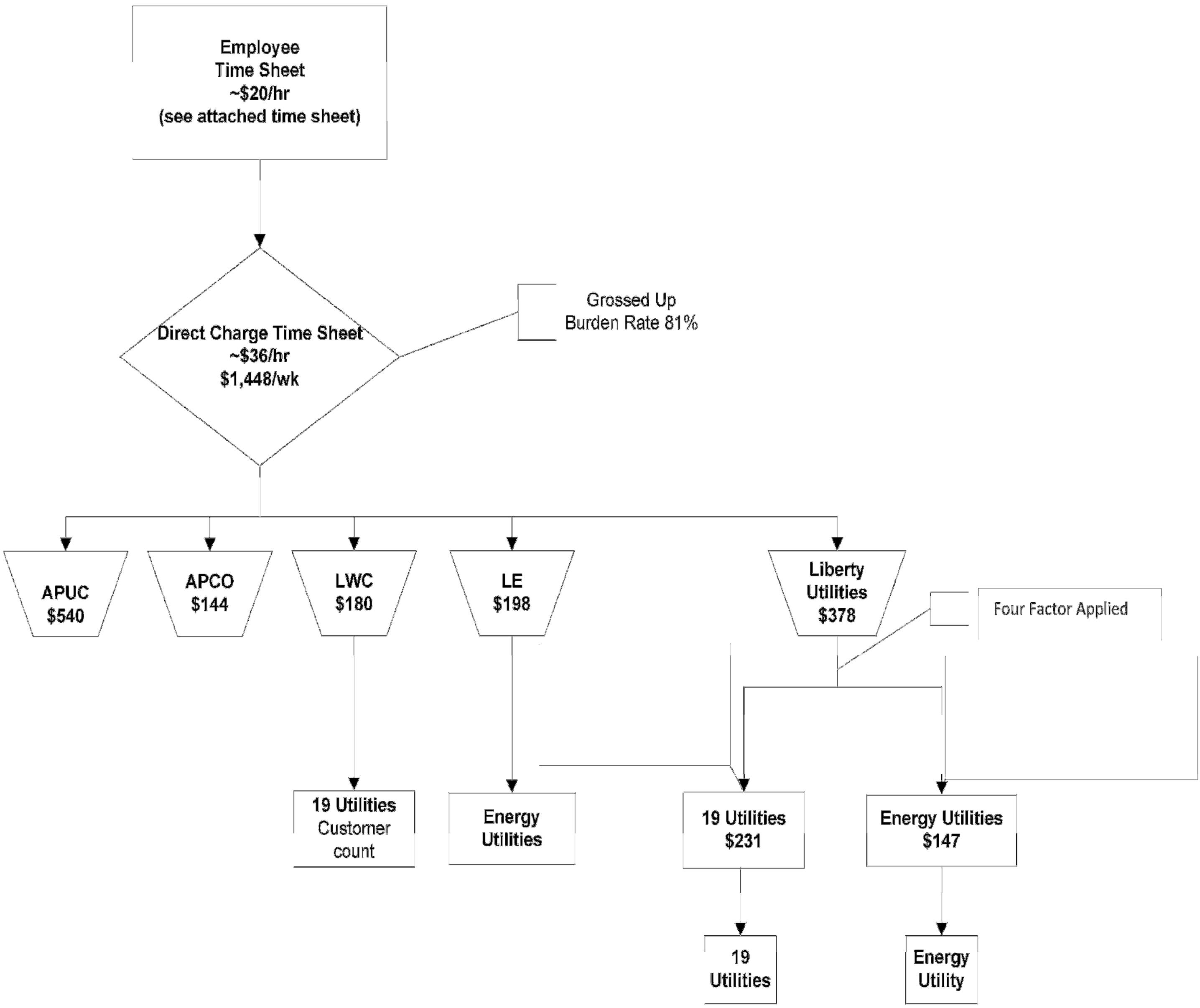
Appendix 2: Life of an invoice

A hypothetical example is being provided of an invoice received by APUC for services to be allocated to its subsidiaries. The below diagram is intended to visually communicate APUC's allocation to APCO, LWC, and LEC.



Appendix 3: Life of a Time Sheet

A hypothetical example is being provided of an employee's time sheet within the Treasury's business unit. The below diagram is intended to visually communicate an APUC's employee direct charge of time to its operating subsidiaries (i.e. APUC, APCO, LWC, LEC).



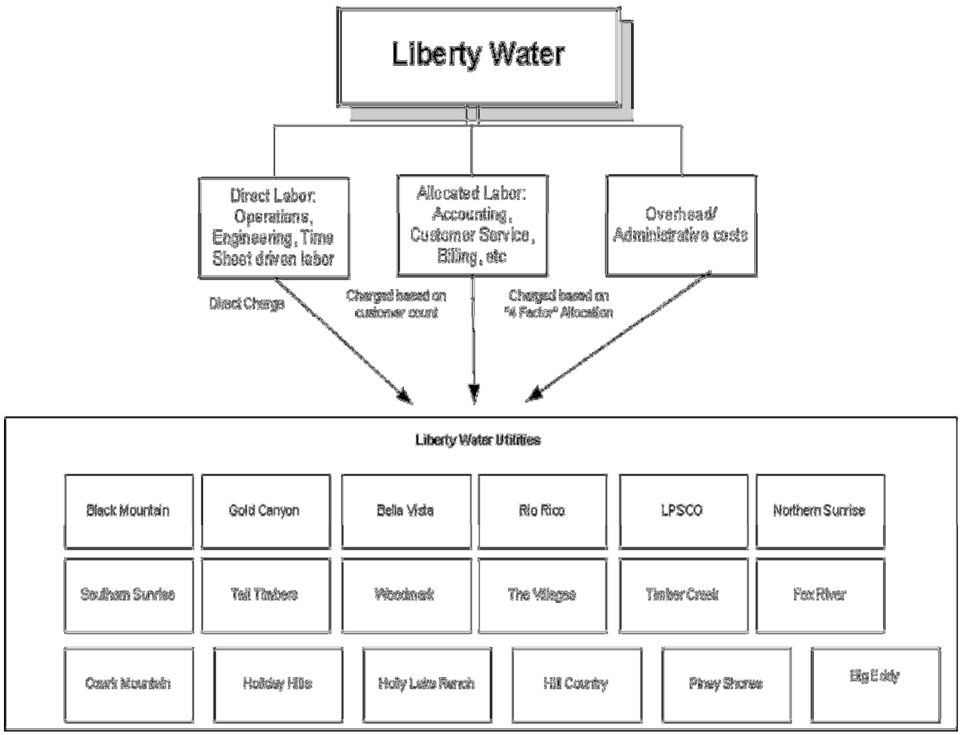
ALGONQUIN POWER & UTILITIES CORP. - WEEKLY TIME SHEET / FEUILLE DE TEMPS HEBDOMADAIRE

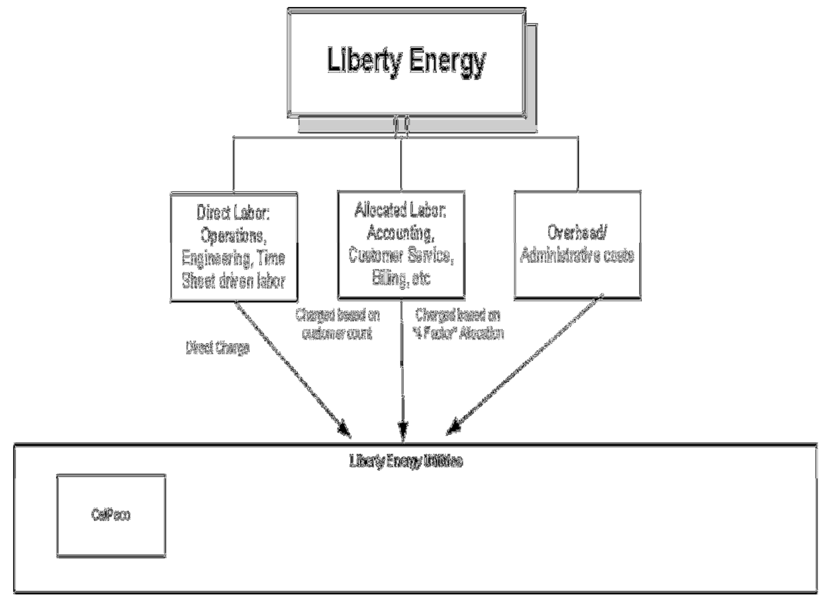
EMPLOYEE NAME:	APUC Employee	EMPLOYEE No:	1234	Week Ending:	30-Jan-10
	NOM DE L'EMPLOYÉ(E):	No.DE L'EMPLOYÉ(E):		Pour la semaine terminant :	

Day of Week / Jour de la semaine	Date	Time / Heure from / de	Time / Heure to / à	Hours / Heures	Plant / Client / Centrale / Client	OPS / FWO #	Cost Code / Code de facturation	STAT / FÉRIÉ	SCK / MAL	VAC / VAC	Description
Sunday											
Monday		9:00 A.M.	12:00 PM	3							APUC refinancing
		1:00 PM	4:00 PM	3							Liberty Utilities' Capital Requirments
		4:00 PM	5:00 PM	1							Interest rate risk on APUC refinancing
Tuesday		9:00 A.M.	11:00 AM	2							Apco Insurance
		11:00 AM	1:30 PM	2.5							Liberty Water Insurance
		2:30 PM	4:00 PM	1.5							Liberty Energy Insurance
		4:00 PM	5:00 PM	1							APUC Insurance
Wednesday		9:00 A.M.	11:00 AM	2							APCo Treasury Services
		11:00 AM	1:30 PM	2.5							Liberty Utilities' Capital Requirments
		1:30 PM	4:00 PM	2.5							Liberty Water Treasury Services
		4:00 PM	6:00 PM	2							Liberty Energy Treasury Services
Thursday		9:00 A.M.	11:00 AM	2							APUC refinancing
		11:00 AM	4:00 PM	5							Liberty Utilities' Capital Requirments
		4:00 PM	6:00 PM	2							Liberty Energy Treasury Services
Friday		9:00 A.M.	5:00 PM	8							APUC Treasury Services
Saturday											
TOTAL:				40.00							

SIGNATURE ____________ APPROVED / APPROUVÉ ____________

Appendix 4: Liberty Water and Liberty Utilities Allocations





Appendix 5: Algonquin Power Central Office Costs