



CUSTOMER SATISFACTION TRACKING NEW HAMPSHIRE GAS



OCTOBER 2015

LUTH
research

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OBJECTIVES & METHODOLOGY

Objectives:

- Analyze current customer satisfaction levels with Liberty Utilities among New Hampshire (NH) Gas Customers.
- Compare current customers satisfaction levels with previous years to determine whether satisfaction significantly increased or not over time.
- Identify areas for improvement in order to increase satisfaction in the future.

Methodology:

Number of Completed Interviews:	n=1511
Phone vs. Online Completion Ratio:	58% /42%
Fieldwork Dates:	8/12/2015 – 9/15/2015
Statistical Significance Level:	95%

Sampling:

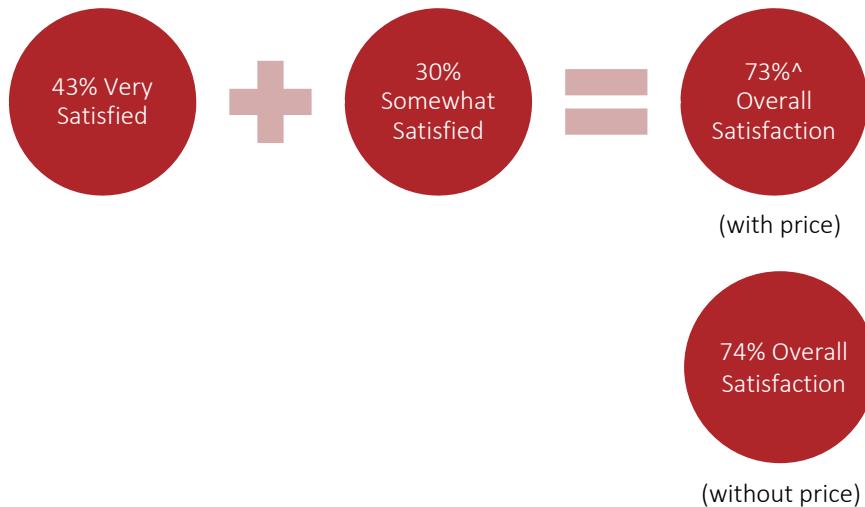
- Customers were randomly selected from a sample provided by Liberty Utilities for participation in the survey. The survey sample was representative of Liberty Utilities' New Hampshire Gas customers.
- As is the case in all survey samples, there is an element of sampling error that is known and measurable when making projections to the population of all Liberty Utilities' NH Gas Customers. Sampling error varies inversely with the size of the sample. With a sample size of n=1511 and a 95% confidence interval, the range of error for proportions observed in this survey is +/- 2.52 percentage points.



KEY FINDINGS & RECOMMENDATIONS

OVERALL SATISFACTION

Overall satisfaction significantly increased over the past year, growing from 69% to 73%.



- Whether price was included or excluded, satisfaction with Liberty increased with age.

The most common reason customers were satisfied was that they never had a problem or complaint with Liberty (35%).

- Many satisfied customers still had complaints, particularly about cost and billing.

Why Satisfied (Unaided)

- 35%* No problem/complaint
- 16%^ Service is good
- 13% Cost is too high

Problems with billing was the overwhelming reason for dissatisfaction, with costs a strong second.

- The percentage of customers mentioning confusing billing and poor customer service both increased in 2015.

Why Dissatisfied (Unaided)

- 49%^ Billing problems
- 30%^ Cost is too high
- 27%^ Poor customer service



KEY INDICATORS & COMPANY EVALUATION

- The increase in overall satisfaction corresponded with significant increases for seven of the ten Key Indicators. The significant increase in perceptions of bill/statement accuracy was of particular importance, as this was found to be the top driver of overall satisfaction.
- Customers were also significantly more satisfied with Liberty Utilities as a company, where there were significant improvements for seven of the nine metrics.

Key Indicators		Company Evaluation	
86%	Providing reliable gas services	73%	Protecting employee/public safety
82%	Providing safe gas services	71%^	Environmentally responsible
66%^	Accuracy of bill/statement	69%^	Quality of services
65%^	Payment options	65%^	Responsible corporate citizen
58%^	Customer service	61%	Being a well-run company
56%	Communications	61%^	Commitment to the community
56%^	Encouraging gas conservation	60%^	Values & long term commitments
44%^	Price	59%^	Being open about how it operates
44%^	Community presence	54%^	Providing good value for the price
36%^	Company website		

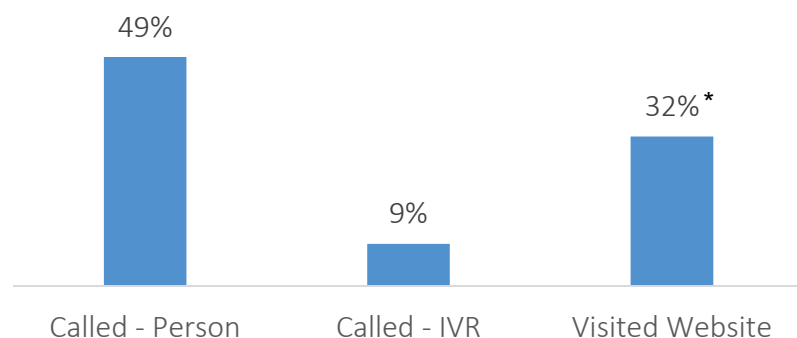
- ^ Significantly higher than 2014 scores
- Significantly lower than 2014 scores



CUSTOMER SERVICE

Customers most commonly contacted customer service via phone.

Contacted Customer Service By...



Top Reasons for Using

Billing info	Billing info	Pay bill
Customer service	Pay bill	Billing info

Overall satisfaction with customer service remained in line with the previous year (53%), although still well below the initial year of tracking (80%).



- The same held true for satisfaction with the various metrics for customer service staff and availability, with an average decrease of -1% from 2014 and -17% from 2012.

CUSTOMER BILLING



Customers were most satisfied with their bills being easy to read.

- Customers were significantly more likely to be satisfied with Liberty's payment options, bill accuracy, and provision of rate information in 2015, although levels for five of the six metrics remain below the initial year.

71% My bill is easy to read

68%^ Adequate payment options are provided

67% My bill is easy to understand

67% Payment options are easy to use

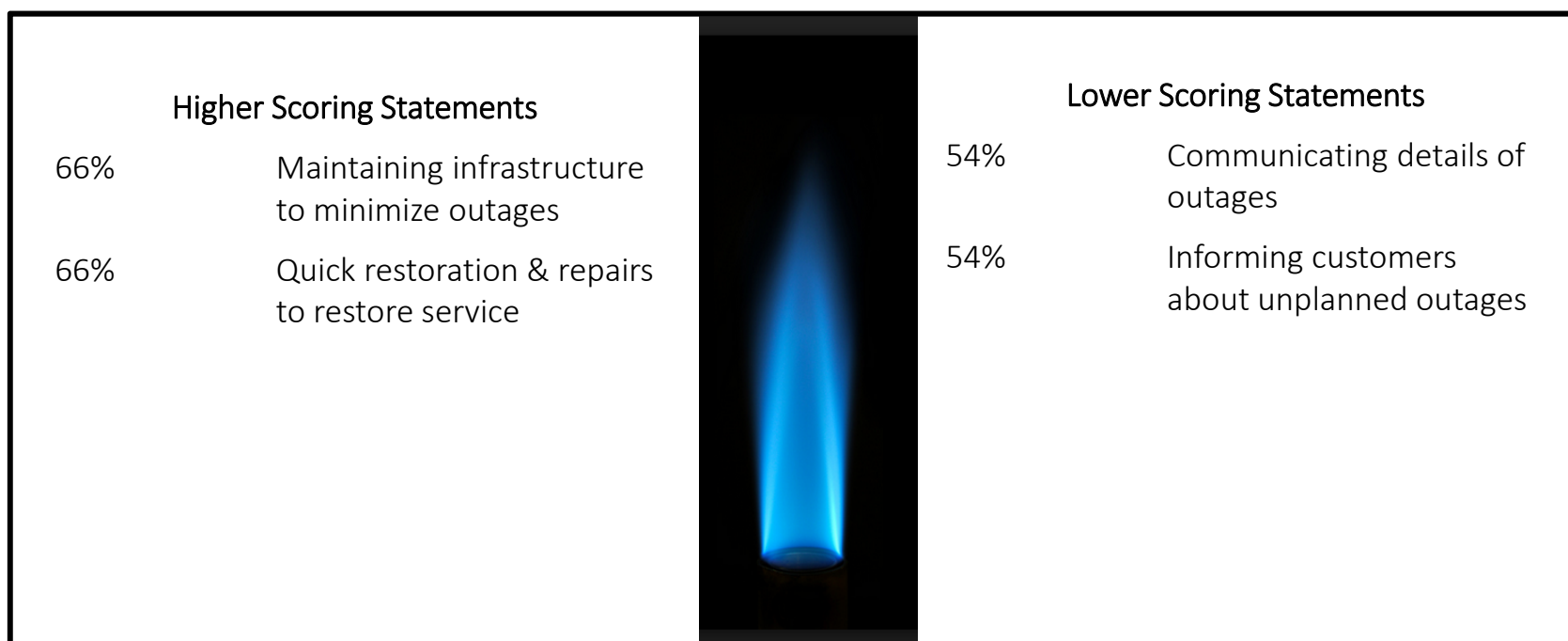
64%^ My bill is always accurate

59%^ Liberty provides useful information about how rates are determined



SERVICE OUTAGES

- One in ten customers experienced a service outage in the past year, a significant increase from 2014.
- Satisfaction with Liberty's communication about and resolution of service outages was on par with the previous year, and well above levels from the initial year of tracking.
- Customers were most satisfied with Liberty's proactive maintenance, and quick reaction time.

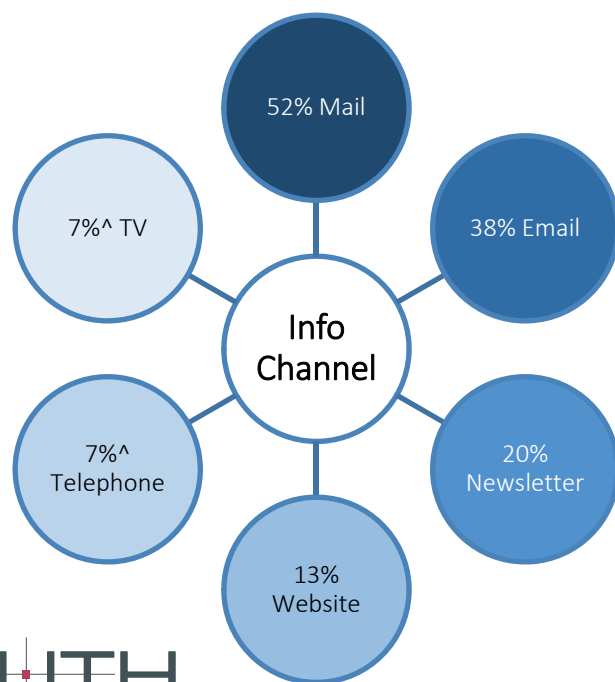
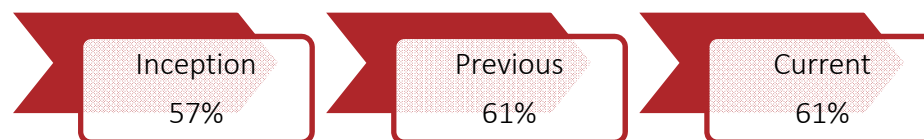




COMMUNICATION

- Three in five customers read their bill inserts always or sometimes.
- Top types of information desired from Liberty were rate information and energy/cost saving tips.

Read Bill Always/Sometimes:



- The most preferred method of communication was regular mail.



RECOMMENDATIONS

Overall Company:



- Overall satisfaction with Liberty took a positive turn from 2014 (up 4%, from 69% to 73%). This was largely due to significant increases for both accuracy of bill/statement as well as customer service, the top two drivers of customer satisfaction. Liberty must continue improving these service offerings to drive overall satisfaction up to the 80% target threshold.



- Continuing the trend from last year, satisfaction with Liberty increases along with the customer's age, and decreases as income rises. Liberty needs to continue reaching out to these segments in order to improve satisfaction amongst these groups. Improving website features and online bill payment options is recommended, since younger customers and higher income earners are more likely to use these services than older customers who are used to traditional forms of communicating with Liberty (such as through mail and telephone), and lower income customers who may not have access to these options.



RECOMMENDATIONS

Customer Service:



- While satisfaction with customer service remained stable from the year prior, there is still a significant gap from 2012 which met the 80% target threshold (-24% in 2015). Liberty has an opportunity to be creative in the way that they address this, particularly as it relates to technology-oriented solutions. One idea is to incorporate an 'instant chat window' into the Liberty website where customers can interact with representatives. This would help cut down on wait times, contributing to a more positive customer experience.



- Another idea is to create a mobile application where customers can do things such as track their energy consumption, pay bills, and be warned of potential outages via instant notifications. A mobile app can include features that remind customers to pay their bills, or alert them when their usage exceeds a predetermined threshold set by the customer. An option like this would help increase satisfaction among younger and higher income customers who tend to be more tech-savvy. Furthermore, this could enable some customers to go 'paperless' thus avoiding lost/misplaced payments or bills, and allow payments to post faster. Additionally, going paperless would contribute to the customer's perception that Liberty is operating in an environmentally responsible manner.



RECOMMENDATIONS

Customer Billing:



- Concerns around billing continue to have a negative impact on overall customer satisfaction metrics. Customers report that they would like to see more transparency and consistency with billing. Complaints are also made about not receiving bills on time, or at all.
- Slow updates to customers' accounts are another source of billing-related frustration. Dissatisfied customers complain about not knowing how much they owe, payments taking several weeks to post, or seeing inaccurate amounts on their online account summary statements. Liberty needs to make a more concerted effort to make sure customer records are updated, which will reduce confusion in this area.
- Additionally, customers would like to see more online billing/payment options, and be able to set up recurring/automatic payments.

Service Outages:



- Overall, customers feel that Liberty provides reliable and safe gas services, and is quick to make repairs after general service interruptions. However, the majority of complaints regarding outages are associated with billing errors or services being interrupted due to late payments. The perception here is that Liberty is not flexible in these scenarios, which may be negatively impacting satisfaction ratings. One way to address this is to allow customers who experience service interruptions due to late payments to have the option of turning their service back on during the weekend, rather than wait until the next business day.

RECOMMENDATIONS



Communication:



- It is important for Liberty Utilities to maintain presence and visibility amongst the communities it provides services to, especially in areas where Liberty has recently entered. Liberty should continue to provide information by using all communications mediums especially regular mail and email. Doing so increases Liberty's visibility and helps build trust with the communities it services.
- Continuing to provide tips on how customers can save energy and reduce costs go a long way towards building customer's trust and their perception that Liberty is looking out for their best interest in the long run, thus contributing to increasing overall satisfaction.
- Customers want Liberty to communicate with them about price increases, and provide reasons why prices are increasing. Some frustration revolves around price increases after Liberty took over from National Grid, and little to no explanation was provided to customers for the increases. Obviously customers don't like price increases; however, they are more accepting of price increases if they are justified/explained to them, and if Liberty is willing to be flexible with making payment arrangements to customers in lower income brackets who are most affected by price increases.



DETAILED FINDINGS

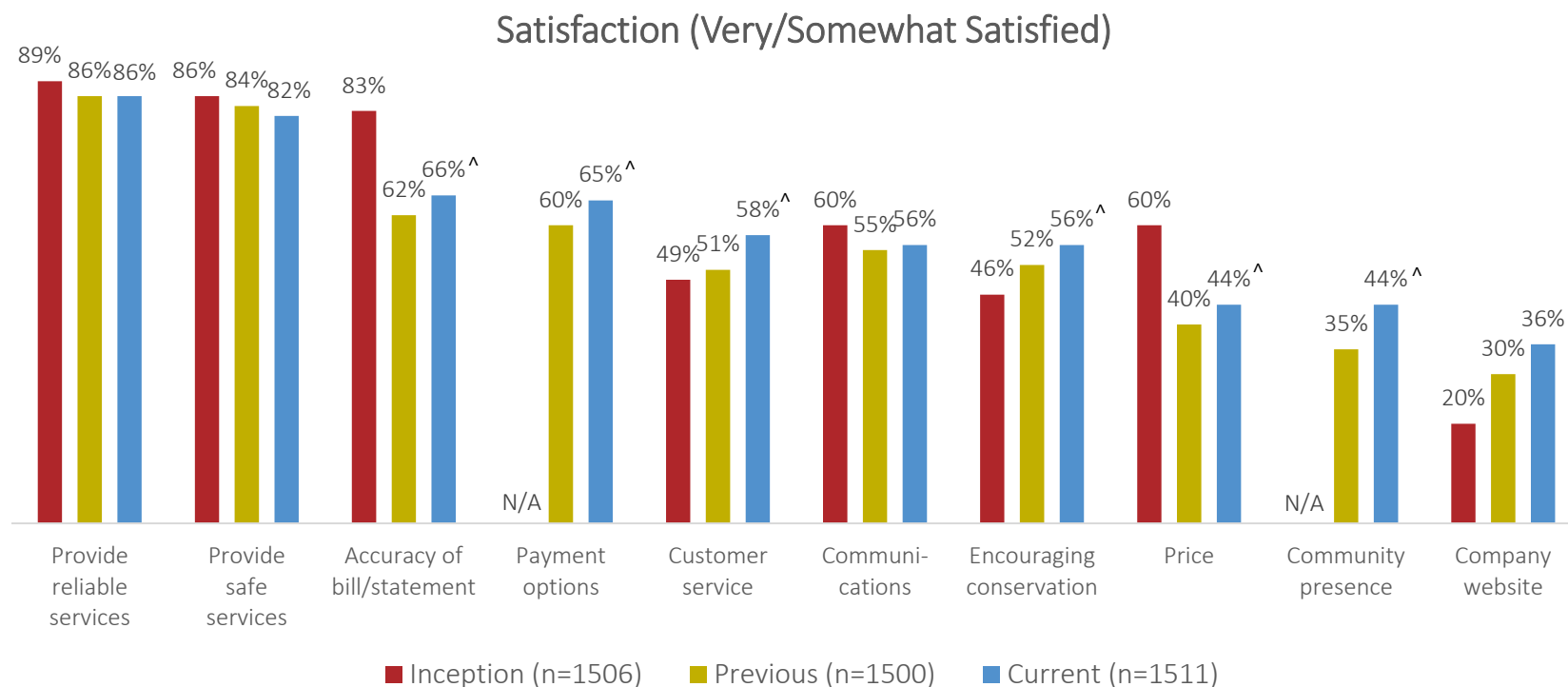


OVERALL SATISFACTION & EVALUATION



KEY INDICATORS

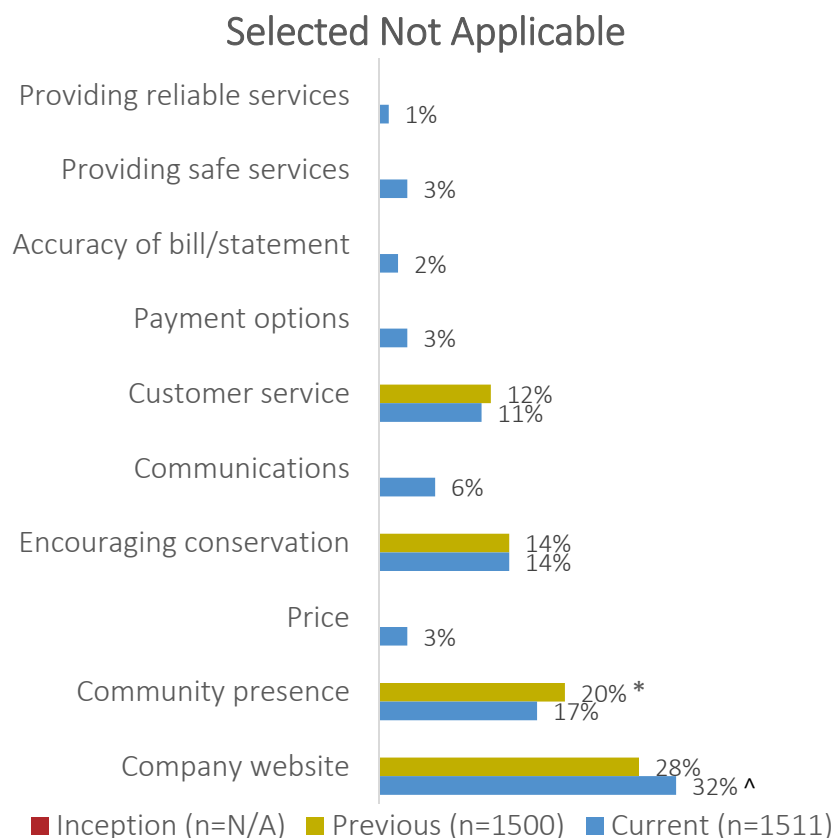
- Customers continued to be satisfied with Liberty's provision of reliable and safe services.
- Several areas saw significant increases from 2014, including accuracy of bill/statement, payment options, customer service, price, encouraging conservation, company website, and community presence.





REASONS FOR SELECTING N/A

- Nearly half of customers selected 'Not Applicable' for one or more key indicators, mainly because they had not used the service or feature they were asked about.



Reasons Why

(5%+ Mentions)

	Previous	Current
Base (Respondents who selected N/A for 1+ statements)	n=657	n=688
Haven't used this	55%	54%
Haven't heard anything about this	21%	22%
Don't know the meaning of this	8%	12%^
Other	2%	7%^

^/* Indicates score is significantly higher/lower than the previous year

Note This question was not asked in the Inception year, and was only asked for Customer service, Encouraging conservation, Community presence, and Company website in the Previous year

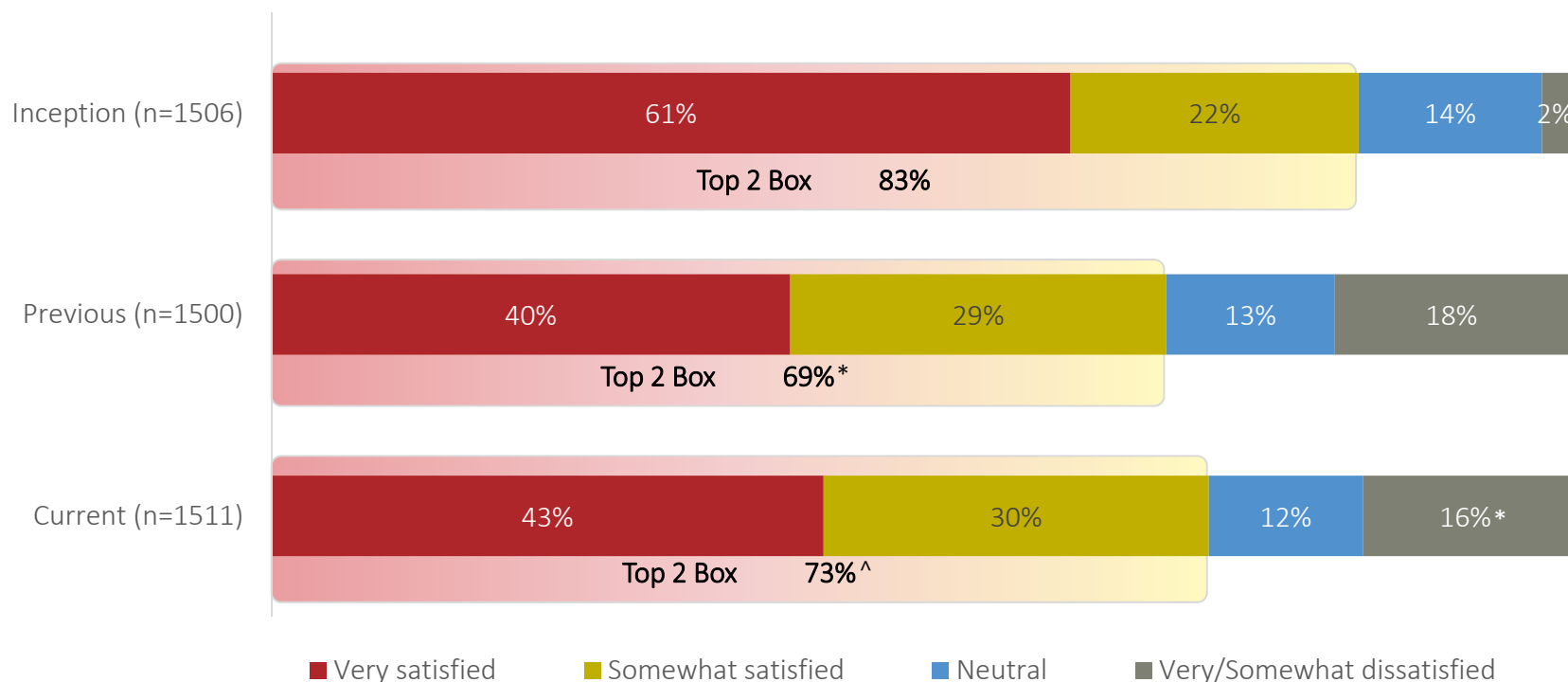
Q2b Why did you say that the following aspects of Liberty Utilities' services are not applicable to you? Please be as specific as possible.



OVERALL SATISFACTION

- Overall satisfaction improved by 4% in 2015, a significant increase from the previous year.
- Overall satisfaction for the 18-44 age group remained steady from 2014, while overall satisfaction significantly increased for the 45-64 and 65+ age groups.

Overall Satisfaction with Liberty Utilities

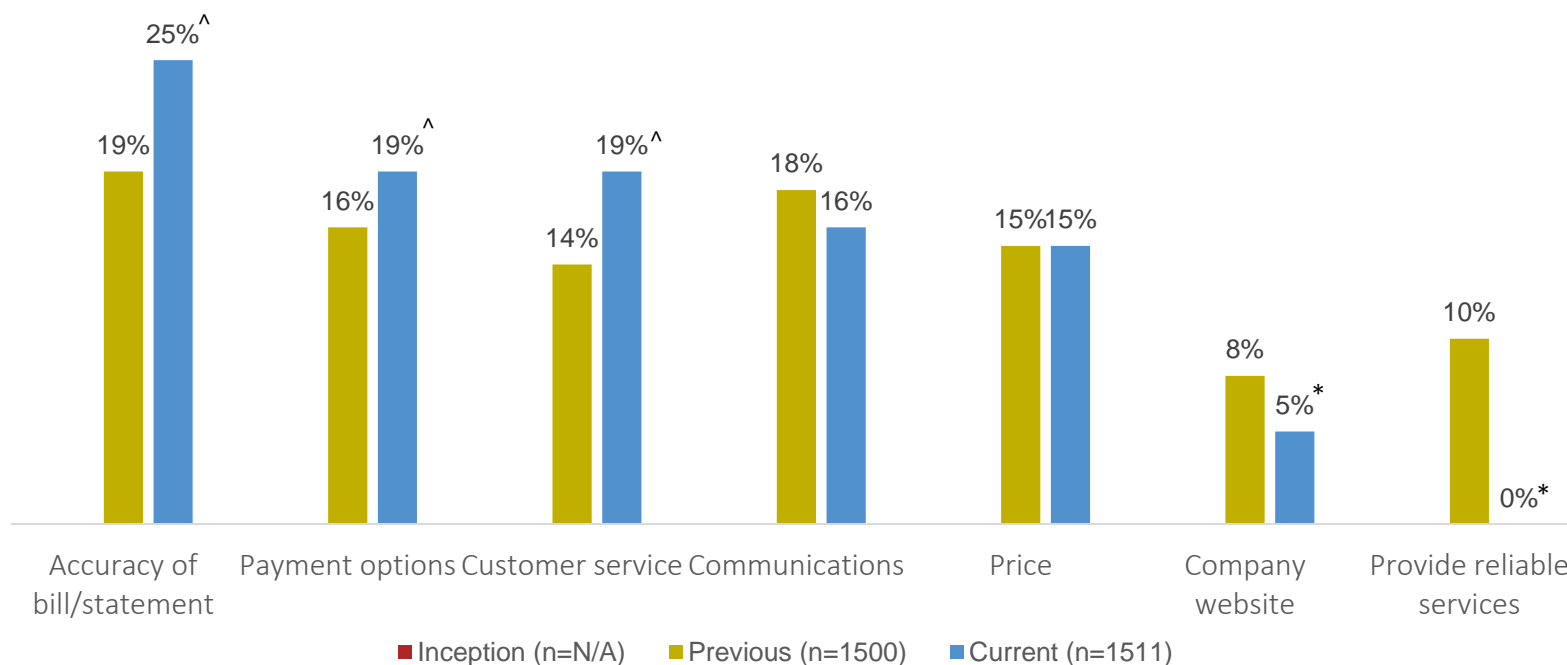




DRIVERS OF SATISFACTION

- A regression analysis was conducted to help quantify the impact of the Key Indicators on overall satisfaction with Liberty Utilities. The results for the attributes which had a significant impact on satisfaction are shown below.
- Bill accuracy remained the largest contributor to overall satisfaction with Liberty. Compared with 2014, the importance of bill accuracy, payment options and customer service increased.

Impact on Satisfaction with Liberty Utilities*



**

Based on standardized regression coefficients

^/*

Indicates score is significantly higher/lower than the previous year

Q2

Please rate Liberty Utilities in the following areas by using a 5-point scale with 5 being "Very Satisfied" and 1 being "Very Dissatisfied".

Q3

Overall, how satisfied are you with Liberty Utilities?

REASONS FOR SATISFACTION/DISSATISFACTION



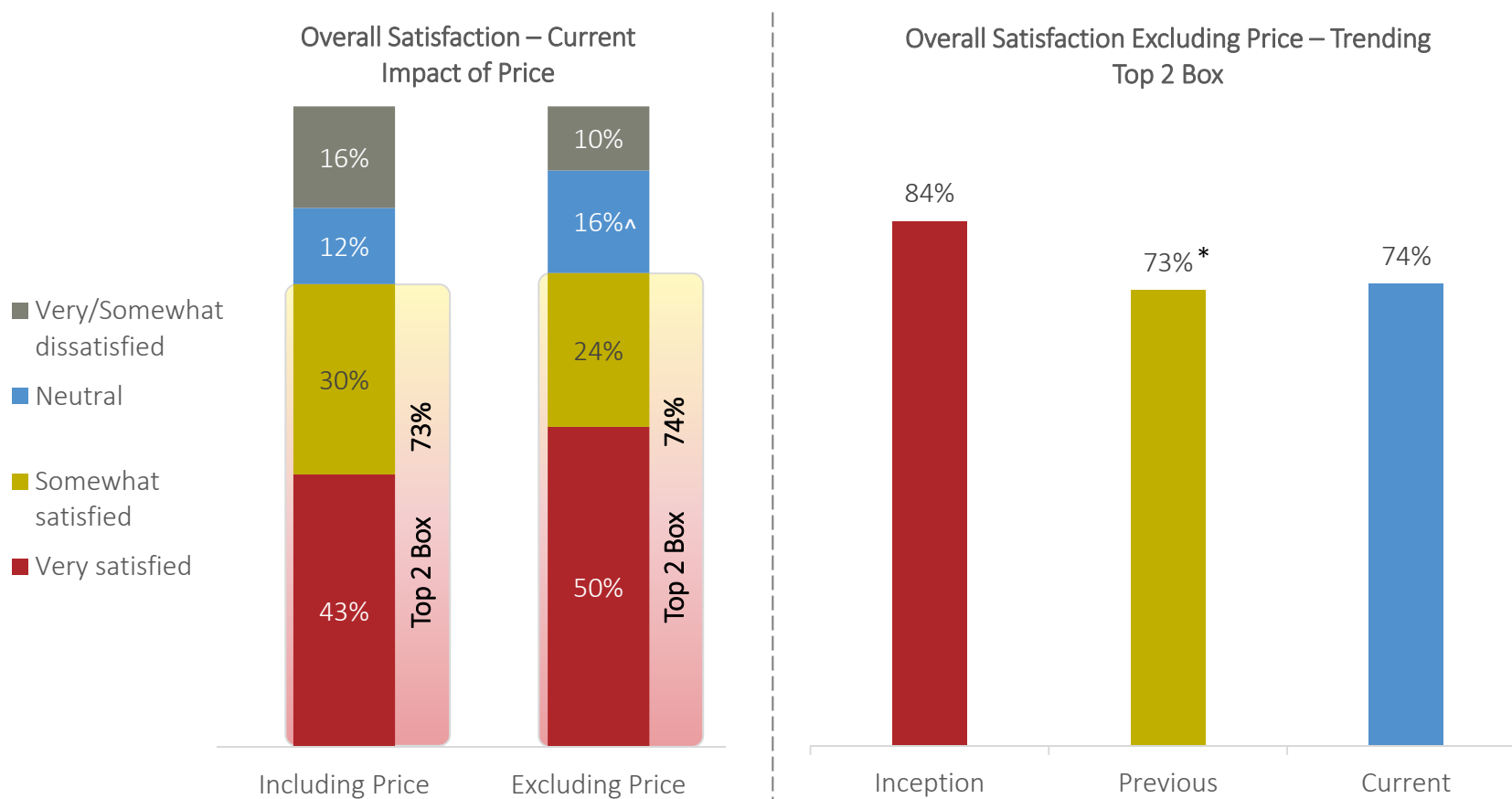
- 'Never had a problem/complaint' remained the top reason for satisfaction with Liberty Utilities in 2015, although the percentages of customers stating this as their reason for satisfaction significantly dropped from the previous year. 'Service is satisfactory/good/excellent' increased significantly.
- The top reasons for dissatisfaction were related to cost and billing, both of which increased significantly over the past 12 months. This is important to note, since billing is the top driver of satisfaction.

Suggestions for Improvements	Inception	Previous	Current	Difference from Previous
Why Satisfied	n=1256	n=1033	n=1100	
Never had a problem/complaint	57%	40%	35%	-5%*
Service is satisfactory/good/excellent	4%	9%	16%	+7%^
Cost is too high/rate increases	4%	11%	13%	+2%
Why Dissatisfied	n=36	n=276	N=234	
Billing is confusing/problematic	22%	36%	49%	+13%^
Cost is too high/rate increases	19%	20%	30%	+10%^
Poor/unfriendly/uncaring customer service	17%	13%	27%	+14%^
Insufficient online services/payment options	3%	1%	9%	+8%^
Website not user-friendly/informative	n/a	8%	6%	-2%
Poor communication/response/unable to contact	n/a	3%	5%	+2%



OVERALL SATISFACTION EXCLUDING PRICE

- Overall satisfaction with Liberty Utilities did not change when price was excluded from the evaluation, further evidence that other factors, such as billing and customer service, had a larger impact on this metric.



[^]/^{*} Indicates score is significantly higher/lower than the previous year

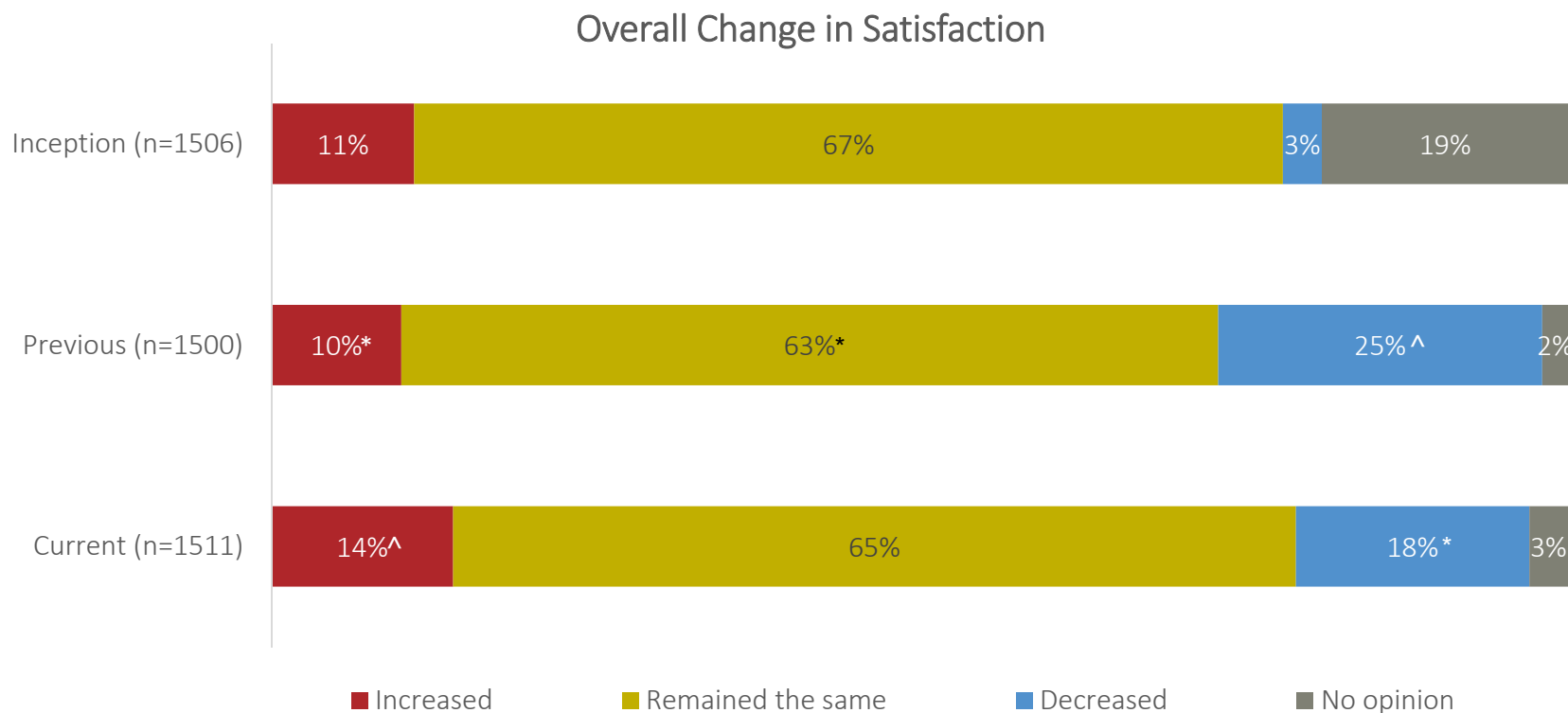
Q3 Overall, how satisfied are you with Liberty Utilities?

QEASTO1 Using a scale where 5 is "very satisfied" and 1 is "very dissatisfied", how satisfied are you with the services, excluding price, that you are receiving from Liberty Utilities?



OVERALL CHANGE IN SATISFACTION

- Two-thirds of New Hampshire Gas customers said their overall satisfaction with Liberty Utilities remained the same over the past year.
- 14% reported an increase, which was significantly higher than the year prior. 18% reported a decrease, which was significantly less than the year prior.

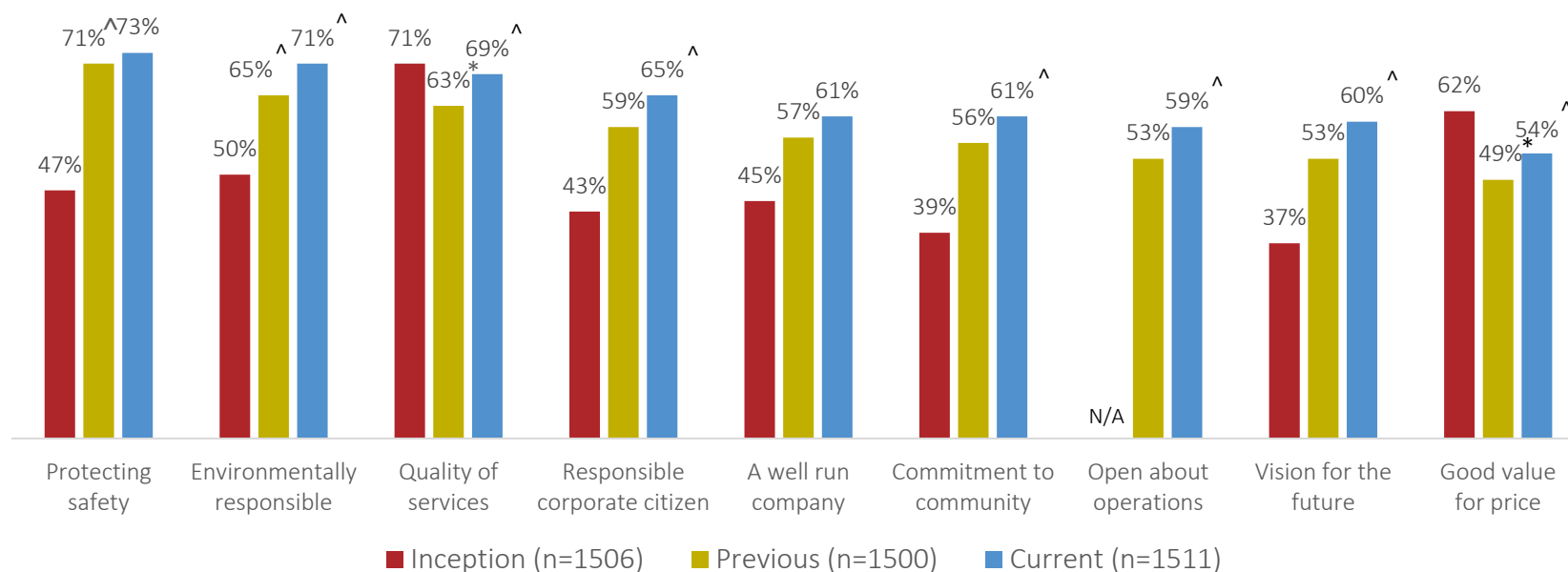




COMPANY EVALUATION

- Overall, customers were significantly more likely to be satisfied with Liberty Utilities as a company in 2015 compared to the year prior, with the largest increase for 'Vision for the future.'

Company Evaluation (Excellent/Good)



^/*
Note
Q5

Indicates score is significantly higher/lower than the previous year
Where applicable, all scores shown with N/A excluded from the base
Based on a scale from 1 to 5 where 1 is "Poor" and 5 is "Excellent", please rate how good a job Liberty Utilities does on each of the following items: (excluding Not Applicable/No Experience)



REASONS FOR SELECTING N/A

- Customers were most likely to select Not Applicable for metrics related to how the company is managed; few selected Not applicable for price and service quality. Not Applicable was more likely to be selected this year because customers had no experience in a given area, rather than lack of understanding the question.

Selected Not Applicable



■ Inception (n=N/A) ■ Previous (n=1500) ■ Current (n=1511)

Reasons Why (5%+ Mentions)

	Previous	Current
Base (Respondents who selected N/A for 1+ statements)	n=709	n=630
Have no experience in this area	28%	48%^
Not sure what is meant by this	59%	32%*
Other	6%	11%^



CUSTOMER SERVICE

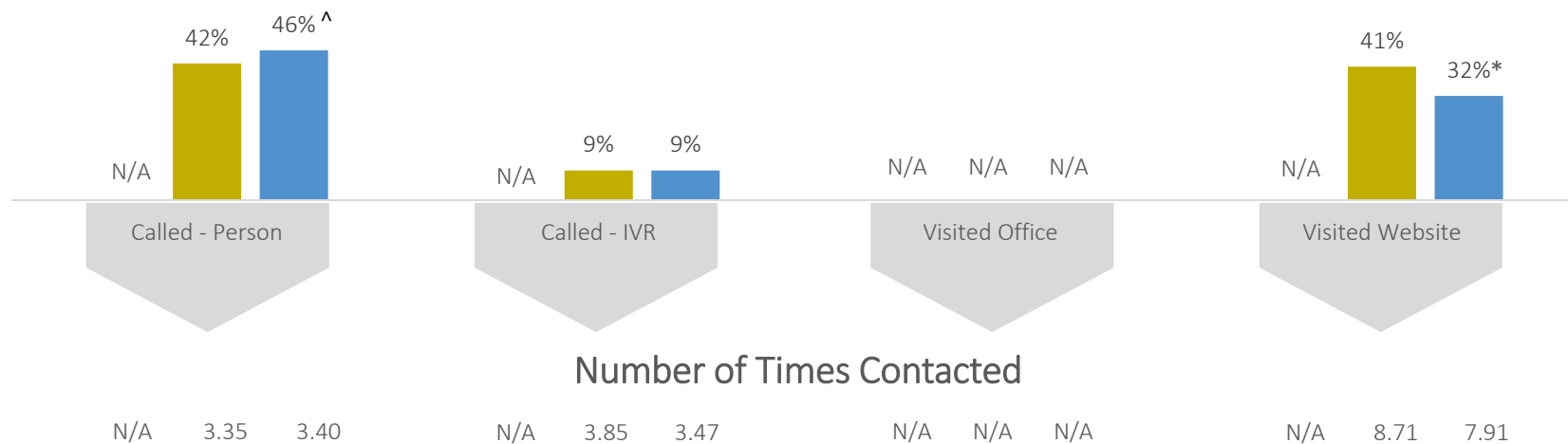
CUSTOMER SERVICE



- Customers most often contacted customer service by calling and speaking with a person; this saw a significant increase from the year prior.
- Customers were less likely to visit the website for customer service in 2015 than in 2014.

Contacted Customer Service By...

■ Inception (n=1506) ■ Previous (n=1500) ■ Current (n=1511)



^/*

Indicates score is significantly higher/lower than the previous year

Q6z

Which of the following have you done in the past year? Please select all that apply.

Q6x

When you called Liberty Utilities in the past year, did you...?

Q6a

To the best of your recollection, how many times have you done each of the following within the last year?

REASONS FOR CONTACTING CUSTOMER SERVICE



- There was a significant decline from 2014 in respondents (across all age and income groups) calling and speaking to a person for customer service.
- There was also a significant decline from 2014 in respondents calling and speaking to a person in order to pay a bill.

	Inception	Previous	Current
Called – Person	n=N/A	n=471	n=650
For customer service	N/A	71%	58%*
To pay a bill	N/A	42%	32%*
Needed billing information	N/A	N/A	59%
Needed company information	N/A	N/A	59%
Start or stop service	N/A	N/A	27%
Change or inquire about account information	N/A	N/A	33%
Energy saving information	N/A	N/A	4%
Outage information	N/A	N/A	5%
Alternative energy	N/A	N/A	2%
To report an emergency	N/A	8%	7%

REASONS FOR CONTACTING CUSTOMER SERVICE



- Calling with inquiries regarding billing and for customer service continued to be the top reasons why customers utilized the IVR, even though there was a significant decline of utilization of the IVR for these types of inquiries from 2014.

	Inception	Previous	Current
Called – IVR	n=N/A	n=106	n=128
For customer service	N/A	59%	45%*
To pay a bill	N/A	54%	45%*
Needed company information	N/A	N/A	8%
Needed billing information	N/A	N/A	48%
Start or stop service	N/A	N/A	45%
Change or inquire about account information	N/A	N/A	16%
Energy saving information	N/A	N/A	3%
Outage information	N/A	N/A	9%
Alternative energy	N/A	N/A	2%
To report an emergency	N/A	7%	3%

REASONS FOR CONTACTING CUSTOMER SERVICE



- There was a significant drop in the usage of Liberty's website to pay bills.
- There was a small but significant increase from 2014 for customers using the website to report an emergency.

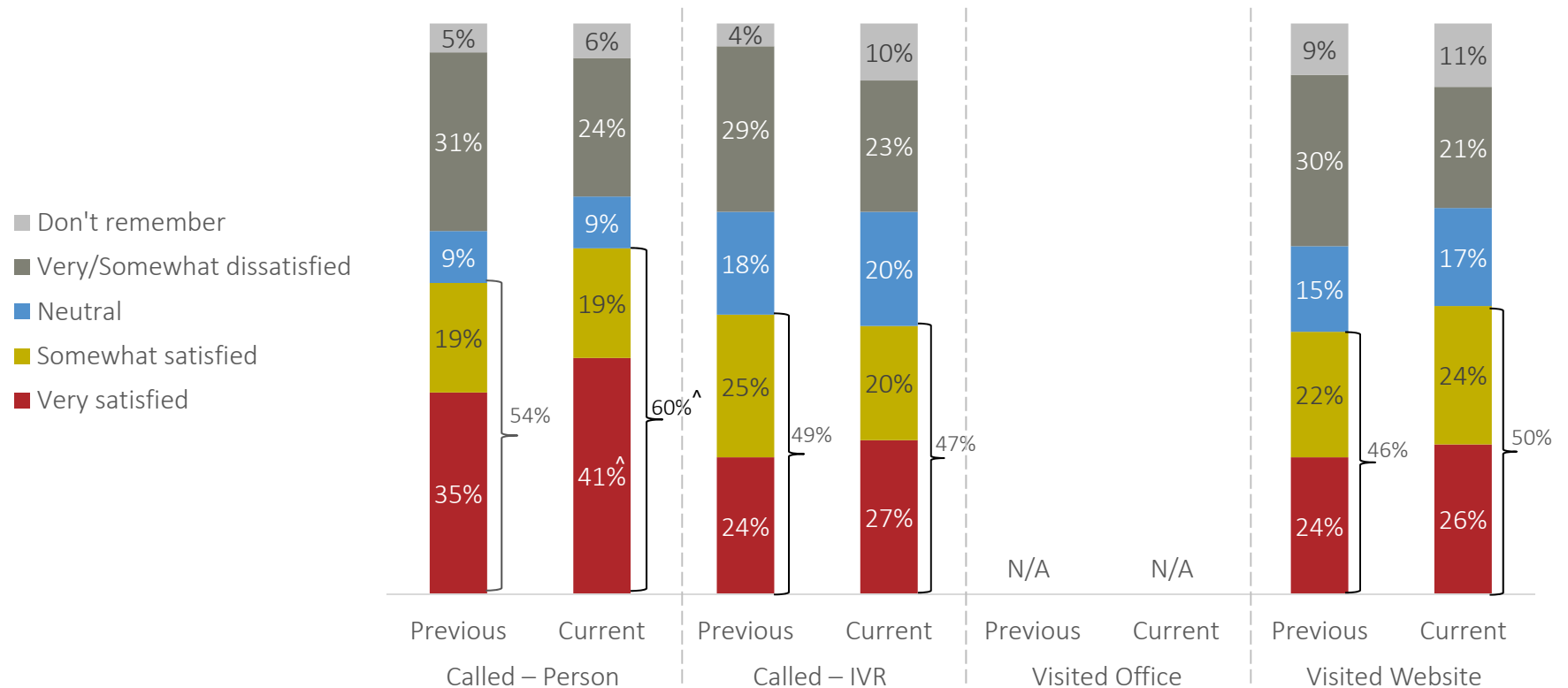
	Inception	Previous	Current
Visited Website	n=N/A	n=470	n=433
For customer service	N/A	20%	25%
To pay a bill	N/A	85%	62%*
Needed company information	N/A	N/A	26%
Needed billing information	N/A	20%	25%
Start or stop service	N/A	N/A	11%
Change or inquire about account information	N/A	N/A	25%
Energy saving information	N/A	N/A	19%
Outage information	N/A	N/A	8%
Alternative energy	N/A	N/A	8%
To report an emergency	N/A	1%	3%^

SATISFACTION WITH CONTACT METHOD



- There was a significant increase from 2014 in satisfaction among customers calling Liberty and speaking to a person.

Satisfaction with Each Contact Method

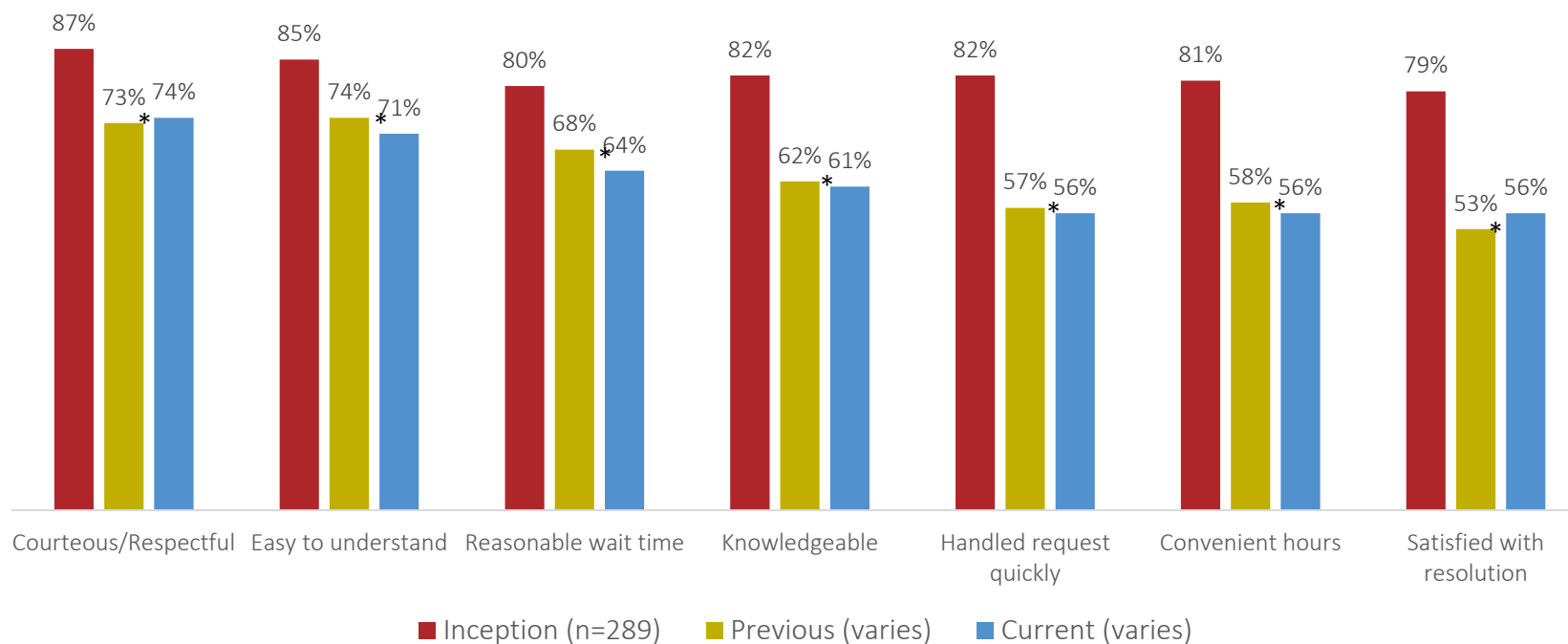




SATISFACTION WITH CUSTOMER SERVICE

- Satisfaction with the customer service staff and availability was on par with levels seen the year prior, although still well below levels from the first year of tracking.

Satisfaction (Strongly/Somewhat Agree)



^/*
Q7

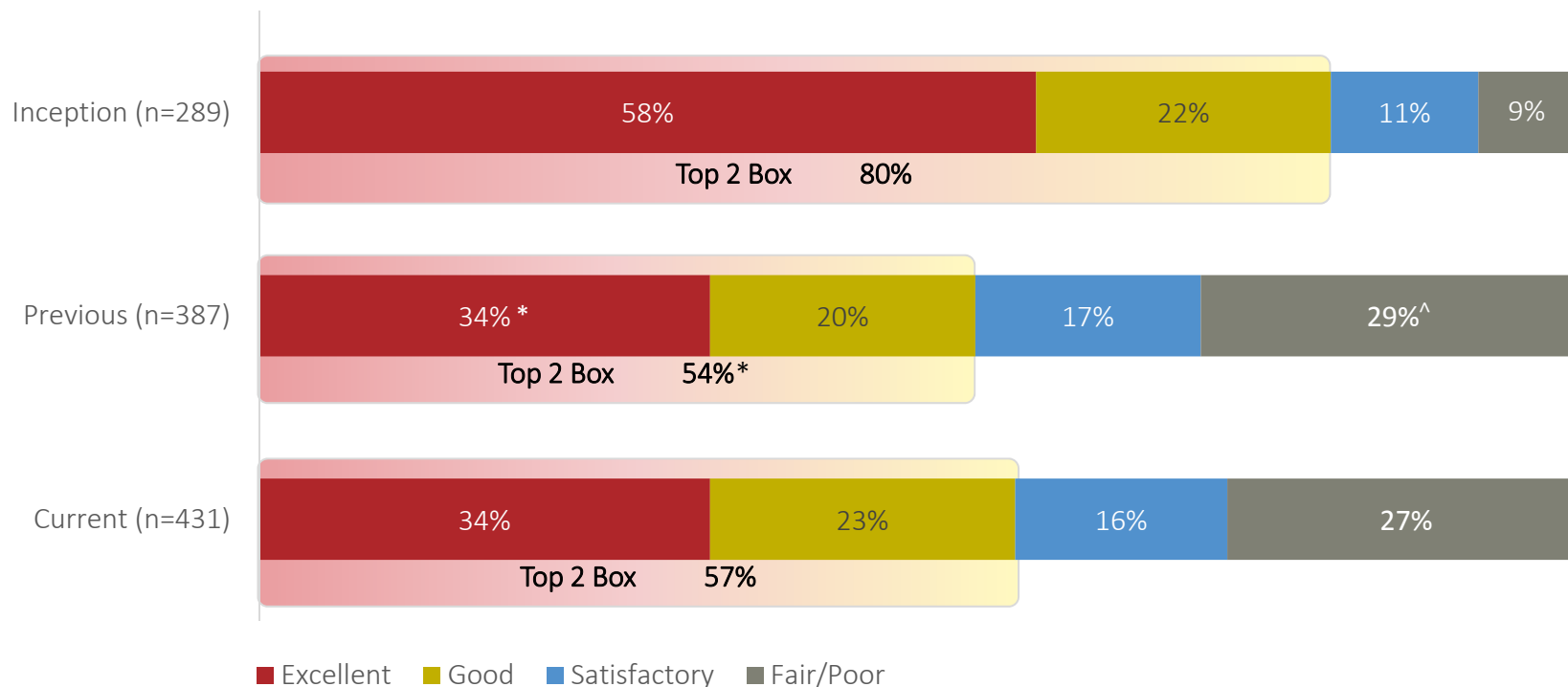
Indicates score is significantly higher/lower than the previous year
Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements about Liberty Utilities' customer service. If you have called more than once within the last year, please think only about your last contact with Liberty Utilities.



RATING OF OVERALL EXPERIENCE

- Overall satisfaction with Liberty's customer service experience remained in line with 2014, with just over half of customers rating their experience as excellent or good. There is an opportunity to improve customers' experience with customer service, as it is the second most important driver of overall satisfaction with Liberty Utilities.

Overall Satisfaction with Customer Service



^/* Indicates score is significantly higher/lower than the previous year
Q8 Overall, how would you rate your experience with the customer service you received on a 5-point scale where 5 means 'Excellent' and 1 means poor.

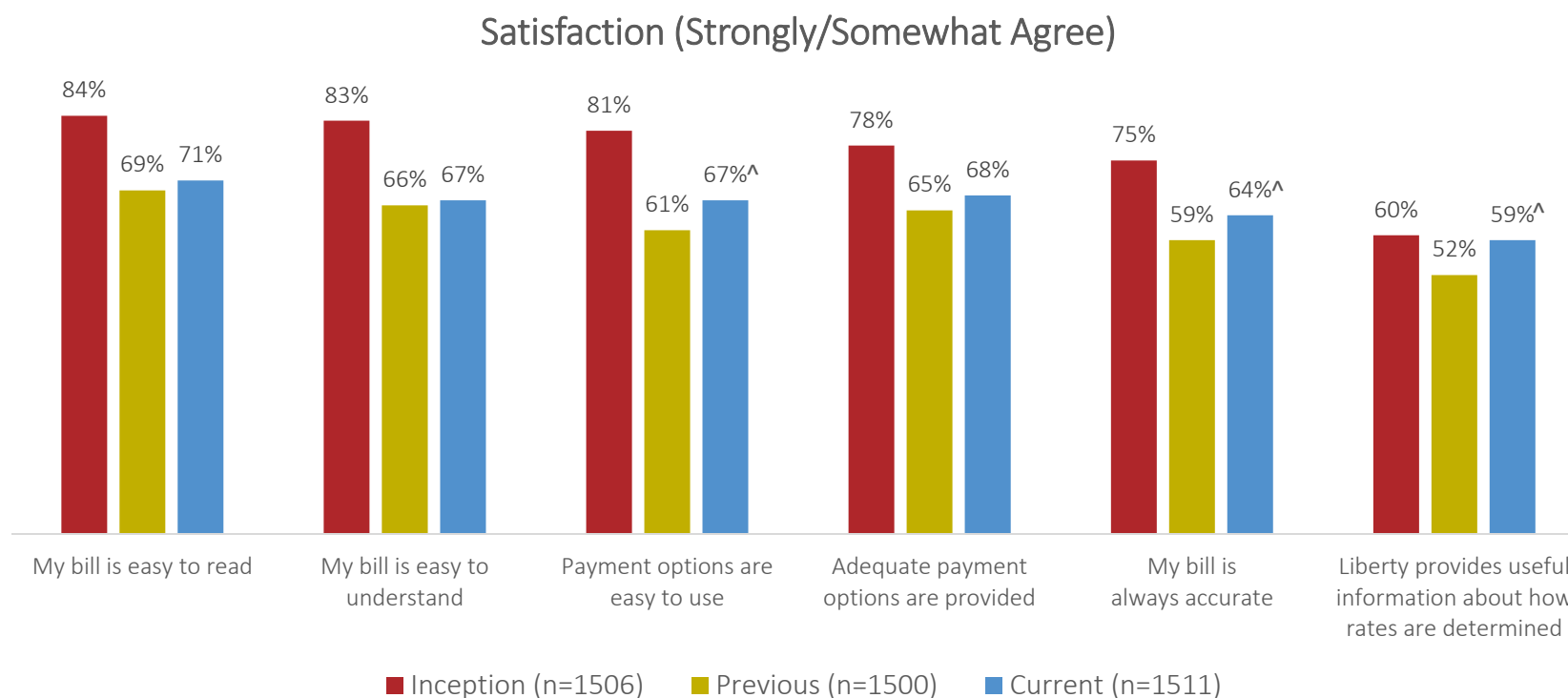


CUSTOMER BILLING



SATISFACTION WITH CUSTOMER BILLING

- Customers were significantly more likely to be satisfied with Liberty's payment options, bill accuracy, and provision of rate information in 2015, although levels for five of the six metrics remain below the initial year.





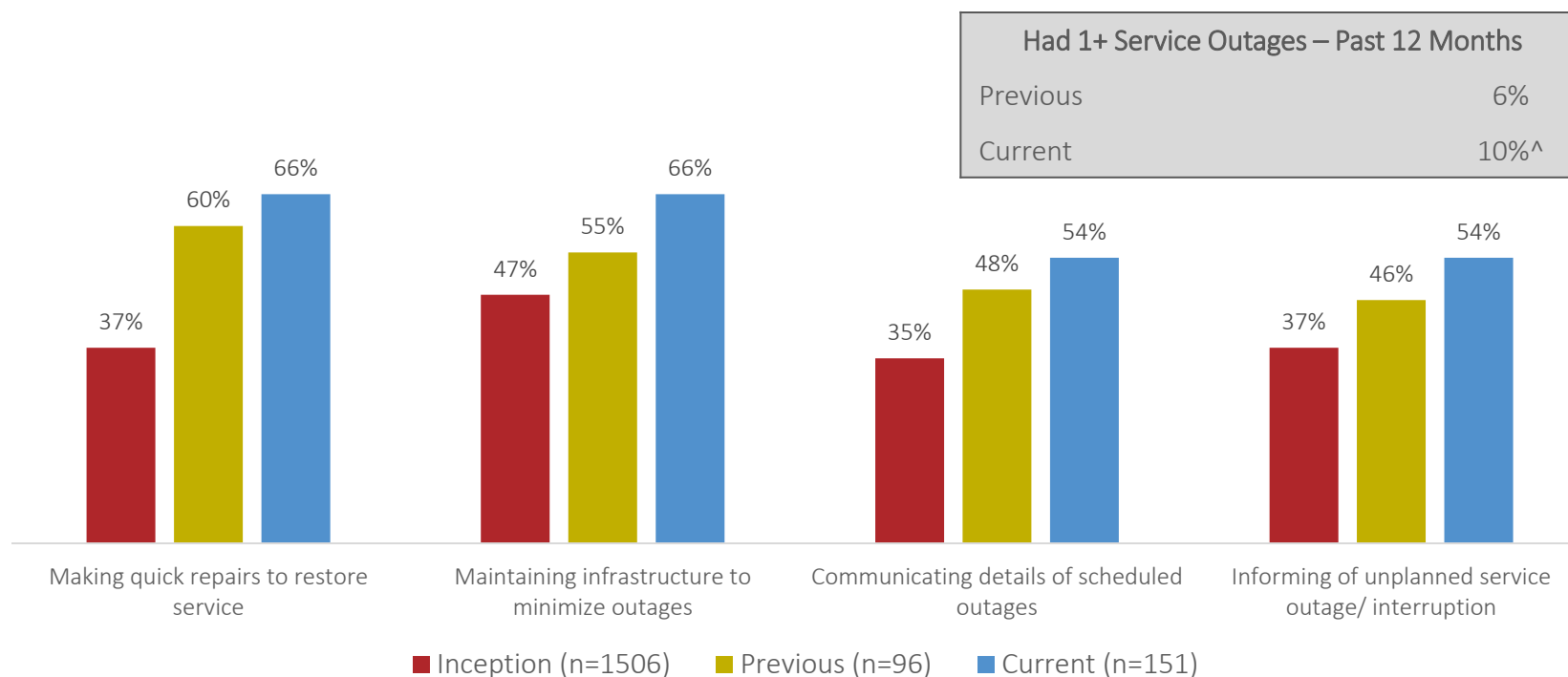
SERVICE OUTAGE



SERVICE OUTAGE

- One in ten customers experienced a service outage in the past year, a significant increase from 2014.
- Satisfaction with Liberty's communication about and resolution of service outages was on par with the previous year, and well above levels from the initial year of tracking.

Service Outage Evaluation (Excellent/Good)



^/*
Q10b
Q10

Indicates score is significantly higher/lower than the previous year
Have you experienced a service outage in the past year?
Thinking about all of your experiences with Liberty Utilities, please rate how good a job they do on each of these items on a scale from 1 to 5, where 1 is "Poor" and 5 is "Excellent".



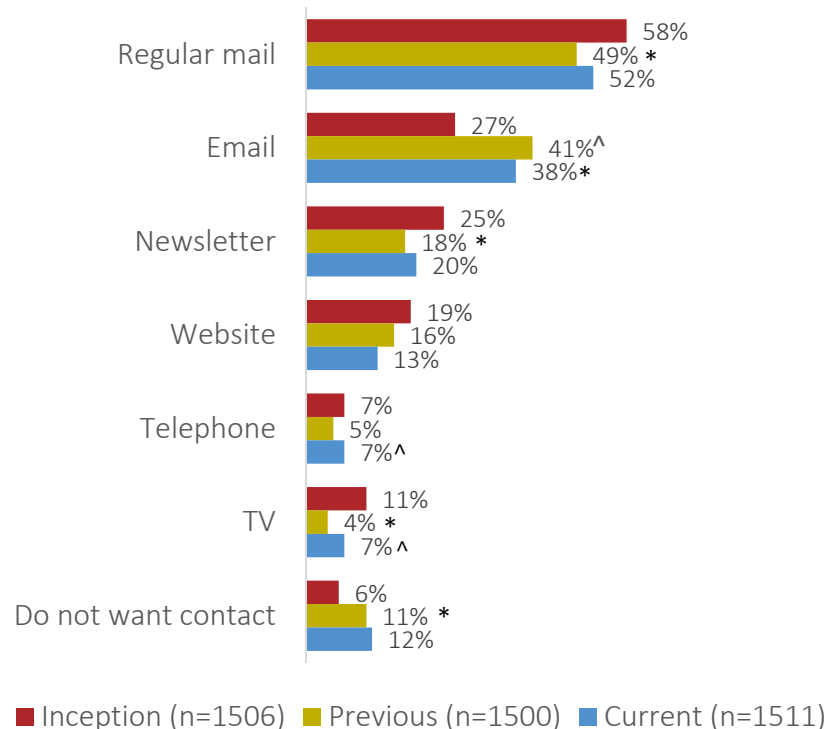
COMMUNICATION



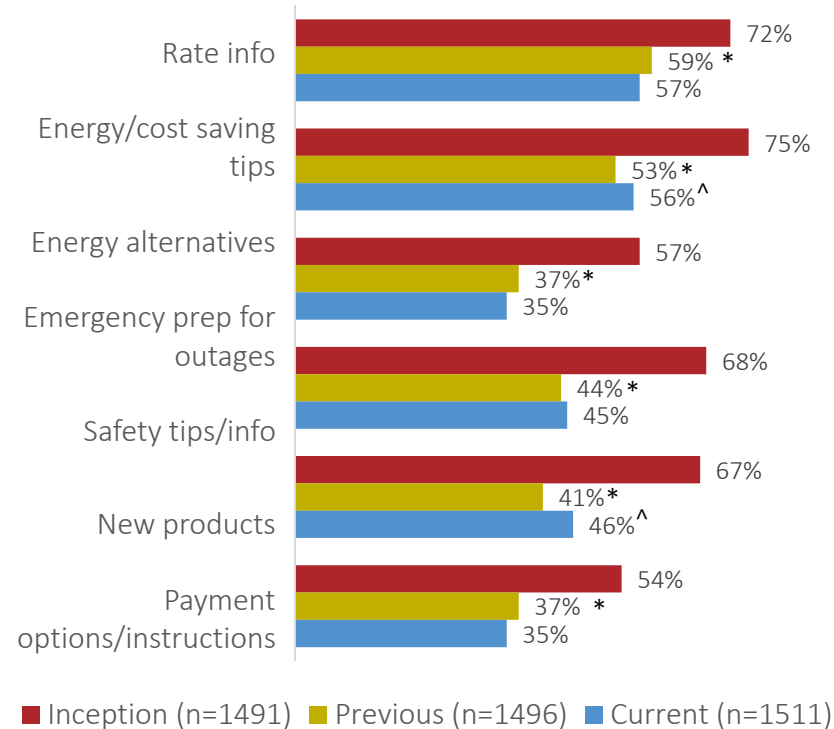
PREFERRED CHANNELS, TYPES OF INFO

- Regular mail continued to be the preferred channel to receive information from Liberty overall.
- Customers were most interesting in receiving rate information and energy/cost saving tips from Liberty.

Preferred Channels



Preferred Types of Info



^/*

Indicates score is significantly higher/lower than the previous year

Q12

How would you like to receive information from Liberty Utilities? Please select all that apply.

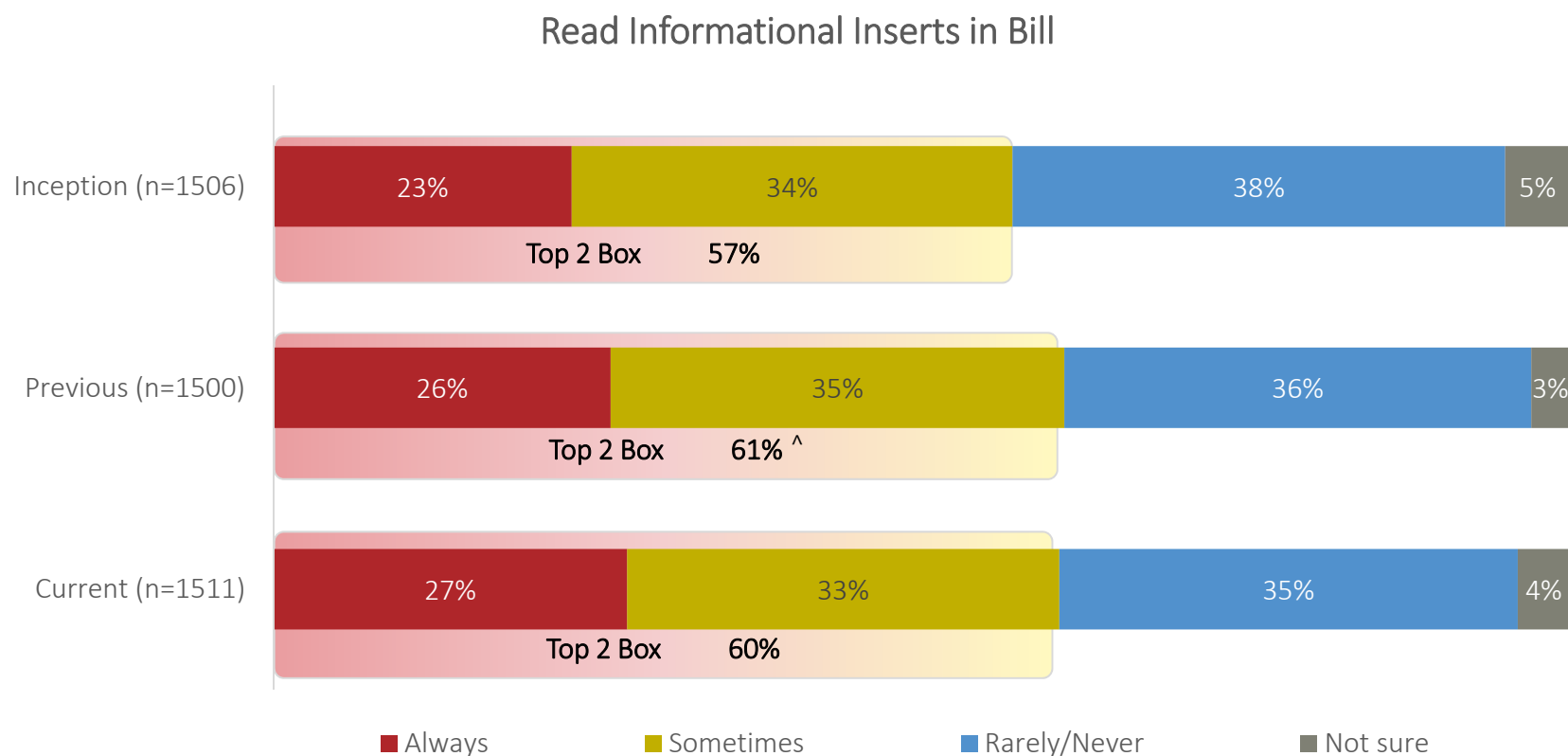
QEAST05

What types of information would you like Liberty Utilities to include in future communications? Please select all that apply.



BILLING INSERTS

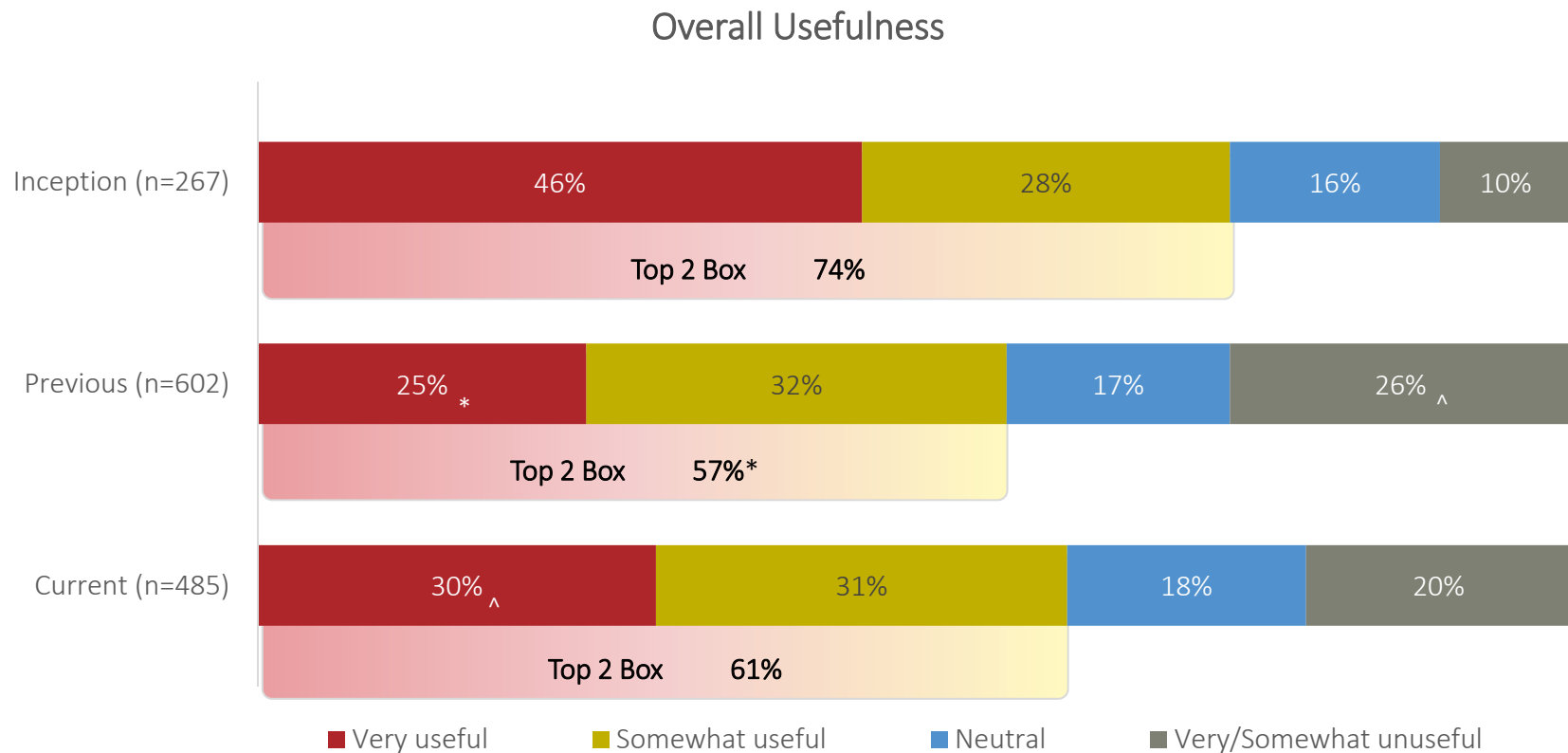
- The percentage of customers reading billing inserts this year compared to last remained the same.

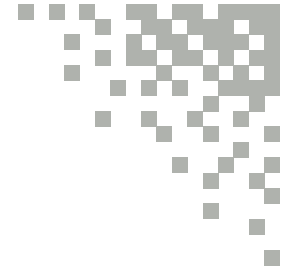


WEBSITE USEFULNESS



- There was a significant increase from 2014 in customers who visited Liberty's website finding it to be very useful.





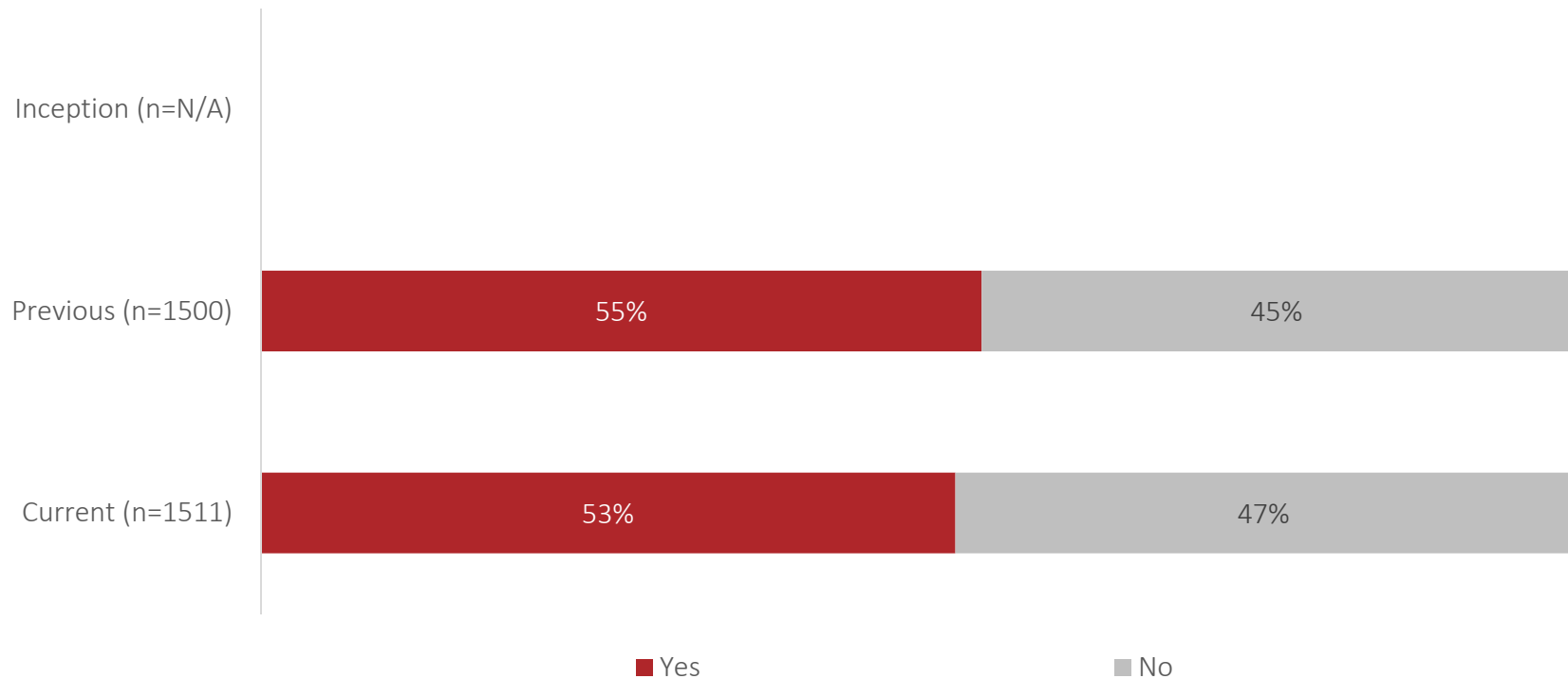
AWARENESS OF ENERGY EFFICIENCY PROGRAMS

AWARENESS OF ENERGY EFFICIENCY PROGRAMS



- Awareness of energy efficiency programs was the same as in 2014, with just over half of customers aware.

Awareness of Energy Efficiency Programs





APPENDIX



RESPONDENT PROFILE

	Inception	Previous	Current
	n=1506	N=1500	n=1511
Gender			
Male	51%	48%	48%
Female	49%	52%	52%
Age			
18-24 years	3%	2%	2%
25-34 years	15%	15%	14%
35-44 years	14%	12%	13%
45-54 years	18%	16%	17%
55-64 years	19%	22%	21%
65+ years	31%	33%	34%
Household Income			
Under \$25,000	14%	15%	19%^
\$25,000-\$49,999	27%	26%	27%
\$50,000-\$74,999	22%	24%	20%
\$75,000-\$99,999	16%	17%	16%
\$100,000-\$149,999	12%	14%	12%
\$150,000+	8%	5%	7%



RESPONDENT PROFILE

	Inception	Previous	Current
	n=1506	N=1500	n=1511
Ethnicity			
White/Caucasian	86%	85%	81%*
Asian/Pacific Islander	3%	2%	2%
Hispanic/Latino	3%	2%	2%
Black/African American	1%	1%	1%
Other	2%	2%	2%
Prefer not to say	4%	8%	10%
Education Level			
Less than high school	2%	2%	2%
High school/GED	20%	15%	19%
Professional school/training	5%	4%	4%
Some college	19%	15%	14%
Associate's degree	8%	10%	10%
Bachelor's degree	21%	22%	21%
Some graduate school	3%	6%	6%
Graduate school degree	16%	18%	16%
Prefer not to say	5%	8%	9%



RESPONDENT PROFILE

	Inception	Previous	Current
	n=1506	N=1500	n=1511
Average Number of Children in Household			
Under 18 years of age	1.84	1.77	1.86
Home Status			
Rent	30%	27%	35%
Own	69%	73%	64%
Home Type			
Single family	61%	65%	59%
Multi-family/Apartment	35%	29%	36%
Other/Don't know	<1%	<1%	5%
Years in Current Residence			
0-5 years	46%	37%	41%^
6-10 years	21%	15%	12%*
11-20 years	15%	24%	22%
20+ years	19%	25%	26%



RESPONDENT PROFILE

	Inception	Previous	Current
	n=1506	N=1500	n=1511
Main Heat Source for Home			
Natural Gas	87%	93%	90%*
Oil	4%	3%	4%
Propane gas	1%	<1%	1%^
Electric	4%	2%	3%
Other	1%	1%	<1%

FOR FOLLOW-UP QUESTIONS, PLEASE CONTACT:



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