

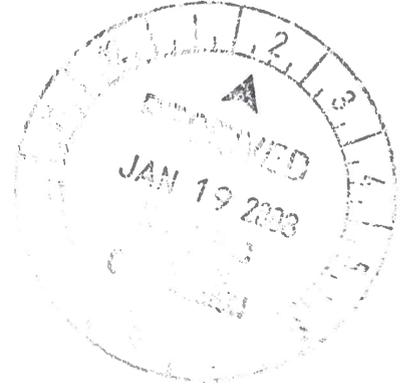


Stephen R. Hall
Director, Rates & Regulatory Affairs
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January 19, 2018

Via ERF and US Mail

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



**Re: DE 16-383; Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Annual Residential Customer Satisfaction Survey - 2017**

Dear Ms. Howland:

On behalf of Liberty Utilities, this annual report is provided in accordance with the Stipulation and Settlement Agreement regarding permanent rates approved by Order No. 26,005 (April 12, 2017) in Docket No. DE 16-383. Please note this report has been filed via the Commission's Electronic Report Filing System.

As shown in the report, Granite State's customer satisfaction, excluding price, was 82% in 2017.

Thank you for your attention to this matter. Please do not hesitate to contact me should you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Stephen R. Hall".

Stephen R. Hall

Enclosure

cc: Amanda Noonan

5021



CUSTOMER SATISFACTION TRACKING NEW HAMPSHIRE ELECTRIC

DECEMBER 2017



LUTH
research

CONTENTS

- 1 Objectives & Methodology
- 2 Key Findings
- 3 Detailed Findings
- 4 Appendix

OBJECTIVES & METHODOLOGY

Objectives:

- Analyze current customer satisfaction levels with Liberty Utilities among New Hampshire (NH) Electric Customers.
- Compare current customer 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=1,506
Phone vs. Online Completion Ratio:	74% / 26%
Fieldwork Dates:	10/3/17 – 10/26/17
Statistical Significance Level:	95%

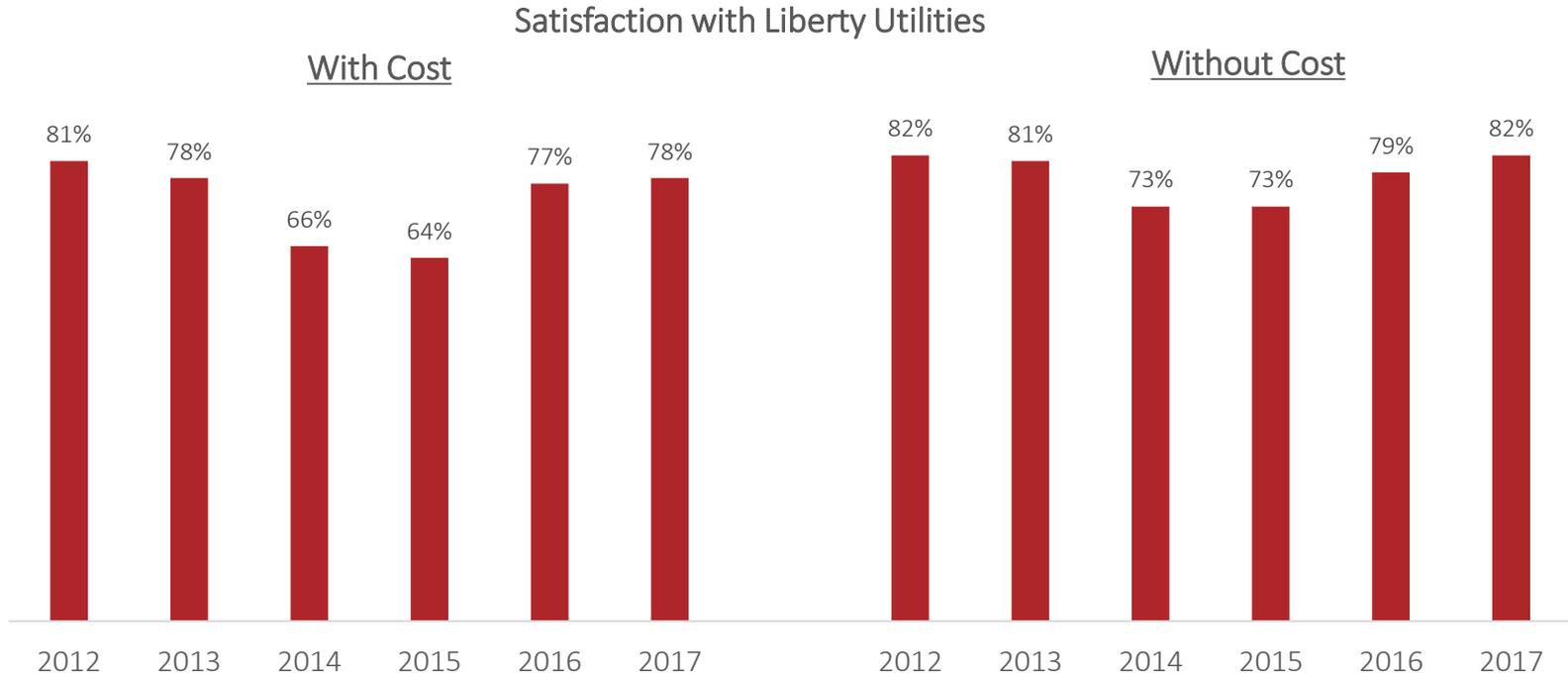
Sampling:

- 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 Electric 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 Electric Customers. Sampling error varies inversely with the size of the sample. With a sample size of n=1,506 and a 95% level of confidence, the range of error for proportions observed in this survey is +/- 2.5 percentage points.

KEY FINDINGS

OVERALL SATISFACTION

Overall satisfaction inched up to 78% this year, up from 64% in 2015. Satisfaction without price also increased, from 79% to 82%. Satisfaction for Liberty aside from cost is back to its 2012 level.



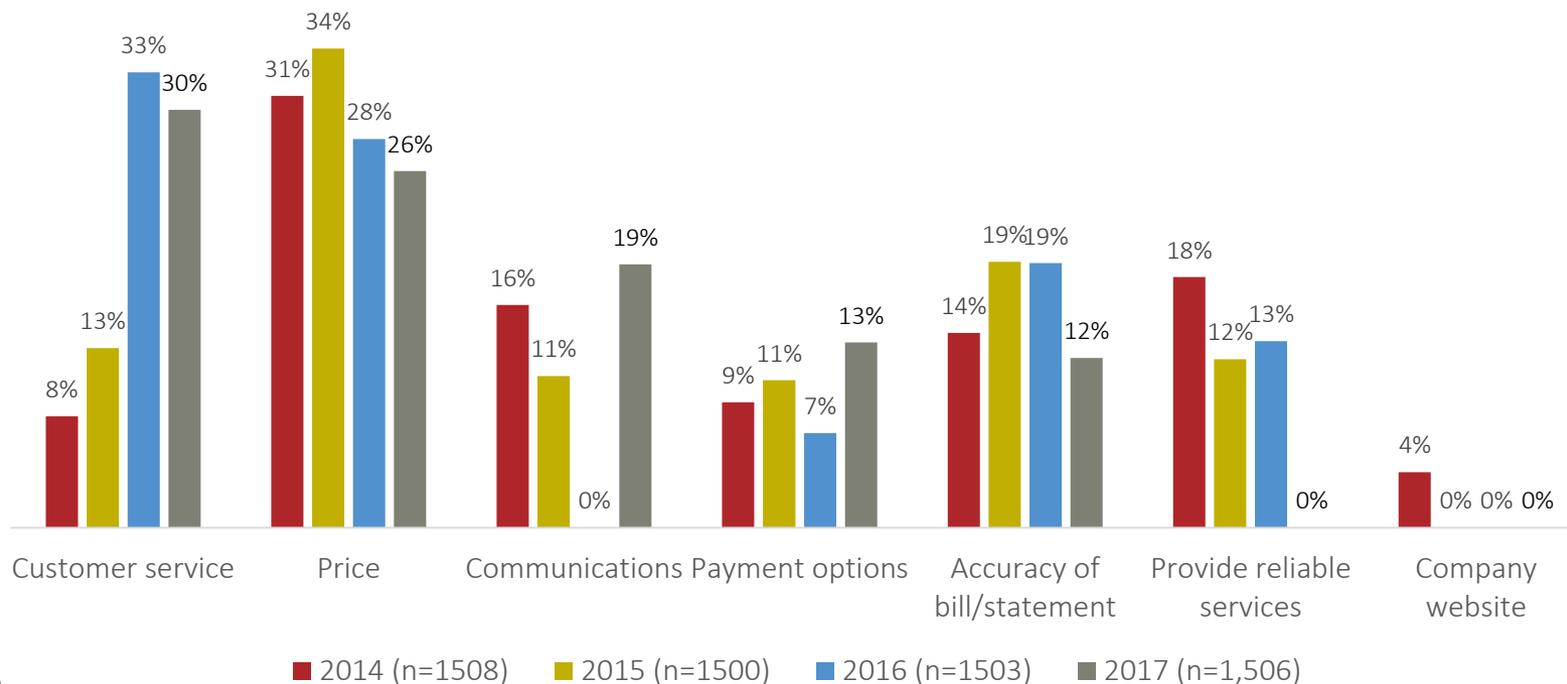
- Satisfaction increased this year among customers 45-64 years of age, while there was little change among younger or older customers.
- As in previous years, satisfaction remained higher among older customers than among customers younger than 45.

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.

Customer service remained the top contributor to overall satisfaction, with price a strong second, followed by communications. Compared with last year, communications increased in importance.

Impact on Satisfaction with Liberty Utilities*

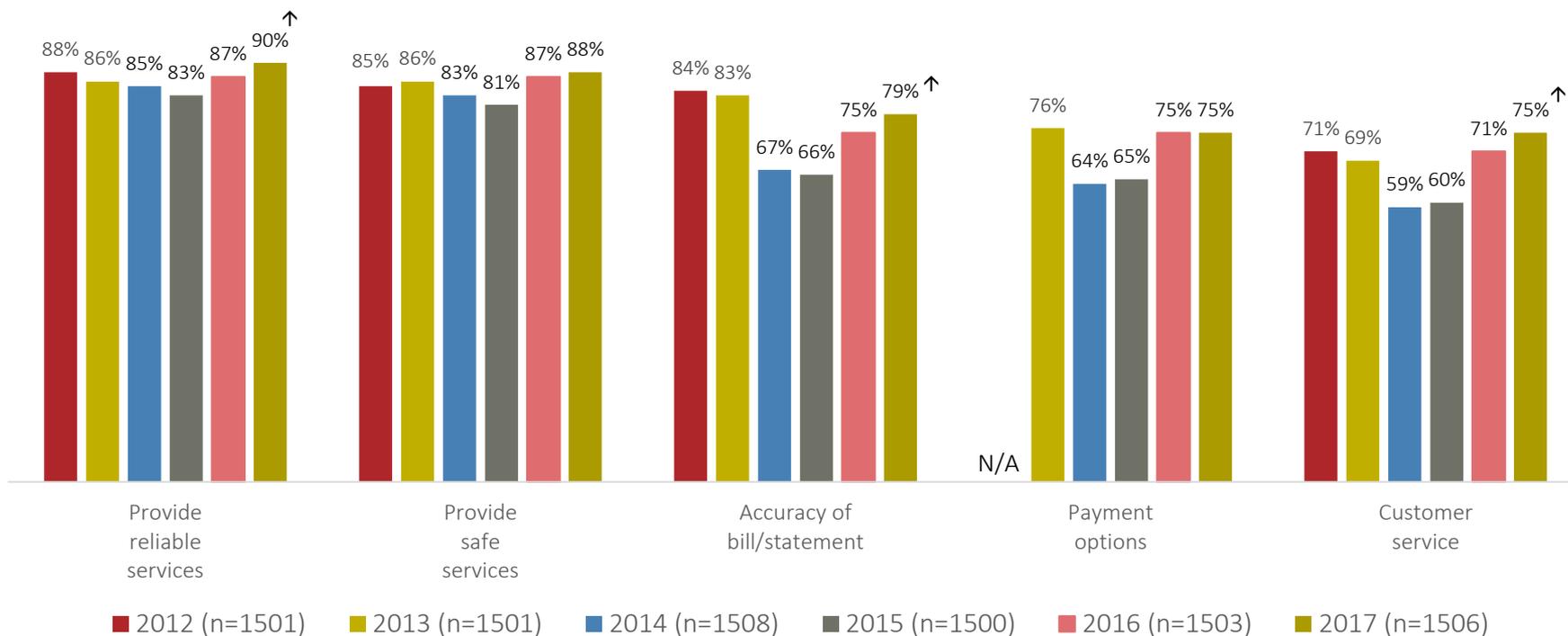


KEY INDICATORS – SLIDE 1

Satisfaction scores increased for three Key Indicators this year – providing reliable services, bill/statement accuracy and customer service. As with New Hampshire Gas, satisfaction tended to increase most among customers with household incomes below \$50,000.

Across the board, satisfaction levels remained highest among customers 65 and older.

Satisfaction (Very/Somewhat Satisfied)

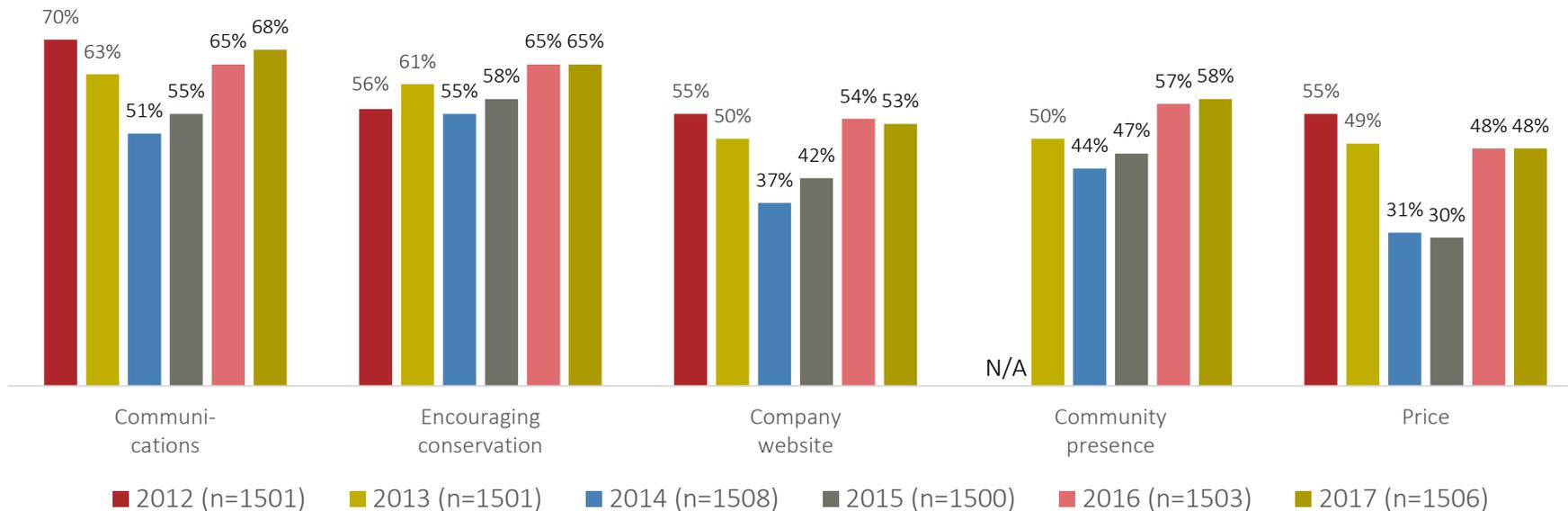


KEY INDICATORS – SLIDE 2

Compared with 2016, ratings remained stable for all five attributes on this slide.

Compared with 2012, satisfaction was higher for Liberty encouraging conservation, as well as community presence. Satisfaction was slightly lower for price.

Satisfaction (Very/Somewhat Satisfied)

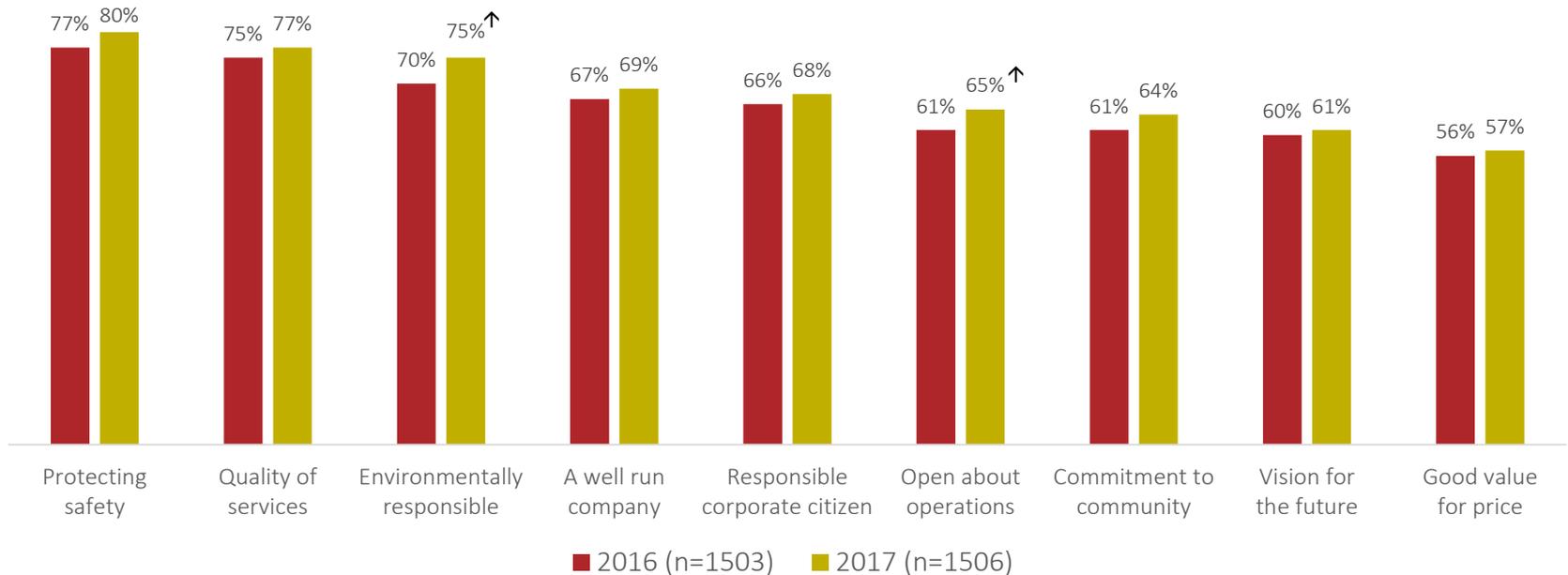


COMPANY EVALUATIONS

Satisfaction with Liberty as a company was generally stable this year, although there were increases for Liberty being environmentally responsible and open about operations.

Satisfaction levels are higher than last year among customers 45-64 and customers who live in households with annual incomes under \$50,000.

Company Evaluation (Excellent/Good)



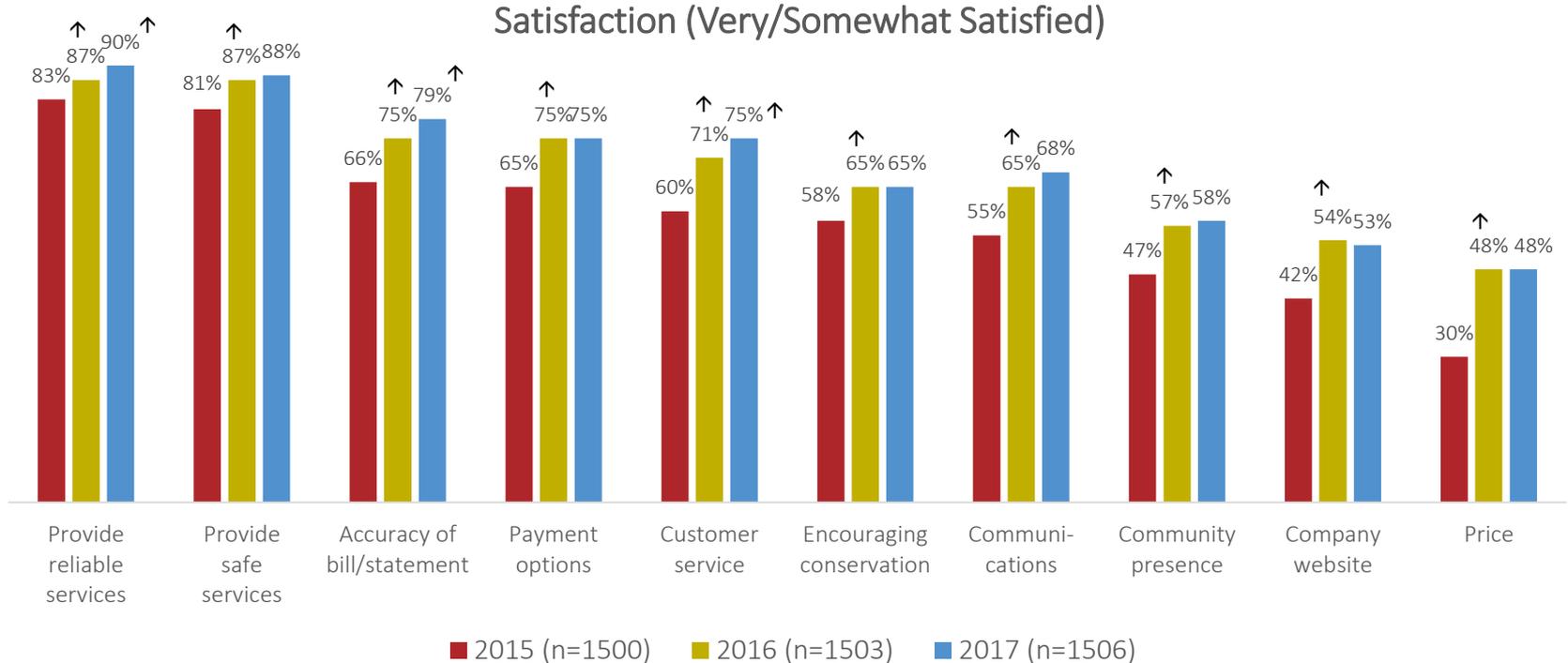
DETAILED FINDINGS

OVERALL SATISFACTION & EVALUATIONS

KEY INDICATORS

While satisfaction ratings were generally stable this year, there were significant increases for Liberty providing reliable services, bill and statement accuracy and customer service. As with New Hampshire Gas, satisfaction tended to increase most among customers with household incomes below \$50,000.

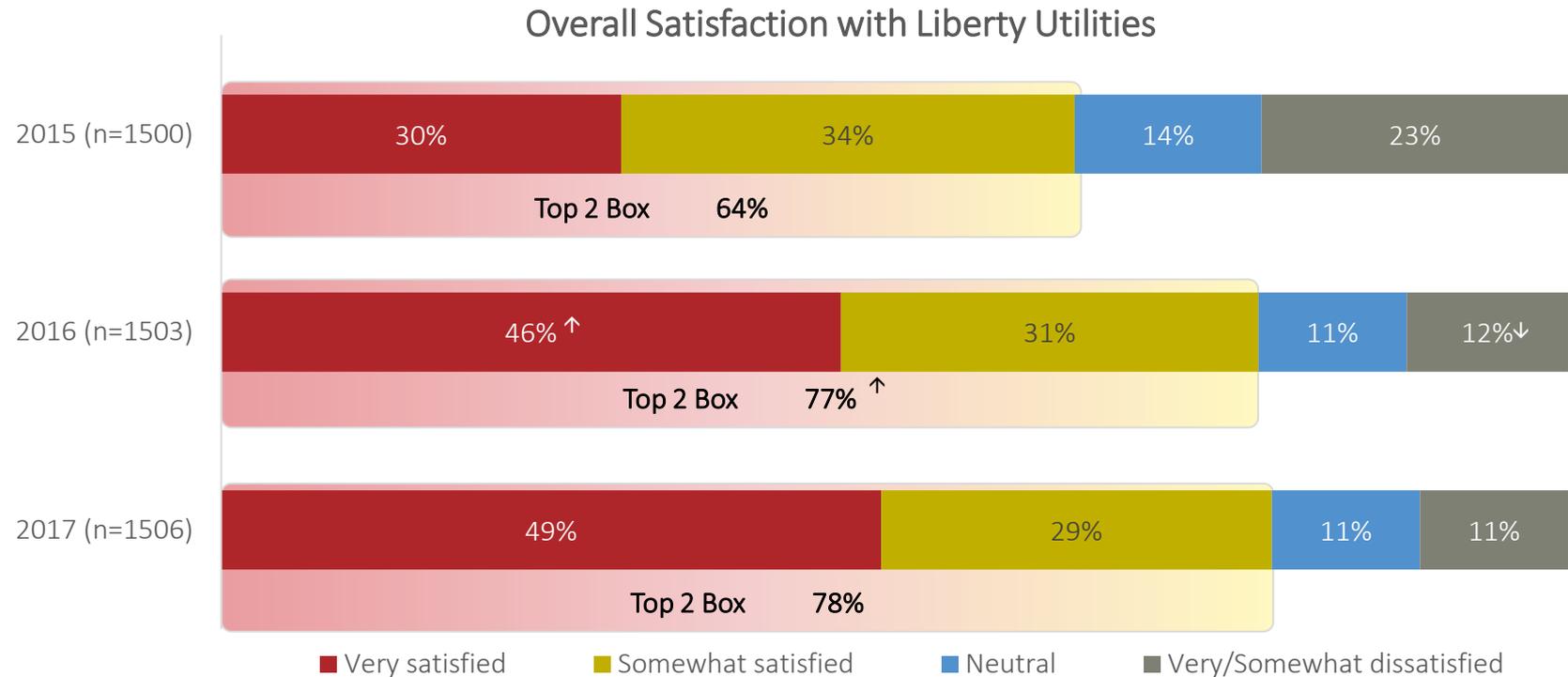
Across the board, satisfaction levels remained highest among customers 65 and older.



OVERALL SATISFACTION

After a large increase last year, satisfaction with Liberty Utilities was stable this year, inching up for one percentage point. Overall satisfaction was 14 points higher than in 2015 and the percentage very satisfied was up 19 points.

Satisfaction was 17 points higher among customers 65 and older (85%) than among customers younger than 45 (68%).

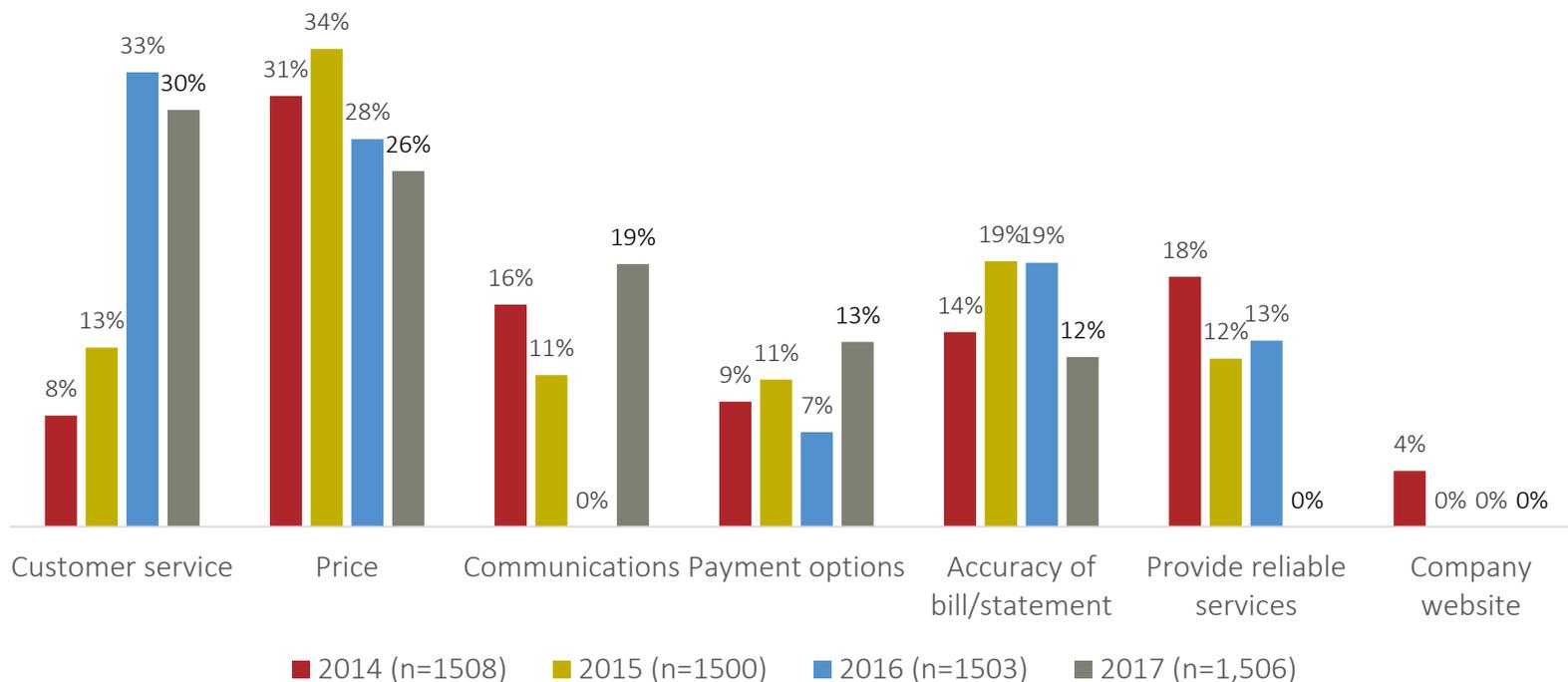


DRIVERS OF SATISFACTION

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.

Customer service remained the top contributor to overall satisfaction, with price a strong second, followed by communications. Compared with last year, *communications increased in importance*.

Impact on Satisfaction with Liberty Utilities*



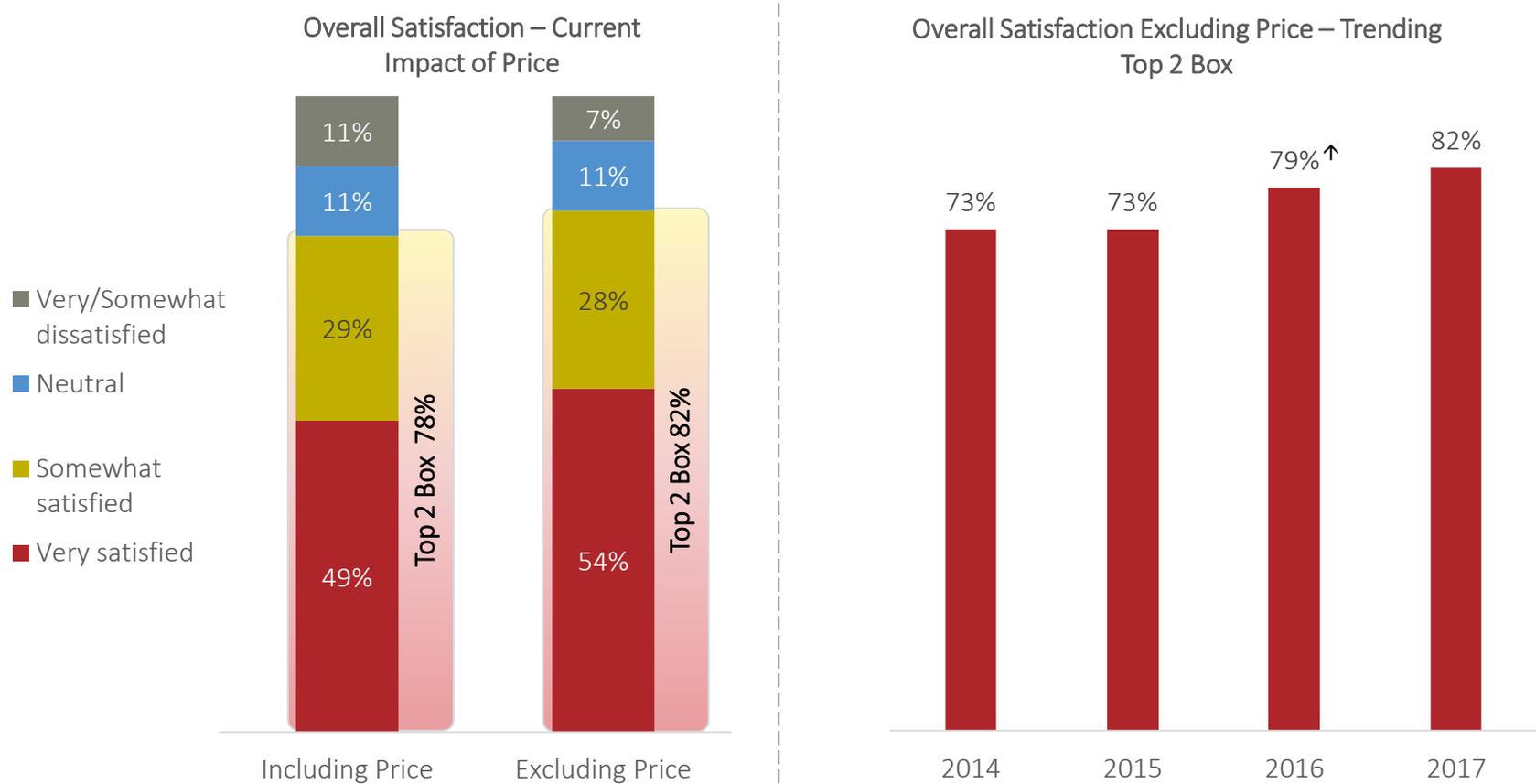
*Based on standardized regression coefficients

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?

OVERALL SATISFACTION EXCLUDING PRICE

Satisfaction was four points higher when customers were asked to consider Liberty services excluding price, 82% versus 78%. The gap last year was only two percentage points, while it was 9 points in 2015. This indicates that *price has declined as a negative for Liberty since 2015, although it's effect remains volatile.*



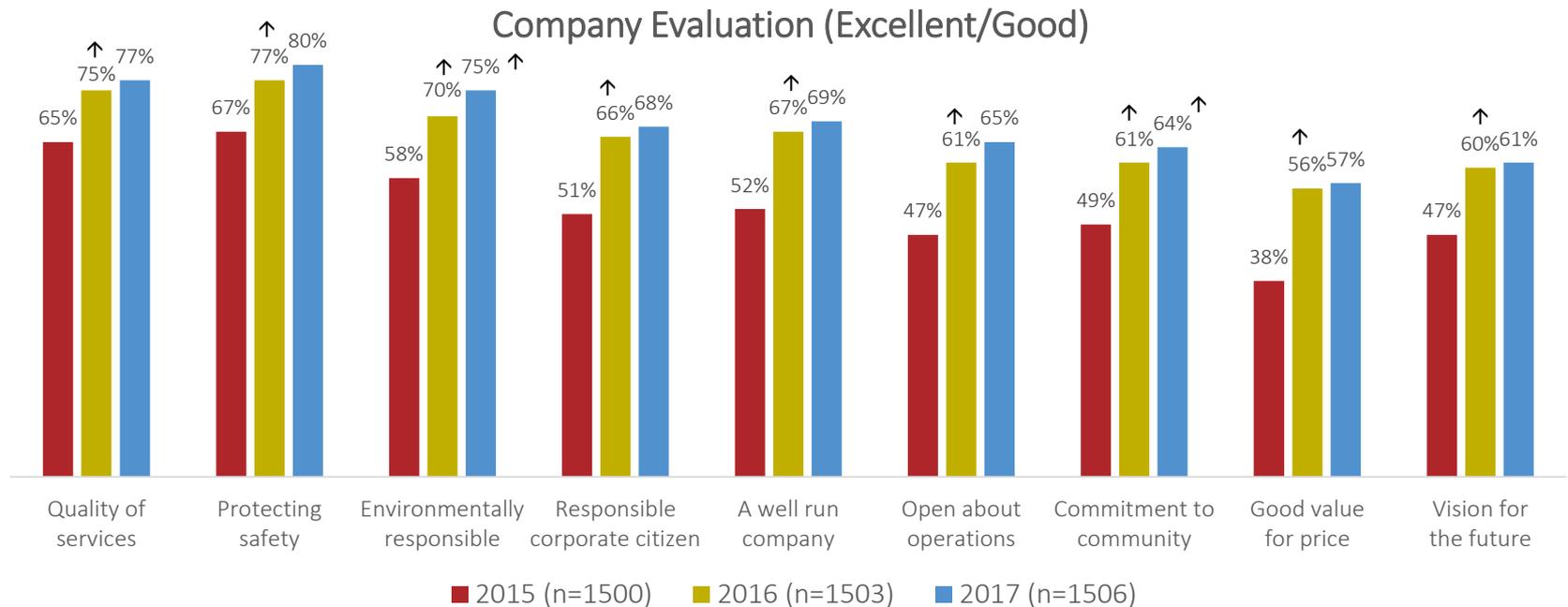
↑/↓ Indicates score is significantly higher/lower than the previous year
 Q3 Overall, how satisfied are you with Liberty Utilities?

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?

COMPANY EVALUATIONS

After big increases in Liberty's company evaluations last year, ratings were stable for eight of the 10 attributes this year; satisfaction was up for Liberty being environmentally responsible and its commitment to the community. Across the board, ratings were up substantially since 2015.

Satisfaction levels were higher than last year among customers 45-64 and customers who live in households with annual incomes under \$50,000.



↑/↓
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:

CUSTOMER SERVICE

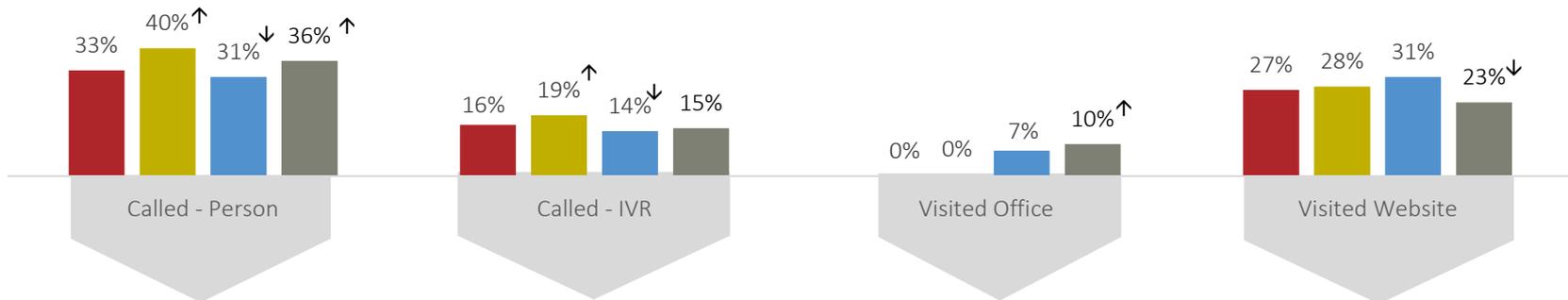
CUSTOMER SERVICE

About three in five Liberty customers contacted the company in 2017, most often by calling and speaking with a live person. Calling and speaking with a live person and office visitation both increased this year, while website visitation declined.

Nearly three-quarters of customers younger than 45 contacted Liberty customer service in the past year (73%), compared with 49% of customers 65 and older.

Contacted Customer Service By...

■ 2014 (n=1508) ■ 2015(n=1500) ■ 2016 (n=1503) ■ 2017 (n=1506)



↑/↓
Q6z
Q6x
Q6a

Indicates score is significantly higher/lower than the previous year

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

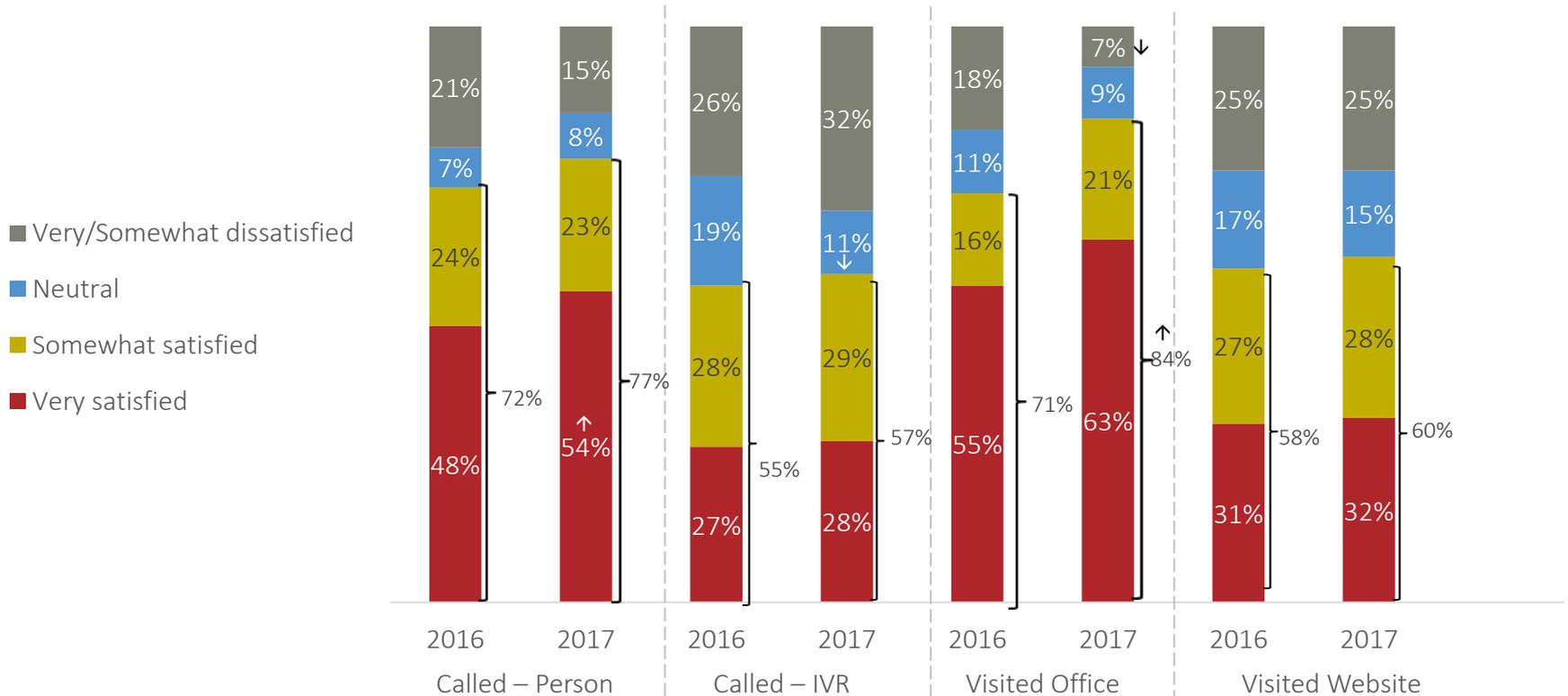
When you called Liberty Utilities in the past year, did you...?

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

SATISFACTION WITH CONTACT METHOD

As in previous years, satisfaction with the customer service experience was higher among those who called and spoke with a person (77%) or visited an office (84%) than among those who used IVR (57%) or visited the website (60%). There was a big increase in satisfaction this year among customers who visited the office.

Satisfaction with Each Contact Method





APPENDIX

KEY DRIVER ANALYSIS OF SATISFACTION WITH LIBERTY UTILITIES



Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.823 ^a	.677	.670	.685

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	% of Sig Beta Weights
	B	Std. Error	Beta			
(Constant)	.551	.178		3.097	.002	
Q2r1: Accuracy of bill/statement	.122	.045	.118	2.685	.008	12.2%
Q2r2: Company website	-.056	.041	-.058	-1.363	.174	
Q2r3: Providing safe services	-.137	.054	-.107	-2.539	.011	
Q2r4: Providing reliable services	.071	.056	.055	1.287	.199	
Q2r5: Encouraging conservation -	.031	.043	.031	.718	.473	
Q2r6: Price	.206	.032	.246	6.484	.000	25.6%
Q2r7: Communications	.179	.051	.182	3.491	.001	18.9%
Q2r8: Customer service	.282	.048	.289	5.899	.000	30.0%
Q2r9: Payment options	.117	.036	.128	3.265	.001	13.3%
Q2r10: Community presence	.084	.045	.083	1.861	.063	

NOTE: Variables significant at the 95% level are highlighted

RESPONDENT PROFILE

	2015	2016	2017
	n=1500	n=1503	n=1506
Gender			
Male	45%	46%	46%
Female	55%	54%	54%
Age			
18-24 years	2%	2%	2%
25-34 years	9%	13% ↑	9% ↓
35-44 years	11%	13% ↑	11%
45-54 years	18%	15%	17%
55-64 years	24%	23%	23%
65+ years	37%	33% ↓	38% ↑
Household Income			
Under \$25,000	12%	8% ↓	11% ↑
\$25,000-\$49,999	19%	14% ↓	17% ↑
\$50,000-\$74,999	14%	17% ↑	16%
\$75,000-\$99,999	11%	10%	10%
\$100,000-\$149,999	10%	12%	7%
\$150,000+	6%	8%	7%
Prefer not to say	28%	31%	28% ↓

RESPONDENT PROFILE

	2015	2016	2017
	n=1500	n=1503	n=1506
Ethnicity			
White/Caucasian	86%	85%	85%
Asian/Pacific Islander	2%	2%	2%
Hispanic/Latino	1%	2%	1%
Black/African American	1%	1%	1%
Other	2%	2%	2%
Prefer not to say	8%	8%	9%
Education Level			
Less than high school	2%	1%	2% ↑
High school/GED	20%	17% ↓	21% ↑
Professional school/training	5%	3%	5% ↑
Some college	14%	15%	16%
Associate's degree	7%	8%	8%
Bachelor's degree	21%	23%	17% ↓
Some graduate school	5%	5%	5%
Graduate school degree	20%	22%	19%
Prefer not to say	7%	6%	7%

RESPONDENT PROFILE

	2015	2016	2017
	n=1500	n=1503	n=1506
Children in Household			
Under 18 years of age	21%	23%	19%↓
Home Status			
Rent	20%	26%↑	21%↓
Own	79%	73%↓	77%↑
Home Type			
Single family	79%	76%↓	77%
Multi-family/Apartment	19%	21%	20%
Other/Don't know	2%	3%	3%

FOR FOLLOW-UP QUESTIONS, PLEASE CONTACT:



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