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Luth Research Study



CUSTOMER SATISFACTION TRACKING MIDSTATES (IL, IA, MO) GAS

OCTOBER 2015

LUTH
research



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OBJECTIVES & METHODOLOGY

Objectives:

- Analyze current customer satisfaction levels with Liberty Utilities among Midstates Gas Customers.
- Compare current customers satisfaction levels with previous year(s) 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=817
Phone vs. Online Completion Ratio:	46% / 54%
Fieldwork Dates:	09/08/15 – 09/29/15
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' Midstates 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' Midstates Gas Customers. Sampling error varies inversely with the size of the sample. With a sample size of n=817 and a 95% level of confidence, the range of error for proportions observed in this survey is +/- 3.4 percentage points.



KEY FINDINGS & RECOMMENDATIONS

OVERALL AWARENESS & SATISFACTION

Overall satisfaction has remained consistently high at 83%.



- Notably, three in five Midstates customers reported that they were very satisfied.
- However, the percentage of customers reporting dissatisfaction (9%) increased significantly from 2014 (6%).

The most common reason customers were satisfied was that they have never had a problem or complaint with Liberty (42%).

- A smaller portion were also satisfied because of good gas service and friendly customer service.

- Why Satisfied (Unaided)**
- 42%* No problem/complaint
 - 14%^ Service is good
 - 12%^ Friendly customer service

Problems with billing was the top reason customers were dissatisfied with Liberty (38%).

- Nearly a third of dissatisfied customers were also dissatisfied due to high costs.

- Why Dissatisfied (Unaided)**
- 38% Billing problems
 - 31% Cost is too high
 - 24% Poor customer service

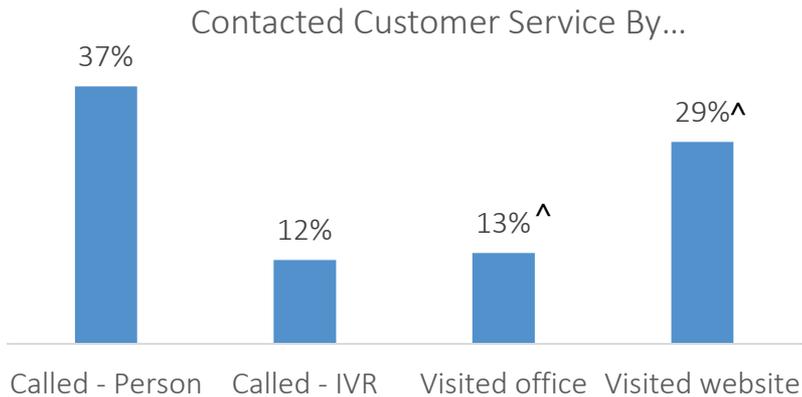
KEY INDICATORS & COMPANY EVALUATION

- Consistent with the overall satisfaction score, satisfaction with each of the key indicators remained the same in 2015.
- Of the key indicators, price and bill accuracy had the greatest impact on overall customer satisfaction, with customer service following closely behind.
- Customers were most satisfied with the job Liberty has done protecting employee and public safety.

Key Indicators		Company Evaluation	
91%	Providing safe gas services	85%	Protecting employee/public safety ^
90%	Providing reliable gas services	82%	Quality of services
80%	Accuracy of bill/statement	80%	Environmentally responsible
80%	Payment options	78%	Responsible corporate citizen ^
75%	Customer service	76%	Being a well-run company
72%	Encouraging gas conservation	75%	Commitment to the local community ^
68%	Communications	73%	Being open about how it operates ^
64%	Community presence	72%	Values & long term commitments
58%	Company website	71%	Providing good value for the price
62%	Price		

CUSTOMER SERVICE

Calling was the most common method used for contacting customer service and most customers who called spoke with a live representative.



Top Reasons for Using

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

Nearly three in four customers rated their customer service experience as excellent or good.



- This has been trending lower since 2013 (from 82% to 73% saying excellent/good), while the percentage who were dissatisfied increased (from 8% to 19%).
- Customers who contacted customer service were most satisfied with the ease of understanding customer service staff and their courtesy and respectfulness.

CUSTOMER BILLING

Satisfaction with billing has remained consistent year over year.

- At least three in four customers were satisfaction with the majority of billing-related issues.
- Satisfaction was notably lower only for Liberty providing useful information about how rates are determined.
- Although satisfaction was relatively high among all age groups, it was consistently higher among customers 65 and older than among younger customers.

85% Bill is easy to read

83% Bill is easy to understand

82% Adequate payment options are provided

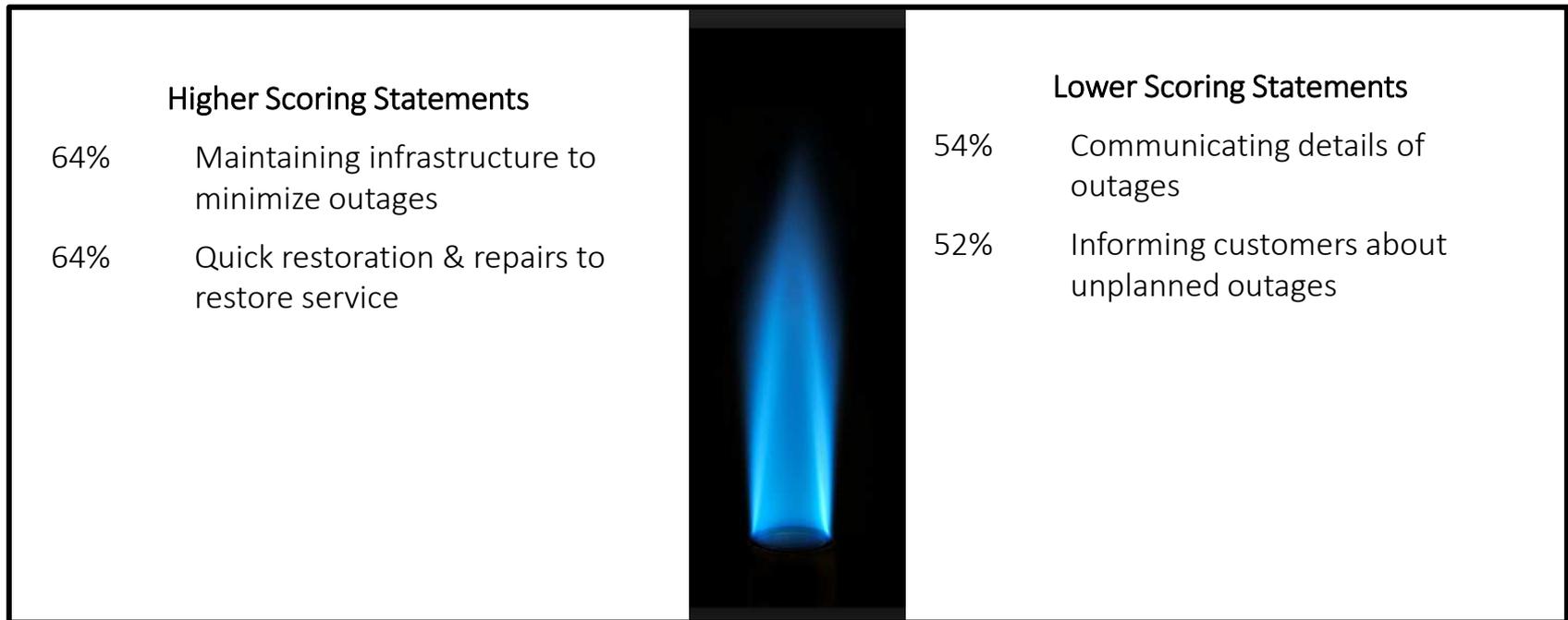
81% Payment options are easy to use

76% Bill is always accurate

62% Liberty provides useful information about how rates are determined

SERVICE OUTAGES

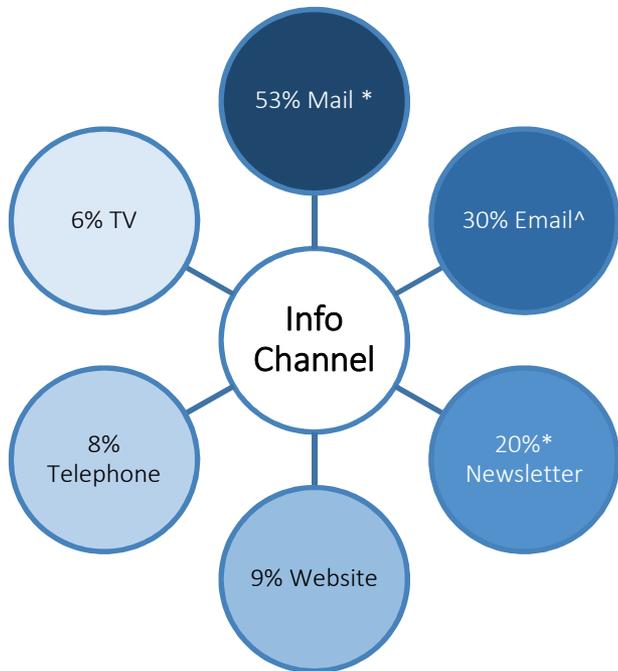
- The percentage of customers experiencing a gas outage remained low (6%) in 2015.
- Those who did experience an outage were most satisfied with Liberty's ability to maintain infrastructure to minimize outages and quickly repair and restore service.



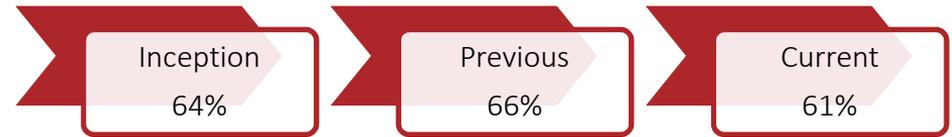
COMMUNICATION

Three in five customers always or sometimes read their bill inserts.

- The most desired types of information from Liberty were information about energy and cost saving tips and rate information.



Read Bill Always/Sometimes:



Customers preferred to receive information from Liberty Utilities by regular mail.

- Still, the percentage preferring to receive information by regular mail has decreased since 2014 while the percentage preferring to receive information by email has increased.
- Preference to receive information via the website, telephone or TV remained low.

RECOMMENDATIONS

Overall Company:



More than 80% of Midstates customers are satisfied with Liberty Utilities, which exceeds the target threshold. While this is certainly something to be celebrated, it should also be noted that there was a small but significant increase in customers reporting dissatisfaction. This will be important to address now, so that it does not become a bigger issue in the coming year.



The top three drivers of overall satisfaction are bill accuracy, price, and customer service. These are also the top three reasons for dissatisfaction in 2015. Improvements in these areas will have the greatest effect on maintaining the high level of overall satisfaction in Midstates.



One in five customers are unfamiliar with how Liberty is managed, including protecting safety, environmentally responsible, responsible corporate citizen, well run company, commitment to community, and vision for the future. A public relations campaign touting Liberty's investments in these areas may help to keep customers' overall perceptions high.

RECOMMENDATIONS

Customer Service:



Three out of four customers describe their overall experience with Liberty Utilities' customer service as excellent or good. Opportunities to increase this include addressing the areas of customer service that customers are least satisfied with – namely, resolution of issues, and convenient hours.



Office and website visitation increased over the past year. Additionally, twice as many customers younger than 45 contacted customer service as customers 65 and older. Both of these should be investigated further, to identify reasons for the increase as well as what can be done to mitigate this in the future.

Customer Billing:



Overall, customers are very satisfied with their billing. Given this aspect of Liberty's business is most important in driving overall satisfaction, care must be taken to optimize the parts of billing that customers are least satisfied with. For Midstates, this means providing useful information on how rates are determined.

RECOMMENDATIONS

Service Outages:



With just 6% of customers experiencing a service outage in the past year, Liberty may want to focus resources in other areas before making improvements here. Once the most urgent issues have been addressed, Liberty can work on improving communication about outages, as just over half of customers report satisfaction in this area.

Communication:



Liberty can implement a two-pronged approach for communicating with customers. Regular mail will get messages out to older customers, with email reaching a larger proportion of younger customers.



In customer communications, place particular emphasis on rate information, including how rates are determined, and ways customers can save money and energy. These are the topics that customers were most interested in knowing more about from Liberty.

DETAILED FINDINGS

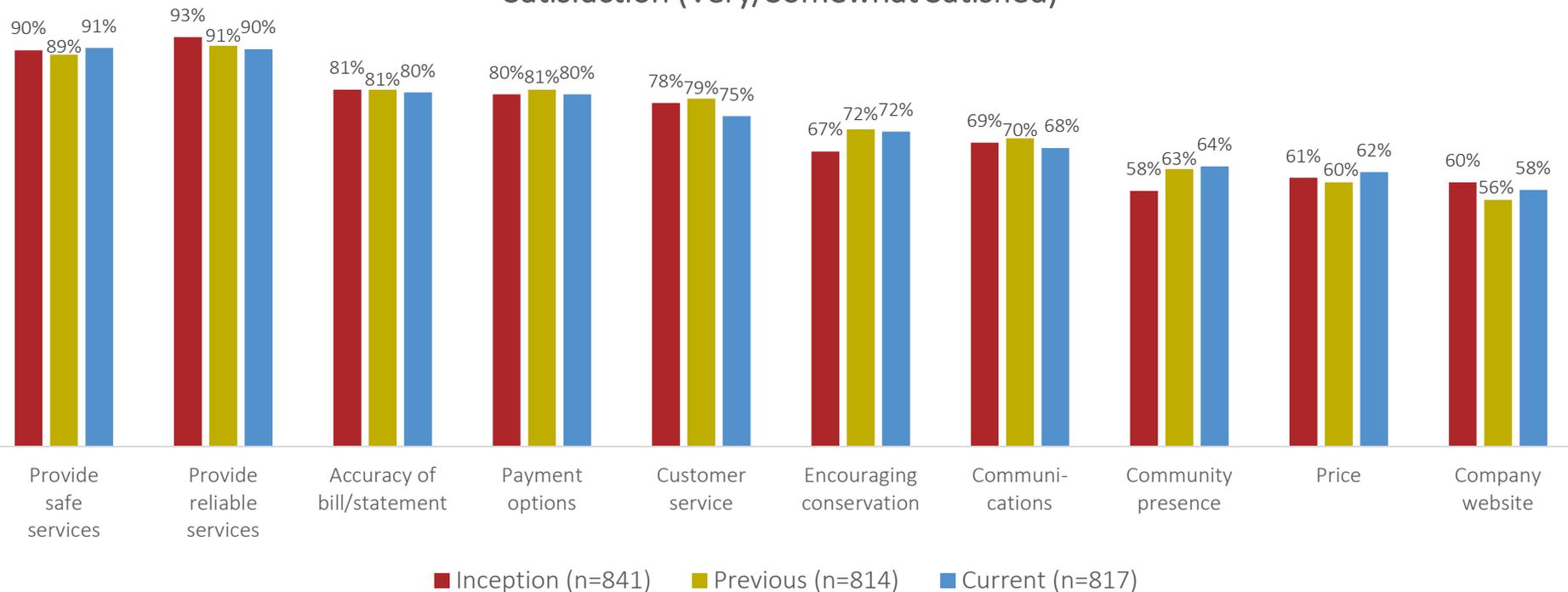


OVERALL SATISFACTION & EVALUATION

KEY INDICATORS

- Satisfaction with the key aspects of Liberty Utilities’ business remained in line with the previous year.
- Liberty customers continued to be most satisfied with Liberty’s ability to provide safe and reliable gas services, and least satisfied with price and the company website.
- Customers over 65 years of age were more satisfied with nearly all key indicators compared to younger groups.

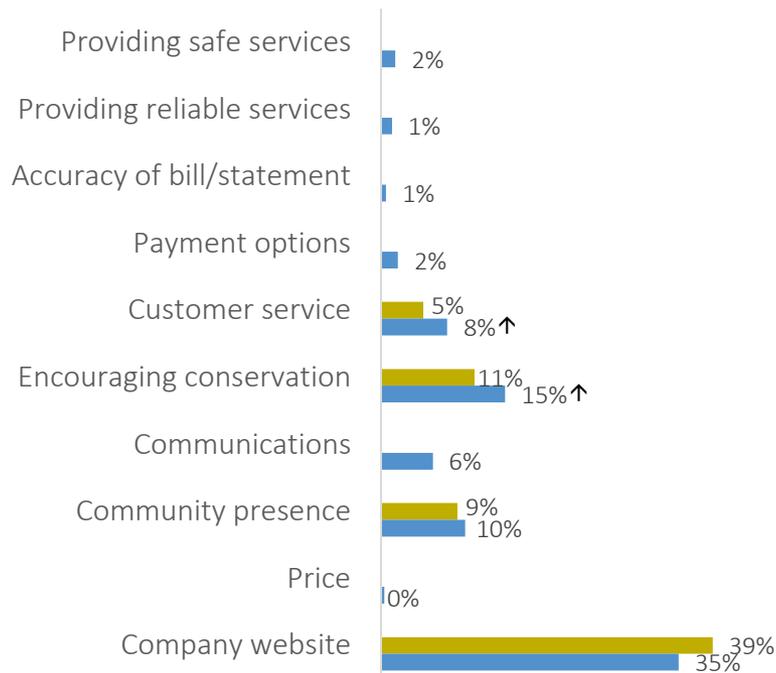
Satisfaction (Very/Somewhat Satisfied)



REASONS FOR SELECTING N/A

- Close to half of customers reported that one or more of the key indicators did not apply to them, mainly because they had not used the service or feature asked about.
- The percentage indicating ‘haven’t used this’ increased from 2014.

Selected Not Applicable



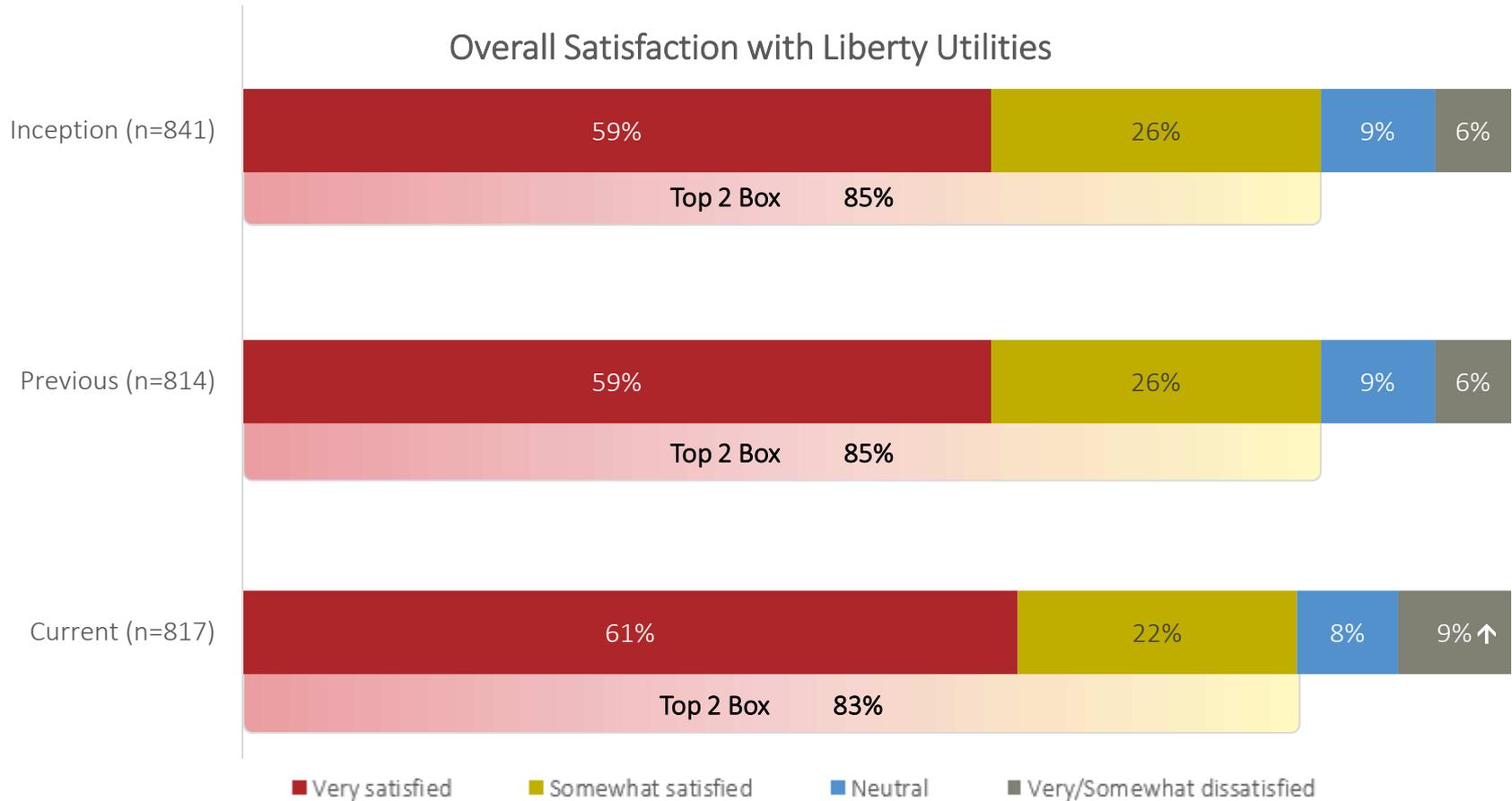
Reasons Why (5%+ Mentions)

	Previous	Current
Base (Respondents who selected N/A for 1+ statements)	n=373	n=359
Haven't used this	50%	63%↑
Have not heard anything about this	11%	13%
Have not contacted them	N/A	8%
Do not own a computer	24%	7%↓
Don't see them in community	N/A	7%

■ Inception (n=N/A) ■ Previous (n=814) ■ Current (n=817)

OVERALL SATISFACTION

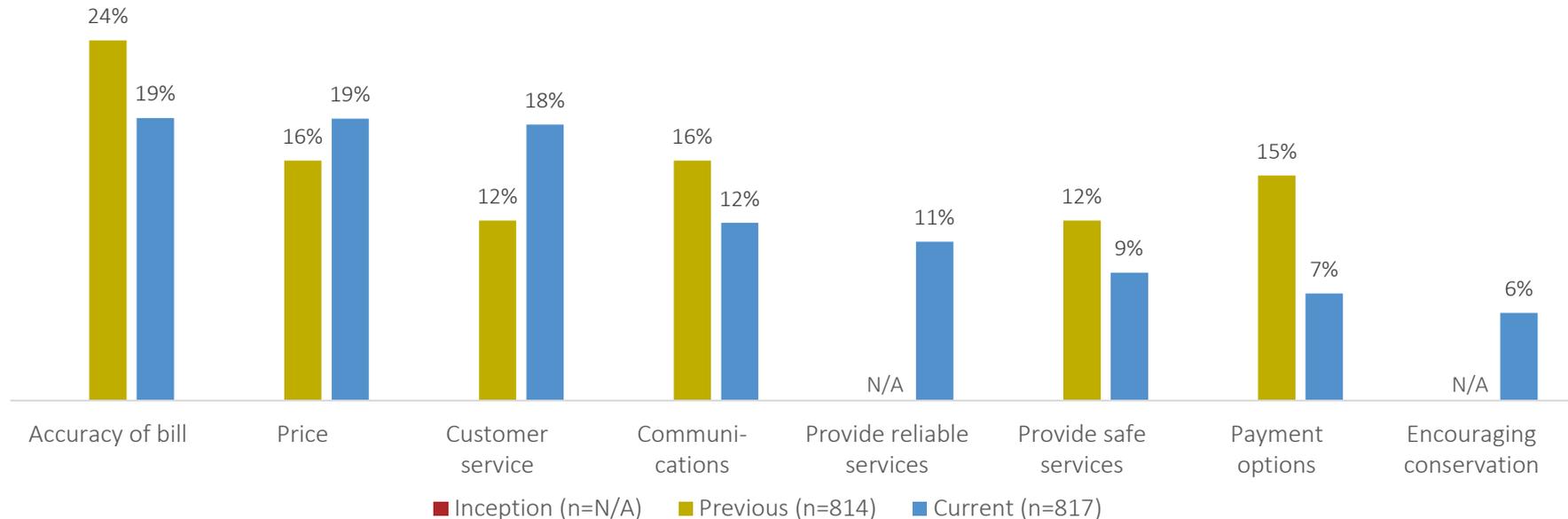
- More than 80% of customers were satisfied with Liberty Utilities overall, on par with previous years.
- However, the percentage of customers reporting dissatisfaction increased significantly from 2014.



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 and price had the most impact on satisfaction (19% each), followed by customer service (18%). Attributes with little to no impact on overall satisfaction were company website and community presence.

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?

REASONS FOR SATISFACTION

- Not having had a problem or complaint remained the top reason customers were satisfied with Liberty Utilities.
- More customers stated that satisfactory, good, or excellent service and good, friendly or courteous customer service were reasons why they were satisfied with Liberty in 2015.

	Inception	Previous	Current	Difference from Previous
Why Satisfied	N=716	n=692	n=677	
Never had a problem/complaint	40%	46%	42%	-4%
Service is satisfactory/good/excellent	9%	9%	14% ↑	+5%
Good/friendly/courteous customer service	12%	5%	12% ↑	+7%
Cost is too high/rate increases	4%	5%	7%	+2%
Reliable/Receive services paid for/No service interruptions	11%	9%	7%	-2%
Billing is confusing/problematic	4%	3%	6% ↑	+3%
Prompt, considerate repair services	6%	5%	6%	+1%

REASONS FOR DISSATISFACTION

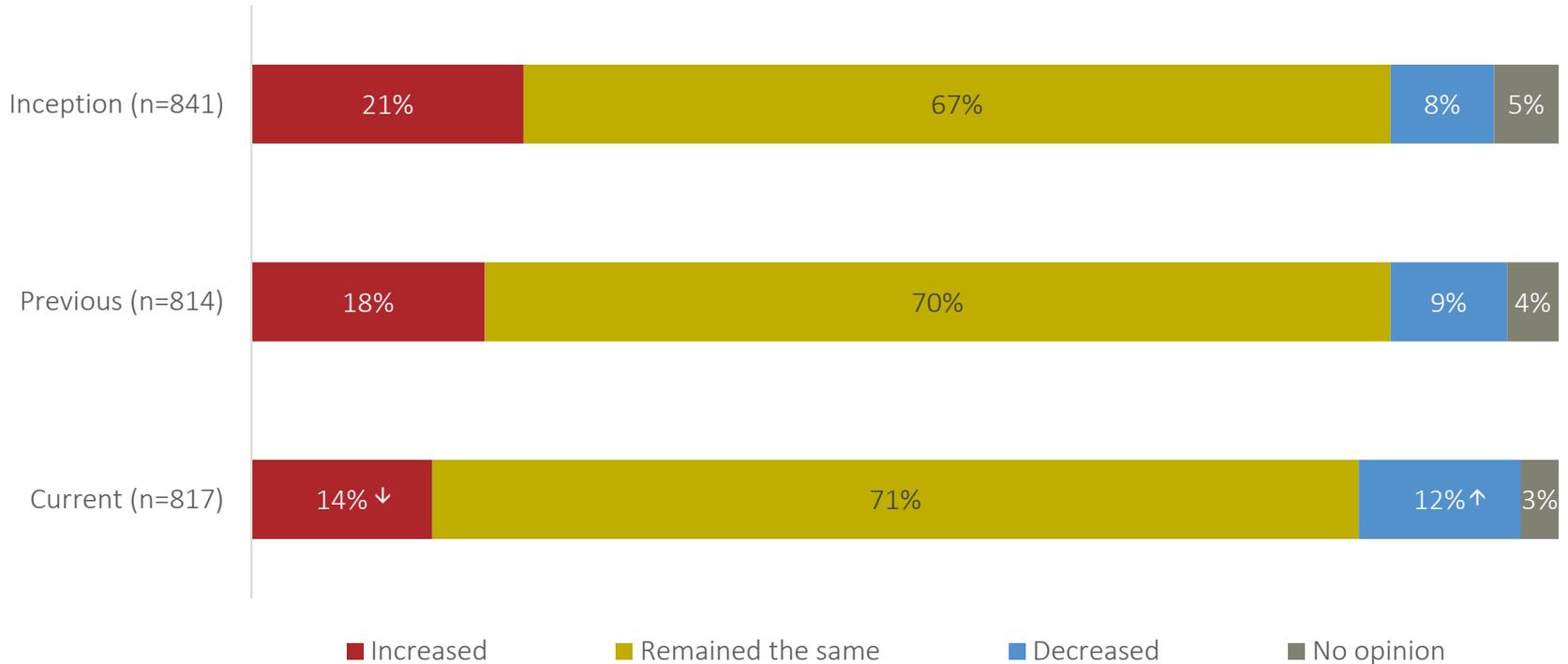
- Confusing or problematic billing remained the top reason customers were dissatisfied with Liberty Utilities.
- Customers stating that poor communication was the reason they were dissatisfied increased from 2014.

	Inception	Previous	Current	Difference from Previous
Why Dissatisfied	N=49	n=51	n=72	
Billing is confusing/problematic	33%	35%	38%	+3%
Cost is too high/rate increases	22%	18%	31%	+13%
Poor/unfriendly/uncaring customer service	22%	18%	24%	+6%
Shutoff with no notice/No timely notification of service interruptions	N/A	8%	17%	+9%
Poor communication/response/unable to contact	25%	4%	17% ↑	+13%
Insufficient online services/payment options	10%	8%	11%	+3%

OVERALL CHANGE IN SATISFACTION

- The majority of customers stated that their overall satisfaction remained the same in 2015.
- Fewer customers stated that their overall satisfaction increased in 2015 and more customers stated that their overall satisfaction decreased in 2015.

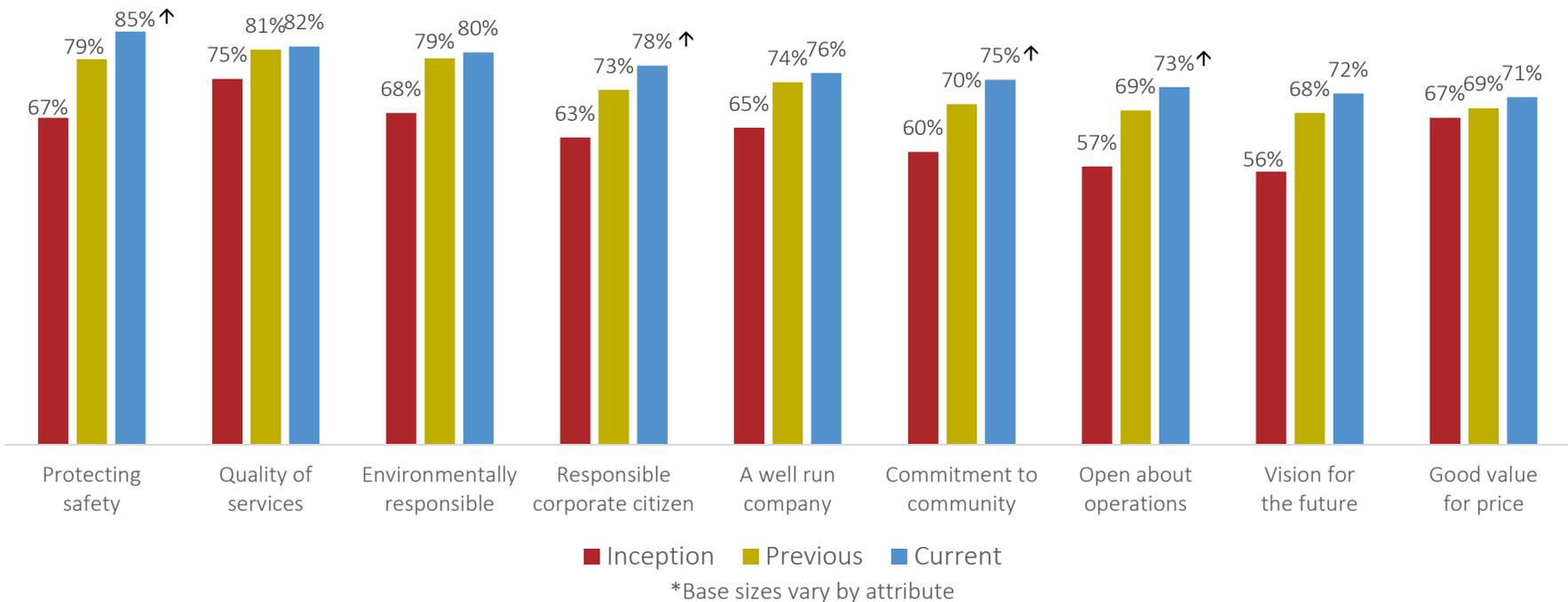
Overall Change in Satisfaction



COMPANY EVALUATION

- Customers stated that Liberty Utilities has done the best job protecting employee and public safety, a significant increase from 2014.
- Customers were also significantly more likely to be satisfied with the job Liberty has done being a responsible corporate citizen, open about their operations and committed to the community.

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:

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 usually selected because customers had no experience related to a particular issue.

Selected Not Applicable



Reasons Why

(5%+ Mentions)

	Previous	Current
Base (Respondents who selected N/A for 1+ statements)	n=246	n=260
Have no experience in this area	75%	69%
Not sure what is meant by this	11%	14%

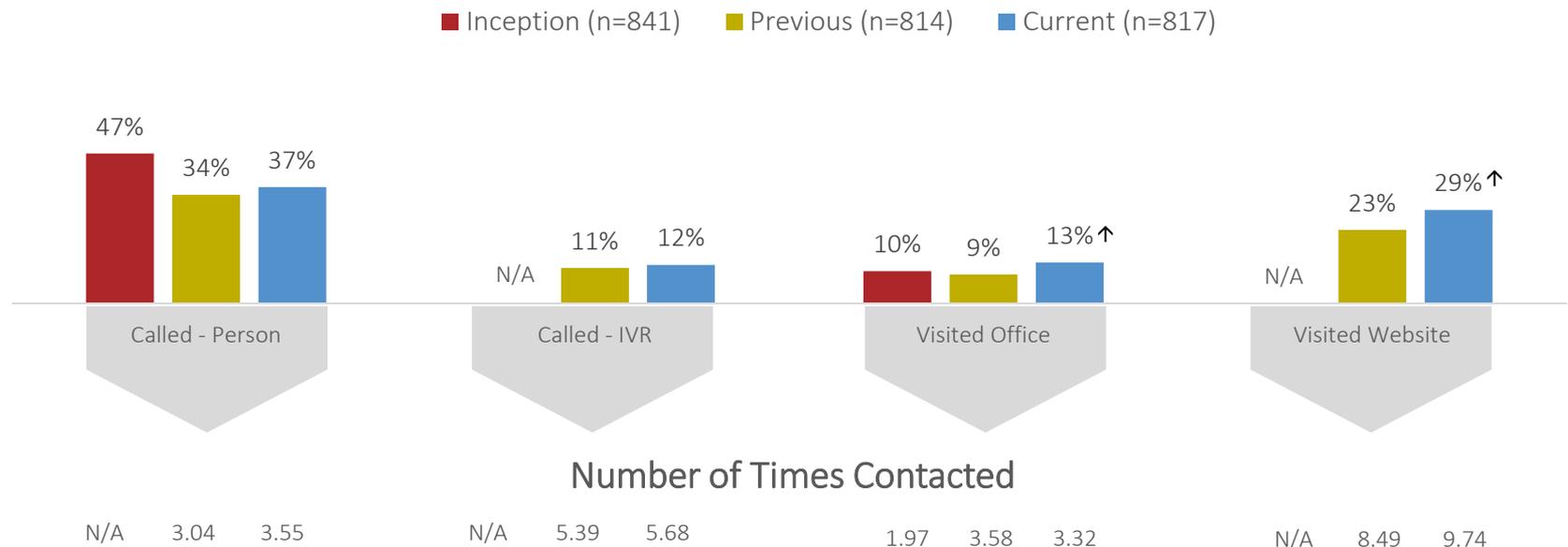
■ Inception (n=N/A) ■ Previous (n=814) ■ Current (n=817)

CUSTOMER SERVICE

CUSTOMER SERVICE

- Customers most often contacted customer service by calling. Those who called spoke with a person an average of 3.6 times and utilized IVR 5.7 times over the past year.
- Nearly three in ten customers visited the website for customer service (29%), an increase compared with 2014. Office visitation was also up compared with last year.
- While 82% of customers younger than 45 contacted customer service in the past year, only 42% of customers 65 and older did. Contact increased among all age groups in 2015.

Contacted Customer Service By...



Number of Times Contacted

↑/↓
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?

REASONS FOR CONTACTING CUSTOMER SERVICE

- The most common reasons for contacting Liberty and speaking with a person were for customer service in general, billing information or to pay a bill. Changing or inquiring about account information and starting or stopping services were also common reasons for calling Liberty and speaking with a person.

	Inception	Previous	Current
Called – Person	n=N/A	n=273	n=270
For customer service	N/A	43%	57%
Needed billing information	N/A	N/A	45%
Pay a bill	N/A	35%	37%
Change or inquire about account information	N/A	N/A	29%
Start or stop service	N/A	N/A	25%
To report an emergency	N/A	6%	7%
Outage information	N/A	N/A	6%
Needed company information	N/A	N/A	4%
Energy saving information	N/A	N/A	2%
Alternative energy	N/A	N/A	2%

REASONS FOR CONTACTING CUSTOMER SERVICE

- Customers most often called Liberty and used IVR if they needed to pay a bill. Other common reasons for contacting Liberty were for billing information, customer service in general and to change or inquire about account information.

	Inception	Previous	Current
Called – IVR	n=N/A	n=90	n=82
Pay a bill	N/A	54%	71%
Needed billing information	N/A	N/A	42%
For customer service	N/A	26%	31%
Change or inquire about account information	N/A	N/A	26%
Outage information	N/A	N/A	12%
Start or stop service	N/A	N/A	7%
Needed company information	N/A	N/A	6%
To report an emergency	N/A	2%	5%
Energy saving information	N/A	N/A	5%
Alternative energy	N/A	N/A	4%

REASONS FOR CONTACTING CUSTOMER SERVICE

- The primary reason customers visited a Liberty office was to pay a bill. Obtaining customer service in general and billing information were also top reasons for visiting an office.

	Inception	Previous	Current
Visited Office	n=N/A	n=76	n=94
Pay a bill	N/A	50%	61%
For customer service	N/A	33%	33%
Needed billing information	N/A	N/A	28%
Start or stop service	N/A	N/A	21%
Change or inquire about account information	N/A	N/A	15%
Needed company information	N/A	N/A	4%
Energy saving information	N/A	N/A	3%
To report an emergency	N/A	4%	2%
Alternative energy	N/A	N/A	2%
Outage information	N/A	N/A	1%

REASONS FOR CONTACTING CUSTOMER SERVICE

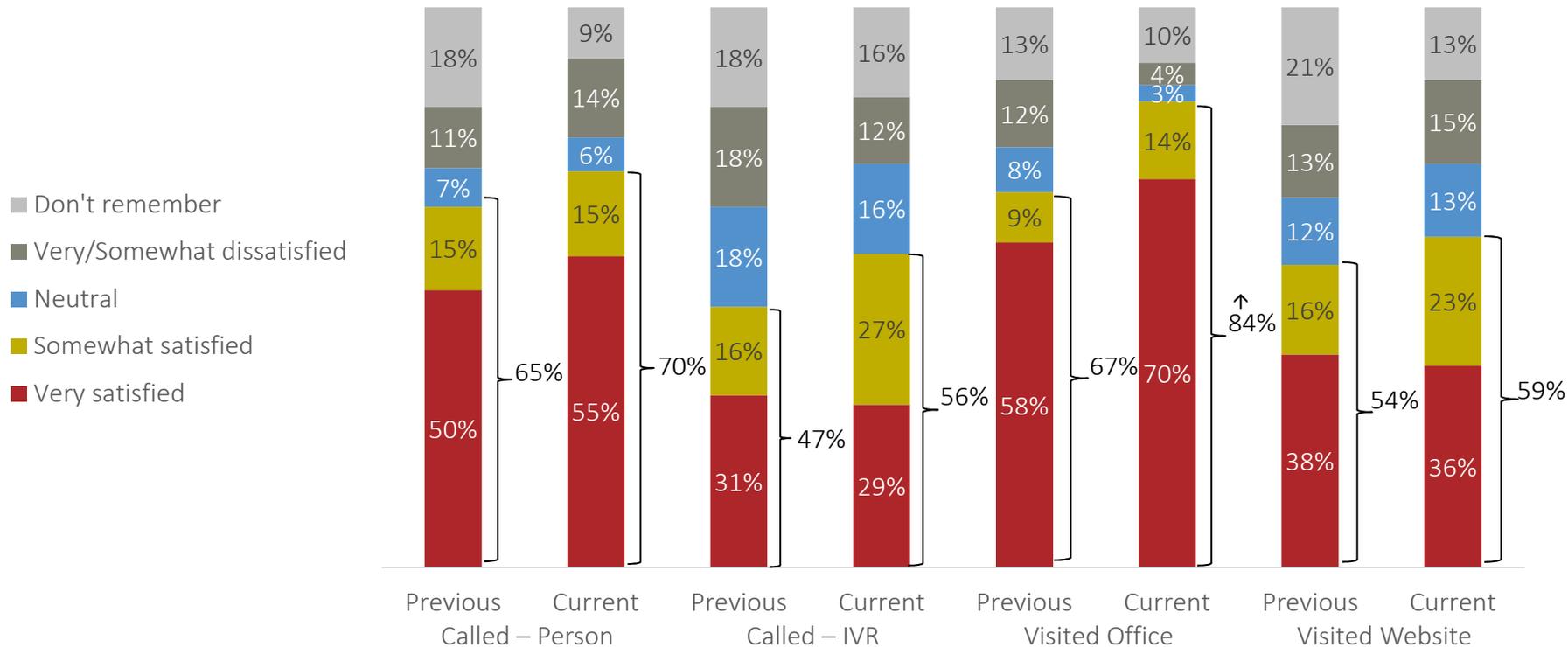
- A large majority of Liberty customers visited the website to pay a bill, and nearly half visited to obtain billing information.

	Inception	Previous	Current
Visited Website	n=N/A	n=190	n=208
Pay a bill	N/A	63%	81%
Needed billing information	N/A	N/A	45%
Needed company information	N/A	N/A	20%
Change or inquire about account information	N/A	N/A	19%
For customer service	N/A	10%	15%
Energy saving information	N/A	N/A	8%
Start or stop service	N/A	N/A	6%
Alternative energy	N/A	N/A	4%
Outage information	N/A	N/A	4%
To report an emergency	N/A	N/A	3%

SATISFACTION WITH CONTACT METHOD

- Satisfaction with the customer service experience was highest among customers who visited a Liberty office (84%), followed by those who called and spoke with a person (70%). Satisfaction increased significantly this year among customers who visited an office.

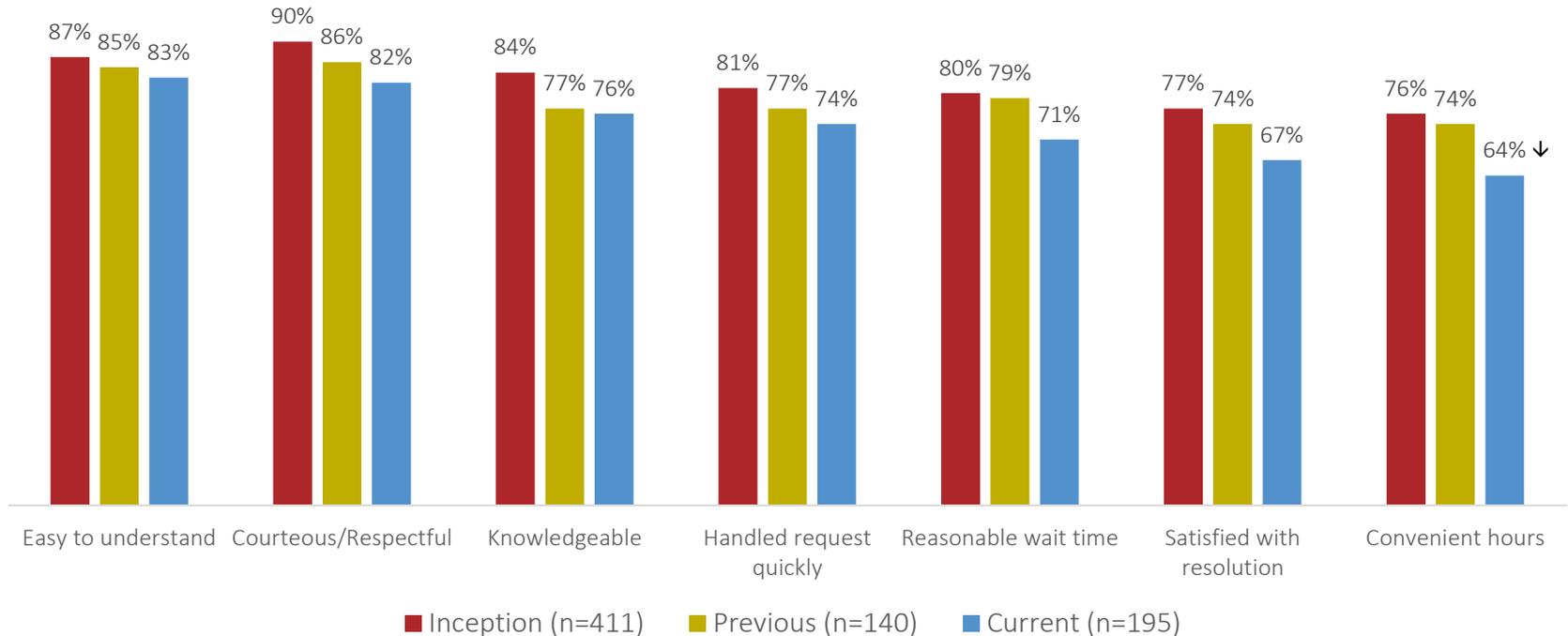
Satisfaction with Each Contact Method



SATISFACTION WITH CUSTOMER SERVICE

- Customers who used Liberty's customer service were most satisfied with the ease of understanding customer service staff and their courtesy and respectfulness. Satisfaction was lowest for convenient hours.
- Compared with 2014, satisfaction was relatively stable for most attributes.

Satisfaction (Strongly/Somewhat Agree)



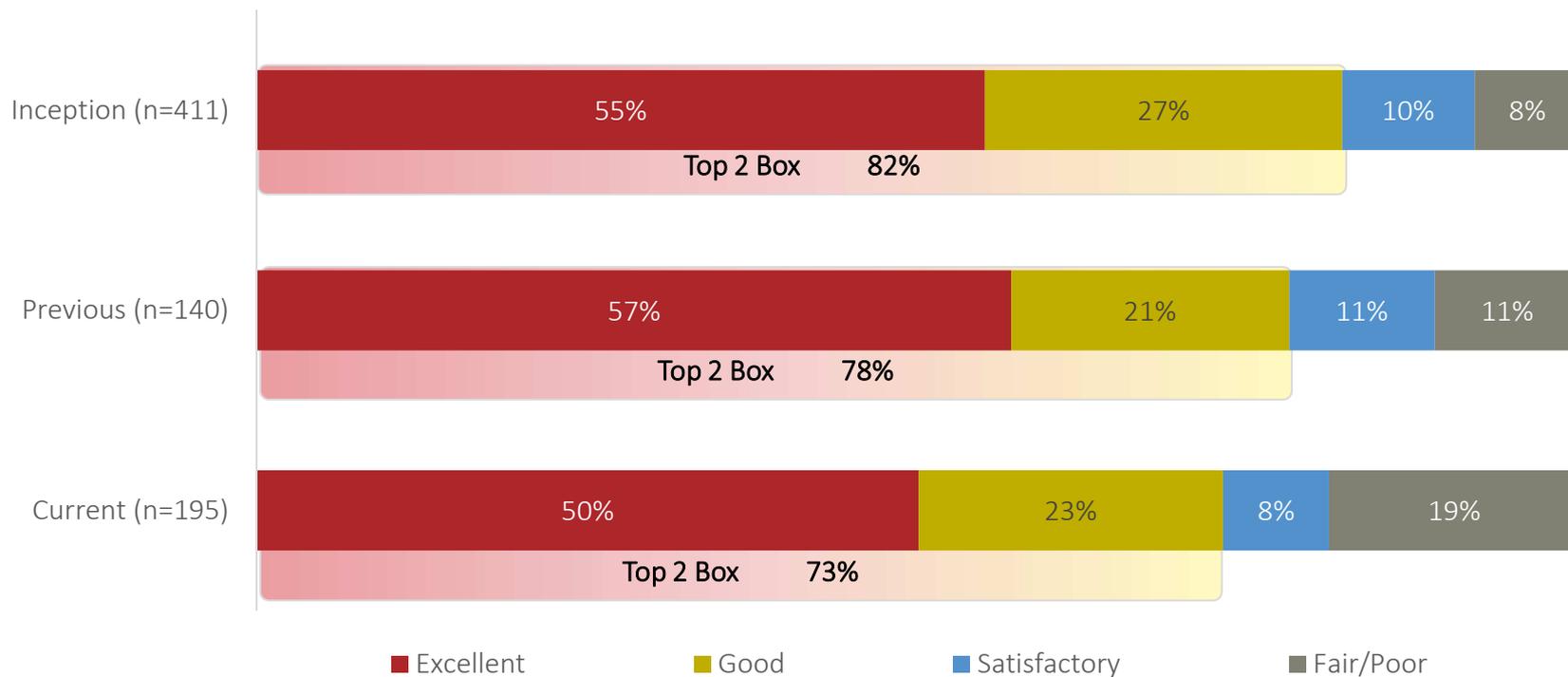
↑/↓
Q7

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

- Nearly three in four customers (73%) were satisfied with their overall customer service experience. Although overall satisfaction remained high, it has been drifting lower since 2013 (from 82% to 73%), while the percentage who were dissatisfied increased (from 8% to 19%).

Overall Satisfaction with Liberty Utilities



↑/↓
Q8

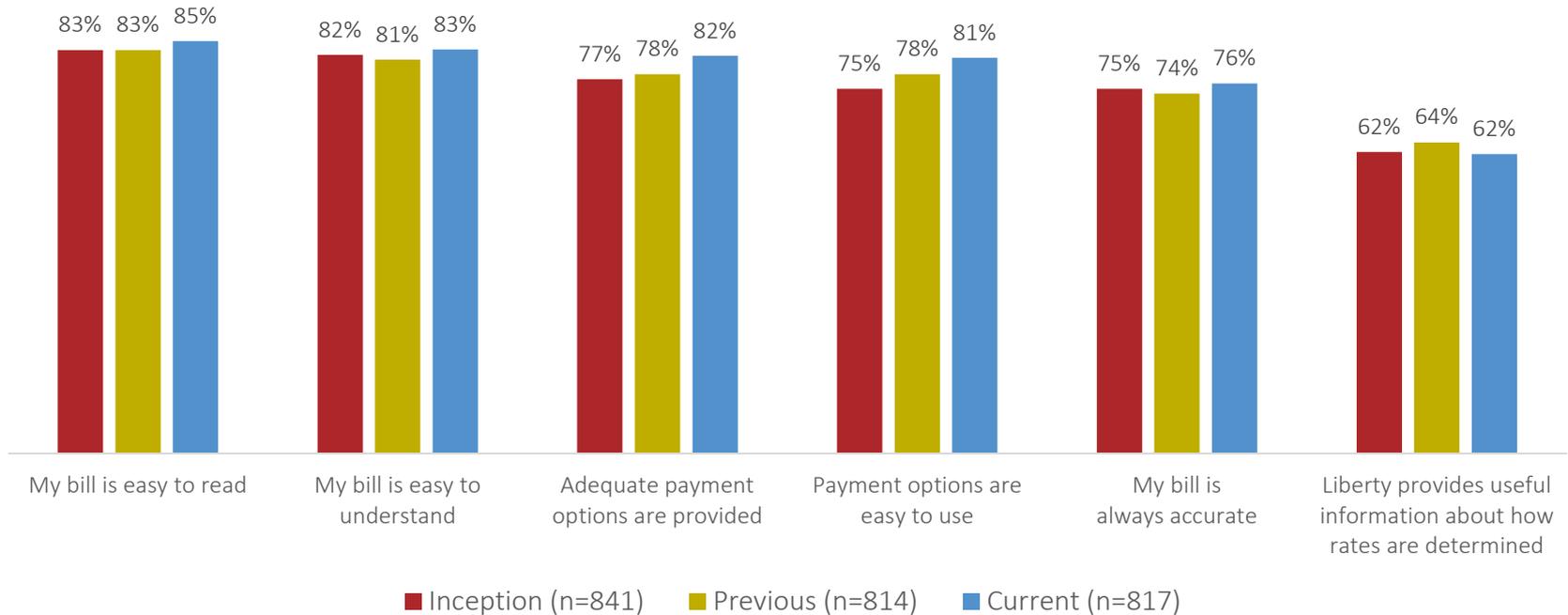
Indicates score is significantly higher/lower than the previous year
 Overall, how would you rate your experience with the customer service you received? If you have called the office more than once in the last year, please think only about your last contact with Liberty Utilities.

CUSTOMER BILLING

SATISFACTION WITH CUSTOMER BILLING

- Satisfaction with most billing-related issues remained very high in 2015. Satisfaction was notably lower only for Liberty providing useful information about how rates are determined.
- Although satisfaction was relatively high among all age groups, it was consistently higher among customers 65 and older than among younger customers.

Satisfaction (Strongly/Somewhat Agree)



↑/↓
Q9

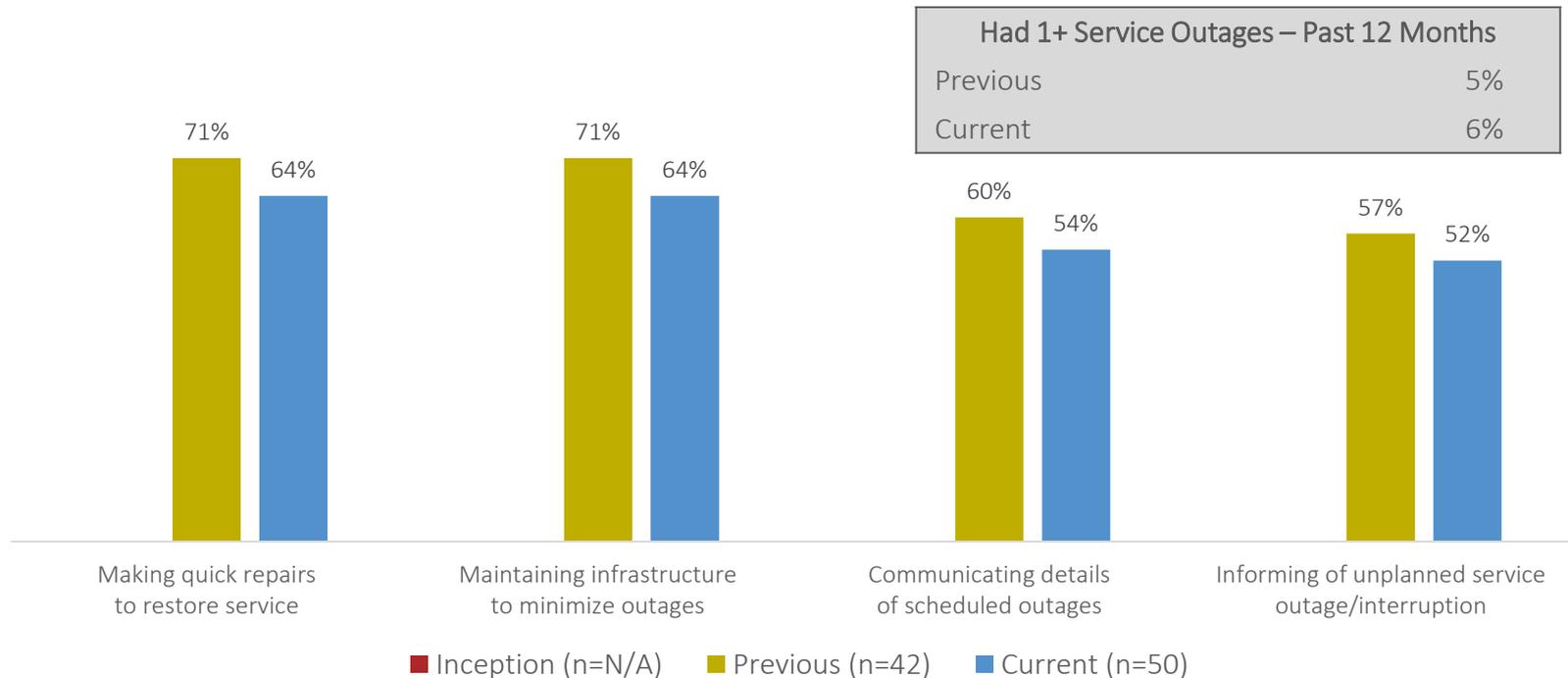
Indicates score is significantly higher/lower than the previous year
Using a 5-point scale where 5 is Strongly Agree and 1 is Strongly Disagree, please tell me how much you agree or disagree with each of the following statements.

SERVICE OUTAGE

SERVICE OUTAGE

- Only 6% of customers experienced a gas outage in the previous 12 months, unchanged from the results in 2014.
- Among the small number of customers who experienced an outage, satisfaction was slightly higher for making quick repairs and maintaining infrastructure than for communication about scheduled or unplanned service outages or interruptions.

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?

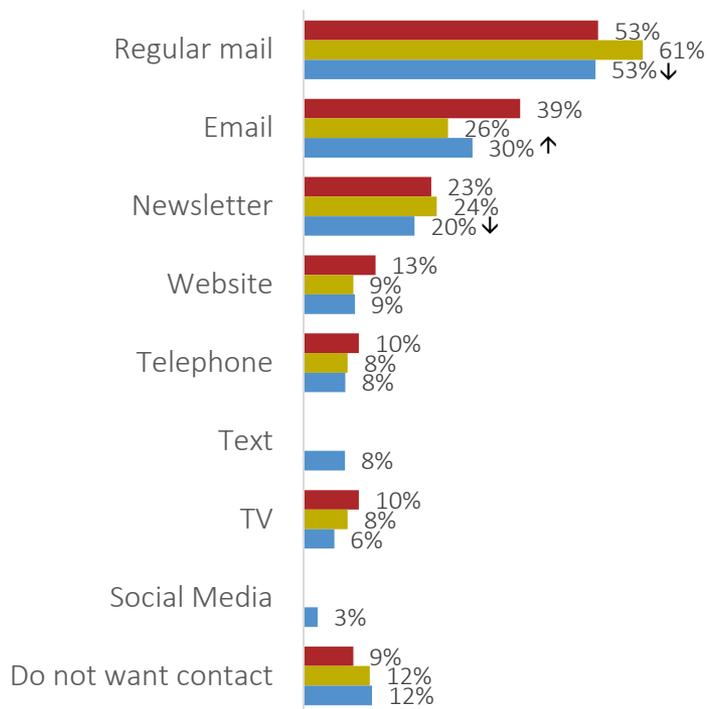
Thinking about all of your experiences with Liberty Utilities, please rate how good a job they do on each of these items on a scale from 1 to 5, where 1 is "Poor" and 5 is "Excellent".

COMMUNICATION

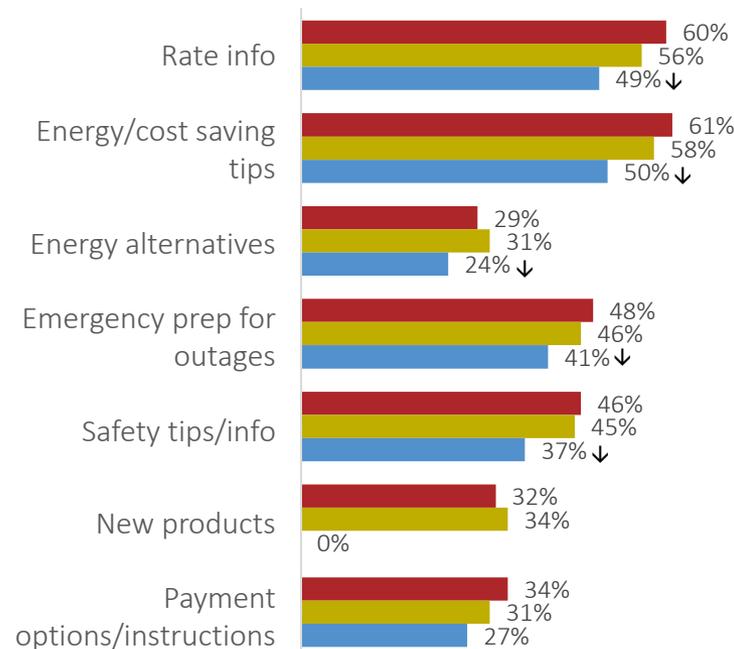
PREFERRED CHANNELS, TYPES OF INFO

- Overall, most customers preferred to receive information from Liberty via regular mail (53%). Among customers younger than 45, almost as many preferred email (45%) as regular mail (48%).
- Customers were most interested in receiving rate information, as well as energy/cost saving tips.

Preferred Channels



Preferred Types of Info



■ Inception (n=841) ■ Previous (n=814) ■ Current (n=817)

↑/↓

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.

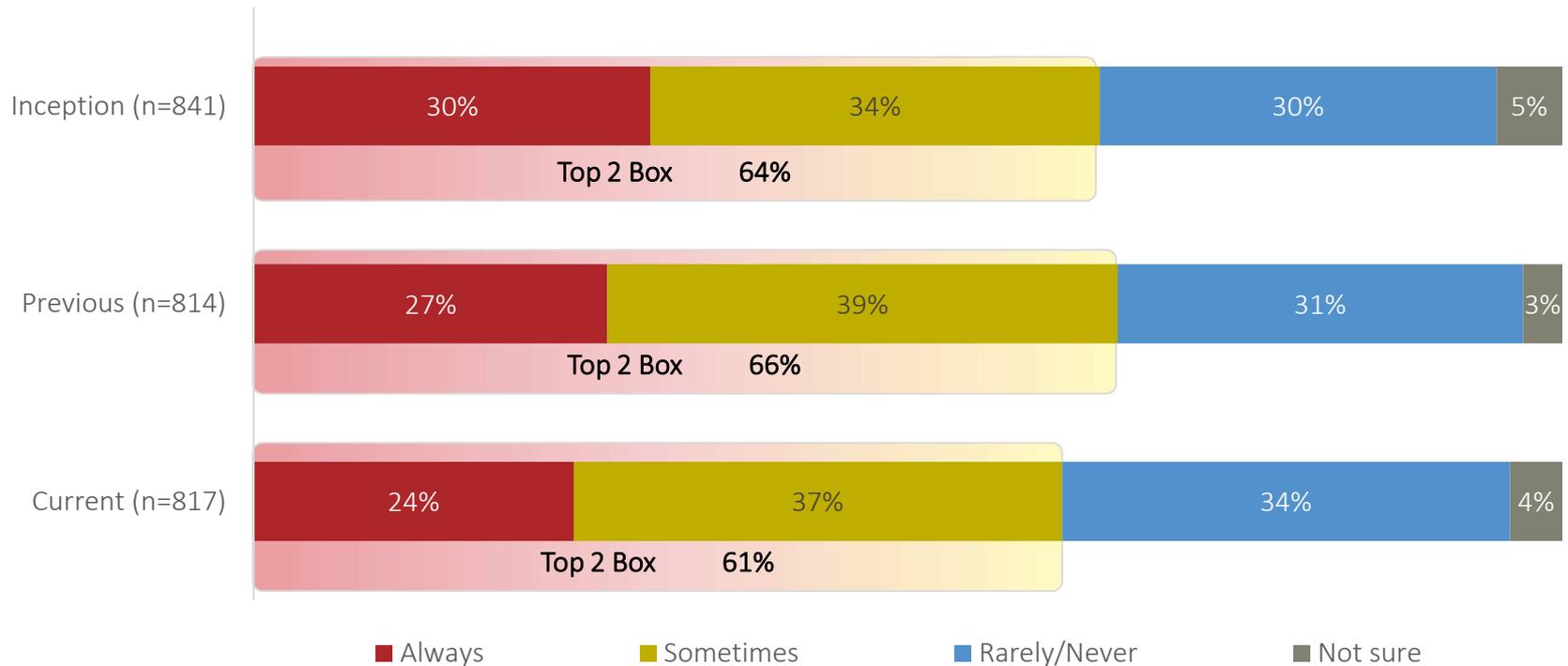
QEAST05

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

BILLING INSERTS

- Insert readership levels in 2015 were similar to those in previous years, with 61% reporting that they always or sometimes read their bill inserts.
- Readership of bill inserts increased with customer age. Readership was also higher in Iowa than in Illinois or Missouri.

Read Informational Inserts in Bill



↑/↓
Q11

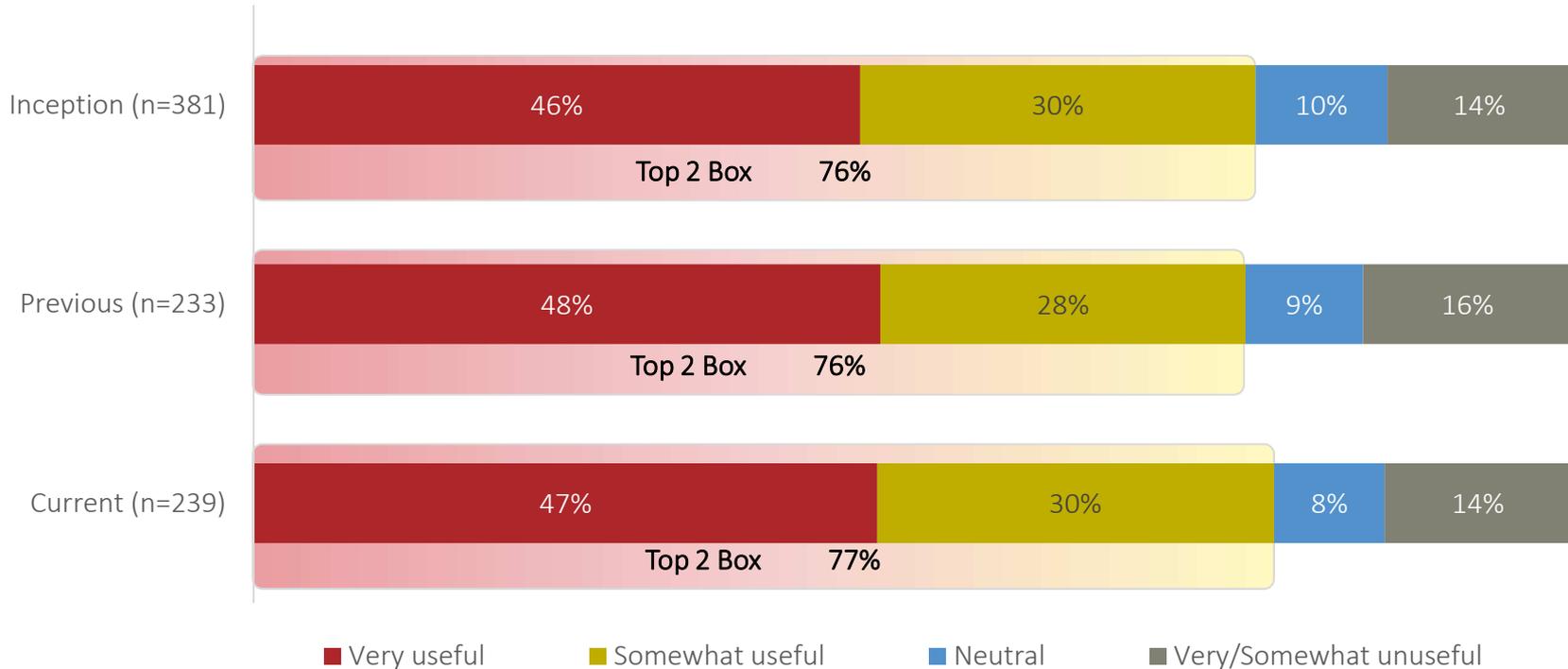
Indicates score is significantly higher/lower than the previous year

Liberty Utilities inserts informational newsletters into their customers' monthly bill. How often do you read the informational inserts included in your bill?

WEBSITE USEFULNESS

- Three in four customers who used the website in 2015 found it very or somewhat useful, in line with the previous years.

Overall Usefulness

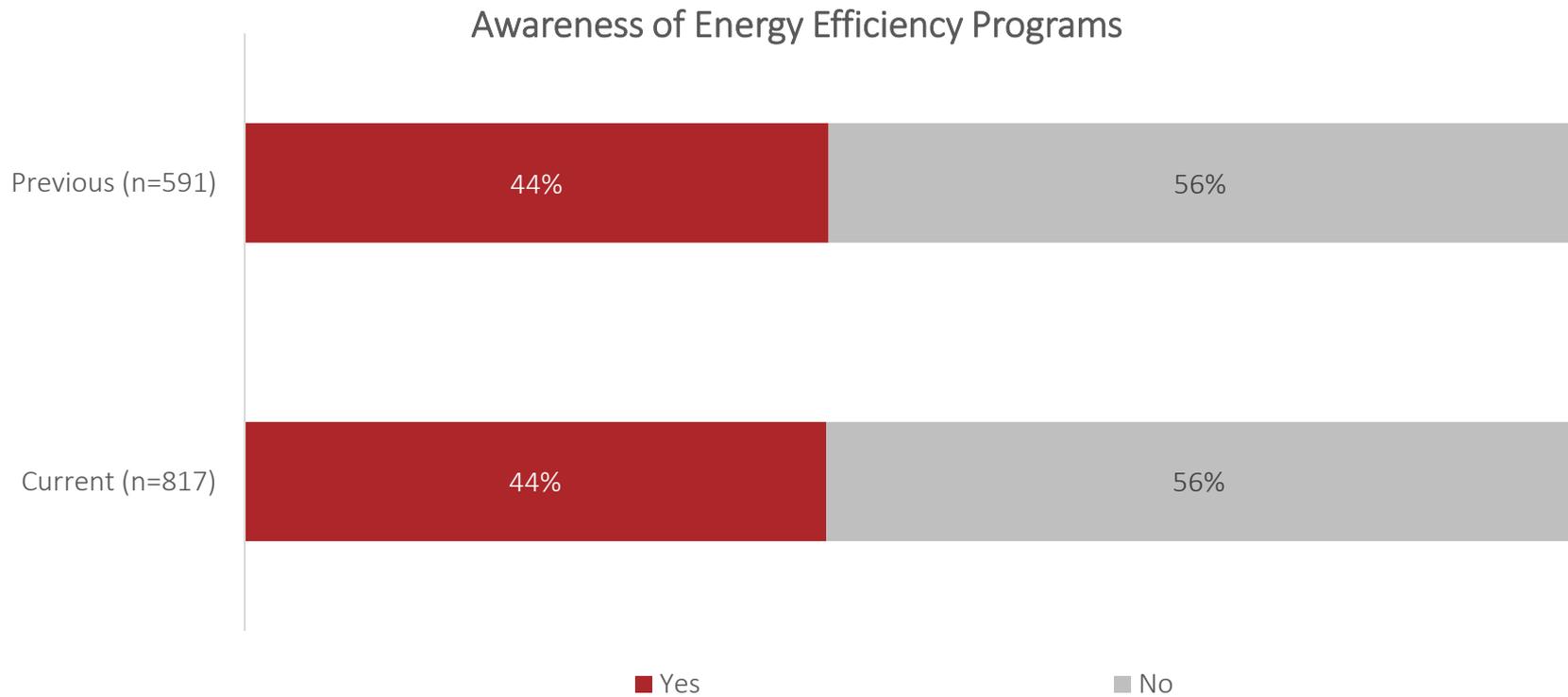




AWARENESS OF ENERGY EFFICIENCY PROGRAMS

AWARENESS OF ENERGY EFFICIENCY PROGRAMS

- Less than half of customers (44%) said they were aware of Liberty’s energy efficiency programs, unchanged compared with last year.
- Awareness was higher in Iowa (62%) than in Illinois (45%) or Missouri (40%).



APPENDIX

RESPONDENT PROFILE

	Inception	Previous	Current
	n=841	N=814	n=817
Gender			
Male	39%	37%	34%
Female	61%	63%	66%
Age			
18-24 years	2%	2%	3%
25-34 years	9%	10%	9%
35-44 years	11%	11%	11%
45-54 years	22%	16%	16%
55-64 years	24%	21%	22%
65+ years	32%	41%	39%
Household Income			
Under \$25,000	21%	24%	23%
\$25,000-\$49,999	25%	27%	22%
\$50,000-\$74,999	19%	14%	13%
\$75,000-\$99,999	9%	7%	7%
\$100,000-\$149,999	4%	5%	5%
\$150,000+	3%	1%	2%
Prefer not to say	18%	22%	28% ↑

RESPONDENT PROFILE

	Inception	Previous	Current
	n=841	N=814	n=817
Ethnicity			
White/Caucasian	90%	92%	87%
Asian/Pacific Islander	0%	1%	<1%
Hispanic/Latino	2%	<1%	<1%
Black/African American	4%	3%	3%
Native American or Alaskan Native	1%	1%	<1%
Other	1%	<1%	<1%↑
Prefer not to say	5%	4%	8%
Education Level			
Less than high school	4%	6%	4%
High school/GED	22%	34%	27%
Professional school/training	7%	6%	7%
Some college	21%	21%	20%
Associate's degree	8%	7%	7%
Bachelor's degree	14%	10%	11%
Some graduate school	5%	2%	4%
Graduate school degree	14%	9%	11%↑
Prefer not to say	5%	6%	8%

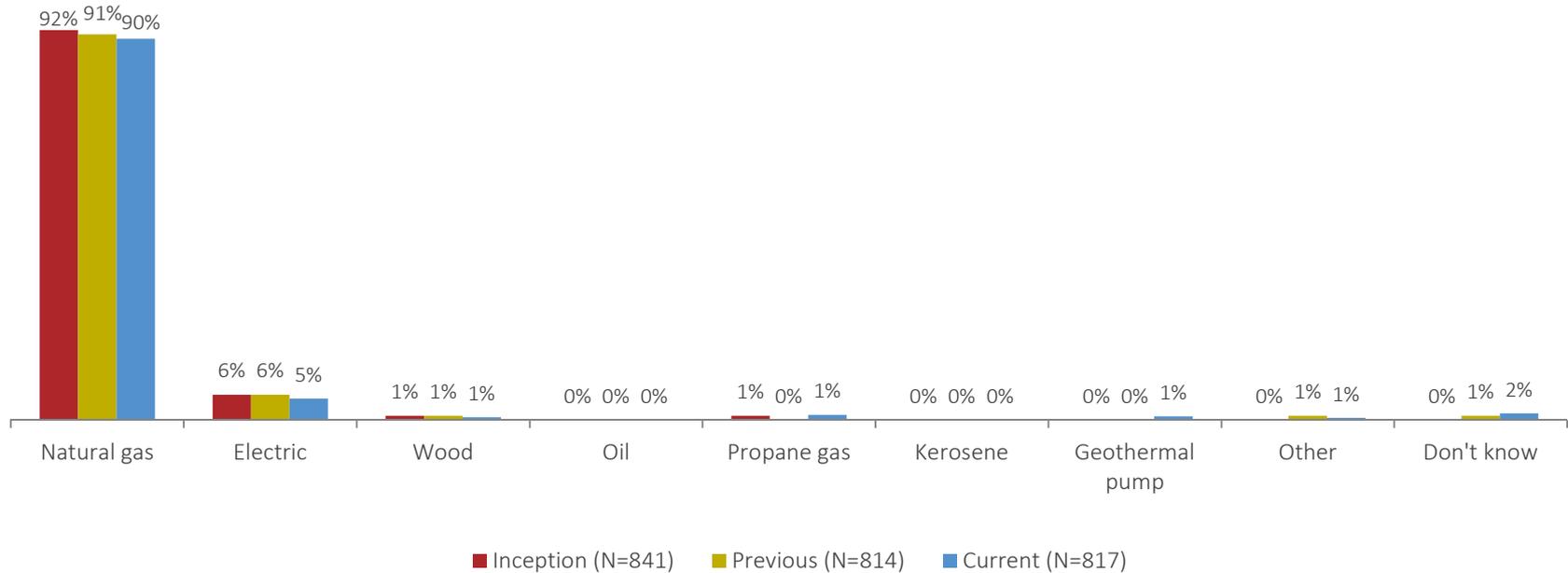
RESPONDENT PROFILE

	Inception	Previous	Current
	n=841	N=814	n=817
Average Number of Children in Household			
Under 18 years of age	1.79	1.71	1.84
Home Status			
Rent	17%	17%	22% ↑
Own	81%	81%	77%
Home Type			
Single family	91%	93%	90%
Multi-family/Apartment	7%	5%	8%
Other/Don't know	<1%	<1%	2%
Years in Current Residence			
0-5 years	35%	28%	34% ↑
6-10 years	19%	17%	18%
11-20 years	17%	23%	18%
20+ years	28%	33%	30%

METHOD FOR HEATING HOME

- Natural gas continued to be the predominant method that customers use to heat their homes in the Midstates.

Method for Heating Home



FOR FOLLOW-UP QUESTIONS, PLEASE CONTACT:



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