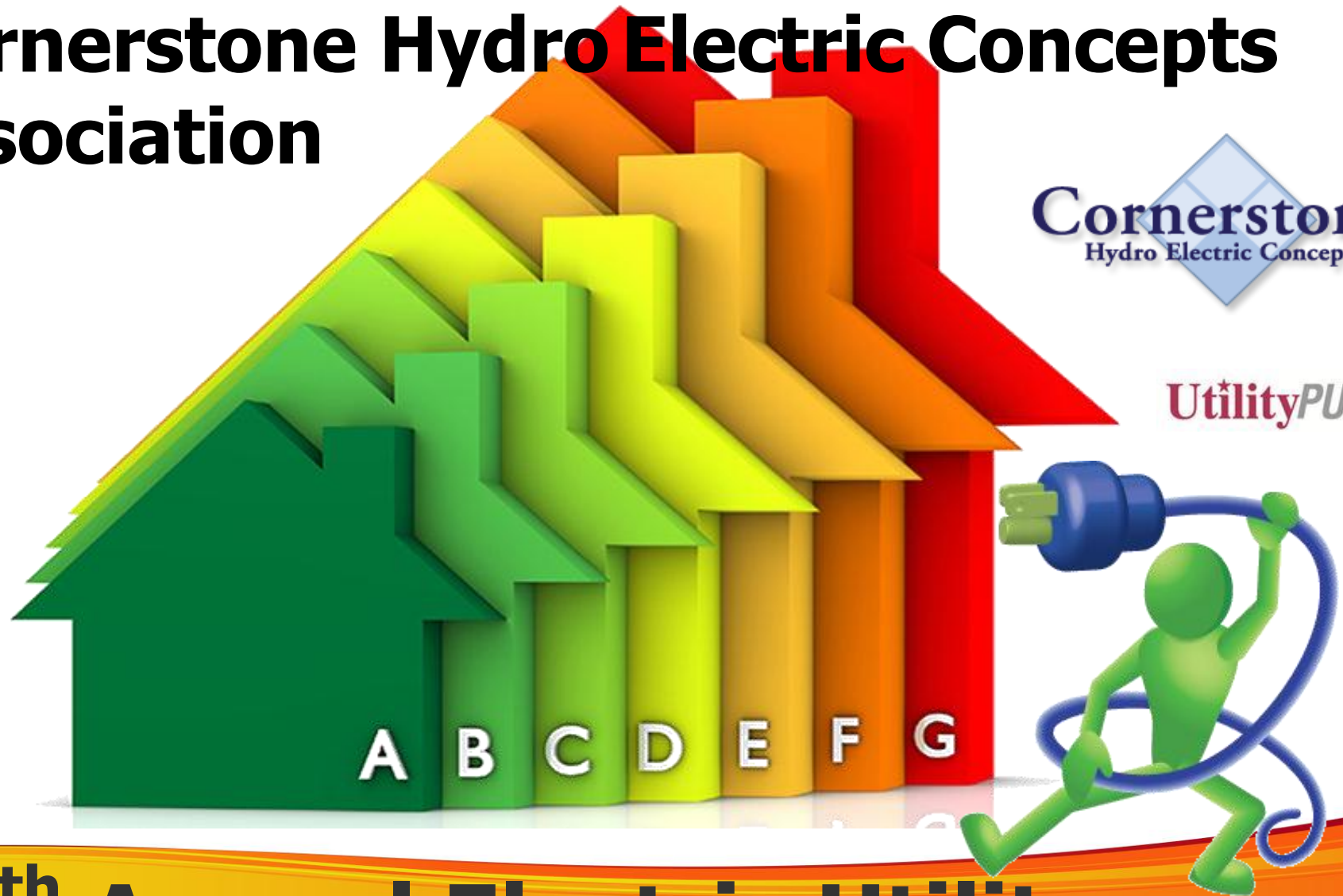


Cornerstone Hydro Electric Concepts Association



UtilityPULSE



15th Annual Electric Utility Customer Satisfaction Survey

The purpose of this report is to profile the connection between CHEC Group and its customers.

The primary objective of the Electric Utility Customer Satisfaction Survey is to provide information that will support discussions about improving customer care at every level in your utility.

The UtilityPULSE Report Card® and survey analysis contained in this report do not merely capture state of mind or perceptions about your customers' needs and wants - the information contained in this survey provides actionable and measurable feedback from your customers.

This is privileged and confidential material and no part may be used outside of Cornerstone Hydro Electric Concepts Association without written permission from UtilityPULSE, the electric utility survey division of Simul Corporation.

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Executive summary

“Putting the Consumer First” was part of the title of the *Report of the Ontario Distribution Sector Review Panel*. Its findings and recommendations add an additional level of challenges and opportunities. While the Report challenges the structural nature and efficiency of LDCs in Ontario, the “customer” remains focused on their own needs and expectations. The customer is primarily concerned about their overall costs for their electricity rather than the costs of the individual components of producing, transmitting, distributing and regulating electricity.

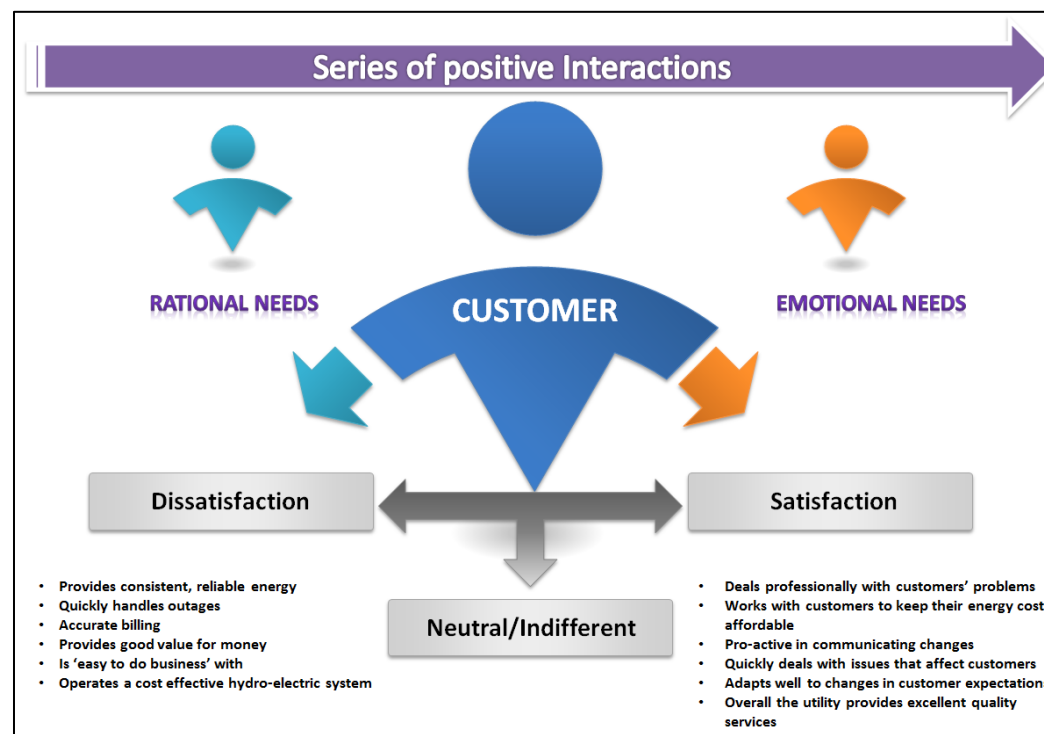
For the past 15 years, the only constant Ontario LDCs and their customers have faced is constant change. With topics such as SMART Meters, SMART Grid, green energy, infrastructure renewal, coupled with the recommendations from the Ontario Distribution Sector Review Panel, it is easy to predict that change will continue – for many years to come. One of the challenges for utilities today is to determine how to educate, empower and engage their residential and small business customers. The goal for utilities is to cut through the fog of fear, misinformation and confusion that exists amongst its customers, regarding a myriad of subjects, while retaining a very high level of trust, respect and credibility.

Trust and credibility are the foundational building blocks for ensuring that customers have both their rational and emotional requirements



fulfilled. The attributes which help an LDC to be seen as trusted and highly credible are: knowledge, integrity, involvement and trust. On demonstrating Credibility and Trust, CHEC Group has done well. Overall, CHEC Group 87% [Ontario 82%; National 82%].

Customers, as human beings, are both rational and emotional. The rational side of the customer

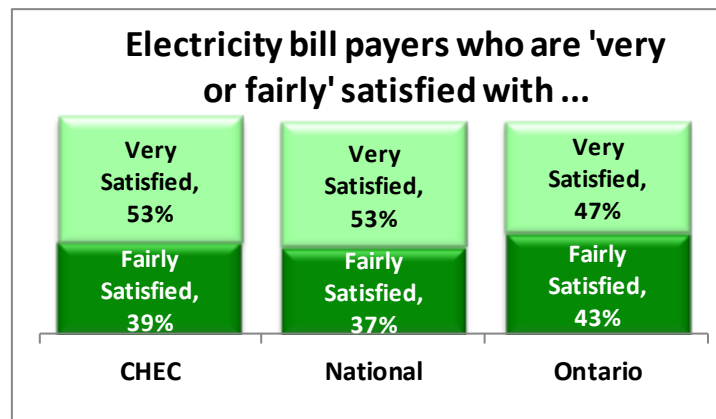


holds the LDC accountable for doing its job (as contracted), thereby fulfilling the customer's basic needs. The emotional side of the customer is about fulfilling expectations. Meeting rational needs – at best – gets the customer to a neutral state and at worst creates dissatisfaction. Emotional needs, when met, assuming base

level rational needs are met, can move a customer from neutral to higher levels of satisfaction.

The old adage, “You cannot command respect, you have to earn respect” is a lesson that aptly describes the loyalty effect with customers. Many people mistakenly think doing a good job will lead to loyalty; that a satisfied customer equals a loyal customer. Customers have expectations of their electric utility that go far beyond “keeping the lights on”, “billing me properly”, and “restoring power quickly”.

- **Satisfaction** happens when utility core services meet or exceed customer’s needs, wants, or expectations.
- **Loyalty** occurs when a customer makes an emotional connection with their electric utility on a diverse range of expectations beyond core services.



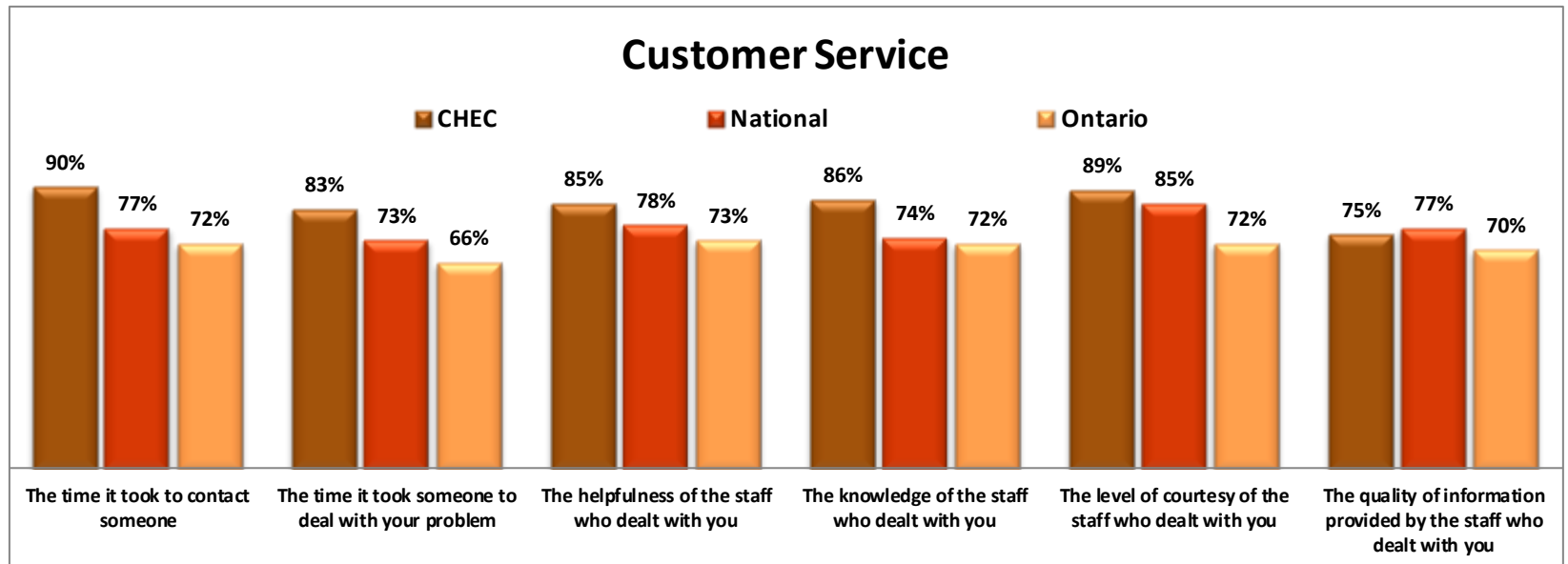
Satisfaction alone does not make a customer loyal; a willingness to commit and advocate for a company along with satisfaction identifies the three basic customer attitudes which underpin loyalty profiles. While satisfaction is an important component of loyalty, the loyalty definition needs to incorporate more attitudinal and emotive components.



CHEC SATISFACTION SCORES – Electricity customers' satisfaction				
Top 2 Boxes: 'very + fairly satisfied'	2013	2012	2011	2010
PRE: Initial Satisfaction Scores	92%	-	-	-
POST: End of Interview	94%	-	-	-

Base: total respondents / (-) not a participant of the survey year

Customers have needs and expectations AND they will have problems. How those problems are dealt with are “proof points” which will validate or invalidate their perceptions. Customer problems are far more diverse than they have ever been, thereby, causing customer service to change in response to those problems and needs. Given the increase in fragmentation of customer type and customer problems, the need for building a customer-centric culture in line with customers’ needs, preferences and expectations is important when customer satisfaction is important to the organization.



Base: total respondents who contacted the utility



The Killer B's (Blackouts and Bills)

It is inevitable that there will be blackouts/power outages – the key is how a utility anticipates outages and deals with them. It should also be noted that there is a disconnect between what a utility might call a “billing problem” and what a customer defines as a “billing problem”. Though both viewpoints are valid, employees need to be trained to answer those that cause the most concern with customers.

Percentage of Respondents indicating that they had a Blackout or Outage problem in the last 12 months			
	CHEC	National	Ontario
2013	36%	41%	35%
2012	-	44%	46%
2011	-	43%	43%
2010	-	45%	41%

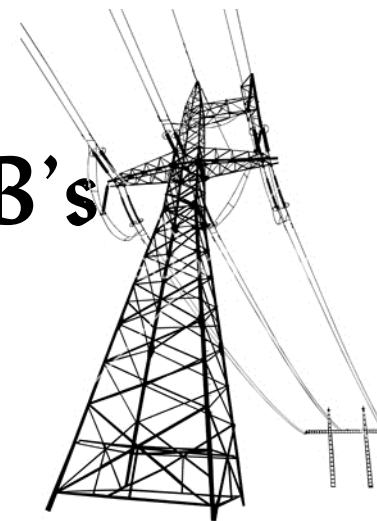
Base: total respondents / (-) not a participant of the survey year

Percentage of Respondents indicating that they had a Billing problem in the last 12 months			
	CHEC	National	Ontario
2013	10%	8%	10%
2012	-	12%	13%
2011	-	10%	16%
2010	-	10%	12%

Base: total respondents / (-) not a participant of the survey year



Killer B's



What do customers think about electricity costs?

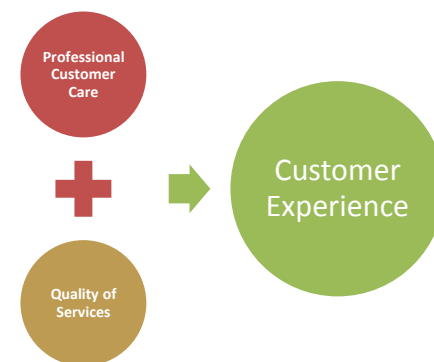
There is a correlation between ability to pay and satisfaction with higher earners reporting the highest levels of initial satisfaction with their utility. It is also true that emotional connectivity, i.e. loyalty, also plays a role about what customers think about costs. Out of all the Ontario survey respondents this year, only 17% of Secure customers vs 43% of At Risk customers report that they sometimes or often worry about paying their electricity bill.

Is paying for electricity a worry or major problem ...			
	CHEC	National	Ontario
Not really a worry	67%	70%	66%
Sometimes I worry	24%	18%	21%
Often it is a major problem	4%	8%	11%
Depends	3%	2%	1%

Base: total respondents

Customer Experience Performance rating (CEPr)

New for 2013 is the Customer Experience Performance rating (CEPr). Every touch point with customers on the phone, website or in-person influences what customers think and feel about the organization.

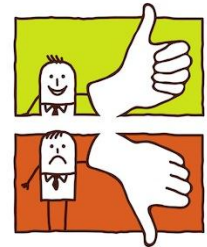


Customer Experience Performance rating (CEPr)			
	CHEC	National	Ontario
CEPr: all respondents	87%	83%	83%
CEPr: respondents <i>who have</i> contacted their utility	83%	79%	77%
CEPr: respondents <i>who have not</i> contacted their utility	88%	84%	85%

Base: total respondents

The key is handling every individual element of an interaction with a customer so that he/she feels good at the end of the whole interaction and the utility achieves its business objectives.

While an excellent transaction today creates a positive experience today, the perception created is that future transactions will be excellent too, which is how you want your customers to feel. Of course, a negative transaction creates the perception that future transactions will be negative.



Customer Engagement Index (CEI)

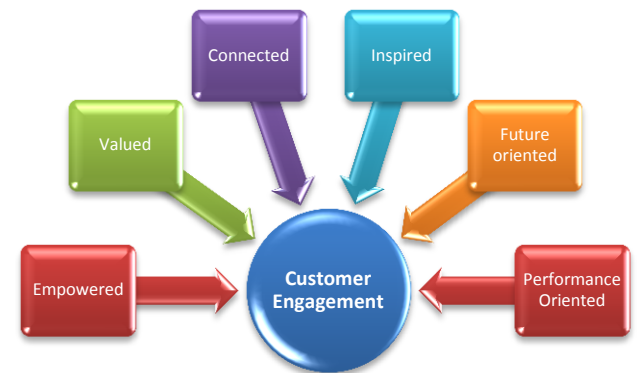
UtilityPULSE has been researching this topic for the past 2 years and we have found that there are 4 basic types of definitions associated with the term called “customer engagement”. Here are the basic types:

- 1- Participation in programs or service offerings
- 2- Pro-active “reach-out” to customers
- 3- Customer loyalty
- 4- How customers think, feel and act towards the organization that serves them.



Drawing from our 25+ years of experience working with enterprises in both the private and public domains, we believe that basic types 1 & 2 are too simplistic and tend to be an efficiency measurement. Whereas types 3 & 4 are more valuable to the organization especially when a key corporate goal is to create an operationally effective place to do business with – essentially an effectiveness and outcomes oriented measurement.

Engagement is how customers think, feel and act towards the organization. As such, ensuring that customers respond in a positive way requires that they are rationally satisfied with the services provided AND emotionally connected to your LDC and its brand. The more frequently and consistently an organization's products and services can connect with a customer, especially on an emotional level, the stronger and deeper the customer becomes engaged with the organization. The six dimensions of an outcome based definition of customer engagement are: empowered, valued, connected, inspired, future oriented and performance oriented.



Utility Customer Engagement Index (CEI)			
	CHEC	National	Ontario
CEI	86%	81%	81%

Base: total respondents



UtilityPULSE Report Card®

The purpose of the UtilityPULSE Report Card is to provide your utility with a snapshot of performance – it represents the sum total of respondents' ratings on 6 categories of attributes that research has shown are important to customers for influencing satisfaction and affinity levels with their utility.

CHEC's UtilityPULSE Report Card®				
Performance				
	CATEGORY	CHEC	National	Ontario
1	Customer Care	A	B+	B+
	Price and Value	B+	B	B
	Customer Service	A	B+	A
2	Company Image	A	A	A
	Company Leadership	A	A	A
	Corporate Stewardship	A	A	A
3	Management Operations	A	A	A
	Operational Effectiveness	A	A	A
	Power Quality and Reliability	A+	A	A
OVERALL		A	A	A

Base: total respondents



Corporate Image

Organizations today, are always under scrutiny and have to consider the reality AND perception of their image. Increasingly, organizations have realized that the management of a strong positive image with various stakeholders can be beneficial.

Attributes strongly linked to a hydro utility's image			
	CHEC	National	Ontario
Is a respected company in the community	89%	83%	84%
Maintains high standards of business ethics	88%	81%	81%
A leader in promoting energy conservation	85%	80%	80%
Keeps its promises to customers and the community	88%	81%	82%
Beyond providing jobs and paying taxes, is socially responsible	86%	79%	79%
Is a trusted and trustworthy company	89%	83%	83%
Adapts well to changes in customer expectations	80%	74%	73%
Is 'easy to do business with'	88%	82%	81%
Overall the utility provides excellent quality services	87%	85%	83%
Operates a cost effective hydro-electric system	79%	72%	68%

Base: total respondents with an opinion

Supplemental Insights

Recognizing that customers' interests and needs continue to shift, we have provided data and SMART insights, on a number of subjects such as e-care, e-billing, conservation and more.



SMART Meters & SMART Grid

Do economic incentives have an impact on resource consumption patterns? *77% agree strongly or somewhat that Time-of-Use billing has changed the way in which they consume electricity on a day-to-day basis. [Base: Ontario LDC respondents]*



SMART metering is also a key element of SMART grid technology. This year's survey probed around the concept of SMART grid, its importance and support towards working with neighbouring utilities. It is clear that the need for education is immense. It is also clear that the majority of respondents are very + somewhat supportive of the utility working with neighbouring utilities on SMART grid initiatives.

Level of knowledge about the SMART Grid	
	Ontario LDCs
I have a fairly good understanding of what it is and how it might benefit homes and businesses	7%
I have a basic understanding of what it is and how it might work	17%
I've heard of the term, but don't know much about it	33%
I have not heard of the term	42%
Don't know	1%

Base: An aggregate of respondents from 2013 participating LDCs





Importance of pursuing implementation of the SMART Grid	
Ontario LDCs	
Very important	23%
Somewhat important	30%
Neither important or unimportant	9%
Somewhat unimportant	5%
Unimportant	10%
Don't know	23%

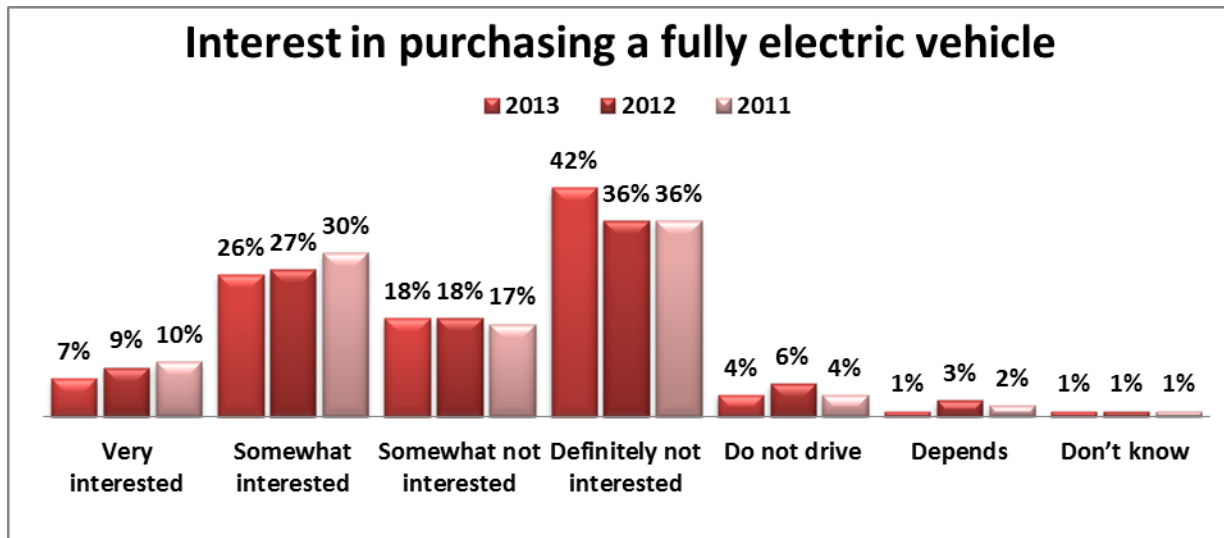
Base: An aggregate of respondents from 2013 participating LDCs

Support towards working with neighbouring utilities on SMART Grid initiatives	
Ontario LDCs	
Very supportive	38%
Somewhat supportive	37%
Neither supportive or unsupportive	4%
Somewhat unsupportive	2%
Unsupportive	6%
Don't know	12%

Base: An aggregate of respondents from 2013 participating LDCs

Purchasing an Electric Vehicle

Looking at age demographics, 22% of older respondents (55+) versus 47% of respondents aged 35-54 and 43% aged 18-34 are in favor of EVs replacing conventional cars.



Base: total respondents in the Ontario Benchmark survey

Energy Conservation & Efficiency

Improving energy efficiency does not mean that customers have to give up or forgo activities to save energy. Rather, new technologies and more effective behaviour will actually allow customers to do more, improving their living conditions rather than reducing their comfort. Energy efficiency can be broken down into two areas: *better use of energy through improved energy-efficient technologies*; and



energy saving through changes in customer awareness and behaviour. During the survey interview process, we asked “what are the 1 or 2 barriers for creating higher levels of energy efficiency?” 21% identified “costs involved in making equipment/appliance changes”, and 12% identified “lack of knowledge or lack of information”.



Respondents were asked: “What will you be doing to conserve energy?”

Efforts to conserve energy				
Ontario LDCs	Yes	No	Already Done	Don't Know
Install energy-efficient light bulbs or lighting equipment	20%	10%	69%	1%
Install timers on lights or equipment	15%	49%	35%	2%
Shift use of electricity to lower cost periods	21%	19%	57%	3%
Install window blinds or awnings	15%	26%	58%	1%
Install a programmable thermostat	15%	20%	63%	2%
Have an energy expert conduct an energy audit	9%	70%	18%	3%
Removing old refrigerator or freezer for free	14%	45%	37%	4%
Join the peaksaverPLUS™ program	18%	48%	21%	13%
Replacing furnace with a high efficiency model	13%	36%	48%	3%
Replacing air-conditioner with a high efficiency model	16%	39%	41%	4%
Use a coupon to purchase qualified energy saving products	33%	42%	21%	4%

Base: An aggregate of respondents from 2013 participating LDCs



E-care and E-billing

For any service provider including electric utilities, using the Internet for online customer care and electronic billing involves a number of interrelated requirements, including a customer's ability to: sign up for and change their services using the internet, find answers to their questions online about their accounts, learn about products, services and topics, i.e., green energy, electricity pricing, etc. It is about giving control to the customer.



83% of CHEC Group respondents have access to the internet and 14% have accessed their utility's website in the last six months.

Consumers will eventually adopt electronic billing and online customer care as many industries/companies begin providing consumer bills online, and critical mass is reached.

Using the internet for billing		
	Ontario LDCs	CHEC
I am already receiving my hydro bill electronically	10%	4%
I use on-line banking and will definitely be requesting that my bill be sent electronically	11%	11%
I use on-line banking but prefer to have paper statements	30%	35%
I prefer to have the paper copy of my bills	23%	26%
I don't use on-line banking	17%	22%

Base: An aggregate of respondents from 2013 participating LDCs / 90% of total respondents from the local utility



Social Media

Social media is evolving at an incredible pace. Importantly, it seems to represent a shift in how people discover, read and share news, information and content. Respondents of this year's survey were asked *"how likely they would use social media such as twitter®, facebook® (and others) as a resource for energy efficiency tips or to help manage your electricity use"...*



	Likelihood of using Social Media			
	CHEC	Ontario LDCs	Ontario LDCs Age Group:18-34	Ontario LDCs Age Group: 55+
Very likely	4%	6%	10%	3%
Somewhat likely	7%	11%	17%	6%
Not likely	22%	20%	24%	17%
Not likely at all	64%	61%	48%	68%
Don't have social media account	2%	2%	0%	4%
Don't know	0%	1%	0%	1%

Base: An aggregate of respondents from 2013 participating LDCs / 90% of total respondents from the local utility

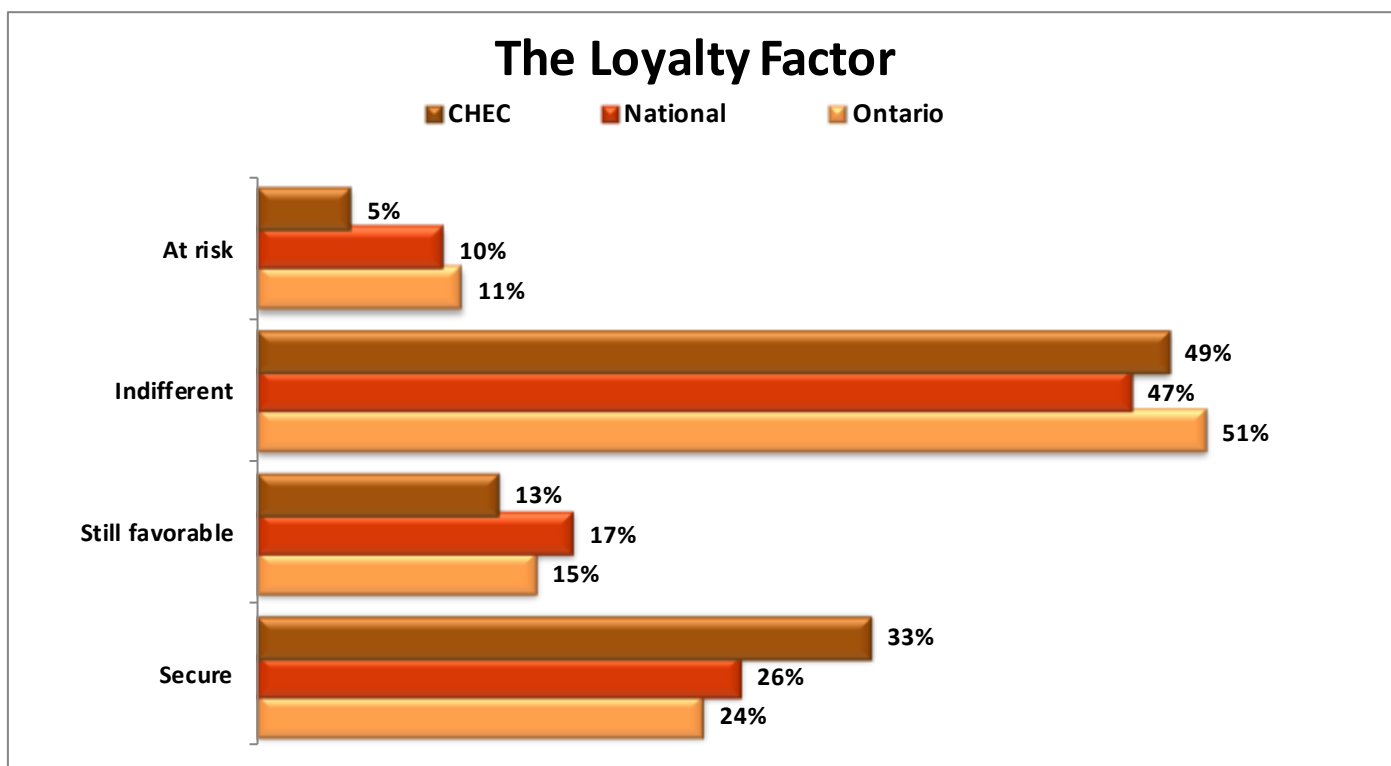
Customer Affinity

Private industry often equates customer loyalty with basic customer retention. If a customer continues to do business with a company, that customer is, by definition, considered to be loyal. If this definition



were applied to many companies in the utility industry, all customers would automatically be considered loyal. As such, measuring customer loyalty would appear to be unnecessary.

Natural monopolies (like LDCs) are not really different in what they should measure except that trying to determine which customers are “loyal” or “at risk” is not about a customer’s future behaviour but more about their “attitudinal” loyalty (are they advocates?).



Base: total respondents



Customer Loyalty Groups				
	Secure	Favorable	Indifferent	At Risk
CHEC				
2013	33%	13%	49%	5%
2012	-	-	-	-
2011	-	-	-	-
2010	-	-	-	-

Base: total respondents / (-) not a participant of the survey year



Electricity customers' loyalty – Is a company that you would like to continue to do business with				
CHEC	2013	2012	2011	2010
Top 2 boxes: 'Definitely + Probably' would continue	85%	-	-	-

Base: total respondents / (-) not a participant of the survey year

Electricity customers' loyalty – is a company that you would recommend to a friend or colleague				
CHEC	2013	2012	2011	2010
Top 2 boxes: 'Definitely + Probably' would recommend	78%	-	-	-

Base: total respondents / (-) not a participant of the survey year



Every LDC has a brand and a brand image, while that image can be affected by events in the industry beyond the control of the LDC, the reality is there is a cost benefit to improving the customer experience, generating higher levels of customer engagement and growing the numbers of Favourable and Secure customers. Providing consistent reliable energy while being seen as 'easy to do business with', along with providing information and support for customers to use electricity more efficiently are core components of a successful relationship with customers.

Marketing – Communications			
	CHEC	National	Ontario
Topics that require more pro-active communication			
Cost of electricity is reasonable when compared to other utilities	69%	66%	61%
Works with customers to keep their energy costs affordable	73%	66%	65%
Adapts well to changes in customer expectations	80%	74%	73%
Operates a cost effective hydro-electric system	79%	72%	68%
Provides good value for money	76%	71%	68%
Topics that your utility scores very well on			
Is a trusted and trustworthy company	89%	83%	83%
Respected company in the community	89%	83%	84%
Accurate billing	88%	85%	86%
Overall the utility provides excellent quality services	87%	85%	83%
Provides consistent, reliable energy	91%	90%	90%

Base: total respondents with an opinion



UtilityPULSE is the only enterprise with multiple year customer trend data that appears on the List of Presenters and Submitters in the *Report of the Ontario Distribution Sector Review Panel*. With 14 years of data (15 now that the 2013 survey has been completed), we know that LDCs in Ontario have made excellent progress in the way(s) in which customers are cared for and served – despite the massive amounts of change that have taken place during that same timeframe.

We've often been asked: "What does it take to be seen as having great customer service?" Our answer continues to be "have genuine empathy for customers". If you and your fellow employees don't have it, then your organization will not achieve the highest levels of customer engagement and affinity as may be possible. This requires CHEC Group to ensure that it is truly embracing the strategic intent of being "customer centric" AND it requires the establishment of a corporate culture that supports both customer and employee engagement.

We recommend having meaningful two-way dialogue with employees (and others) to leverage the results from your 2013 customer satisfaction survey derived from speaking with 632 CHEC Group customers [April 10 - April 23, 2013]. After-all, people can't care about the things that they don't know about.

Sid Ridgley

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June, 2013





Good things happen when work places work. You'll receive both strategic and pragmatic guidance about how to improve Customer satisfaction & Employee engagement with leaders that lead and a front-line that is inspired. We provide: training, consulting, surveys, diagnostic tools and keynotes. The electric utility industry is a market segment that we specialize in. We've done work for the Ontario Electrical League, the Ontario Energy Network, and both large and small utilities. For fifteen years we have been talking to 1000's of utility customers in Ontario and across Canada and we have expertise that is beneficial to every utility.

**Culture, Leadership & Performance –
Organizational Development**

Leadership development

Strategic Planning

Teambuilding

Organizational Culture Transformation

**Focus Groups, Surveys, Polls,
Diagnostics**

Diagnostics ie. Change Readiness, Leadership
Effectiveness, Managerial Competencies

Surveys & Polls

Customer Satisfaction and Loyalty
Benchmarking Surveys

Organization Culture Surveys

Customer Service Excellence

Service Excellence Leadership

Telephone Skills

Customer Care

Dealing with
Difficult Customers

Benefit from our expertise in Customer Satisfaction, Leadership development, Strategy development or review, and Front-line & Top-line driven-change. We're experts in helping you assess and then transform your organization's culture to one where achieving goals while creating higher levels of customer satisfaction is important. Call us when creating an organization where more employees satisfy more customers more often, is important.

Your personal contact is:

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