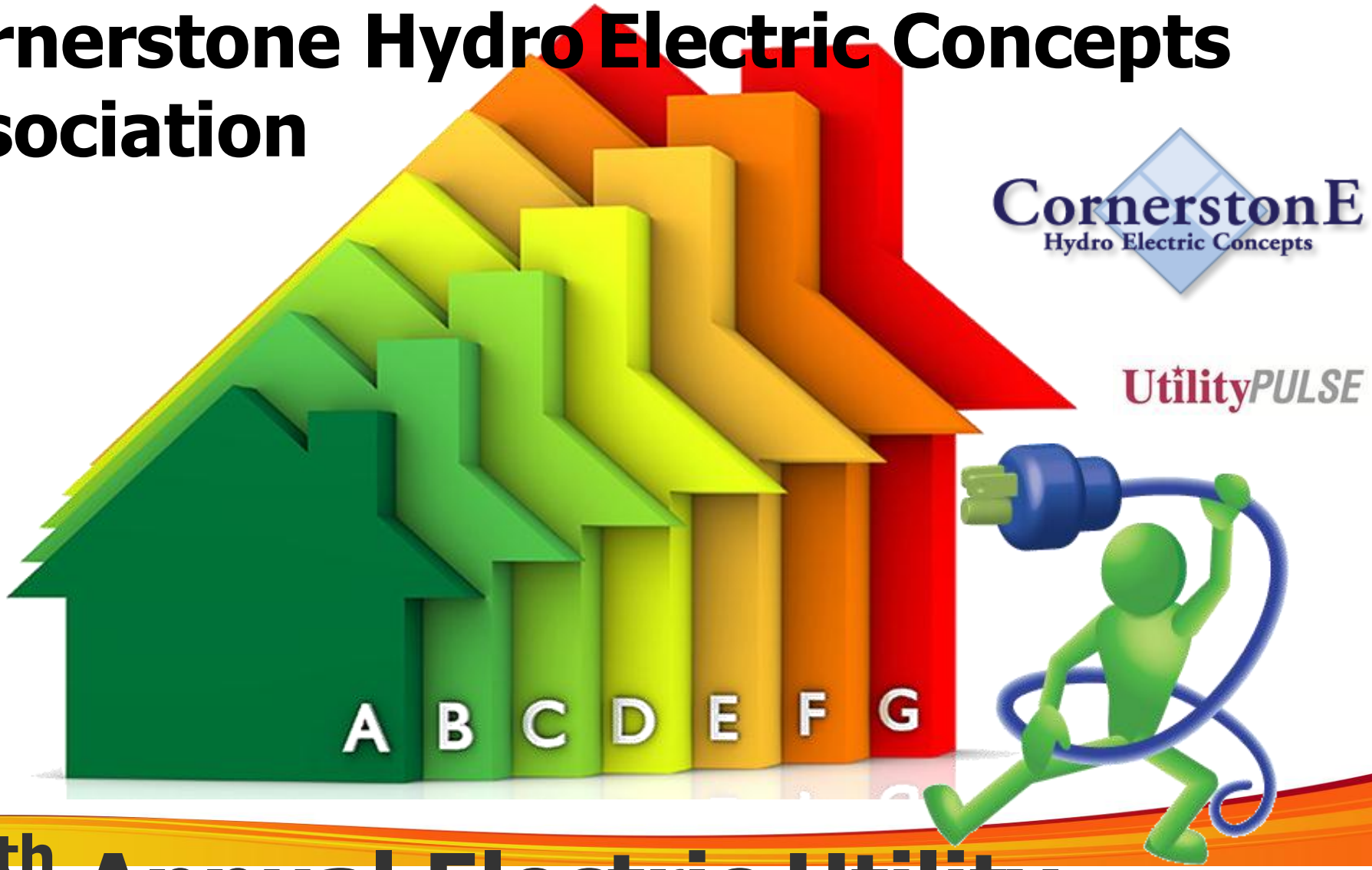
Cornerstone Hydro Electric Concepts Association



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.

All comments and questions should be addressed to:

Sid Ridgley, UtilityPULSE division, Simul Corporation

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Executive summary

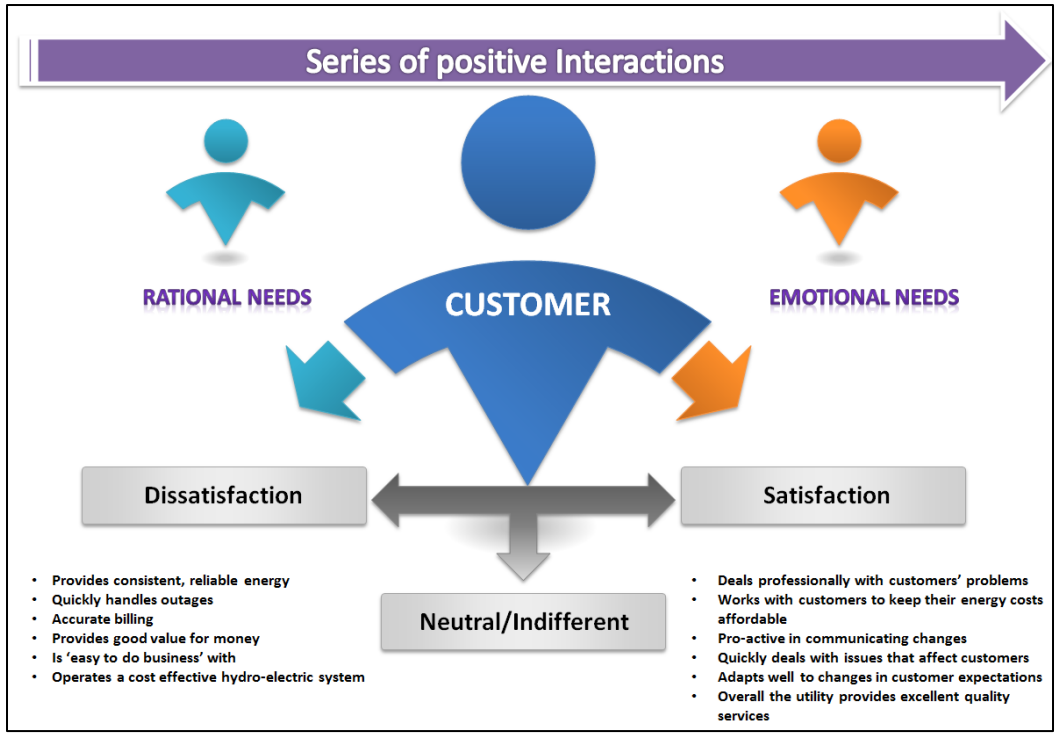
"Putting the Consumer First" was part of the title of the *Report of the Ontario Distribution Sector Review Panel.* Its findings and recommendations add an additional level of challenges and opportunities. While the Report challenges the structural nature and efficiency of LDCs in Ontario, the "customer" 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.

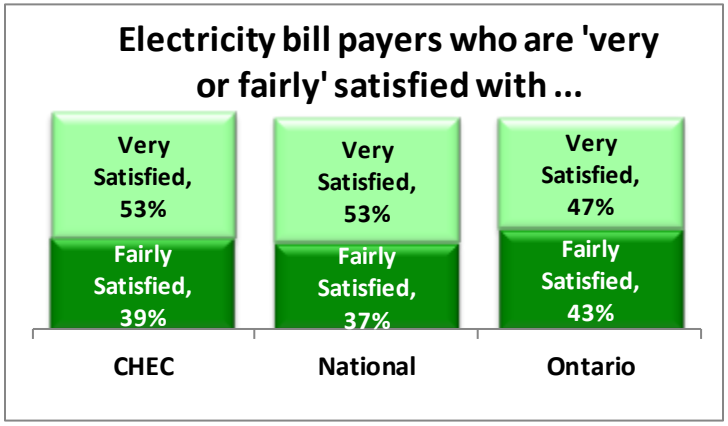
Trust and credibility are the foundational building blocks for ensuring that customers have both their rational and emotional requirements

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”.



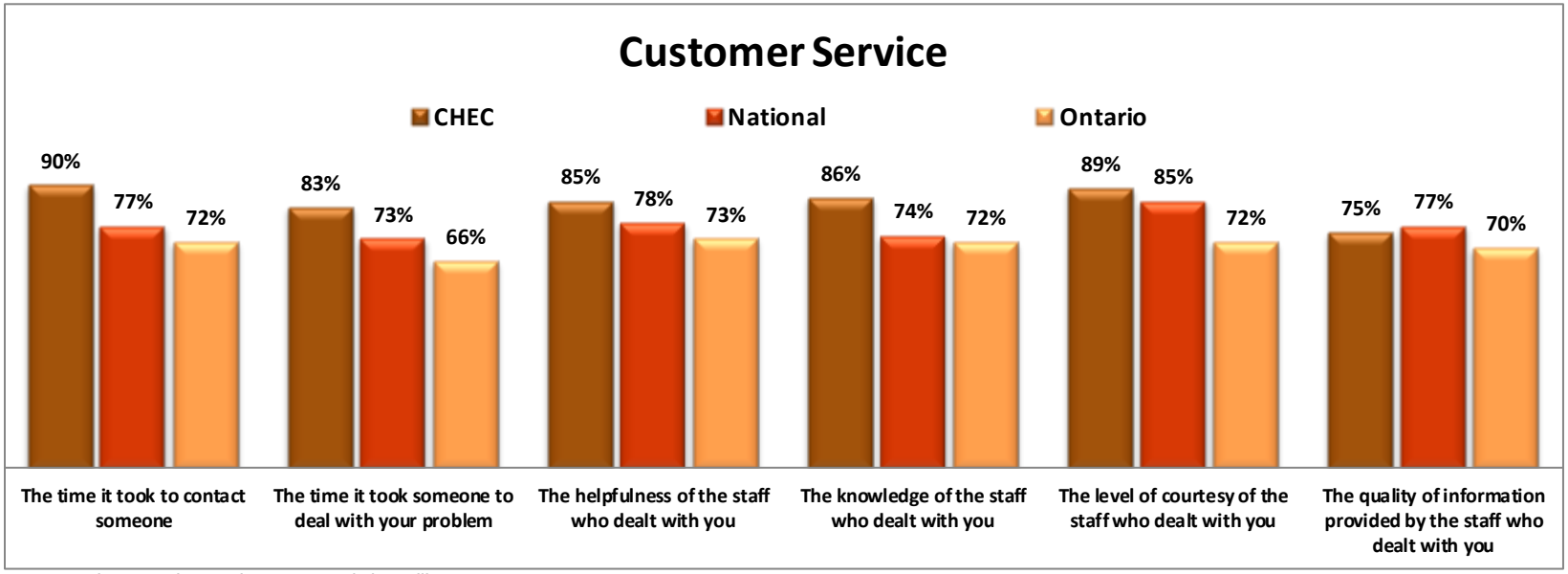
- **Satisfaction** happens when utility core services meet or exceed customer’s needs, wants, or expectations.
- **Loyalty** occurs when a customer makes an emotional connection with their electric utility on a diverse range of expectations beyond core services.

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)

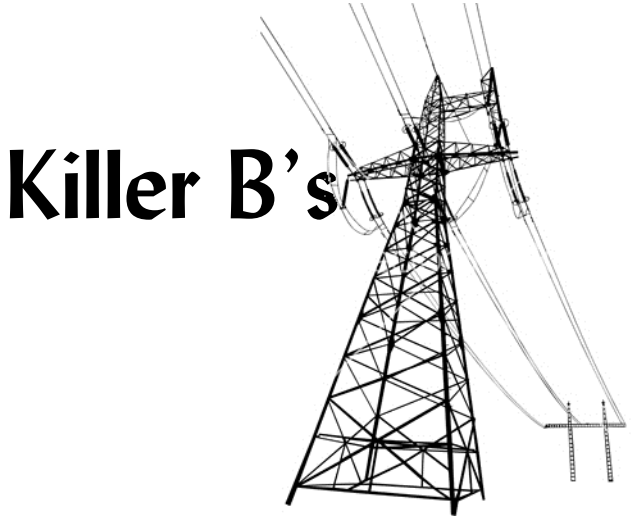
It is inevitable that there will be blackouts/power outages – the key is how a utility anticipates outages and deals with them. It should also be noted that there is a disconnect between what a utility might call a "billing problem" and what a customer defines as a "billing problem". Though both viewpoints 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



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%

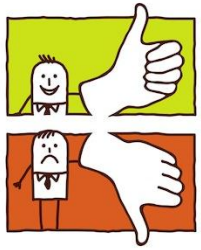
Base: total respondents

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 *who have* contacted their utility	83%	79%	77%
CEPr: respondents *who have not* 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

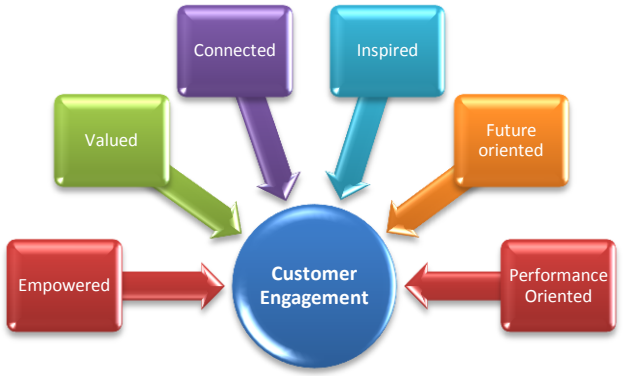
2- Pro-active “reach-out” to customers

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%

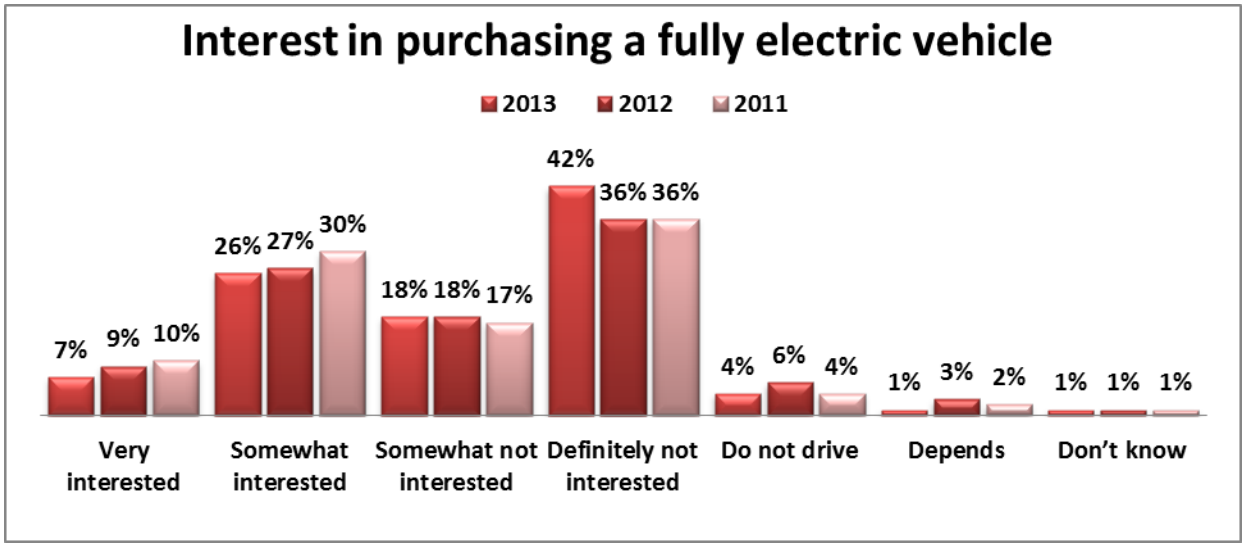
Base: An aggregate of respondents from 2013 participating LDCs

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%

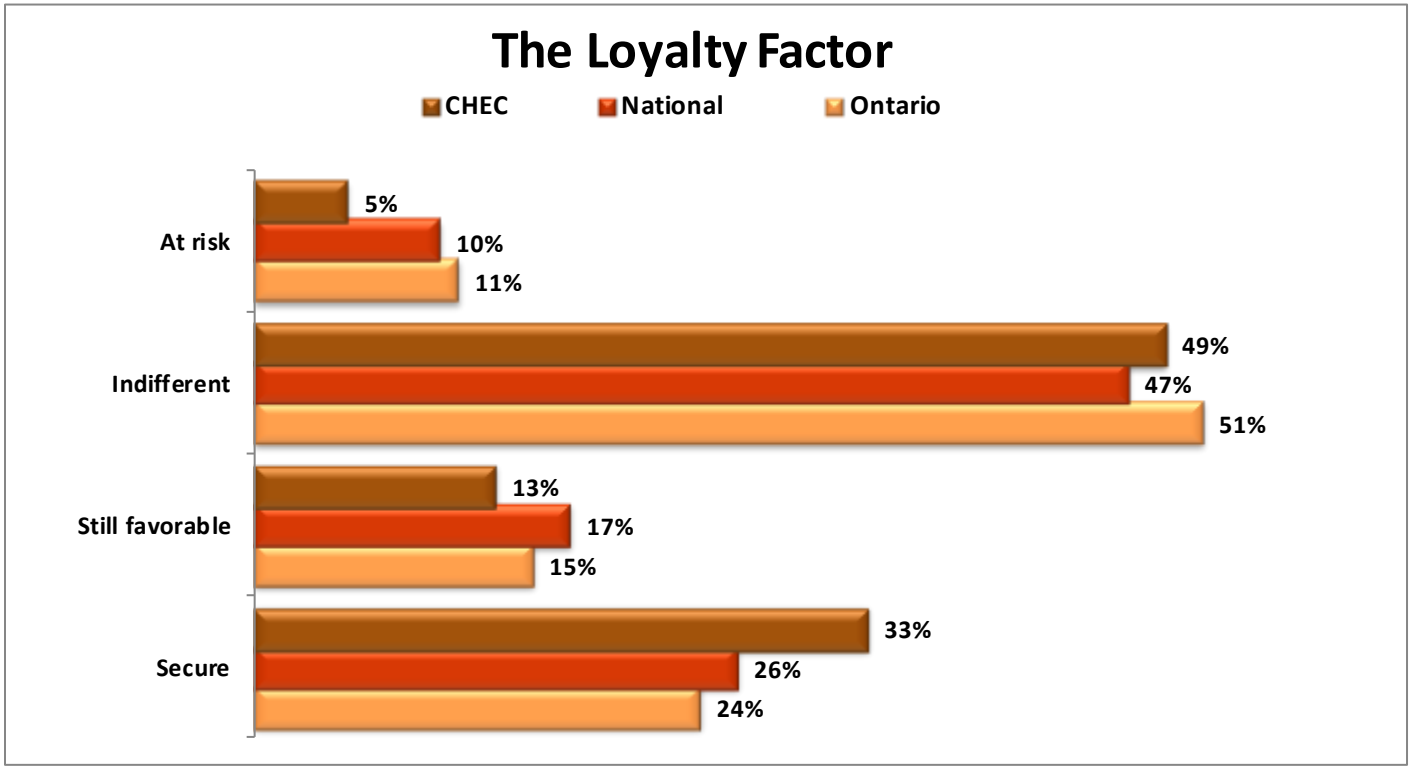
Base: An aggregate of respondents from 2013 participating LDCs / 90% of total respondents from the local utility

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
Simul/UtilityPULSE
Email: sidridgley@utilitypulse.com or sridgley@simulcorp.com
June, 2013

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Satisfaction (pre & post)

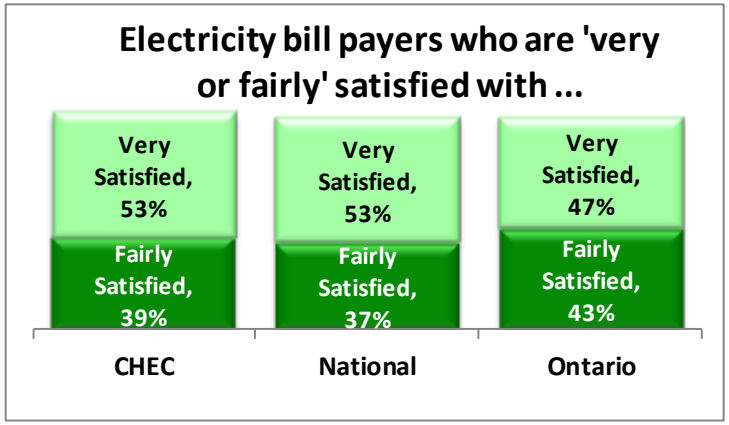
The old adage “You cannot command respect, you have to earn respect” is a lesson that aptly describes the loyalty effect with customers. Many people mistakenly think doing a good job will lead to loyalty; that a satisfied customer equals a loyal customer.

While private industry companies are compelled to understand their customers in order to drive sales and revenue, customer satisfaction measurement can form a similar focus for organizations in the absence of the commercial imperative, such as utilities which operate under monopolistic conditions. It can also help to build a connection with customers and front-line staff, and provide a uniting, motivating factor across the organization. Monopolies are not really different in what they should measure except that trying to determine which customers are “loyal” or “at risk” is not about their future behaviour but more about their “attitudinal” loyalty (are they advocates?). In the private sector customer satisfaction and loyalty are often seen as essential for survival and success. Public sector organizations, especially municipalities, have come to realize that looking after their customers and taking the opportunity to learn from them is key to delivering services which are both effective and efficient.

After 15 years of continued research with electric utility customers, expectations of their electric utility 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.

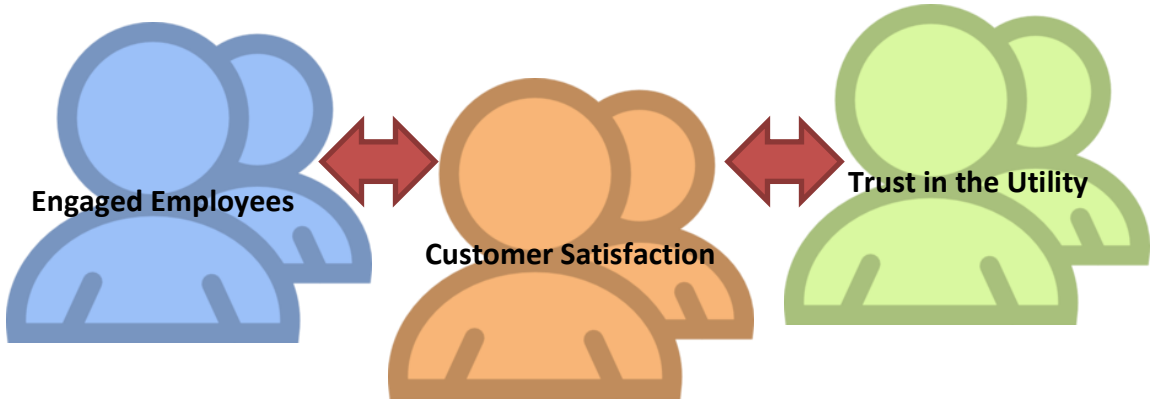


Satisfaction alone does not make a customer loyal; a willingness to commit and advocate for a company along with satisfaction identifies the three basic customer attitudes which underpin loyalty profiles. While satisfaction is an important component of loyalty, the loyalty definition needs to incorporate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

Electricity bill payers who are 'very or fairly' satisfied with…				
	2013	2012	2011	2010
CHEC	92%	-	-	-
National	90%	88%	89%	86%
Ontario	90%	86%	84%	80%

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

Our research has found that in the utility industry environment, especially in Ontario, where most utilities are municipally owned, satisfaction is a strong driver of customer trust as well as, impacts employee engagement. The satisfaction of public customers/citizens both improves employee engagement and is improved by it.



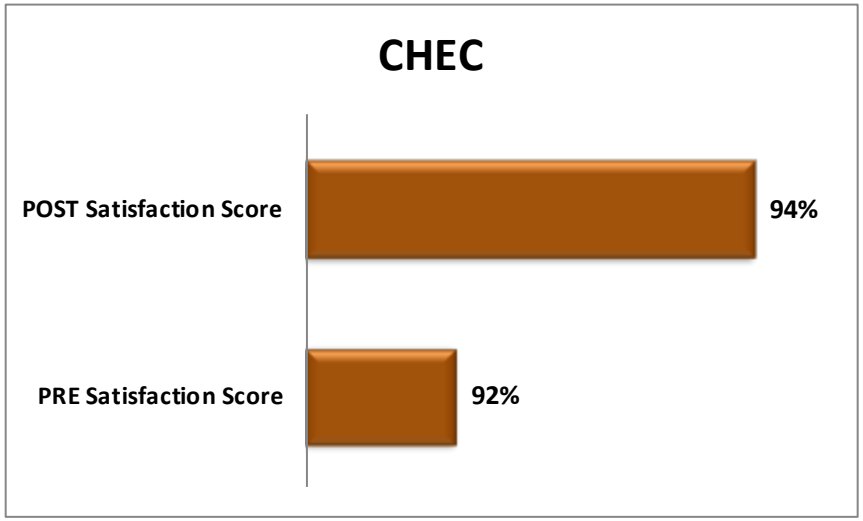
The synergy which exists between customer satisfaction and employee engagement has enormous implications for the performance of those who make up a utility's workforce. Many service personnel are motivated by their desire to help others; succeeding at this task (and having clear evidence that they have satisfied their "customers") can help keep them motivated and engaged.

Satisfied employees, who are working in an organizational culture which promotes service excellence is critical, too. Many companies make the mistake of measuring only customer satisfaction. Measuring organizational culture is the key because employees play an integral role in the customer relationship.

Employees do more than deliver customer service – they personalize the relationship between customer and the utility.

Creating loyal customers and loyal employees go hand in hand and it is the leaders of organizations that must create this alignment. Implementing service excellence works best when its principles are well understood and widespread collaboration is encouraged by management's visible actions. In our experience, this is best achieved by driving change from the 'top down' at the same time as inspiring and fully engaging employees from the 'bottom up'.

In the Simul/UtilityPULSE Customer Satisfaction survey, the overall satisfaction question is asked both at the beginning (PRE) and the end (POST). Asking the general satisfaction question at the start of the survey avoids bias and we obtain a spontaneous rating. This allows measurement of customers' overall impressions of the utility prior to prompting them to think of specific aspects of the relationship. After we have asked about specific aspects of the customer experience, we gain a more *considered* (or conditioned) response.



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SATISFACTION SCORES – Electricity customers' satisfaction			
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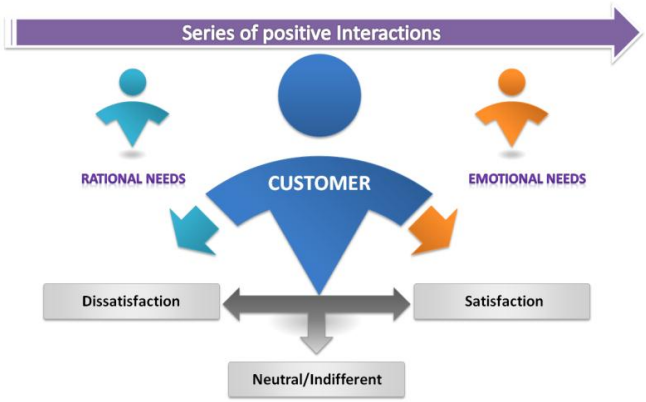


Attributes strongly linked to a hydro utility's image			
	CHEC	National	Ontario
RATIONAL NEEDS			
Provides consistent, reliable energy	91%	90%	90%
Quickly handles outages	90%	88%	88%
Accurate billing	88%	85%	86%
Provides good value for money	76%	71%	68%
Is 'easy to do business' with	88%	82%	81%
Operates a cost effective hydro-electric system	79%	72%	68%
EMOTIONAL NEEDS			
Deals professionally with customers' problems	88%	83%	84%
Works with customers to keep their energy costs affordable	73%	66%	65%
Pro-active in communicating changes	85%	77%	80%
Quickly deals with issues that affect customers	85%	82%	82%
Adapts well to changes in customer expectations	80%	74%	73%
Overall the utility provides excellent quality services	87%	85%	83%

Base: total respondents with an opinion

Customer Service

Customer service is a series of activities grouped in processes designed to provide customers and other stakeholders with information or assistance which address customer's needs. Those needs are far more diverse than they have ever been thereby, compelling customer service to change in response to increasing customer demands. 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.

Customers don't want to be passed from CSR to CSR, unnecessary bureaucracy, to keep repeating why they are calling, to duplicate information already given, or to have to understand the inner workings of the utility organization.

Respondents were asked about six aspects of their most recent experience with a representative from CHEC Group.

- Information – quality of information provided
- Staff attitude – level of courtesy
- Professionalism – the knowledge of staff
- Delivery – helpfulness of staff
- Timeliness – the length of time it took to get what they needed
- Accessibility – how easy it was to contact someone

Base: total respondents who contacted the utility

Satisfaction with Customer Service			
Top 2 Boxes: 'very + fairly satisfied'	**CHEC**	**National**	**Ontario**
The time it took to contact someone	90%	77%	72%
The time it took someone to deal with your problem	83%	73%	66%
The helpfulness of the staff who dealt with you	85%	78%	73%
The knowledge of the staff who dealt with you	86%	74%	72%
The level of courtesy of the staff who dealt with you	89%	85%	82%
The quality of information provided by the staff who dealt with you	75%	77%	70%

Base: total respondents who contacted the utility

The customer service representative's role is essential to effectively handling customer issues/incidents/problems/requests. Having a skilled, trained representative is vital for a positive customer experience when a customer decides to make contact. Respondents who did have contact with a utility representative within the last 12 months were asked about their overall satisfaction with *that* experience.

Overall satisfaction with most recent experience			
	CHEC	**National**	**Ontario**
Top 2 Boxes: 'very + fairly satisfied'	76%	81%	76%

Base: total respondents who contacted the utility

This year we asked respondents to approximate the time since their most recent contact.

Approximation of how long ago most recent contact was made	
	CHEC
12+ months ago	5%
7-12 months ago	8%
4-6 months ago	16%
3 or less months ago	63%

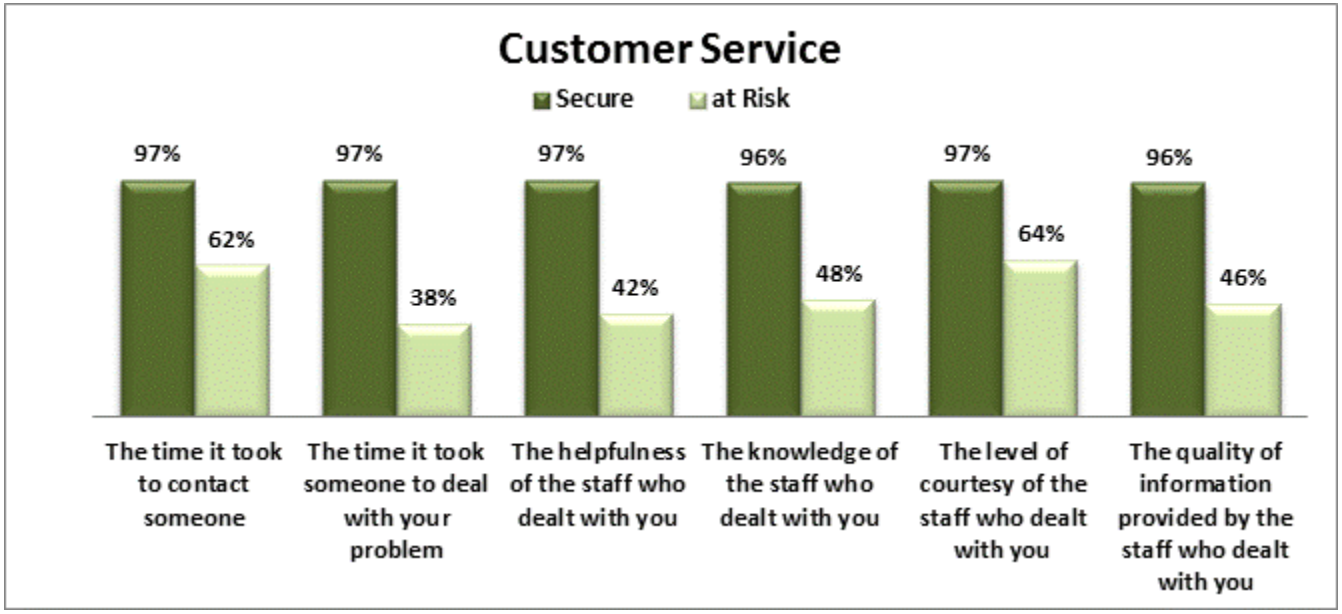
Base: total respondents who tried to contact the utility in the past 12 months

Customers value speed and responsiveness especially as it relates to solving problems. The more flexibility you're able to offer and the more empowerment given to employees, the better able employees will be to meet those "speed" and "responsiveness" requirements. Customers benefit, too, when employees are able to resolve problem issues "on the spot" instead of having to "talk to my manager."

SATISFACTION SCORES – Electricity customers' satisfaction			
National	**National**	**Problems Solved**	**Problems Not Solved**
Top 2 Boxes: 'very + fairly satisfied'	90%	93%	56%
Bottom 2 Boxes: 'fairly + very dissatisfied'	8%	5%	44%

Base: total respondents from 2013 National Benchmark survey

Empowerment is the backbone of the service recovery principle. In the face of error or problems, acting quickly and decisively, being empowered and turning a dissatisfied customer into a satisfied one tends to have a positive impact.



Base: data from the full 2013 database

Satisfaction with Customer Service			
Top 2 Boxes: 'very + fairly satisfied'	**Overall**	**Recent Experience Very Satisfied**	**Recent Experience Very Dissatisfied**
The time it took to contact someone	80%	92%	45%
The time it took someone to deal with your problem	77%	95%	17%
The helpfulness of the staff who dealt with you	80%	98%	21%
The knowledge of the staff who dealt with you	80%	97%	21%
The level of courtesy of the staff who dealt with you	87%	97%	48%
The quality of information provided by the staff who dealt with you	77%	96%	21%

Base: data from the full 2013 database

Important attributes which shape perceptions about service quality			
	CHEC	National	Ontario
Is pro-active in communicating changes and issues which may affect customers	85%	77%	80%
Trusted and trustworthy company	89%	83%	83%
Respected company in the community	89%	83%	84%
Provides good value for money	76%	71%	68%
Customer-focused and treats customers as if they're valued	84%	76%	77%
Deals professionally with customers' problems	88%	83%	84%
Is a company that is 'easy to do business with'	88%	82%	81%
Quickly deals with issues that affect customers	85%	82%	82%
Provides information and tools to help manage electricity	84%	79%	80%
Adapts well to changes in customer expectations	80%	74%	73%
Delivers on its service commitments to customers	89%	85%	87%
Uses responsible business practices when completing work	89%	85%	86%

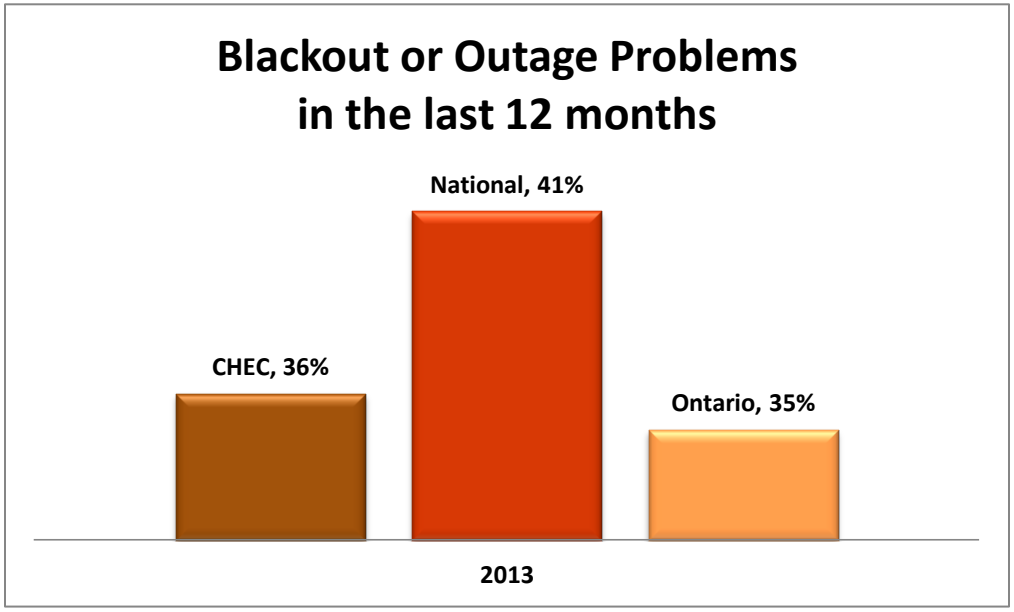
Base: total respondents with an opinion

The service experience has a profound impact on customer service scores. The data shows a direct correlation between a very satisfied customer experience and the ratings given across all six measures of customer service. While there are a lot of things utilities cannot control, one thing they can control is the quality of service they provide.

Bill payers' recent problems and problem resolution

Outages and billing problems, we call them the "Killer B's", the two issues that are most likely to cause grief to utility customers.

At one time, if the power went off for a few minutes, it was considered annoying and inconvenient. However, with the onset of computers and smart appliances in homes and businesses, a power outage is now unbearable. Customers have little tolerance for an interruption in their flow of electricity.



Base: total respondents

While blackouts are rare, each one has the potential of affecting thousands of people. Think of the thousands of football fans at Super Bowl 2013 who sat in darkness for 38 minutes.

Besides the mere inconvenience an outage creates, economic loss is a principal concern. Typically during an outage, employees are unable to do their work because computers and other equipment are not able to operate. An outage therefore causes an employer to pay wages to idle employees, potentially causes employers to deal with overtime work to clear the backlog created by the down time. Outages also could potentially threaten life by interfering with the operation of life-support equipment i.e. those requiring life-support equipment i.e. ventilators for those afflicted with paralysis (although these instances would be rare and uncommon, the risk and potential liability do exist).

Despite a utility's best efforts, there will be times when the power goes off.

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%

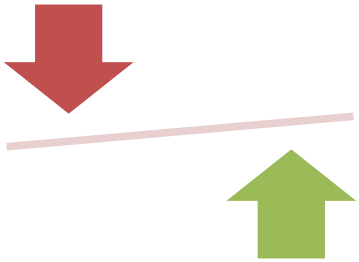
Base: total respondents

Reliability of service needs to be always given primary importance by electric utility systems. Reliability to a customer means that power made available to them is fault free and the outage or interruptions are tolerable and do not disturb their 'normal life'. Customer satisfaction can be improved through providing better quality power in terms of voltage and frequency fluctuations and reliability by reducing outages.

A "pain point" such as a power outage which will cause grief and could anger some customers will impact customer satisfaction scores.

Bill payers recalling a power failure or outage				
	Secure	**Favorable**	**Indifferent**	**At Risk**
Yes	19%	24%	34%	39%
No	80%	75%	65%	61%

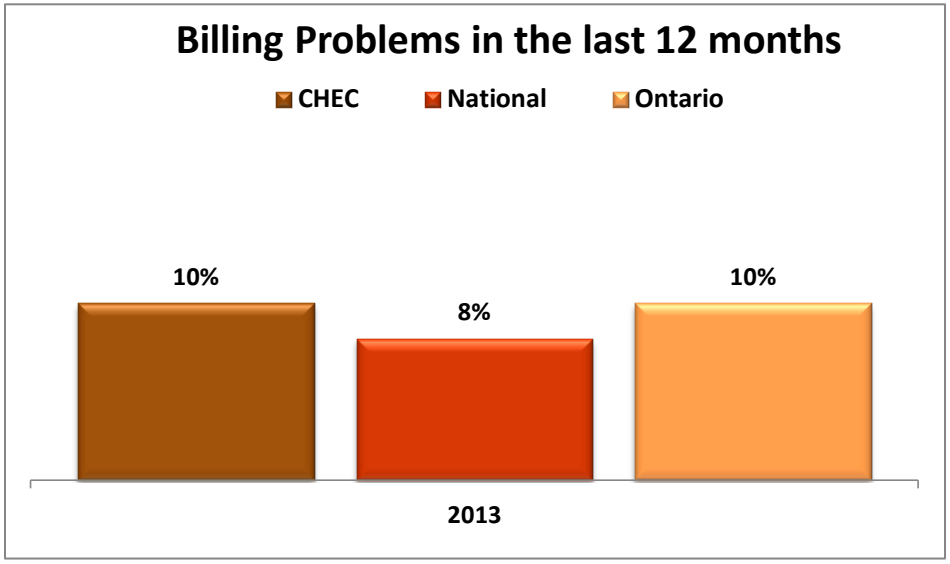
Base: data from the full 2013 database



Even though outages can have a negative impact on satisfaction, utility providers who manage these incidents properly-by providing sufficiently detailed information about the outage and restoring power when they say they will-may be able to mitigate declines, or even improve satisfaction.

For most customers, their bill is the only thing they see (or pay attention to) from their utility provider. It not only tells them how much to pay, it documents their service usage, breakdowns the various charges and provides contact information for customer service. As the principal form of communication between a utility and its customers, utilities cannot underestimate the importance of billing.

When it comes to billing, customers expect zero-defect delivery. Customers expect timely and accurate billings which they understand. Incorrect information, miscalculated balances, bills that are too difficult to understand result in time logged by your CSR's as well as dissatisfied customers. Improving billing activities has an immediate impact on the revenue streams of a utility, in terms of costs associated with managing call center applications.



Base: total respondents

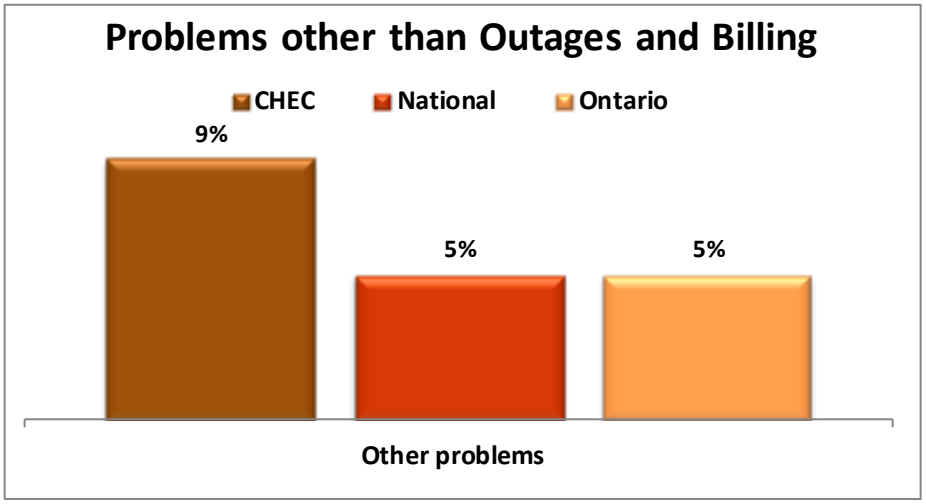
Percentage of Respondents indicating that they had a Billing problem in the last 12 months			
	CHEC	National	Ontario
2013	10%	8%	10%
2012	-	12%	13%
2011	-	10%	16%
2010	-	10%	12%

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

Types of Billing Problems	
	CHEC
The amount owed was too high	40%
The bill was difficult to understand	13%
Complaint about rates or charges	11%
The bill arrived late	11%
Notice to terminate	6%
No bill/skipped bill	5%
The payment made was recorded incorrectly	3%

Base: total respondents with billing problems

As it relates to problems, the Killer B's – Bills and Blackouts still occupy top ranking – while moving/setting up a new account, maintenance repairs, high bills, information on pricing, SMART meters and energy conservation are issues which also contribute to inbound call-centre calls.



Base: total respondents

A customer who has experienced a problem or unfavourable service experience may spread negative word-of-mouth communication. While people have long complained about service providers in offline meeting places such as work lunch rooms, or social gatherings, today's social networks and online discussion forums mean such gripes often reach a considerably wider audience.

By understanding the complaint process and customer complaint behaviour, a utility can learn how to reduce the impact of an unfavourable service experience or complaint.

Our 15 years of research corroborates the notion that customer dissatisfaction and the handling of service recovery are key indicators of customer loyalty. A complaint allows the utility to obtain

customer feedback that is useful in making improvements to increase customer satisfaction and loyalty. Effective resolution of customer problems can have a positive impact on customers' trust and commitment. The complaint handling process therefore, is a series of critical "moments of truth" in maintaining and developing customer relationships.

Percentage of Respondents with problems other than billing or power outages in the last 12 months			
	CHEC	**National**	**Ontario**
Yes	9%	5%	5%
No	91%	95%	95%

Base: total respondents

Percentage of Respondents who contacted their utility and had their problem solved in the last 12 months			
	CHEC	**National**	**Ontario**
Yes	69%	73%	74%
No	20%	19%	19%

Base: total respondents

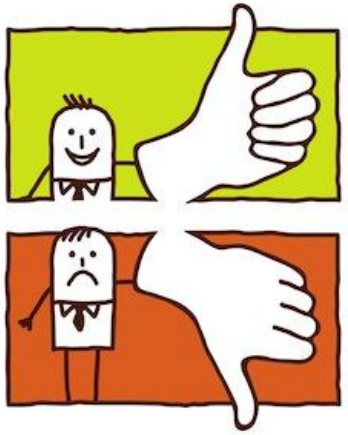
Utilities need to ensure that their customer complaint/service recovery processes are made to be more responsive and proactive. CSRs need to be capable enough to meet the growing demand of information conscious and tech savvy customers. Every minute counts when it comes to complaints being voiced with the aid of social media.

Attributes describing operational effectiveness			
	Overall Score	Problem Solved	Problem Not Solved
Provides consistent, reliable energy	91%	90%	81%
Delivers on its service commitments to customers	87%	86%	72%
Accurate billing	87%	85%	65%
Quickly handles outages and restores power	89%	88%	80%
Makes electricity safety a top priority	90%	91%	83%
Uses responsible business practices when completing work	88%	87%	76%
Is efficient at handling the hydro-electric systems	84%	83%	73%
Is a company that is 'easy to do business with'	85%	85%	63%
Operates a cost effective hydro-electric system	75%	73%	58%
Overall the utility provides excellent quality services	87%	86%	69%

Base: data from the full 2013 database from those respondents with an opinion

Technology is considered by many in the electricity utility industry to be both a blessing and a curse. On one hand, the LDC (and other service providers) can benefit from embracing technology to reduce costs and hopefully improve service thereby, putting control into the hands of the customer. On the other, when the problem has not been solved or is handled poorly, technology can enable the customer's dissatisfaction to go viral – the impact is on overall satisfaction with customers as well as employees.

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. 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.

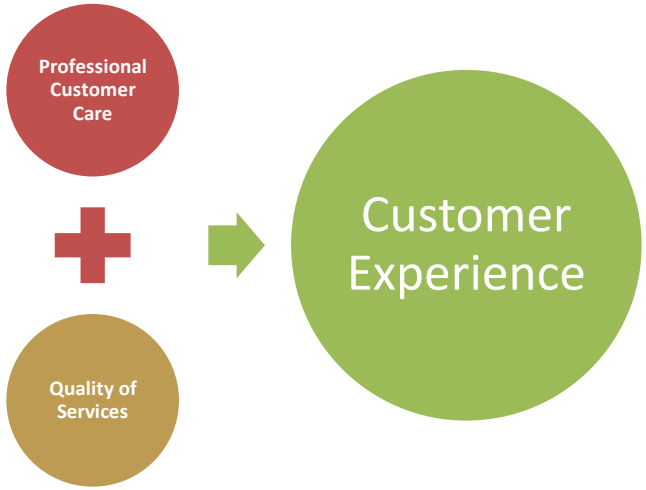
Great experiences occur when all functions of the organization align with one another to achieve the outcomes your customers seek. A good customer experience starts with understanding what your customers care about most and understanding which promises are most important to your customers.

At the heart of the CEPr are 4 central questions:

- Are interactions with the organization professional and productive?
- Is the organization 'easy to deal with'?
- Does the organization effectively meet your needs?
- Does the organization provide high quality services?

Some of the factors which contribute to the overall Customer experience:

- Delivering accessible and consistent customer service
- Understanding customer expectations
- Maintaining timely resolution timelines
- Providing effective communication(s) according to customer needs
- Demonstrating responsiveness
- Speeding up problem resolution
- Conducting problem analysis to prevent recurring issues
- Easy to do business with
- Seeking customer feedback and following through on recommendations



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

Base: total respondents

The CEPr (all respondents) for CHEC Group is 87%. On the surface this rating appears to be very high (and it is). But put the rating in context – it would mean that a very large majority of customers have a belief that they will have a good to excellent experience dealing with a CHEC Group professional. However, the balance of respondents are not anticipating a good to excellent experience, and as such could be more challenging to serve.

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. The key then is to emphasize problem resolution with a "one call" mindset.

The impact of Very Satisfied or Very Dissatisfied experiences on some operational attributes			
CHEC	**Overall Score**	**Recent Experience Very Satisfied**	**Recent Experience Very Dissatisfied**
Provides consistent, reliable energy	91%	94%	85%
Delivers on its service commitments to customers	89%	93%	88%
Accurate billing	88%	90%	77%
Quickly handles outages and restores power	90%	93%	78%
Makes electricity safety a top priority	90%	95%	94%
Uses responsible business practices when completing work	89%	94%	91%
Is efficient at handling hydro-electric systems	86%	91%	81%
Overall the utility proves excellent quality services	87%	91%	78%

Base: respondents who have contacted the utility

Customer Engagement Index (CEI)

The UtilityPULSE Customer Engagement Index (CEI) is a metric designed to get a more in-depth look at the attachment a customer has with your LDC and its brand.

What is Customer Engagement?

Ask 10 pundits, experts or academics about the definition of customer engagement and you will not get a consistent answer. 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.

Ultimately, one has to decide if customer engagement is a program, or an outcome? Basic types 1 & 2 as shown above would suggest that engagement is a program. Types 3 & 4 are outcome based definitions. Drawing from our 25+ years of experience working with enterprises in both the private and

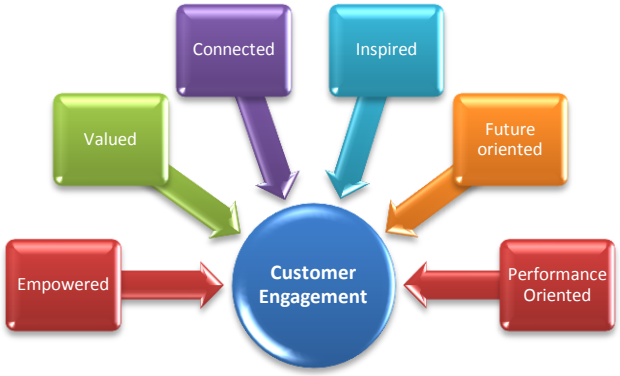
public domains, we believe that basic types 1 & 2 are too simplistic and tend to be efficiency measurements. Whereas types 3 & 4 are more valuable to the organization especially when a key corporate goal is to create an operationally effective place to do business with, essentially they are effectiveness and outcomes oriented measurements.

Your Annual UtilityPULSE survey tracks a customer's willingness to continue to do business, and willingness to recommend their local utility. Through a combination of calculations the end result is a Customer Loyalty index. That is, the number of customers that are: At risk, Indifferent, Favourable, Secure. The goal of every enterprise ought to be the creation of more Secure and Favourable customers. We believe that high levels of customer engagement correlate strongly to high levels of Secure and Favourable customer numbers.

We believe that a customer-centric definition of engagement is more valuable to individuals, teams and executives in an LDC for determining what needs to be done to ensure that the organization is successful today and successful again tomorrow – in a changed world.

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.

What does an engaged customer look like?



UtilityPULSE has identified the six key dimensions of what defines customer engagement. They are: empowered, valued, connected, inspired, future oriented and performance oriented.

They include:

- Does the utility allow their customers to feel ***empowered*** about their interactions with the company and decisions affecting their electricity usage
- Does the utility give customers the sense of being ***valued***
- Does the utility act in ways which allows customers to stay ***connected***
- Do customers get ***inspired*** by the way the utility conducts business
- Is the utility forward thinking enabling customers to be ***future oriented***
- Does the utility conduct operations in such a way that customers believe that they are truly ***performance oriented*** in achieving goals and results

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

Base: total respondents

UtilityPULSE Report Card®

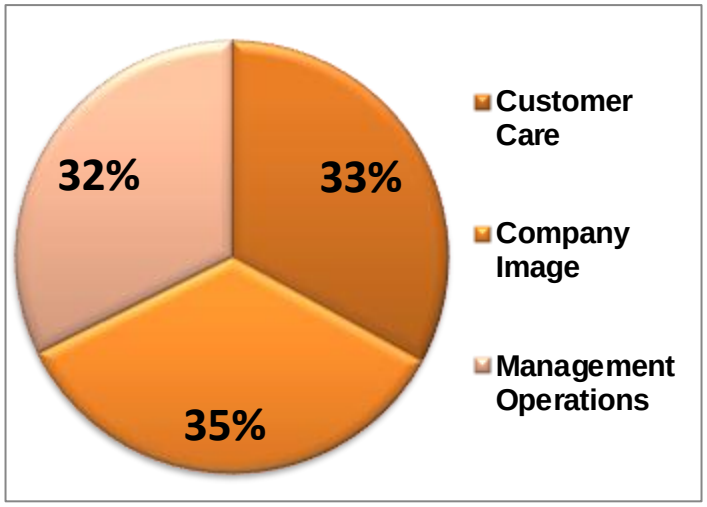
Simul's UtilityPULSE Report Card® is based on tens of thousands of customer interviews gathered over fifteen years. The purpose of the UtilityPULSE Report Card® is to provide electric utilities with a snapshot of performance – on the things that customers deem to be important. Research has identified over 20 attributes, sorted into six topic categories (we call these drivers), that customers have used to describe their utility when they have been satisfied or very satisfied with their utility. These attributes form the nucleus, or base, from which "scores" are assigned. Customer satisfaction and loyalty also play a major role in the calculations.

There are two main dimensions of the UtilityPULSE Report Card® the first is Customer psyche and the other is Customer perceptions about how the utility executes its business.

The Psyche of Customers

Every utility has virtually the same responsibility – provide safe and reliable electricity – yet not all customers are the same. The following chart shows the weight or significance of each category to the customer when forming their overall impression of the utility. Three major themes, each with two major categories make up the UtilityPULSE Report Card®. In effect the Report Card provides feedback about your customers' perception on the importance of each category and driver – as it relates to the benchmark.

UtilityPULSE Report Card® for CHEC Group



Base: total respondents

The UtilityPULSE Report Card® also provides customer perceptions about how your utility executes or performs its responsibilities. This is different, very different, from what a customer might say about a major concern or worry that they have about electricity. As our survey has shown since its inception the primary suggestion for improvement is “reduce prices”, which is also a major concern which your customers have about municipal taxes, gas for the vehicle, and other utilities.

Readers of this report should note that the categories and drivers are interdependent. Which means that, for example, failure to provide high levels of power quality and reliability will have a negative impact on customer perceptions as it relates to customer service. Customer care, when it doesn’t meet customer expectations has a negative impact on Company Image, etc.

Defining the categories and major drivers:

Category: Customer Care

Drivers: Price and Value; Customer Service

Just because everyone likes good customer care, that in and by itself, is not a reason to provide it – though it may be important to do so. In highly competitive industries good customer service may be a differentiating factor. The case for electric utilities is simple, high levels of customer care result in less work (hence cost) of responding to customer inquiries and higher levels of acceptance of the utility's actions.

Price and Value:

Customers have to purchase electricity because life and lifestyle depend on it. This driver measures customer perceptions as to whether the total costs of electricity represent good value and whether the utility is seen as working in the best interests of its customers as it relates to keeping costs affordable.

Customer Service:

Customers do have needs and every now and again have to interface with their utility. How the utility handles various customers' requests and concerns is what this driver is all about. Promptly answering inquiries, providing sound information, keeping customers informed and doing so in a professional manner are the major components of this driver.

Category: Company Image

Drivers: Company Leadership; Corporate Stewardship

Utilities have an image even if they do not undertake any activities to try to build it.

A company's image is both a simple and complex concept. It is simple because companies do create images that are easily described and recognized by their target customers. It is complex because it takes many discrete elements to create an image which includes, but is not limited to: advertising, marketing communications, publicity, service offering and pricing.

An electric utility trying to manage its image has one more challenge to deal with, and that is the electric industry itself. There are so many players that residential customers (in particular) don't know who does what or who is responsible for what. So when there are political or regulatory announcements, the local utility is often swept up into the collective reaction of the population.

Company Leadership

This driver is comprised of customer perceptions as it relates to industry leadership, keeping promises and being a respected company in the community.

Corporate Stewardship

Customers rely on electricity and want to know that their utility is both a trusted and credible organization that is well managed, is accountable, is socially responsible and has its financial house in order.

Category: Management Operations

Drivers: Operational Effectiveness; Power Quality and Reliability

Electrical power is the primary product which utilities provide their customers and, they have very high expectations that the power will be there when they need it. Customers have little tolerance for outages. The reality is, every utility has to get this part right…no excuses. It is the utility's core business. This category and its drivers are clearly the most important for fulfilling the rational needs of a utility's customers.

Operational Effectiveness

This driver measures customers' perceptions as they relate to ensuring that their utility runs smoothly. Attributes such as: accurate billing and meter reading, completing service work in a professional and timely manner and maintaining equipment in good repair are deemed as important to customers.

Power Quality and Reliability

Power outages are a fact of life – and, customers know it. They expect their utility to provide consistent, reliable energy, handle outages and restore power quickly and make using electricity safely an important priority.

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

As the UtilityPULSE Report Card® shows, the total customer experience with an electric utility is defined as more than “keeping the lights on”. Customers deal with your utility every day for a variety of reasons, most likely because they need someone to help them solve a problem, answer a question or take their order for service. All your employees, from customer service representatives to linemen, leave a lasting impression on the customers they interact with. In effect there are many moments of truth. Moments of truth are every customer touch point that a utility has with their customers. Therefore, managing these moments of truth creates higher levels of Secure customers while reducing the number of At Risk customers that exist.

It's the small things done consistently that matter: Things like greeting every customer, whether on the phone or in person, in a friendly and helpful manner. Things like listening to the customer's needs, providing solutions to their problems and showing appreciation to the customer for their business.

For communication, utilities now recognize customer communications as a valuable aspect of their business. The better a utility communicates with customers, in a manner that speaks to them, the more satisfied they are with their overall service. “Sending out information” is not the same as having a “conversation” with a customer. We believe that it is increasingly important to channel your communications to the various customer segments which exist.

Obviously employees – in every area – play a critical role in customer service success. Consequently how they feel about their job responsibilities and role in the company will be communicated indirectly

through the level of service which they actually provide customers with whom they interact. The reality is engaged employees are the key to excellent customer care.

Our survey work with employees shows that there are many elements of an organizational culture to support the people model needed to achieve high levels of engagement. Our research has identified 6 main drivers that promote and support people giving their best: feeling empowered, valued, belonging, inspired, growing and performance oriented. There are 12 key processes from “attracting employees” to “saying goodbye to employees” that are part of your people model to get the best performance from every employee.

We believe that taking the time to understand the difference between employee satisfaction and organizational culture is worthwhile from a resourcing perspective and from a people development perspective. Every organization has a culture – we believe that it is a leadership imperative to install and maintain a culture that ensures that you attain the achievements and successes of your utility’s many investments in people, technology and equipment.

The Loyalty Factor

If a customer is satisfied, it doesn't necessarily mean he or she is loyal. Satisfaction is about fulfilling promises/expectations; loyalty goes way beyond that by creating exceptional experiences and long-lasting relationships. There is a reason why marketing campaigns strive to build brand loyalty, not brand satisfaction. Measuring customer loyalty in an industry where many customers don't have a choice of providers doesn't make sense. Or does it?

The answer depends on how you define "customer loyalty."

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 their future behaviour but more about their "attitudinal" loyalty (are they advocates?).

Perhaps a better or more relevant way for utilities to approach the definition of customer loyalty is to further expand how they think about loyalty. Consider the following definition: Customer loyalty is an emotional disposition on the part of the customer that affects the way(s) in which the customer (consistently) interacts, responds or reacts towards the company – its products & services and its brand.

So what does it mean to respond favourably to a company? At a basic level, this can mean choosing to remain a customer. As previously mentioned however, this is essentially a non-issue for many utility companies. It then becomes necessary to think beyond just customer retention. One needs to consider other ways in which customers can respond favourably toward a company.

Other favourable responses or behaviours can be classified into one of three categories that reflect the concept of customer loyalty:

- Participation
- Compliance or Influence
- Advocacy

Specific examples of potential participatory behaviour in the electric utility industry include:

- Signing up for programs that help the customer reduce or manage their energy consumption
- Using the utility as a consultant when selecting energy products and services from a third party
- Participating in pilot programs or research studies

Specific examples of potential compliance or influence behaviours that utility customers might exhibit include:

- Seeking the utility's advice or expertise on an energy-related issue
- Voluntarily cutting back on electricity usage if the utility advised the customer to do so
- Accepting the utility's energy advice or referrals to energy contractors or equipment
- Being influenced by the utility's opinion regarding energy- management advice, equipment, or technologies
- Providing personal information that enables the utility to better serve the customer
- Paying bills online

Creating customer advocates can be especially important for a company in a regulated industry. In the absence of customer advocates, or worse, in a situation where customers speak unfavourably about a company or actively work to support issues that are counter to those the company supports, companies can suffer a variety of negative consequences like increased business costs, lawsuits, fines and construction delays. For an electric utility, specific examples of potential advocacy behaviour include:

- Supporting the utility's positions or actions on energy-related public issues, including the environment
- Supporting the utility's position on the location and construction of facilities
- Providing testimonials about positive experiences with the utility

In sum, loyal behaviour in the utility industry may not be as evident as it is in a more competitive environment. Measuring customer loyalty in a generally non-competitive industry requires one to think

about loyalty in non-traditional ways. Customer loyalty is an intangible asset that has positive consequences or outcomes associated with it no matter what the industry. Properly measuring loyalty among utility customers requires thoughtful probing to thoroughly identify the range of participation, compliance, and advocacy behaviours that will ultimately benefit the company in meaningful ways, and foster happier and more loyal customers.

The UtilityPULSE Customer Loyalty Performance Score segments customers into four groups: **Secure** – the most loyal - **Still Favorable**, **Indifferent**, and **At risk**.

Secure customers are "very satisfied" overall with their local electricity utility. They have a very high emotional connection with their utility and definitely would recommend their local utility.

Still favorable customers are "very satisfied" overall, "definitely" or "probably" would recommend their local utility and not switch if they could.

Indifferent customers are less satisfied overall than secure and still-favorable customers and less inclined to recommend their local utility or say they would not switch.

At risk customers, who are "very dissatisfied" with their electricity utility, "definitely" would switch and "definitely" would not recommend it.

Loyalty is driven primarily by a company's interaction with its customers and how well it delivers on their wants and needs.

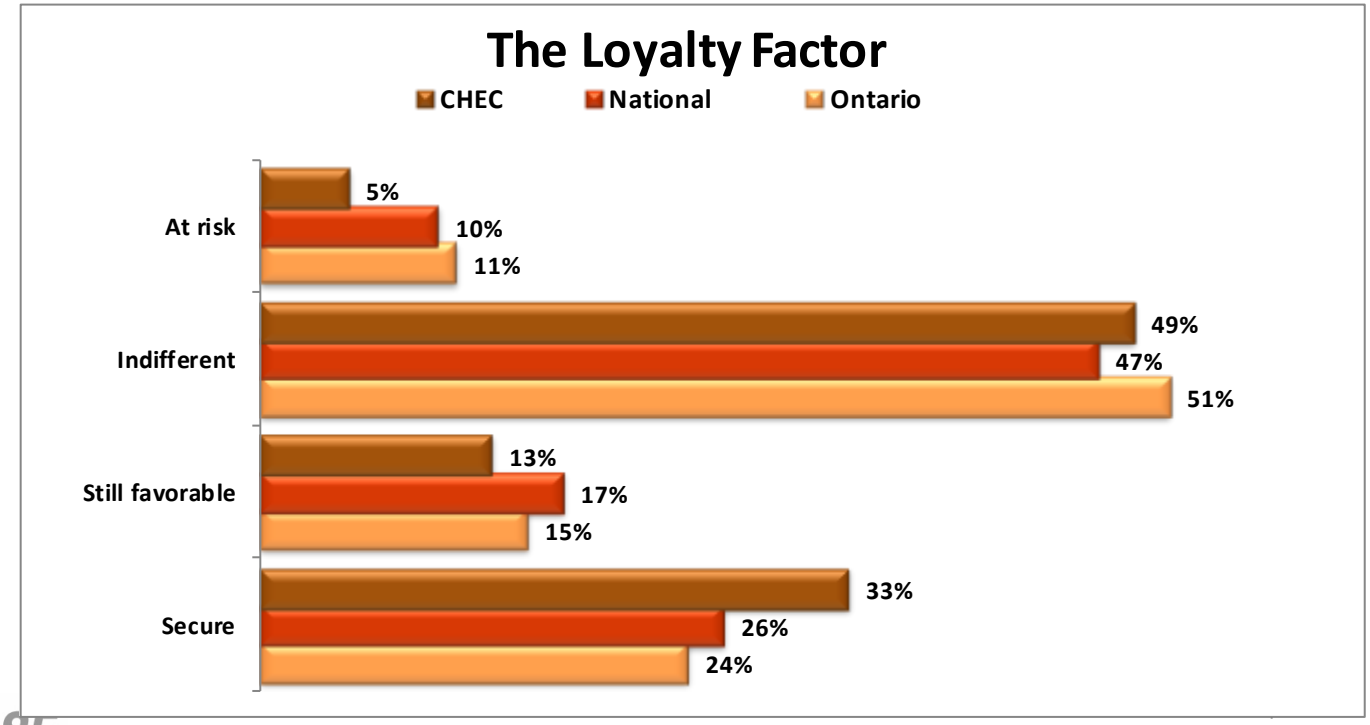
Customer Loyalty Model

Loyalty is based on likelihood to:

- ***Satisfaction: overall satisfaction***
- ***Commitment: continue as a customer***
- ***Advocacy: willingness to recommend***

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



Customer Loyalty Groups				
	Secure	**Favorable**	**Indifferent**	**At Risk**
Ontario				
2013	24%	15%	51%	11%
2012	20%	13%	53%	14%
2011	17%	13%	54%	16%
2010	21%	12%	52%	15%
National				
2013	26%	17%	47%	10%
2012	30%	13%	46%	11%
2011	28%	14%	46%	12%
2010	17%	14%	60%	9%

Base: total respondents

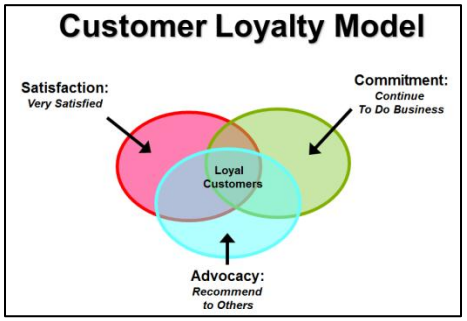
Secure customers' experiences and perceptions are distinct from those of Indifferent customers. There is yet an even greater gap between those identified as Secure versus At Risk.

- Problems are experienced and remain unresolved far more often by the Indifferent or At Risk segments in comparison to others. This is not an unusual finding.
- Other areas of interaction also revealed considerable differences among the segments. Consistently, Secure customers' perceptions are most positive.

Important attributes which shape perceptions about customer affinity			
	Overall Score	**Secure**	**At Risk**
Customer focused and treats customers as if they're valued	81%	95%	51%
Is pro-active in communicating changes and issues which may affect customers	82%	94%	59%
Deals professionally with customers' problems	86%	97%	62%
Works with customers to keep their energy costs affordable	70%	87%	40%
Quickly deals with issues that affect customers	84%	96%	60%
Delivers on its service commitments to customers	87%	97%	62%
Provides information and tools to help manage electricity consumption	83%	94%	61%
Is 'easy to do business with'	85%	98%	57%
Adapts well to changes in customer expectations	77%	91%	49%
The cost of electricity is reasonable when compared to other utilities	65%	81%	38%
Provides good value for your money	73%	89%	39%
Provides consistent reliable energy	91%	99%	80%
Operates a cost effective hydro-electric system	75%	91%	44%
Overall the utility provides excellent quality services	87%	98%	64%

Base:data from the full 2013 database from those respondents with an opinion

Customer commitment



Customer loyalty is a term that can be used to embrace a range of customer attitudes and behaviours. One of the metrics used to gauge loyalty is the measure of **retention,** or intention to buy again; this loyalty attitude is termed **commitment.**

Customer commitment to the local electricity supplier is a very important driver of customer loyalty in the electricity service industry. In a similar way to trust, commitment is considered an important ingredient in successful relationships. In simpler terms, commitment refers to the motivation to continue to do business with and maintain a relationship with a business partner i.e. the local utility.

For electric utilities, this measurement is about identifying the number of customers who feel that they "want to" vs "have to" do business with you. Potential benefits of commitment may include word of mouth communications - an important aspect of attitudinal loyalty. Committed customers have been known to demonstrate a number of beneficial behaviours, for example committed customers tend to:

- Come to you. One of the key benefits of establishing a good level of customer loyalty is that customers will come to you when they need a product or service.

- Validate information received from 3rd parties with information and expertise that you have.
- Try new products/initiatives.
- Perhaps they will even trust you when recommendations are made.
- Be more price tolerant.
- More receptivity of utility viewpoints on various issues.
- More tolerance of errors or issues that inevitably take a swipe at the utility.
- Stronger levels of perception regarding how the utility is managed.

Though customers can not physically leave you, they can emotionally leave you and when they do, it becomes an extreme challenge to garner their participation or support for utility initiatives.

Electricity customers' loyalty – … Is a company that you would like to continue to do business with			
	CHEC	**National**	**Ontario**
Top 2 Boxes: 'Definitely + Probably' would continue	85%	79%	80%
Definitely would continue	55%	47%	46%
Probably would continue	30%	31%	33%
Might or might not continue	7%	6%	6%
Probably would not continue	1%	4%	5%
Definitely would not continue	2%	6%	6%

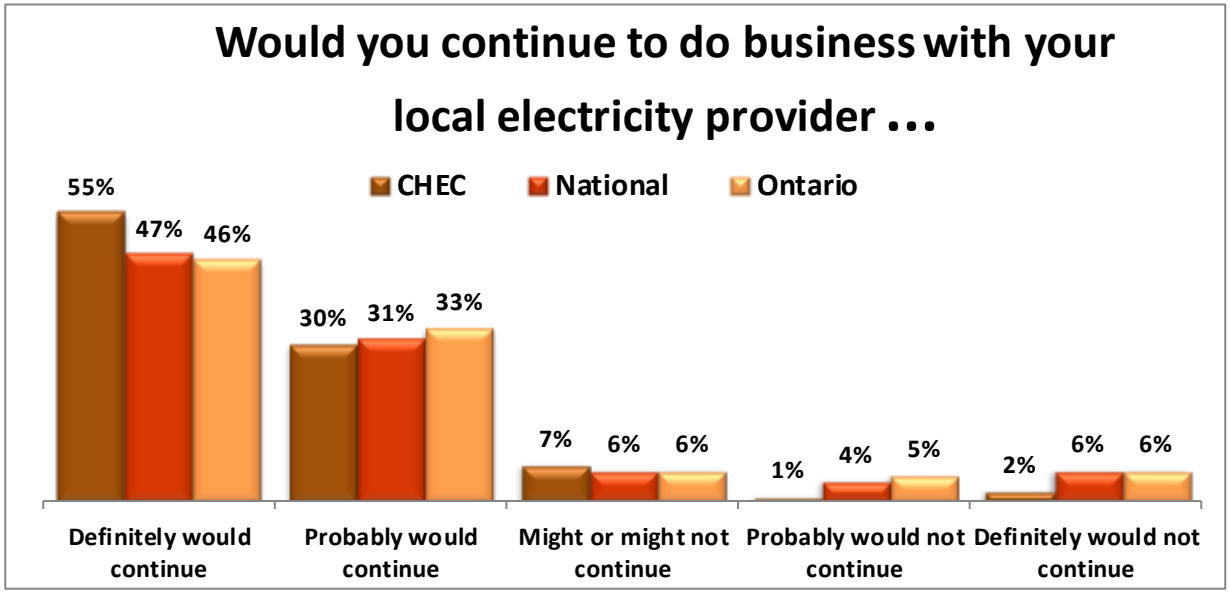
Base: total respondents

Electricity customers' loyalty – … Is a company that you would like to continue to do business with				
CHEC	**<$40K**	**$70K+**	**18-34**	**55+**
Top 2 Boxes: 'Definitely + Probably' would continue	90%	88%	92%	87%

Base: total respondents

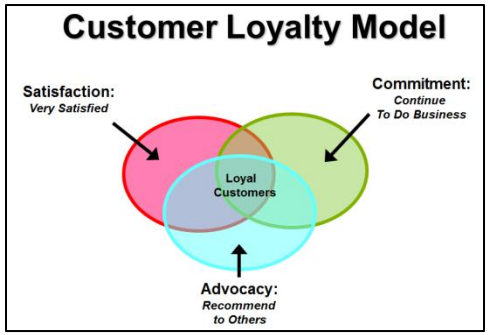
Electricity customers' loyalty – Is a company that you would like to continue to do business with				
CHEC	**2013**	**2012**	**2011**	**2010**
Top 2 boxes: 'Definitely + Probably' would continue	85%	-	-	-

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



Base: total respondents

Word of mouth



Advocacy is one of the metrics measured in determining customer loyalty. Essentially, companies believe that a loyal customer is one that is spreading the value of the business to others, leading new people to the business and helping the company grow. Customer referrals, endorsements and spreading the word are extremely important forms of customer behaviour. For LDCs this is about generating positive referants about the LDC as a relevant and valuable enterprise.

When customers are loyal to a company, product or service, they not only are more likely to purchase from that company again, but they are more likely to recommend it to others – to openly share their positive feelings and experiences with others. In today's world, thanks to the Internet, they can tell and influence millions of people. That equates to new customers and revenue. The same holds true, if not more, when customers are disloyal. Disgruntled customers could share their negative experiences with an ever-widening audience, jeopardizing a company's reputation and resulting in fewer engaged customers and/or customers who are Favourable or Secure. Secure customers, typically are advocates and they are deeply connected and brand-involved.

There are two forms of word of mouth which utilities need to understand. The first is Experience-based word of mouth which is the most common and most powerful form. It results from a customer's direct experience with the utility or the re-statement of a direct experience from a trusted source.

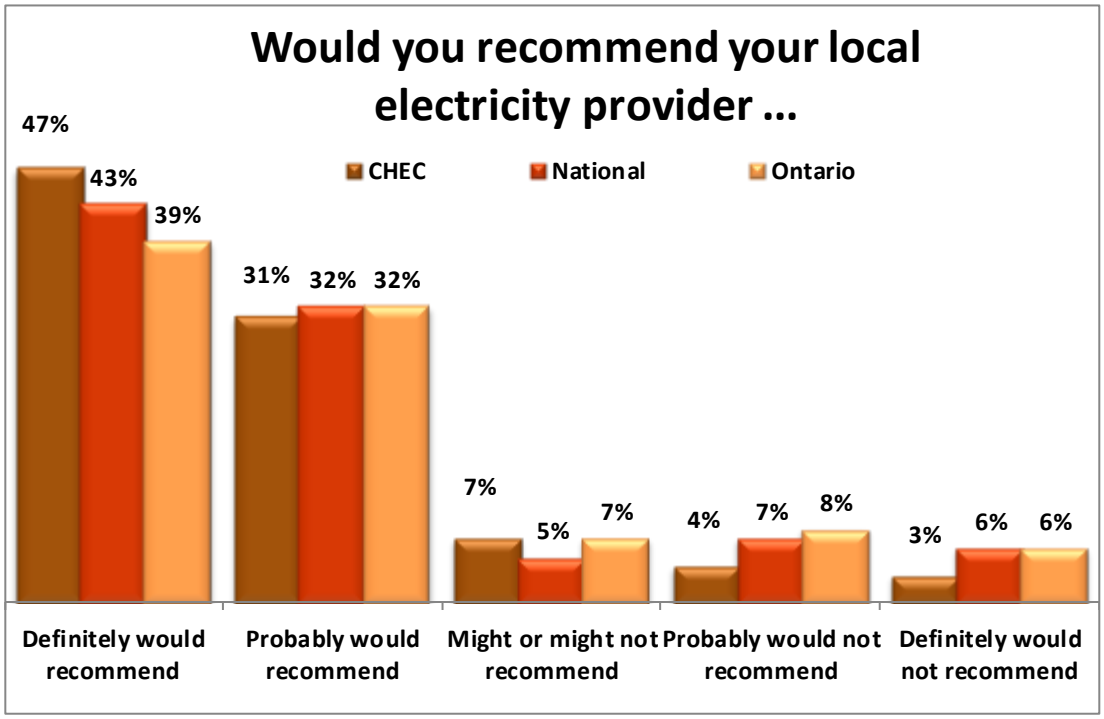
The second is Relay-based word of mouth. This is when customers pass along important messages to others based on what they have learned through the more traditional forms of communications. For example, if the utility was communicating an offer for "free LED lights" chances are high that the offer will be "relayed" to others through word of mouth.

For an electric utility, specific examples of potential positive advocacy behaviour include:

Recommending that other customers specifically locate in the geographic area that is serviced by that utility

- *Supporting the utility's positions or actions on energy-related public issues, including the environment*
- *Supporting the utility's position on the location and construction of facilities*
- *Providing testimonials about positive experiences with the utility*

Would you tell me if you agree or disagree with the following statement? CHEC is a company that you would recommend to a friend or colleague …



Base: total respondents

Word of mouth communication is a very powerful form of communication and influence. When customers are speaking to other customers (or their peers) it is more credible, goes through less perceptual filters and can enhance the view of services or products provided better than marketing communication.

Electricity customers' loyalty – … is a company that you would recommend to a friend or colleague			
	CHEC	National	Ontario
Top 2 boxes: 'Definitely + Probably' would recommend	78%	75%	71%
Definitely would recommend	47%	43%	39%
Probably would recommend	31%	32%	32%
Might or might not recommend	7%	5%	7%
Probably would not recommend	4%	7%	8%
Definitely would not recommend	3%	6%	6%

Base: total respondents

Electricity customers' loyalty – is a company that you would recommend to a friend or colleague				
CHEC	<$40K	$70K+	18-34	55+
Top 2 boxes: 'Definitely + Probably' would recommend	84%	79%	90%	80%

Base: total respondents

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

Corporate image

Organizations today are always under scrutiny and have to consider the reality AND perception of their image. In the simplest of terms, how you are seen by your stakeholders is your corporate image and reputation. The corporate image is a dynamic and profound affirmation of the nature, culture and structure of an organization. This applies equally to corporations, businesses, government entities, and non-profit organizations.

The corporate image communicates the organization's mission, the professionalism of its leadership, the caliber of its employees and its roles within the marketing environment or political landscape. Every organization has a corporate image, whether it wants one or not.

All companies survive on the strength of the relationships they build with their customers. To build and maintain a corporate image, a company must express its brand consistently in a wide range of ways including websites, advertising and "information" materials, but also customer service, the look and layout of the workplace and the way the company functions as a whole. Failure to do that can mean a business could, at worst, appear fraudulent, and at best not exploit the brand's potential.

When properly designed and managed, corporate image will accurately reflect the level of the organization's commitment to quality, excellence and relationships with its various stakeholders, including customers, employees, suppliers, partners, governing bodies, and the general public at large. As a result, corporate image is a critical concern for every organization, one deserving the same attention and commitment by senior management as any other vital issue.

Increasingly, organizations have realized that the management of a strong positive image with various stakeholders can be beneficial. Below are some of the attributes measured in the annual UtilityPULSE survey which are strongly linked to a utility's image.

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

These attributes measure different facets of reputation such as the extent to which the company is providing excellent quality services, whether the company is known as leader in the industry and respected in the community, how the company delivers value, reliable service and support, how the company efficiently manages its business, the company's approach to making the world a better place - environmental and social commitments, and the emotional connection the company has with the people.

People feel better about themselves when they believe they are dealing with an organization that cares about "doing the right thing". Today, being a good corporate citizen requires more than business as usual, it requires investments in society and the environment.

Our research has shown when customers attribute positive feelings to a utility's corporate visual identity systems, when they think that marketing communication activities reflect corporate values, and when they perceive the company as socially responsible, they tend to form a favourable image of that organization. Our research also shows that customers put more emphasis on an LDC's brand image as an influencer of satisfaction and loyalty today than they did 10-15 years ago.

Corporate Credibility & Trust

No organization or company can plunge trust and credibility among its customers and stakeholders – and survive. Building and maintaining credibility and confidence make up a deliberate process that occurs over numerous interactions usually over a long period of time.

Establishing trust and credibility, whether with business partners, customers or regulators, is not achieved overnight. Creating credibility is a process, which advances only through honest, continuous communication between the utility, its regulators, and the public at large. Credible communications are informed and nurtured by diligent efforts on the utility's part to understand the legal and regulatory framework in which it operates. Public trust in their local utility is the degree to which the public believes that the utility will act in a particular manner because the utility has incorporated the public's interest into its own. The public trusts the utility to produce consistent and reliable electricity.

Attributes strongly linked to a hydro utility's image			
	CHEC	National	Ontario
Overall the utility provides excellent quality services	87%	85%	83%
Keeps its promises to customers and the community	88%	81%	82%
Customer-focused and treats customers as if they're valued	84%	76%	77%
Is a trusted and trustworthy company	89%	83%	83%

Base: total respondents with an opinion

Trust and credibility can be thought of as indicators of the degree of confidence stakeholders have in your organization's ability to deliver on its commitments. Trust and credibility are outcomes based on what your utility actually does, not what it might be doing.

Simul/UtilityPULSE research shows the under-pinning components which lead customers to believe an organization has credibility and can be trusted are: Knowledge, Integrity, Involvement and Trust.

Knowledge is captured by the utility's ability to demonstrate that it is actively aware of industry, regulatory and economic changes within the industry and how these might impact the lives of customers.

Integrity is established by demonstrating adherence to a code of conduct. It requires consistently acting in accordance with the values and goals that have been communicated to customers.

Involvement — Corporate Involvement is increasingly important to Canadian communities as it is an opportunity for their local utility to use their resources and man-power to benefit people at the community level. This helps to build credibility as customers see that the organization is acting and delivering on its commitments. This helps customers regard the utility with esteem and respect.

Trust — Trust is achieved through a track record of consistent and reliable performance, delivering on commitments and demonstrated accountability.

Using the four components of demonstrating Credibility and Trust, the resultant index shows that LDCs enjoy a high level of credibility and trust. As Benjamin Franklin said, “It takes many good deeds to build a good reputation, and only one bad one to lose it.”

Credibility and Trust Index
Knowledge The utility is seen as being knowledgeable about the services it provides, about what is happening in the industry, and how customers can reduce costs or create more value.
Integrity The utility is seen as an organization that will act in the best interests of its customers and can be counted on to provide services and resolve problems in a professional manner.
Involvement The utility is actively involved in the industry, in the community and in things that affect the customer.
Trust The utility is an organization that can be trusted and is worthy of respect.
Overall CHEC Group 87% [Ontario 82%; National 82%]

How can service to customers be improved?

Perception is an opinion about something viewed and assessed and it varies from customer to customer, as every customer has different beliefs towards certain services and products that play an important role in determining customer satisfaction.

Customers are more informed, more aware, more conscious of what's going on around big issues in the world around them and in this age of internet and social media, they are better equipped to influence service quality and outcomes. They have learned to compare products and services, to document and monitor customer service and satisfaction, and to request or demand higher quality.

Customer satisfaction is determined by the customers' perceptions and expectations of the quality of the products and services. In many cases, customer perception is subjective, but it provides some useful insights for organizations to develop their marketing strategies. Just as in previous years, respondents were asked once again what their utility could do to improve service.

And we are interested in knowing what you think are the one or two most important things 'your local utility' could do to improve service to their customers?

One or two most important things 'your local utility' could do to improve service	
CHEC	**% of all suggestions**
Better prices/lower rates	45%
Improve/simplify/clarify billing	12%
Improve power reliability	10%
Concerns about SMART meters	8%
Better communication with customers	8%
Staff related concerns	8%
Information & incentives on energy conservation	5%
Remove hidden costs on bills	5%
Better on-line presence	5%
Be more efficient	4%
Increase service hours/availability of hydro representative	3%
Don't charge for previous debt	3%

Base: total respondents with suggestions

SMART Meters & SMART Grid

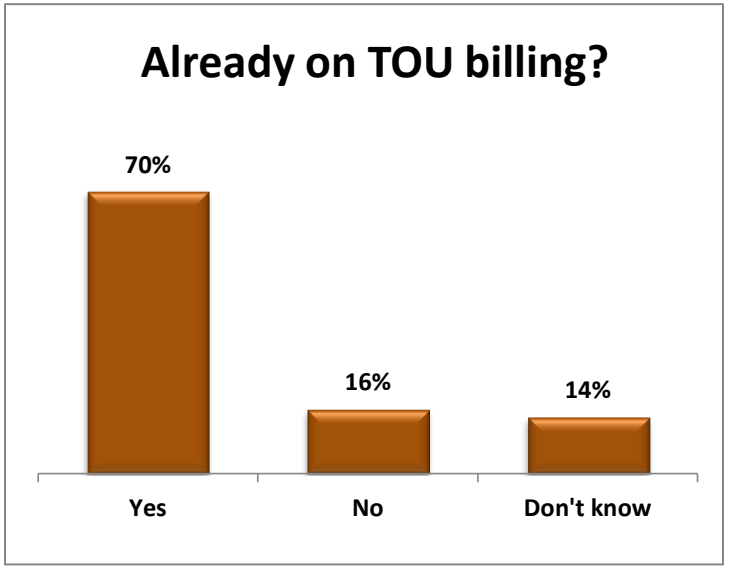
Consumers are used to paying different amounts during different times of day in a variety of settings. In larger cities, drivers pay more for parking when there is higher demand, such as during the day or during special events. Similarly, some highway toll charges increase during commuting hours, while drivers who drive across during off peak hours will save money. Customers even acknowledge that they will pay more for using their cell phone minutes during weekdays rather than nights and weekends.

Demand for energy is going up. Energy prices are climbing. What are customers to do?
Customers can respond to increases in energy prices in one of 3 ways:

(1) changing energy usage behaviour,
(2) investing in energy-using technologies and practices, or
(3) making no change to their energy usage.

Time-of-use (TOU) pricing was designed to reward consumers who shift their load to off-peak times. Electricity rates on weekends and overnight are about half of the cost during peak hours. This is supposed to be an economic incentive for people to shift electricity use to off-peak hours.
There is a direct correlation between customer familiarity with SMART meters and their favourable views toward the technology. While the majority of respondents could identify they were on TOU

billing, a significant proportion were not in the know. Lack of knowledge is a real barrier to ultimate acceptance and/or any type of behaviour modification.

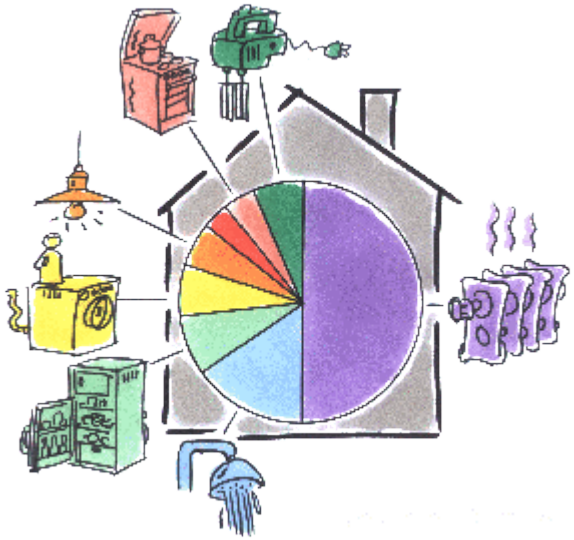


Base: An aggregate of respondents from 2013 participating LDCs / 90% of total respondents from the local utility

Do economic incentives, based on time-tiered pricing, have an impact on resource consumption patterns? Does awareness about electricity use change behaviours? Respondents of the 2013 survey seem to believe they have. *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]*

Time-of-Use billing has changed the way in which you consume electricity on a day-to-day basis	
	Ontario LDCs
Agree strongly	42%
Agree somewhat	35%
Neither / Neutral	2%
Disagree somewhat	10%
Disagree strongly	11%

Base: An aggregate of respondents from 2013 participating LDCs



Most residential energy use, most of the time, is invisible to the user. Most people have only a vague idea of how much energy they are using for different purposes and what sort of difference they could make by changing day-to-day behaviour or investing in efficiency measures. Feedback is important so that energy usage becomes visible, thereby, creating more understanding and ultimately easier to exercise control.

When it comes to energy, people tend to overestimate the amount of energy used by devices that are "visible" to them and underestimate the amount of energy used by devices that are "not visible" to them. 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.

The survey data indicates that customer awareness and understanding of the benefits that can be derived from SMART grid technologies are still in an early stage. For the most part respondents were mostly unfamiliar or uninformed.

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

Next respondents were asked what degree of importance they attached to their local hydro utility in pursuing the implementation of the SMART Grid and its associated technologies.

The SMART Insight from this poll is: even though more than half the respondents did not know much about the SMART Grid, 53% felt it was very or somewhat important to pursue its implementation and 75% responded that they were very or somewhat supportive of their local utility working with neighbouring utilities to get the most value out of the SMART Grid.

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

Energy Conservation & Efficiency

Improving energy efficiency does not mean that citizens have to give up or forgo activities to save energy, that is, “turn off the lights and put on another sweater”. Rather, new technologies and more effective behaviour will actually allow citizens to do more, improving their living conditions rather than reducing their comfort.

Reducing the amount of energy we use by choosing energy-efficient appliances and services, and ensuring we do not waste energy can make a big difference. It is possible for residents to cut energy use without compromising on performance, through changes in customer behaviour and by investing in more efficient energy technologies – effectively doing more with less.

This makes sense both for society as a whole and for businesses, individuals and families. Less energy use means lower energy bills. People simply need to be aware of their energy use.

Energy efficiency can be broken down into two areas:

1) better use of energy through improved energy-efficient technologies; and

2) energy saving through changes in customer awareness and behaviour.

Energy efficiency has been seen as primarily about technologies: using the best technology to consume less energy. Examples include changing a household furnace or air condition unit for one that consumes one third less energy, using low-energy light bulbs and avoiding keeping appliances in 'standby' mode. Respondents were asked what they have done or will do 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 / 90% of total respondents from the local utility

New technologies will have little effect if users cannot be convinced to use them. Changing customer behaviour has to be driven by increasing awareness of the benefits of energy saving, both for the individual and for society. Awareness of the energy that we use as individuals, families, households or organizations is very important – as is the impact that can be made by not wasting energy – both individually and collectively.

Behaviour is one of the parameters with a direct relation to individual energy consumption. Individual behaviour in energy use is determined by a number of factors, the most important of which are attitude, income and energy pricing. Less directly related are energy policy (including taxation) and technology availability as these relate to pricing and income respectively. However education can influence attitude in order to change behaviour; it can also inform individuals about energy policy and technology which feeds into behavioural change.

SMART Feedback from participants shows, predictably, the most frequently mentioned barrier to energy conservation was upfront financial costs. Not having the upfront funds limits the household's ability to invest in new appliances and to make other energy efficiency retrofits.

One participant noted that, even with programs that provide free appliance disposal, "if you get rid of your old fridge, you don't pay for disposal, but you need money for the cost of the new appliance". Likewise, another respondent commented that limited upfront funds "affect all households - but are particularly strong for low income households where there is no money to invest in retrofits."

Another barrier to conservation described by the survey respondents was awareness of programs and issues related to energy conservation. Generally speaking, the respondents felt that often lower-income and senior-occupied households did not have access to sufficient information that would allow them to reduce or to shift electricity usage. The respondents noted that although the person may have intentions of wanting to do the right thing, they are not sure or do not know exactly what the right thing to do is.

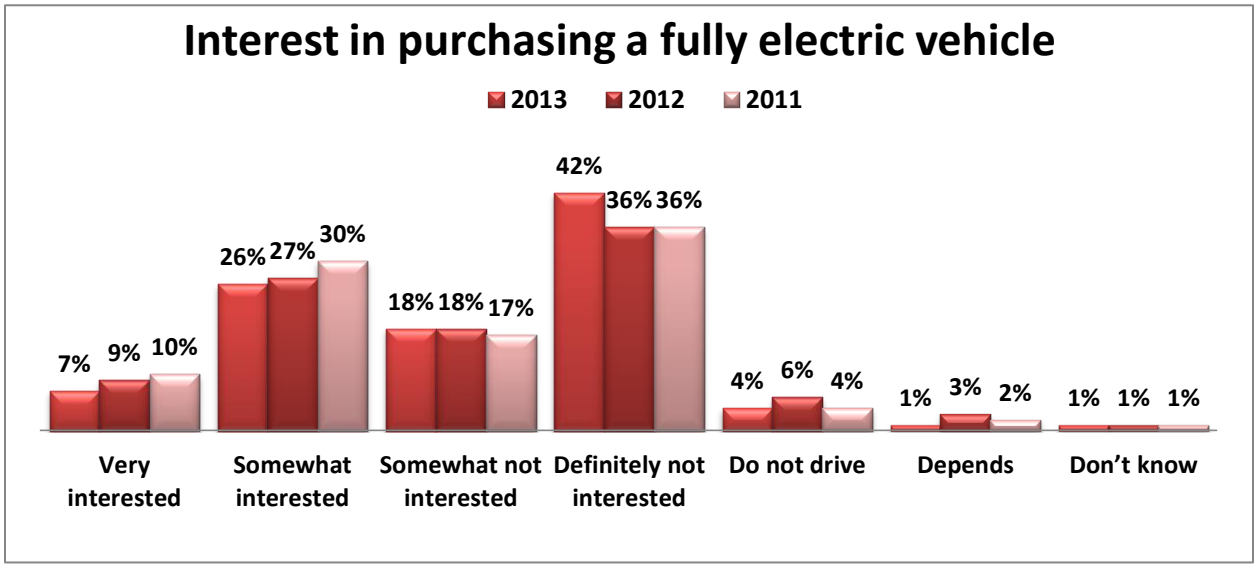
What are the 1 or 2 barriers to energy conservation experienced by Ontarians?	
	Ontario
Cost involved in making equipment/appliance changes	21%
Lifestyle changes / inconvenient	11%
Lack of interest or personal responsibility	8%
Lack of knowledge	7%
Waiting for better technology / Greener options	6%
Lack of information / confusion as to the "right" thing to do	5%
Not enough incentives	4%
Have an issue with Government policies	3%
None	12%
Don't know	29%

Base: total respondents from 2013 Ontario Benchmark survey

Purchasing an Electric Vehicle

A clear majority (60%) of car drivers are strongly not in favour of electric vehicles replacing conventional vehicles at this time. There is, however a significant minority (34%) who do favour such a development. None-the-less the EV is having an impact on travel and its influence is set to increase.

An income breakdown of the "positive support" data shows the strength of opinion in the higher income ranges. 45% of respondents in the $40k-$70k income range and 43% of those making $70K or more are in favour of EVs replacing conventional vehicles over time, and less than one quarter (22%) of wage earners in the under $40k category. Looking at age demographics, 22% of older respondents (55+) versus 47% of respondents aged 35-54 are in favour of EVs replacing conventional cars. 43% of those aged 18-34 are receptive to the idea of purchasing an electric vehicle.



Base: total respondents from 2013 Ontario Benchmark survey

When asked how long it would be before they would consider an EV as an option for their next car purchase, only 1 in 10 (11%) would consider an EV within the next 24 months.

Interest in purchasing a fully electric vehicle	Income <$40K	Income $40K<$70K	Income $70K +	Age 18-34	Age 35-54	Age 55+
Very interested	4%	10%	11%	14%	12%	3%
Somewhat interested	18%	35%	32%	29%	35%	19%
Somewhat not interested	17%	17%	21%	24%	21%	16%
Definitely not interested	46%	35%	34%	33%	28%	53%
Don't know	1%	0%	2%	0%	2%	1%

Base: total respondents from 2013 Ontario Benchmark survey

Length of time before purchasing a fully electric vehicle	Ontario
Immediately to next 6 months	1%
7 to 12 months	2%
13 to 24 months	8%
Over 24 months	84%
Depends	1%
Don't know	3%

Base: total respondents from 2013 Ontario Benchmark survey

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:

- receive and pay bills on the internet,
- sign up for and change their services using the internet,
- find answers to their questions online about their accounts, i.e. statements, payments, balances
- learn about products, services and topics, i.e., green energy, electricity pricing, etc.

Do you have access to the internet?		
	Ontario LDCs	**CHEC**
Yes	86%	83%
No	14%	17%

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

We asked respondents who were currently connected or had access to the internet if they in fact visited their local utility website. Out of all the respondents who had internet access, only 14% claim that they had actually been to their utility's website.

Over the past six months have you accessed your local utility website?		
	Ontario LDCs	CHEC
Yes	27%	14%
No	72%	86%

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

Does the average household customer feel comfortable enough with internet technology to believe it is the best place to get customer care or to receive and pay their bills?

Moving customer care and billing to the internet raises a number of questions and presents new opportunities to the utility industry.

- Is online billing and customer care a differentiator for utility providers?
- Can e-bills be used to improve customer loyalty by attracting customers to their website on a regular basis and thereby exposing customers to additional information, news, and education?
- Does the internet provide an environment where the most commonly asked general questions about a customer's hydro bill be highlighted or linked directly to the customer's bill?
- Can e-bills follow a cycle time that is customer driven? That is, could the customer determine the day in the billing cycle for the e-bill to be produced?

Likelihood of using the internet for future customer care needs for things such as:		
Top 2 Boxes: 'very + somewhat likely'	**Ontario LDCs**	**CHEC**
Setting up a new account	39%	29%
Arranging a move	47%	39%
Accessing information about your bill	59%	47%
Accessing information about your electricity usage	58%	49%
Accessing energy saving tips and advice	52%	43%
Learning more about SMART meters	49%	43%
Registering a complaint	43%	32%
Registering a compliment	48%	41%
Accessing information about Time Of Use rates	59%	49%
Maintaining information about your account or preferences	56%	46%
Paying your bill through the utility's website	35%	27%
Paying your bill using smart phone applications	23%	19%
Getting information about power outages	47%	41%

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

Ideally, utilities want customers to embrace e-billing and other electronic services; however, a hindrance on the most basic level will discourage customers from considering additional online

services, i.e. accessing SMART meter data. The goal is to inform customers of their electricity usage, and make them aware of the potential to conserve electricity.

Accessed SMART meter information from the utility's website		
	Ontario LDCs	**CHEC**
Yes	8%	4%
No	91%	95%

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

What utilities don't want to do is force their customers to contend with a time-consuming, labour-intense process. Instead, make it easy, quick and secure. A positive online experience will most likely lead to a better online relationship with customers that will grow over time. Inconsistent user experiences are harmful to customer confidence.

The respondents, who did access their SMART meter information, claimed they found it to be easy ('very + somewhat') to access their SMART meter information.

Ease of accessing SMART meter information on the utility's website		
	Ontario LDCs	**CHEC**
Top 2 Boxes: 'very + somewhat easy'	90%	88%

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

Respondents were asked about the likelihood of accessing SMART meter data on the website in future.

Likelihood of accessing SMART meter information on the utility's website in future		
	Ontario LDCs	**CHEC**
Top 2 Boxes: 'very + somewhat likely'	49%	42%
Bottom 2 Boxes: 'somewhat + very unlikely'	50%	58%

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

The banking industry is one industry that has entered the online environment with consumers earlier than most industries; and therefore, many lessons can be learned from that industry for utility providers, including security, FAQs, prompt e-mail response, online bill history, and mistakes to avoid.

In order to convert traditional billing and payment customers to a paperless, automated solution, utilities need to understand the reasons behind customers' reservations, such as:

- process is not user-friendly leading to a poor customer experience
- online registration is or could be a hassle
- the extra work of keeping track, downloading etc. in a time pressed society
- password fatigue for customers who just don't want to manage another log-in credential
- apprehension that no longer receiving a paper bill could increase the likelihood that they'll inadvertently miss a bill and/or payment
- unease that payment information will not be secure and could be easily hacked.

Consumers will eventually adopt electronic billing and online customer care as many industries begin providing consumer bills online, and critical mass is reached. However, customers still want to have the choice of receiving customer care from a live person. Even after they start using online technology, customers still want to be able to receive hard copies of their bills as a backup.

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

Because utilities serve a diverse demographic that includes households, businesses, all income levels, and people from all walks of life, understanding customers' concerns, needs and comfort levels will go a long way to ensuring that the solution is one that they will actually use. For example, interactive voice response (IVR) system with specific-language call flows, young working commuters might be more inclined to use mobile bill-pay, or those customers (e.g., senior citizens) who might not be as adept or comfortable with technology might prefer the ability to pay over the phone or in-person.

Understanding customer profiles will enable utilities to provide the right bill-pay options for them; thereby increasing usability rates--- and, the perception that they adapt well to changes in customer expectations.

Using the internet for billing		
Ontario LDCs	**18-34**	**55+**
I am already receiving my hydro bill electronically	19%	8%
I use on-line banking and will definitely be requesting that my bill be sent electronically	20%	7%
I use on-line banking but prefer to have paper statements	36%	24%
I prefer to have the paper copy of my bills	9%	29%
I don't use on-line banking	5%	24%
Don't know	10%	8%

Base: An aggregate of respondents from 2013 participating LDCs

If utility companies ensure that the electronic billing solutions they offer customers are easy to use, convenient, feature-rich, comprehensive and secure, adoption rates will surely increase.

Likelihood of the following to encourage customers to go paperless for billing purposes		
Top 2 Boxes: 'very + somewhat likely'	**Ontario LDCs**	**CHEC**
Providing a one-time financial incentive to switch	53%	44%
Being entered into a special draw for customers who make the switch	42%	35%
Learning more about the benefits to going green with paperless billing	46%	37%
A better understanding of the convenience of paperless billing	45%	37%

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

Customers are afraid if they don't receive a paper bill in the mail each month, they are going to forget to make a payment as well as, incur penalties and late fees or even harm their credit score. By proactively delivering information to customers, by phone, text, and email, customers will remain informed and in control of their billing and account status and be more likely to use additional online services. Also, giving customers online access to the prior 18 to 24 months of billing statements will alleviate concerns over losing a bill or needing old statements. Ensuring that a switch to online processes does not change anything for a customer is key; the idea is to make sure customers are provided with everything they have always had, plus a lot more.

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. As customers increasingly turn to social channels to seek information and advice and to express opinions, there is no question that organizations must engage with those channels to deliver appropriate customer care and ensure positive experiences. Respondents of this year's survey were asked *"how likely they would use social media as a resource for energy efficiency tips or to help manage your electricity use"…*

Likelihood of using Social Media to gather information				
	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

What do customers think about electricity costs?

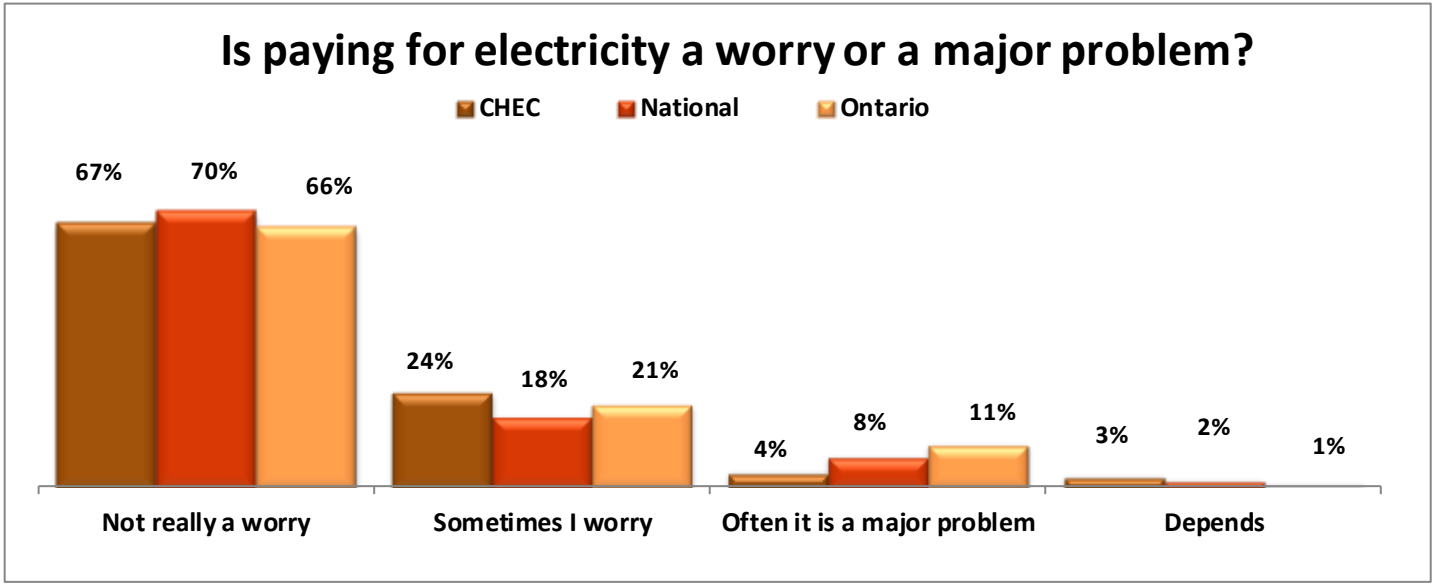
Today electric utilities are facing steadily, increasing costs to generate and deliver electricity. Utilities are building transmission lines, installing new equipment and fixing up power plants. While LDC's make continuous efficiency improvements and are working with regulators to contain costs and to keep electricity prices as low as possible, the fact is that rising electricity costs are becoming inevitable.

At a time when income growth seems to be stagnating, electricity is consuming a greater share of Canadians' after-tax income than at any time since the mid 1990's. Higher costs are being driven by both higher prices per kilowatt hour and greater electricity use at home, in roughly equal measure. While modern electronics and appliances require less electricity than older models, i.e. a new refrigerator runs on half the electricity of a model from the 1990's, houses have become bigger, which entail more air-conditioning and more electronics than before.

Next I am going to read a number of statements people might use about paying for their electricity. Which one comes closest to your own feelings, even if none is exactly right? Paying for electricity is not really a worry, Sometimes I worry about finding the money to pay for electricity, or Paying for electricity is often a major problem?

Is paying for electricity a worry or a major problem?				
	Not a worry	Sometimes	Often	Depends
	CHEC			
2013	67%	24%	4%	3%
2012	-	-	-	-
2011	-	-	-	-
2010	-	-	-	-

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



Base: total respondents

There are certain kinds of costs that hit fixed-income (those on disability income) and low-income people the most, and one of those things is energy costs, which are not discretionary. Ontario is one of several provinces to install “SMART” electricity meters on households. They promote better resource use by billing customers extra for energy consumed during peak daytime hours, however in order to benefit from TOU a behaviour change in consumption must take place.

Is paying for electricity a worry or a major problem?				
	Not a worry	**Sometimes**	**Often**	**Depends**
		CHEC		
<$40,000	54%	35%	7%	4%
$40<$70,000	61%	32%	3%	3%
$70,000+	80%	13%	3%	3%

Base: total respondents

Customers have a right to expect more than the mere delivery of electricity. They have the right to expect efficiency, competence and value for money. Utilities seeking to become more customer-centric must go beyond the transactional relationship of customer pays a price and receives electricity. Becoming customer-centric involves offering customers a value proposition; a complete package, filled with lots of human-friendly usability elements, peace of mind, and top-notch customer service.

Is paying for electricity a worry or a major problem?				
	Not a worry	Sometimes	Often	Depends
Ontario				
2013	66%	21%	11%	1%
2012	59%	27%	11%	2%
2011	52%	31%	13%	3%
2010	67%	23%	8%	2%
National				
2013	70%	18%	8%	2%
2012	67%	22%	8%	2%
2011	63%	25%	8%	2%
2010	71%	20%	6%	1%

Base: 2013 Ontario and National benchmark surveys

What do small commercial customers think?

Residential and small business customers create the bulk of a utility's service transactions every day—and account for more than half of the energy consumed — understanding their needs and expectations is becoming more important than ever before.

Small Commercial Customer (General Service < 50kW Demand)

A small commercial customer is defined by the OEB as a non-residential customer in a less than 50 kW demand rate class. These customers are similar to the residential customer in that their bill does not have a demand component to it and their charges are based upon KWH of consumption. Most of these customers would occupy small storefront locations or offices

In the 15 years that UtilityPULSE has undertaken electric utility satisfaction surveys, the data has mostly supported that the small business owner behaves much in the same way as the residential customer. While there are typically more similarities between small commercial and residential accounts, there are some fundamental differences in these customer classed segments. This year's data shows a difference in satisfaction levels for customer service; commercial customers responded more favourably than residential. On the subject of bills and outages, residential respondents reported more outage problems and fewer billing problems than commercial customers.

Deposit requirements, monthly energy bills (and, therefore, energy usage), power quality, and reliability all directly impact a small business's financial situation. Unlike residential customers who tend to describe the cost of power interruptions in terms of a "inconvenience", commercial (and industrial) customers associate power interruptions with the cost of lost business, i.e., a loss in production is a loss in profits.

Likewise, based on the requirement of electricity to sustain business operations, there exists a difference in actual levels of demand response. For instance, small business and commercial users are unlikely to choose to decrease their electricity consumption if it is incompatible with efficient management of their business processes or threatens contracted deliveries to their primary product markets. In some cases, electricity consumption is a relatively small proportion of total input and operating costs, which substantially reduces the financial incentive for shutting down production during on peak pricing.

The tables associated with this report will contain Ontario LDC specific information as it relates to residential and commercial customers. Recognizing that smaller data samples are susceptible to greater data swings, for most LDCs there would be 60 or 90 responses from small commercial customers. We have compiled the following based on a group composite of all of our 2013 discussions with small commercial and residential customers.

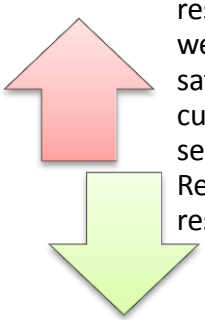
Satisfaction: Pre & Post		
Satisfaction (Top 2 Boxes: 'very + somewhat satisfied')	**Residential**	**Commercial**
Initially	92%	93%
End of Interview	93%	94%

Base: total respondents from the full 2013 database

As it relates to the six attributes associated with customer service:

Very or fairly satisfied with…	Residential	Commercial
The time it took to contact someone	79%	83%
The time it took someone to deal with your problem	76%	81%
The helpfulness of the staff who dealt with your problem	78%	85%
The knowledge of the staff who dealt with your problem	79%	85%
The level of courtesy of the staff who dealt with your problem	86%	92%
The quality of information provided by the staff member	76%	83%

Base: total respondents from the full 2013 database



Overall Commerical respondents were more satisfied with customer service than Residential respondents

Overall satisfaction with most recent experience		
	Residential	Commercial
Top 2 Boxes: 'very + somewhat satisfied'	78%	81%
Bottom 2 Boxes: 'somewhat + very dissatisfied'	20%	17%

Base: total respondents from the full 2013 database

Comparisons between Residential and Commercial		
Loyalty Groups	**Residential**	**Commercial**
Secure	30%	29%
Still Favourable	13%	14%
Indifferent	51%	50%
At risk	6%	7%

Base: total respondents from the full 2013 database

Loyalty Model Factors	***Residential***	***Commercial***
Very/somewhat satisfied	92%	93%
Definitely/probably would continue	84%	83%
Definitely/probably would recommend	78%	79%

Base: total respondents from the full 2013 database

Outages & Bill problems	Residential	Commercial
Respondents with outage problems	29%	23%
Respondents with billing problems	9%	13%

Base: total respondents from the full 2013 database

Attempts to contact local utility…	Residential	Commercial
Respondents with outage problems	18%	37%
Respondents with billing problems	51%	69%

Base: total respondents from the full 2013 database

Residential respondents had reported more outage problems

Residential respondents reported fewer billing problems

Important attributes which describe operational effectiveness		
	Residential	Commercial
Provides consistent, reliable energy	96%	95%
Delivers on its service commitments to customers	89%	89%
Accurate billing	86%	88%
Quickly handles outages and restores power	87%	85%
Makes electrical safety a top priority	55%	66%
Uses responsible business practices	67%	75%
Is efficient at managing the hydro-electric system	72%	71%
Is a company that is 'easy to do business with'	85%	89%
Operates a cost effective hydro-electric system	61%	61%

Base: total respondents with an opinion from the full 2013 database

Important attributes which shape perceptions about corporate image		
	Residential	Commercial
Is a respected company in the community	85%	86%
Maintains high standards of business ethics	70%	76%
A leader in promoting energy conservation	74%	70%
Keeps its promises to customers and the community	72%	73%
Beyond creating jobs and paying taxes, is socially responsible	66%	65%
Is a trusted and trustworthy company	85%	87%
Adapts well to changes in customer expectations	62%	64%
Overall the utility provides excellent quality services	91%	92%

Base: total respondents with an opinion from the full 2013 database

Important attributes which shape perceptions about service quality and value		
	Residential	Commercial
Is pro-active in communicating changes and issues which may affect customers	79%	78%
Provides good value for money	69%	69%
Customer-focused and treats customers as if they're valued	75%	77%
Deals professionally with customers' problems	72%	82%
Quickly deals with issues that affect customers	71%	76%
Provides information and tools to help manage electricity consumption	82%	78%
Works with customers to keep their electricity costs affordable	61%	57%
The cost of electricity is reasonable when compared to other utilities	56%	53%

Base: total respondents with an opinion from the full 2013 database

Is paying for electricity a worry or a major problem?		
	Residential	**Commercial**
Not really a worry	70%	71%
Sometimes I worry	20%	19%
Often it is a major problem	6%	6%
Depends	3%	2%

Base: total respondents

Method

The findings in this report are based on telephone interviews conducted for Simul Corp. by Corsential between April 10 - April 23, 2013, with 632 respondents who pay or look after the electricity bills from a list of residential and small and medium-sized business customers supplied by CHEC.

The sample of phone numbers chosen was drawn randomly to insure that each business or residential phone number on the list had an equal chance of being included in the poll.

The sample was stratified so that 85% of the interviews were conducted with residential customers and 15% with commercial customers.

In sampling theory, in 19 cases out of 20 (95% of polls in other words), the results based on a random sample of 632 residential and commercial customers will differ by no more than ±3.90 percentage points where opinion is evenly split.

This means you can be 95% certain that the survey results do not vary by more than 3.90 percentage points in either direction from results that would have been obtained by interviewing all CHEC residential and small and medium-sized commercial customers if the ratio of residential to commercial customers is 85%:15%.

The margin of error for the sub samples is larger. To see the error margin for subgroups use the calculator at http://www.surveysystem.com/sscalc.htm.

Interviewers reached 1,652 households and businesses from the customer list supplied by CHEC. The 632 who completed the interview represent a 38% response rate.

The findings for the Simul/UtilityPULSE National Benchmark of Electric Utility Customers are based on telephone interviews conducted March 13 through March 26, 2013, with adults throughout the country who are responsible for paying electric utility bills. The ratio of 85% residential customers and 15% small and medium-sized business customers in the National study reflects the ratios used in the local community surveys. The margin of error in the National poll is ±2.7 percentage points at the 95% confidence level.

For the National study, the sample of phone numbers chosen was drawn by recognized probability sampling methods to insure that each region of the country was represented in proportion to its population and by a method

that gave all residential telephone numbers, both listed and unlisted, an equal chance of being included in the poll.

The data were weighted in each region of the country to match the regional shares of the population.

The margin of error refers only to sampling error; other non-random forms of error may be present. Even in true random samples, precision can be compromised by other factors, such as the wording of questions or the order in which questions were asked.

Random samples of any size have some degree of precision. A larger sample is not always better than a smaller sample. The important rule in sampling is not how many respondents are selected but how they are selected. A reliable sample selects poll respondents randomly or in a manner that insures that everyone in the population being surveyed has an equal chance of being selected.

How can a sample of only several hundred truly reflect the opinions of thousands or millions of electricity customers within a few percentage points?

Measures of sample reliability are derived from the science of statistics. At the root of statistical reliability is probability, the odds of obtaining a particular outcome by chance alone. For example, the chances of having a coin come up heads in a single toss are 50%. A head is one of only two possible outcomes.

The chance of getting two heads in two coin tosses is less because two heads are only one of four possible outcomes: a head/head, head/tail, tail/head and tail/tail.

But as the number of coin tosses increases, it becomes increasingly more likely to get outcomes that are either close to or exactly half heads and half tails because there are more ways to get such outcomes. Sample survey reliability works the same way but on a much larger scale.

As in coin tosses, the most likely sample outcome is the true percentage of whatever we are measuring across the total customer base or population surveyed. Next most likely are outcomes very close to this true percentage. A statement of potential margin of error or sample precision reflects this.

Some pages in the computer tables also show the standard deviation (S.D.) and the standard error of the estimate (S.E.) for the findings. The standard deviation embraces the range where 68% (or approximately two-thirds) of the respondents would fall if the distribution of answers were a normal bell-shaped curve.

The spread of responses is a way of showing how much the result deviates from the "standard mean" or average. In the

CHEC data on corporate image, Simul converted the answers to a point scale with 4 meaning agree strongly, 3 meaning agree somewhat and so on (see in the computer tables).

For example, the mean score is 3.63 for providing consistent, reliable energy. The average is 2.93 for working with customers to keep their energy costs affordable.

For reliable energy the standard deviation is 0.57. For affordable energy the S.D. is 0.92. These findings mean there is a wider range of opinion – meaning less consensus – about whether CHEC works with customers to keep their energy costs affordable than about whether CHEC energy supplies are reliable.

Beneath the S.D. in the tables is the standard error of the estimate. The S.E. is a measure of confidence or reliability, roughly equivalent to the error margin cited for sample sizes. The S.E. measures how far off the sample's results are from the standard deviation. The smaller the S.E., the greater the reliability of the data.

In other words, a low S.E. indicates that the answers given by respondents in a certain group (such as residential bill payers or women) do not differ much from the probable spread of the answers "predicted" in sampling and probability theory.

Certain questions pertaining to conservation and conservation efforts used an aggregate data approach whereby similar data sets were accumulated to form a larger sample size establishing a higher confidence interval, forecasting value and modeling data.

In these instances, all of the sub-datasets from the entire UtilityPULSE database for 2013 were concatenated in order to use the average of all the control samples for comparison. The cumulated population base for these questions was in excess of 6,000.

At a 95% confidence level the margin of error is ±1.23 and at a 99% confidence level the margin of error would be ±1.62. So the aggregate strategy has given a very good population sample size which better, or more accurately, reflects the true feelings and beliefs of the population as a whole.

Simul

UtilityPULSE

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	**Focus Groups, Surveys, Polls, Diagnostics**	**Customer Service Excellence**
Leadership development	Diagnostics ie. Change Readiness, Leadership Effectiveness, Managerial Competencies	Service Excellence Leadership
Strategic Planning	Surveys & Polls	Telephone Skills
Teambuilding	Customer Satisfaction and Loyalty Benchmarking Surveys	Customer Care
Organizational Culture Transformation	Organization Culture Surveys	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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