

Robust Water Infrastructure Is Essential to Customer Satisfaction; Water Quality and Reliability Are Critical, Says Inaugural J.D. Power Water Study

California Water Service, Illinois American Water, Miami-Dade County and Monroe County Water Authority Rank Highest in Water Utility Customer Satisfaction in their Respective Regions

LOS ANGELES: 18 May 2016 — Considering the high stakes of public health associated with residential water delivery and quality, the state of a water utility's infrastructure is critical to customer satisfaction and, therefore, to a utility's ability to garner support from customers and other stakeholders for improvements, says the J.D. Power 2016 Water Utility Residential Customer Satisfaction Study,SM released today.

In the most comprehensive Voice of the Customer study of its kind, the inaugural study measures satisfaction among residential customers of 84 water utilities each delivering water to a population of at least 400,000 people and reported in four geographic regions: Midwest, Northeast, South and West. Overall satisfaction is measured by examining 33 attributes within six factors (listed in order of importance): delivery; price; billing and payment; conservation; communications; and customer service. Satisfaction is calculated on a 1,000-point scale.

Bad Taste and Smell of Water Impact Satisfaction the Most: Infrastructure that is not maintained can cause residential delivery interruptions or create water quality problems such as bad taste and bad smell, the two issues that impact satisfaction the most. Delivery satisfaction among the 9% of customers experiencing problems with water taste (646) and among the 6% of customers experiencing smell issues (636) is more than 100 points lower than among those not experiencing any issues (785). More than one-third (34%) of customers indicate having experienced some sort of residential water delivery or quality issue within the last 6 months: the most common issue was low pressure, and the least common was mineral content, including poisonous lead.

According to Regulatory Research Associates,¹ it is estimated that over the next 20 years, investments between \$385 billion and \$1.3 trillion will be required to make the infrastructure improvements necessary to maintain the highest quality of water and residential delivery.

"Delivering water that is safe to use and drink is the top priority for water utilities. However, many utilities are facing the decay of century-old infrastructures with insufficient funds necessary to make improvements," said **Andrew Heath, senior director of the utility and infrastructure practice at J.D. Power.** "When facing the need for multi-billion dollar investments, it's no longer good enough to just focus on the water system; it is imperative that water utilities also focus on understanding their customers, who can often be their most effective advocates when it comes to building up support for necessary improvements."

¹ Regulatory Research Associates is a group within S&P Global Market Intelligence.

Location Does Not Determine Satisfaction: Study findings show that satisfaction is not driven by location, but rather is driven by the quality of the service they receive from their water utility. Both high- and low-performing utilities are found throughout the United States and throughout each region in the nation. Customer satisfaction is driven less by a utility's location and more by the quality of the product they deliver and how well that utility focuses on their customers.

Following are additional findings of the 2016 study.

- **Price by Region:** One-fourth (25%) of customers are not aware of the cost of their monthly water utility service. The customer-reported average monthly cost by region is \$79—West; \$75—Northeast; \$63—South; and \$60—Midwest.
- **E-Bill Satisfaction Higher than Paper Bill:** Billing and payment satisfaction among the 31% of customers who receive their bill electronically is much higher than among those who receive a paper bill (792 vs. 746, respectively).
- **Communication Recall Builds Satisfying Relationships:** Water utilities that communicate with their customers are more likely to build a satisfying customer relationship. Overall satisfaction is higher when a customer recalls a communication in the last 6 months from their water utility than when they don't recall a communication (737 vs. 675, respectively).
- **Awareness of Infrastructure Investment Increases Satisfaction:** When customers are aware of their utility's efforts to improve or replace the old infrastructure, conservation satisfaction is 734, compared with 650 when they are not aware. The same holds true when customers are familiar with their utility's efforts to improve water quality (749 vs. 599, respectively).
- **Answering Customers' Questions on First Contact:** One key to achieving high customer service satisfaction is answering a customer's question the first time they make contact, compared with making two or more contacts. Among those contacting by phone, satisfaction is 134 points higher when the customer's question is answered on the first contact, compared to when two or more calls are required for an answer (831 vs. 697, respectively). Similarly, when contacts are made online, satisfaction is 91 points higher when questions are answered on the first contact, compared to when two or more contacts are required (827 vs. 736, respectively).

Study Rankings by Region

The following utilities rank highest in customer satisfaction in their respective regions. Notably, two of the utilities are investor owned and two are publicly owned.

- **Midwest:** Illinois American Water (investor owned)
- **Northeast:** Monroe County Water Authority (publicly owned)
- **South:** Miami-Dade County (publicly owned)
- **West:** California Water Service (investor owned)

The 2016 Water Utility Residential Customer Satisfaction Study is based on more than 20,000 responses, representing more than 83 million residential customers of the 84 largest water utilities across the United States. The study was fielded in March 2016.

Media Relations Contacts

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For information about the 2016 Water Utility Residential Customer Satisfaction StudySM, visit <http://www.jdpower.com/resource/us-water-utility-residential-customer-satisfaction-study>

See the online press release at <http://www.jdpower.com/press-releases/2016-water-utility-residential-customer-satisfaction-study>

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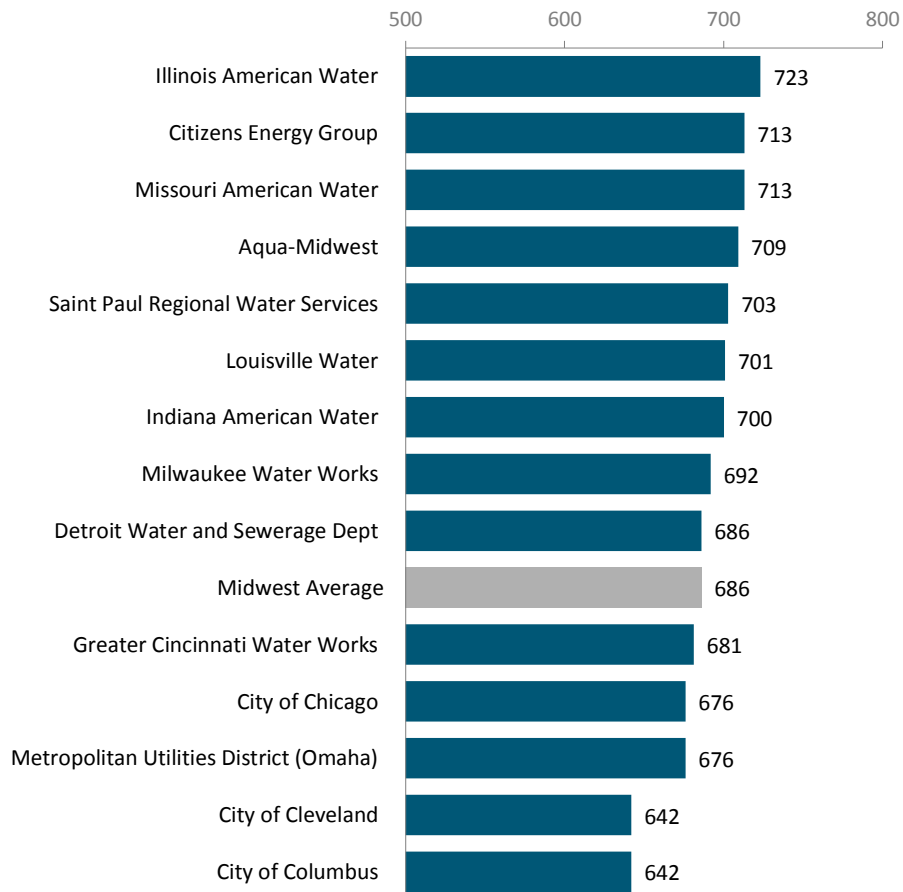
Note: Seven charts follow.

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Midwest Region Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



Note: Included in the study, but not ranked due to insufficient sample size is KC Water Services

States included in the Midwest region are Illinois, Indiana, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, Ohio and Wisconsin

Source: J.D. Power 2016 Water Utility Residential Customer Satisfaction StudySM

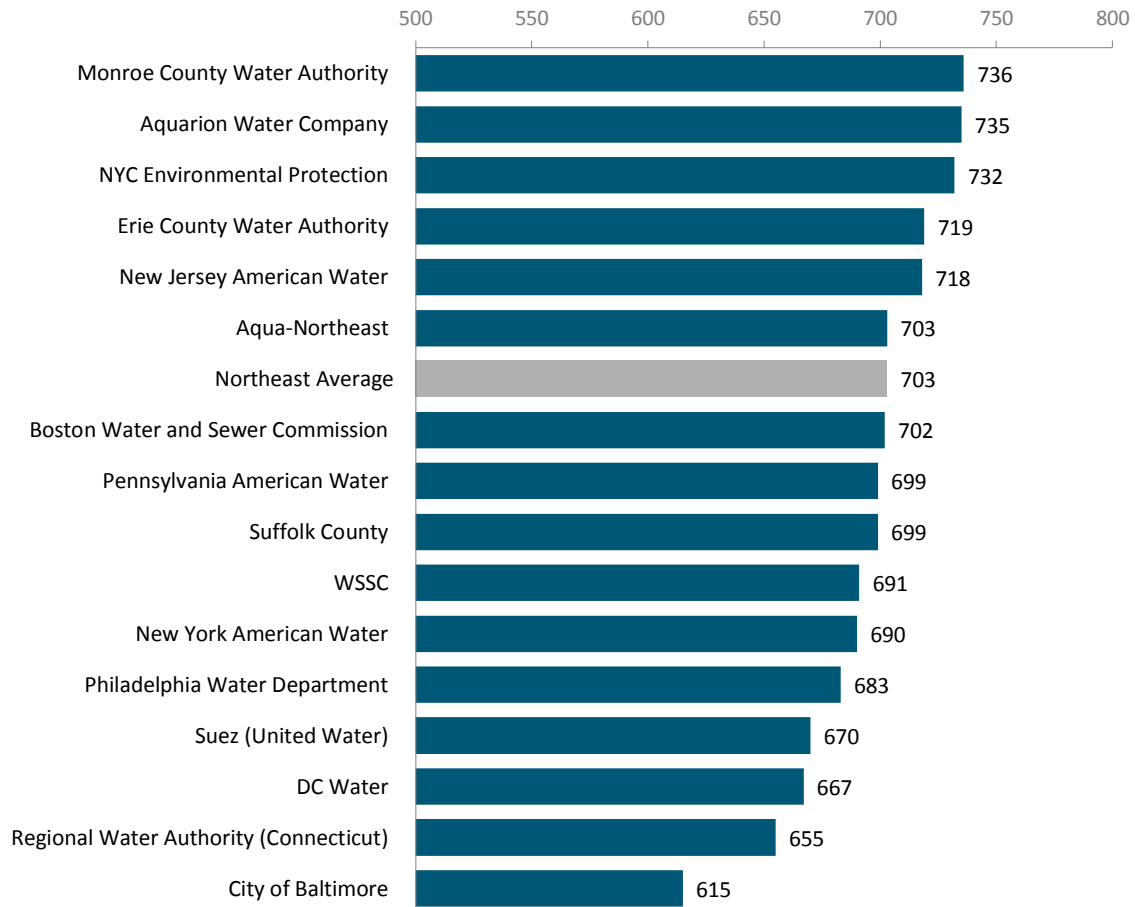
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Northeast Region Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



States included in the Northeast region are Connecticut, District of Columbia, Delaware, Massachusetts, Maryland, New Hampshire, New Jersey, New York, Pennsylvania and Rhode Island

Source: J.D. Power 2016 Water Utility Residential Customer Satisfaction StudySM

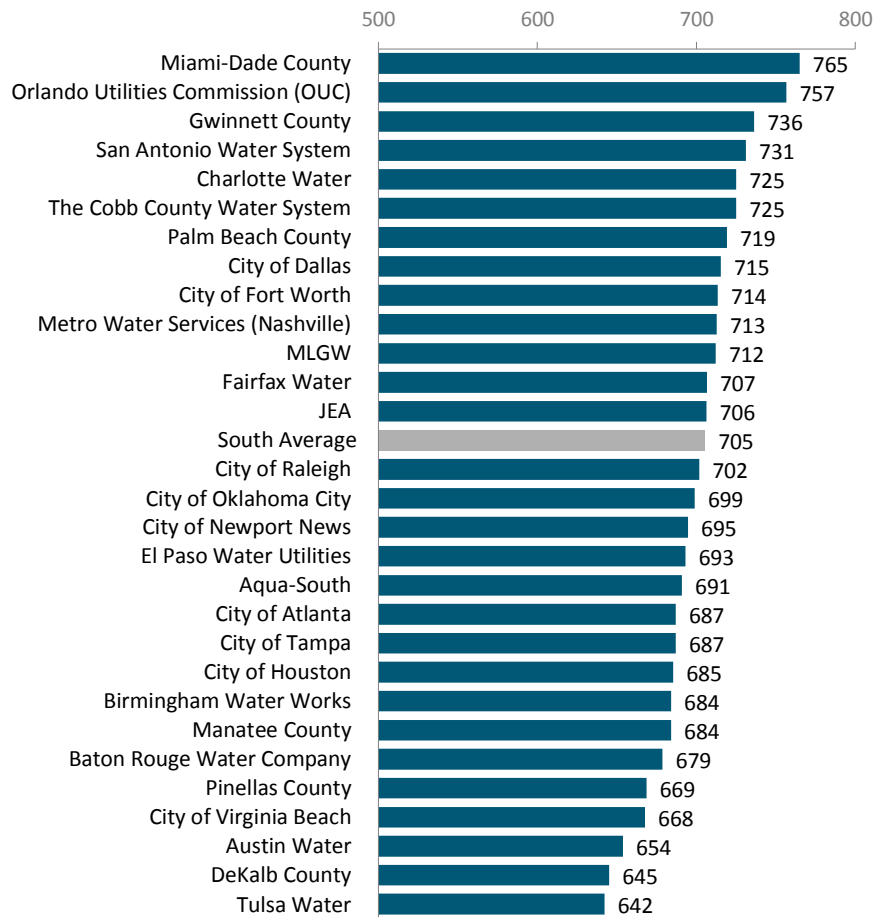
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South Region Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



States included in the South region are Alabama, Florida, Georgia, Louisiana, North Carolina, Oklahoma, Tennessee, Texas and Virginia

Source: J.D. Power 2016 Water Utility Residential Customer Satisfaction StudySM

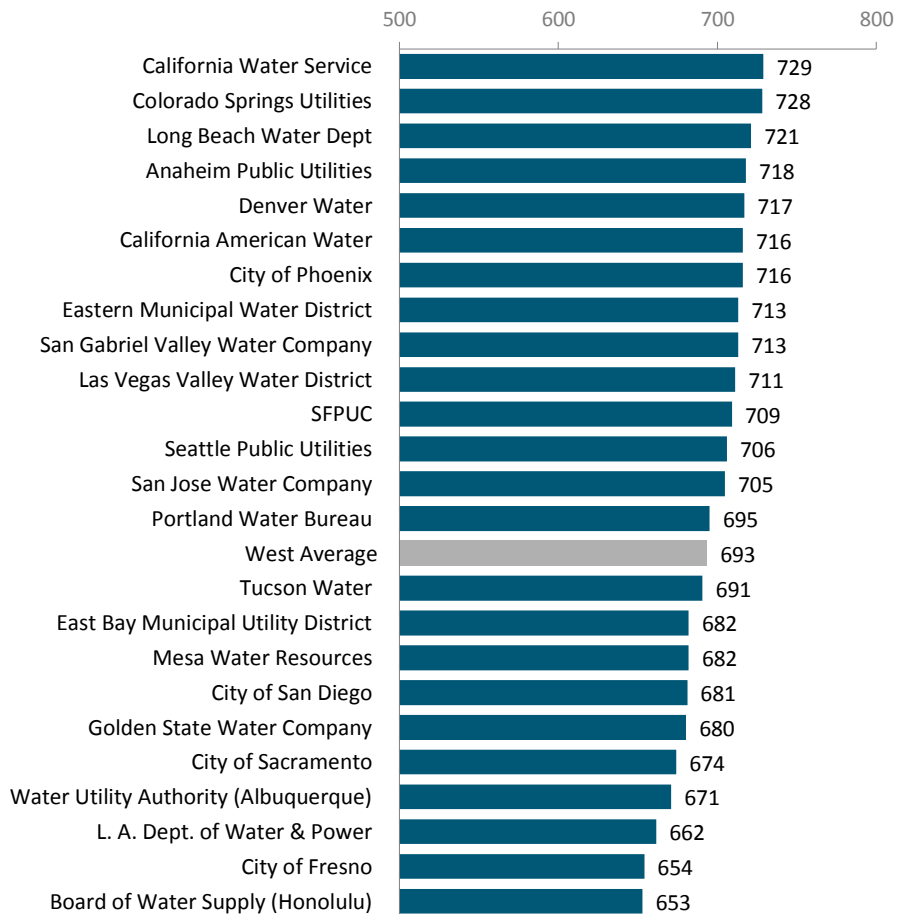
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West Region Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



States included in the West region are Arizona, California, Colorado, Hawaii, New Mexico, Nevada, Oregon and Washington

Source: J.D. Power 2016 Water Utility Residential Customer Satisfaction StudySM

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Award-Eligible Water Utilities Included in the Study

<u>Company</u>	<u>Executive Name</u>	<u>U.S. Address</u>
Anaheim Public Utilities	Dukku Lee	Anaheim, Calif.
Aqua-Midwest	Christopher H. Franklin	Bryn Mawr, Pa.
Aqua-Northeast	Christopher H. Franklin	Bryn Mawr, Pa.
Aquarion Water Company	Charles V. Firlotte	Bridgeport, Conn.
Aqua-South	Christopher H. Franklin	Bryn Mawr, Pa.
Austin Water	Marc A. Ott	Austin, Texas
Baton Rouge Water Company	Patrick Kerr	Baton Rouge, La.
Birmingham Water Works	Mac Underwood	Birmingham, Ala.
Board of Water Supply (Honolulu)	Ernest Y. W. Lau	Honolulu, Hawaii
Boston Water and Sewer Commission	Henry F. Vitale	Boston, Mass.
California American Water	Robert MacLean	Coronado, Calif.
California Water Service	Martin A. Kropelnicki	San Jose, Calif.
Charlotte Water	Barry M. Gullet	Charlotte, N.C.
Citizens Energy Group	Jeffrey Harrison	Indianapolis, Ind.
City of Atlanta	David Cockrell	Atlanta, Ga.
City of Baltimore	Rudolph S. Chow	Baltimore, Md.
City of Chicago	Thomas H. Powers	Chicago, Ill.
City of Cleveland	Robert L. Davis	Cleveland, Ohio
City of Columbus	Tracie Davies	Columbus, Ohio
City of Dallas	A.C. Gonzalez	Dallas, Texas
City of Fort Worth	David Cooke	Fort Worth, Texas
City of Fresno	Bruce Rudd	Fresno, Calif.
City of Houston	Dale A. Rudick	Houston, Texas
City of Newport News	James M. Bourey	Newport News, Va.
City of Oklahoma City	James D. Couch	Oklahoma City, Okla.
City of Phoenix	Ed Zuercher	Phoenix, Ariz.
City of Raleigh	Ruffin L. Hall	Raleigh, N.C.
City of Sacramento	John F. Shirey	Sacramento, Calif.
City of San Diego	Scott Chadwick	San Diego, Calif.
City of Tampa	Chuck Weber	Tampa, Fla.

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City of Virginia Beach	Dave L. Hansen	Virginia Beach, Va.
Colorado Springs Utilities	Jerry Forte	Colorado Springs, Colo.
DC Water	George S. Hawkins	Washington, D.C.
DeKalb County	Lee N. May	Decatur, Ga.
Denver Water	Jim Lochhead	Denver, Colo.
Detroit Water and Sewerage Dept	Gary Brown	Detroit, Mich.
East Bay Municipal Utility District	Alexander R. Coate	Oakland, Calif.
Eastern Municipal Water District	Paul D. Jones II	Perris, Calif.
El Paso Water Utilities	John E. Balliew	El Paso, Texas
Erie County Water Authority	Robert Gaylord	Buffalo, N.Y.
Fairfax Water	Charles M. Murray	Fairfax, Va.
Golden State Water Company	Robert J. Sprowls	San Dimas, Calif
Greater Cincinnati Water Works	Harry Black	Cincinnati, Ohio
Gwinnett County	Ron Seibenhener	Lawrenceville, Ga.
Illinois American Water	Bruce Hauk	Belleville, Ill.
Indiana American Water	Deron Allen	Greenwood, Ind.
JEA	Paul McElroy	Jacksonville, Fla.
L. A. Dept. of Water & Power	Marcie L. Edwards	Los Angeles, Calif.
Las Vegas Valley Water District	John J. Entsminger	Las Vegas, Nev.
Long Beach Water Dept	Chris Garner	Long Beach, Calif.
Louisville Water	Spencer Bruce	Louisville, Ky.
Manatee County	Ed Hunzeker	Bradenton, Fla.
Mesa Water Resources	Chris Brady	Mesa, Ariz.
Metro Water Services (Nashville)	Scott Potter	Nashville, Tenn.
Metropolitan Utilities District (Omaha)	Scott L. Keep	Omaha, Neb.
Miami-Dade County	Lester Sola	Miami, Fla.
Milwaukee Water Works	Sharon Robinson	Milwaukee, Wis.
Missouri American Water	Cheryl Norton	St. Louis, Mo.
MLGW	Jerry Collins	Memphis, Tenn.
Monroe County Water Authority	Nicholas A. Noce	Rochester, N.Y.

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<u>Company</u>	<u>Executive Name</u>	<u>U.S. Address</u>
New Jersey American Water	William M. Varley	Voorhees, N.J.
New York American Water	Brian Bruce	Merrick, N.Y.
NYC Environmental Protection	Emily Lloyd	New York, N.Y.
Orlando Utilities Commission (OUC)	Kenneth Ksionek	Orlando, Fla.
Palm Beach County	Jim Stiles	West Palm Beach, Fla.
Pennsylvania American Water	Kathy L. Pape	Hershey, Penn.
Philadelphia Water Department	Debra A. McCarty	Philadelphia, Penn.
Pinellas County	Mark S. Woodard	Clearwater, Fla.
Portland Water Bureau	Michael Stuhr	Portland, Maine
Regional Water Authority (Connecticut)	Larry L. Bingaman	New Haven, Conn.
Saint Paul Regional Water Services	Steve Schneider	St. Paul, Minn.
San Antonio Water System	Robert R. Puente	San Antonio, Texas
San Gabriel Valley Water Company	Michael L. Whitehead	West Covina, Calif.
San Jose Water Company	W. Richard Roth	San Jose, Calif.
Seattle Public Utilities	Hoffman, Ray	Seattle, Wash.
SFPUC	Harlan L. Kelly, Jr	San Francisco, Calif.
Suez (United Water)	Eric Gernath	Paramus, N.J.
Suffolk County	Jeffrey W. Szabo	Oakdale, N.Y.
The Cobb County Water System	McCullers, Steve	Marietta, Ga.
Tucson Water	Michael Ortega	Tucson, Ariz.
Tulsa Water	Clayton Edwards	Tulsa, Okla.
Water Utility Authority (Albuquerque)	Mark S. Sanchez	Albuquerque, N.M.
WSSC	Carla A. Reid	Laurel, Md.

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