



# 2007 Gas Utility Residential Customer Satisfaction Study

*Presented to  
Northwest Natural*

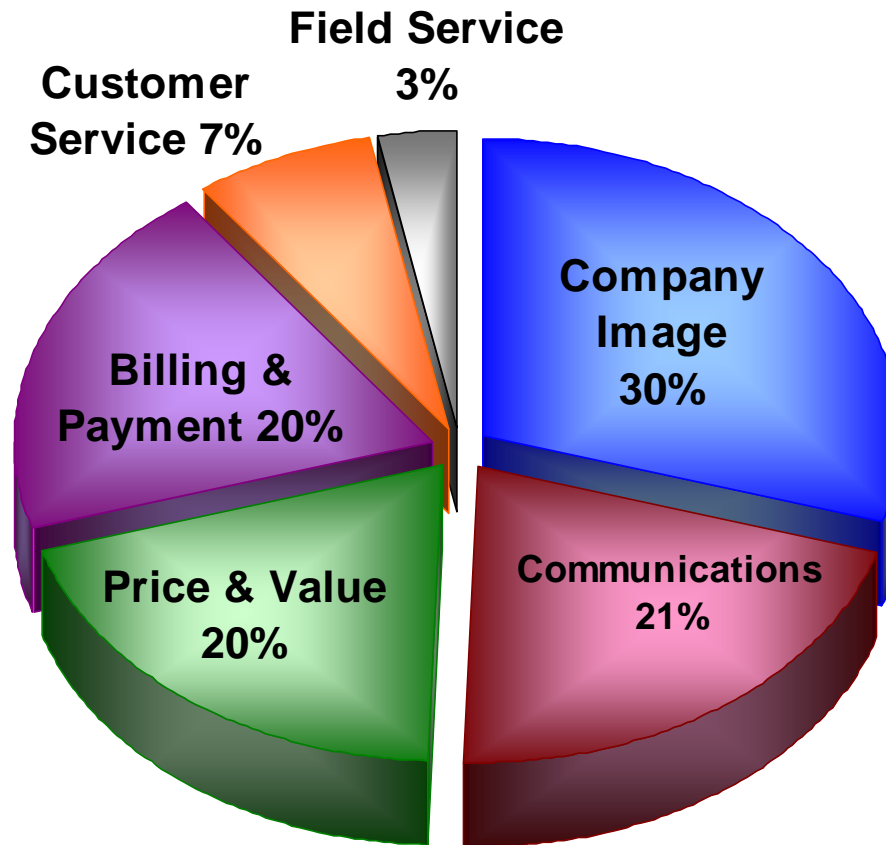
December 3, 2007

# 2007 Gas Utility Residential Customer Satisfaction Study Overview

- **Sixth annual Gas Utility Residential Customer Satisfaction Study**
- **Interviews conducted in four seasonal waves:**
  - Wave 1 – September, 2006 through October, 2006
  - Wave 2 – December, 2006 through January, 2007
  - Wave 3 – March, 2007 through April, 2007
  - Wave 4 – June, 2007 through July, 2007
- **Utilizes a maximum 1,000 point indexing scale**
  - Index scores calculated for each wave
  - Annual score is average across all four waves
- **Completed 25,033 interviews across industry**
  - NWN has about 600 interviews
- **58 largest local gas distribution companies**
  - Ranked by brand, by region
  - Serving 224,000 or more residential customers

# Residential Gas Utility Customer Satisfaction Model Remains The Same As 2006

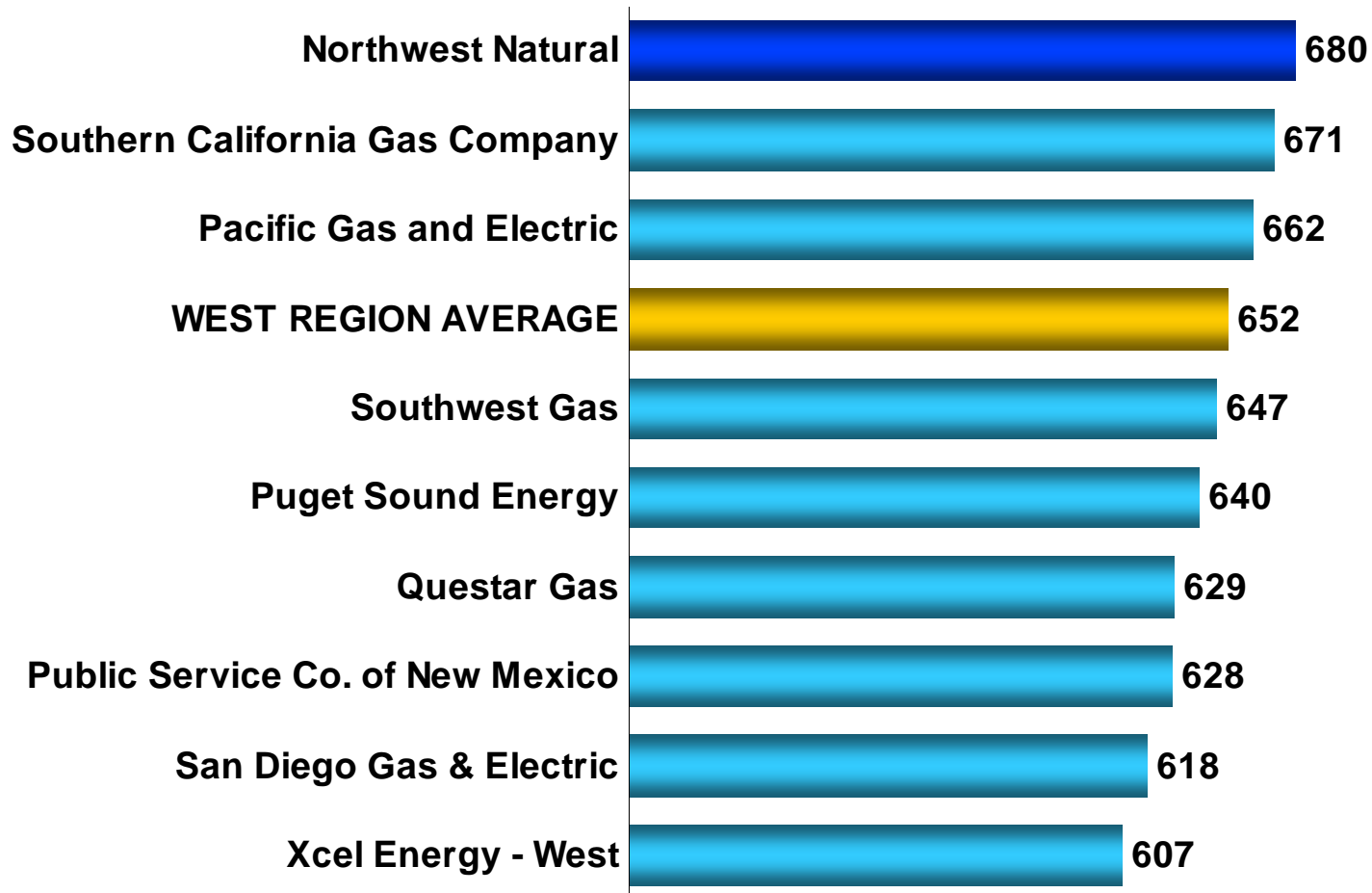
## Residential Gas Component Weights



\*May not add to 100% due to rounding.

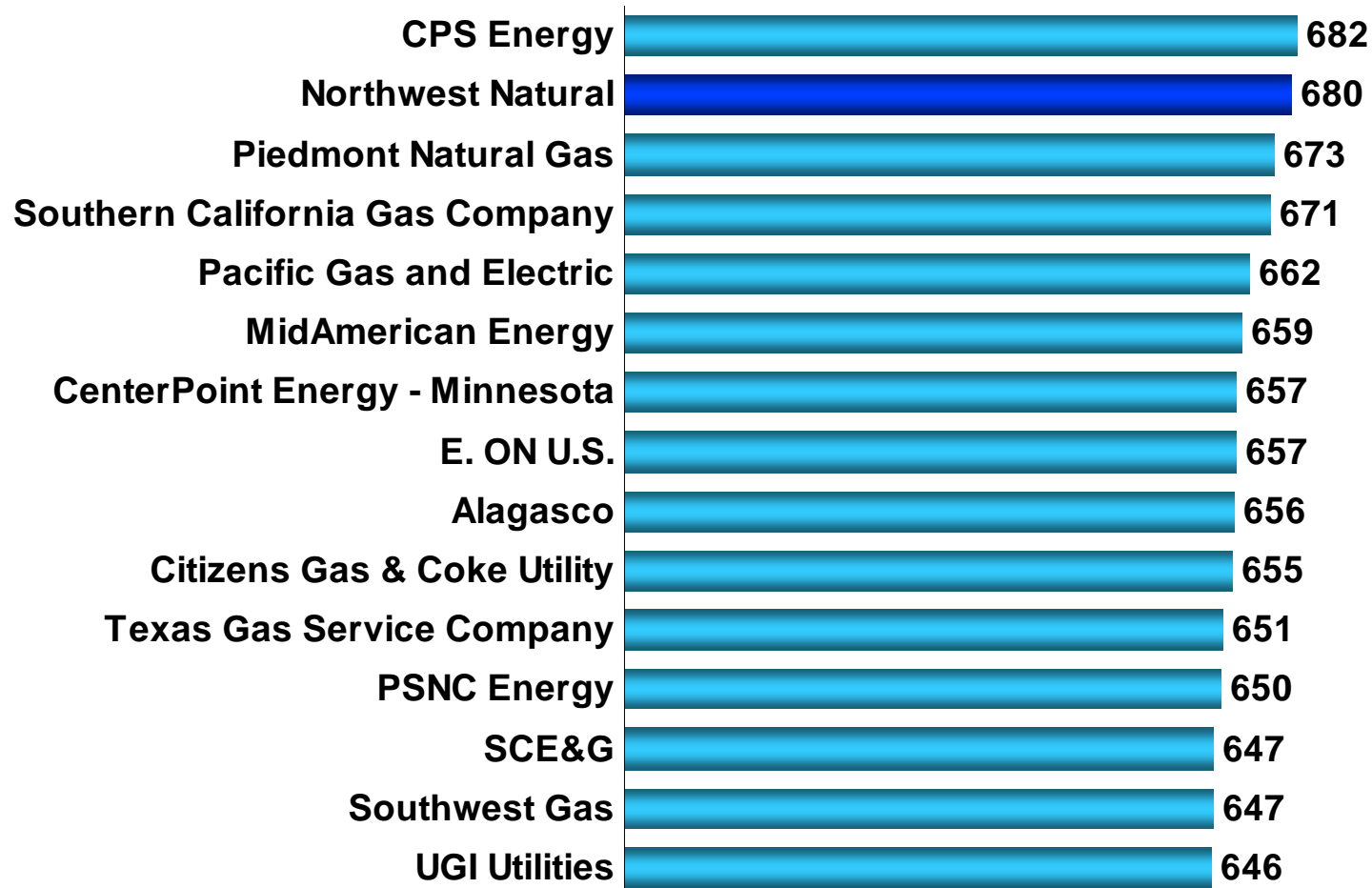
# Northwest Natural Ranks At The Top Of The Region

## WEST REGION Overall Customer Satisfaction Index



# NWN Posted The 2<sup>nd</sup> Highest Score In The Industry

## Top Quartile Performance Overall Customer Satisfaction Index

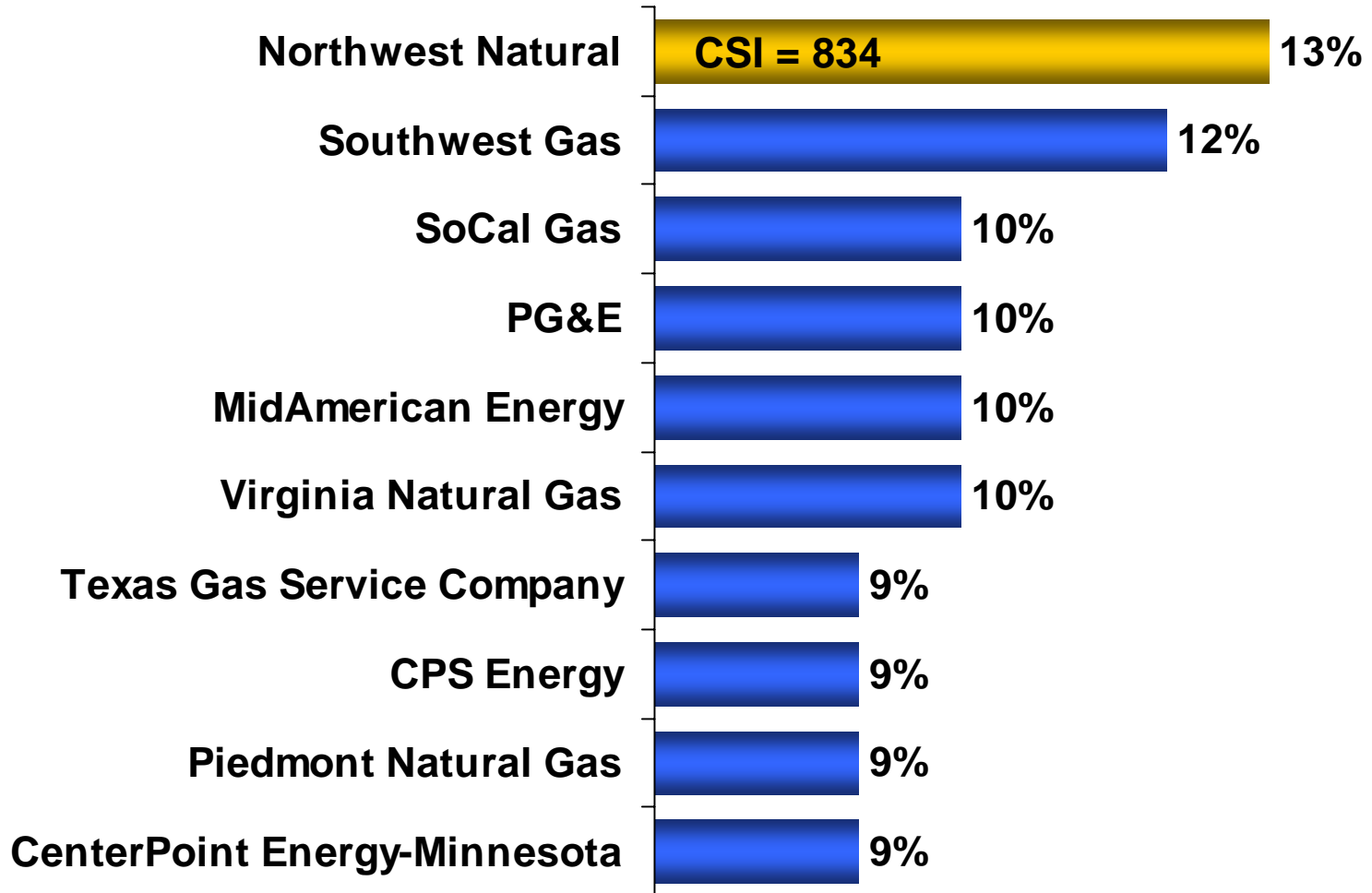




# Northwest Natural Performance

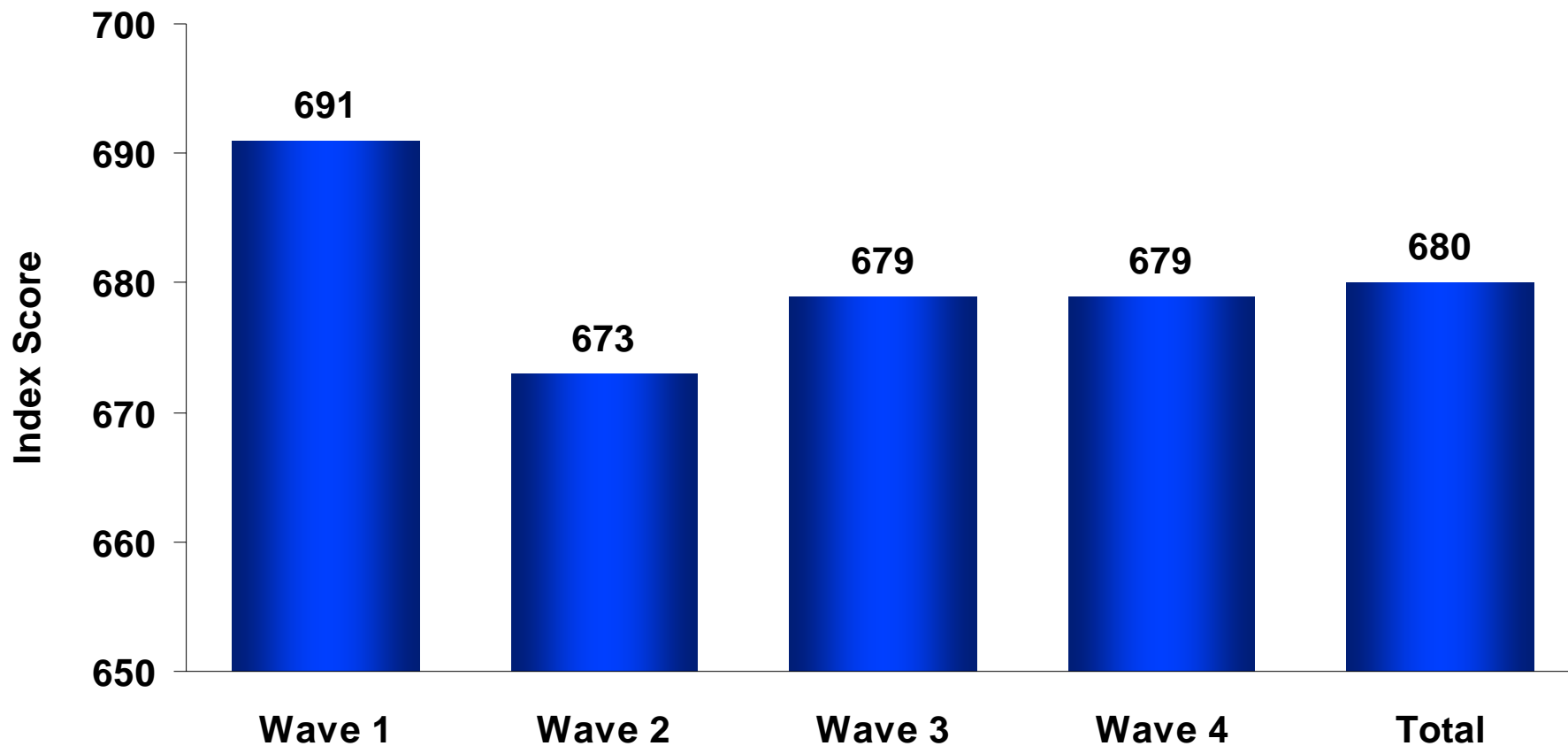
# NWN Ranks At The Top On Exceeding Customer Expectations

## Does Your Utility Perform Above Your Expectations?



# Overall Satisfaction Peaks In Wave 1

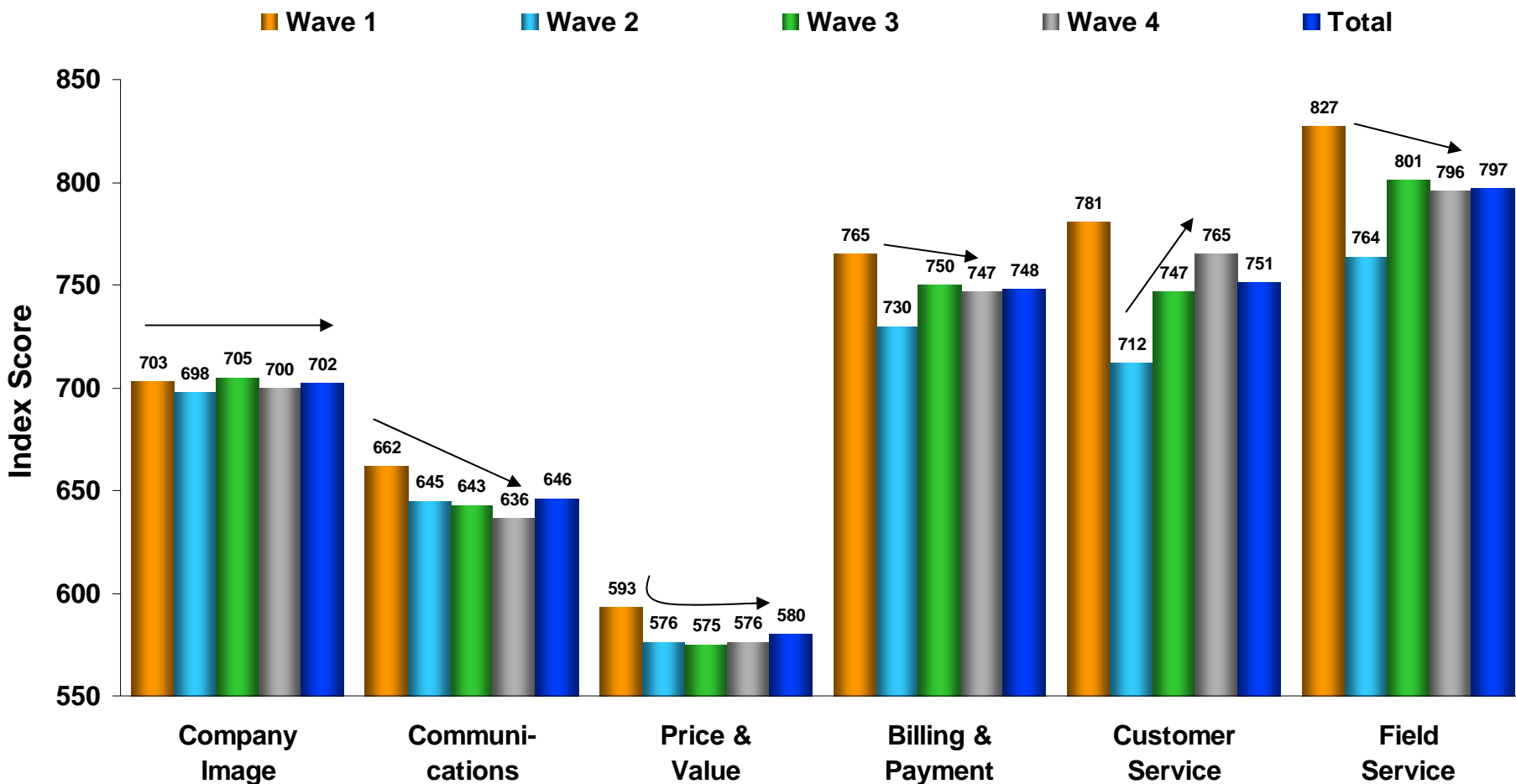
## Northwest Natural Maximum 1,000 Index Scale





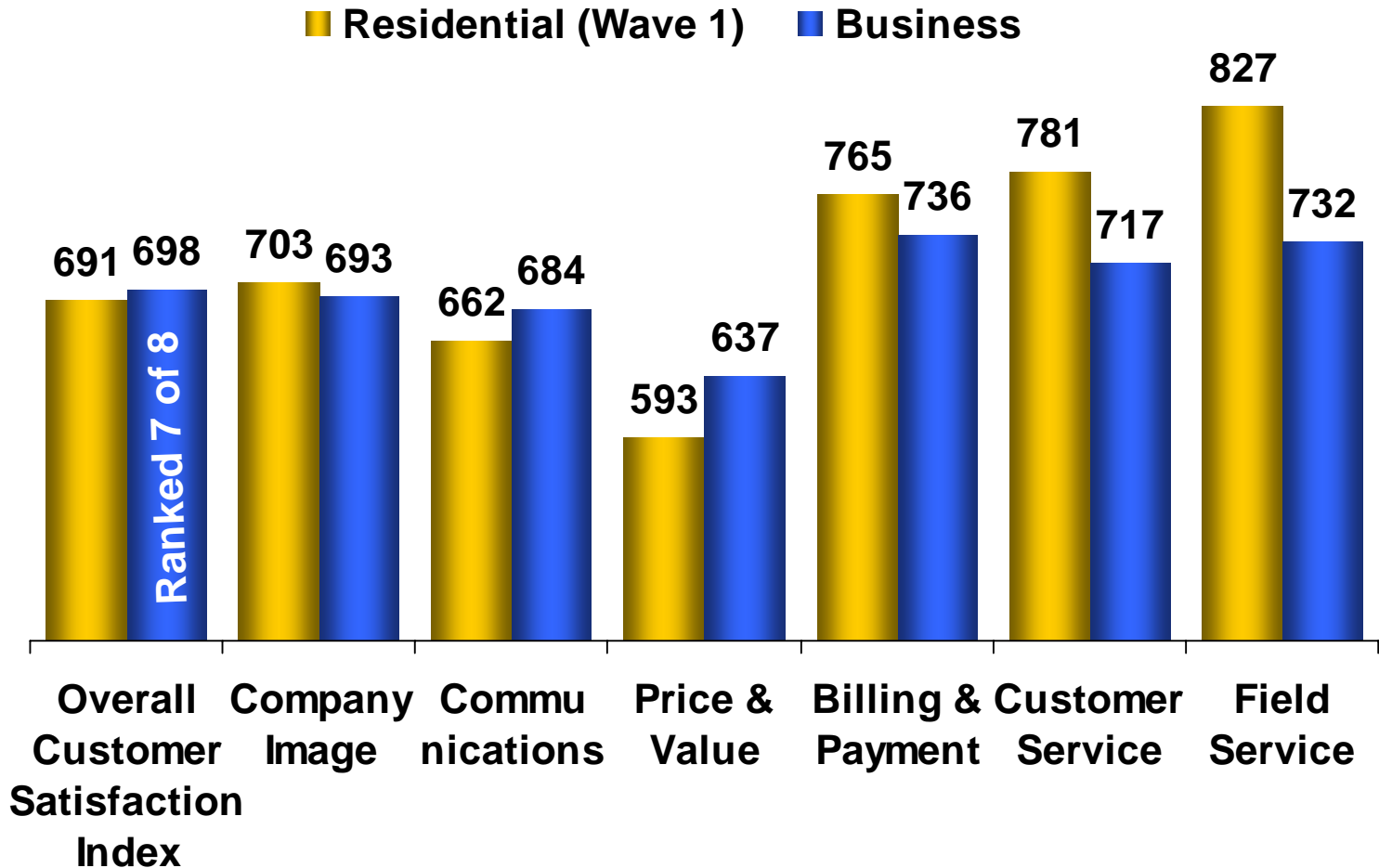
# Component Performance Wave-to-Wave

## Northwest Natural Performance by Wave Maximum 1,000 Index Scale



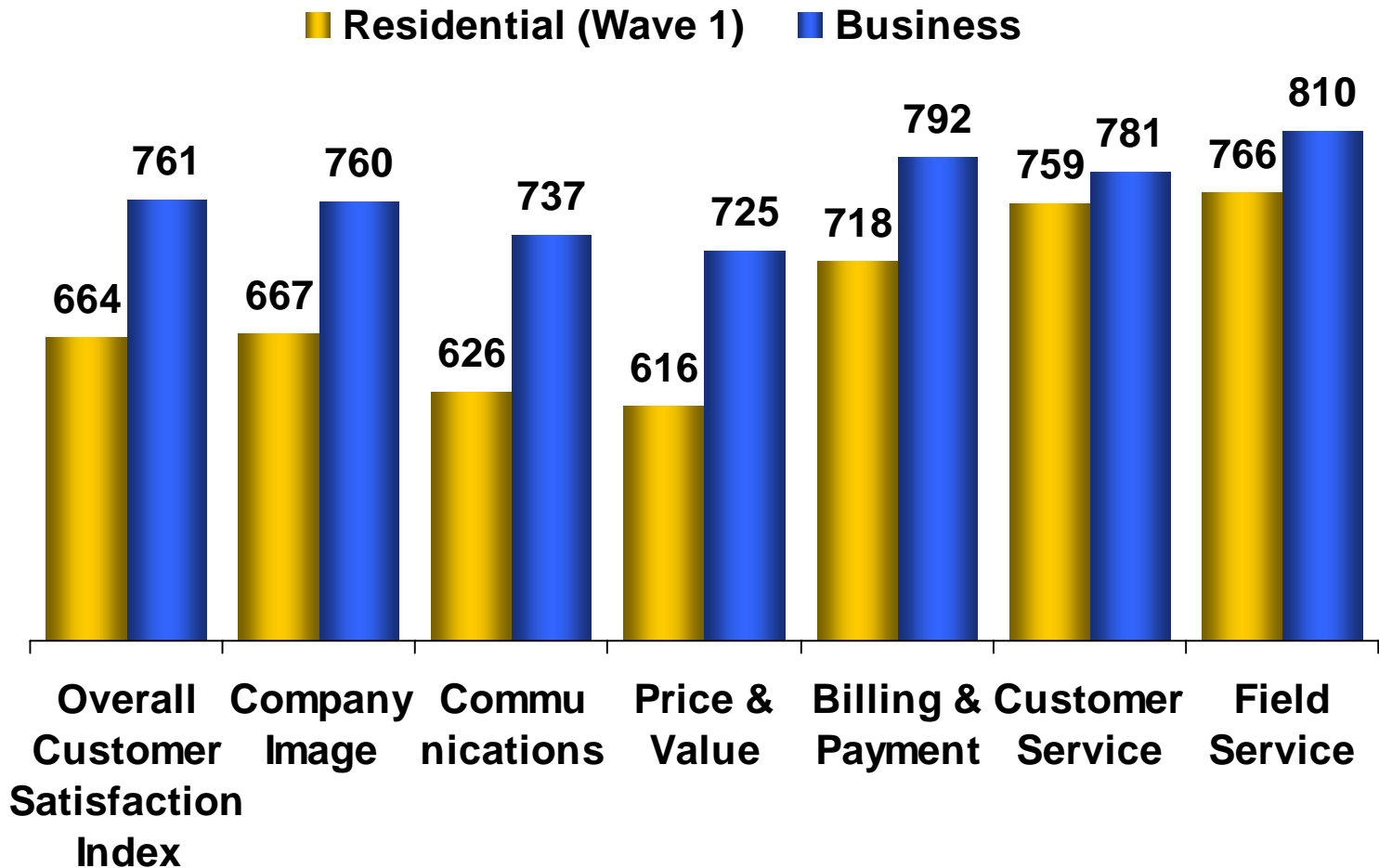
# Residential Customers Are As Satisfied As Business Customers At Northwest Natural

## Northwest Natural Gas Satisfaction by Customer Type



# Business Customers Are More Satisfied Than Residential Customers At SoCal Gas

## SoCal Gas Satisfaction by Customer Type




# Company Image Is Stable From Last Year

## Northwest Natural

### Company Image Performance Details - Mean Scores

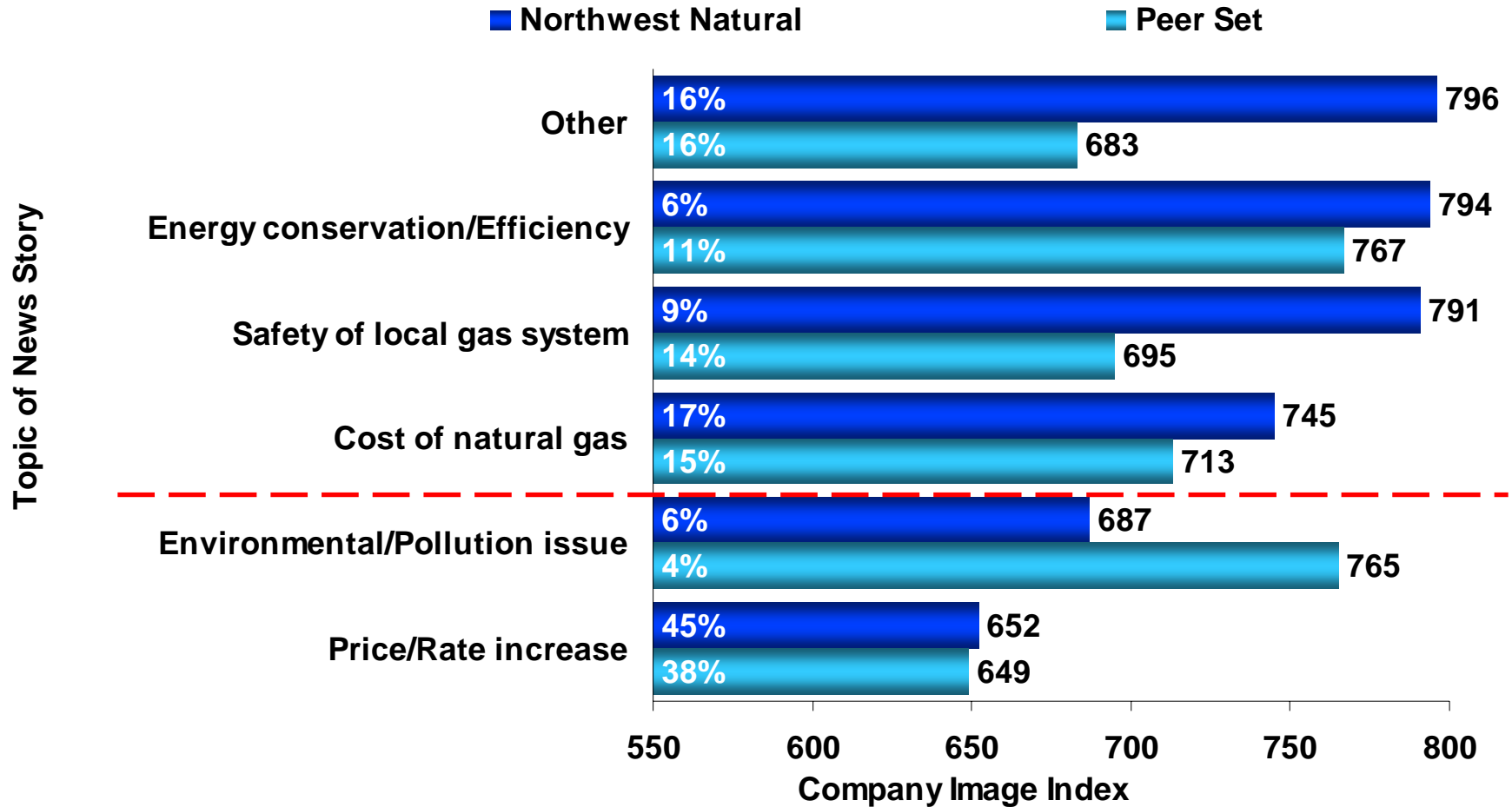
	<u>W4 '07</u>	<u>W4 '06</u>	<u>Diff</u>
<b>(30%) Company Image</b>	<b>700</b>	<b>708</b>	<b>-8</b>
(30%) Being honest and ethical	6.94	7.05	-0.11
(19%) Maintaining a safe gas system	7.62	7.71	-0.09
(18%) Commitment to community involvement	6.75	6.80	-0.05
(18%) Concern for the environment	6.88	6.89	-0.01
(15%) Offering a variety of services	6.83	6.92	-0.09
<b>Overall Reputation</b>	<b>7.57</b>	<b>7.45</b>	<b>+0.12</b>

 W4 '07 performance significantly trails W4 '06.

 W4 '07 performance significantly better than W4 '06.

# Half Of All News Stories Recalled Were Positive

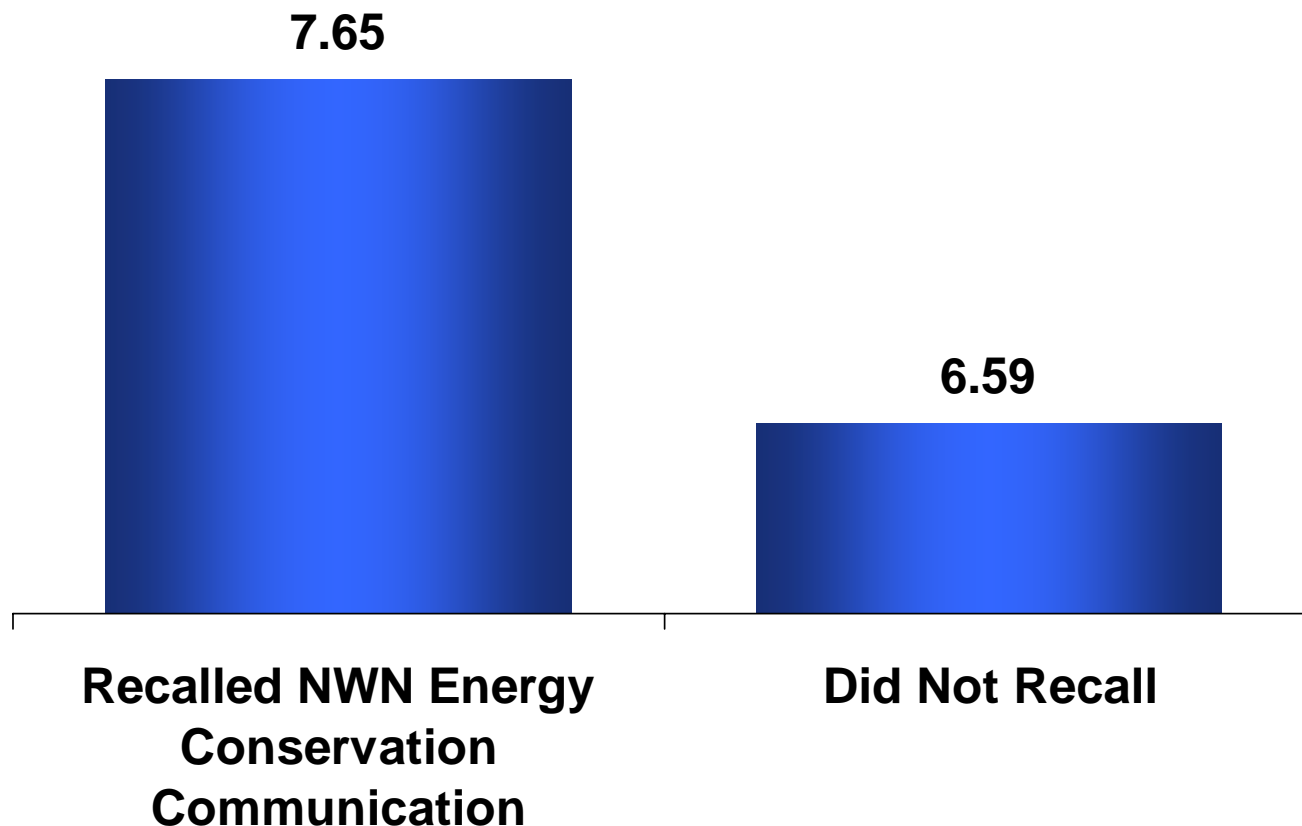
## Northwest Natural's Company Image Index vs. Peer Set by Topic of News Story Recall



Note: Those that answered "Don't Know" are not illustrated in the chart.

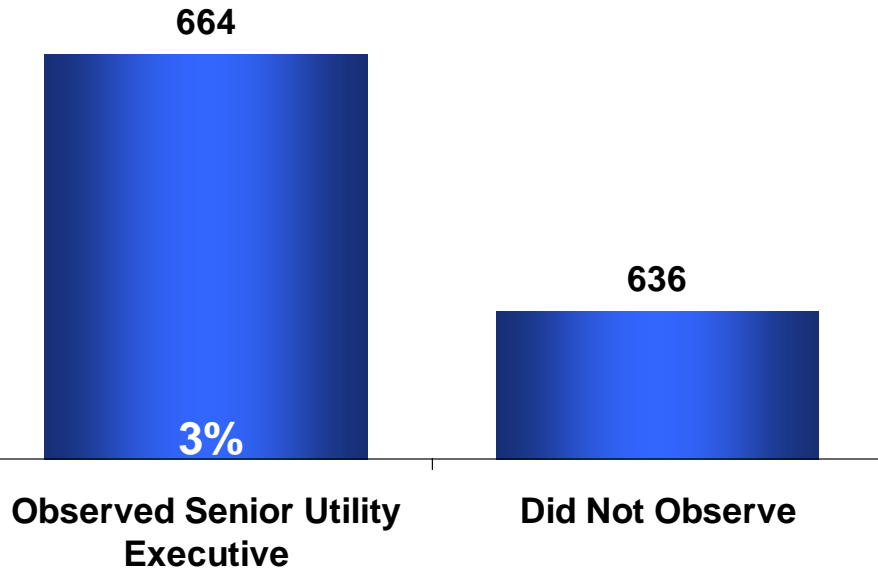
# Environmental Concern Ratings Increase When NWN Energy Conservation Communications Are Recalled

## NWN Concern For The Environment Rating

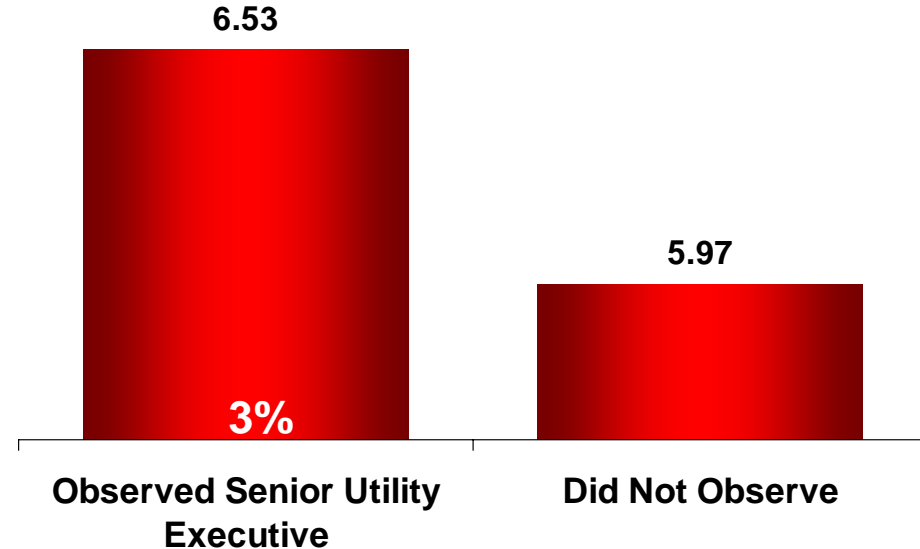


# Industry Perspective - Senior Manager Observations In The Community Increase Image Of The Utility

## Company Image Index



## Commitment To Local Community



# Creates Rate NWN Lower On Communicating Energy Savings Topics

## Northwest Natural

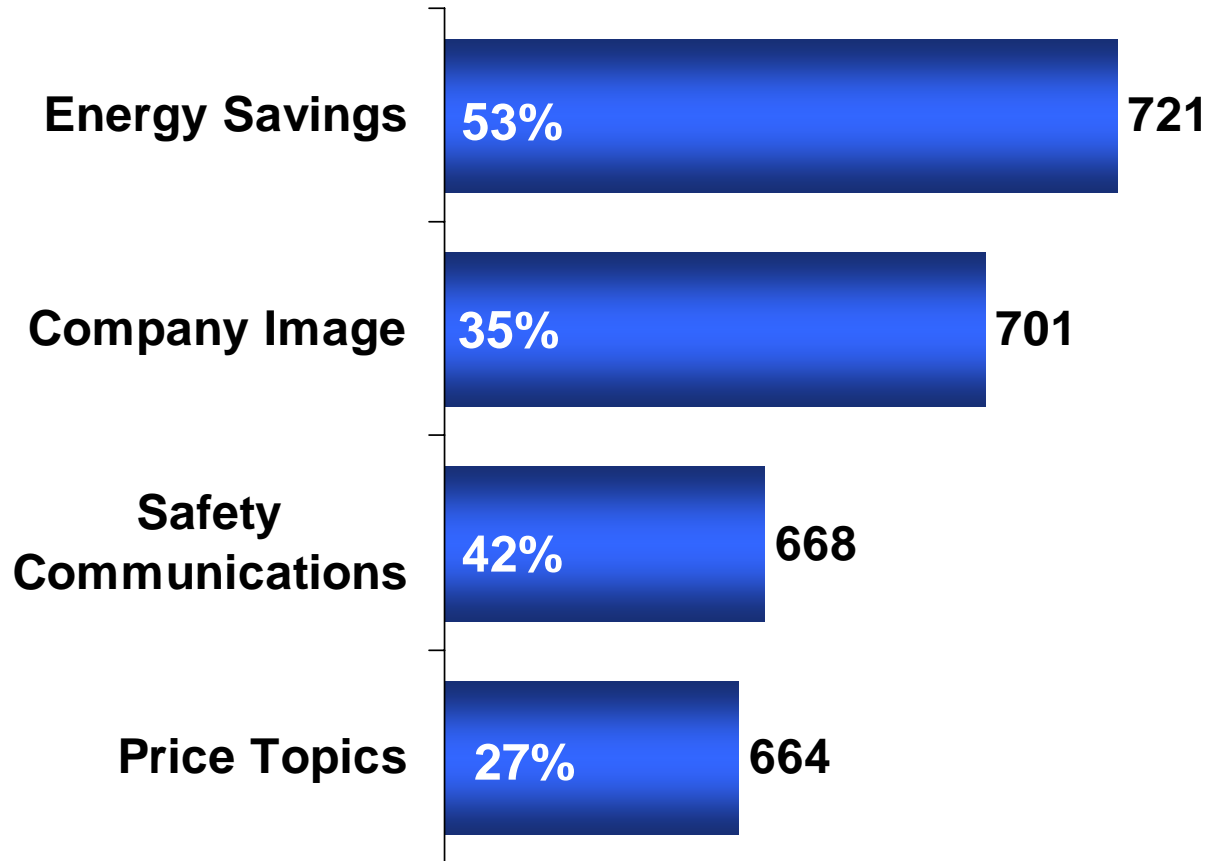
### Communications Performance Details - Mean Scores

	<u>W1</u>	<u>W2</u>	<u>W3</u>	<u>W4</u>	<u>Total</u>
<b>(21%) Communications</b>	<b>662</b>	<b>645</b>	<b>643</b>	<b>636</b>	<b>646</b>
(24%) Ability to communicate changes that might affect your service	6.67	6.68	6.29	6.44	6.52
(19%) Keeping you informed about what utility is doing to keep costs low	6.37	5.96	6.13	5.98	6.11
(19%) Educating you on being safe around gas	7.10	6.87	7.08	6.99	7.01
(19%) Usefulness of suggestions on reducing bill	6.66	6.62	6.52	6.40	6.55
(19%) Creating messages that get your attention	6.28	6.05	6.16	5.97	6.12
<b>Overall Effectiveness of Communications</b>	<b>6.79</b>	<b>6.75</b>	<b>6.74</b>	<b>6.82</b>	<b>6.77</b>



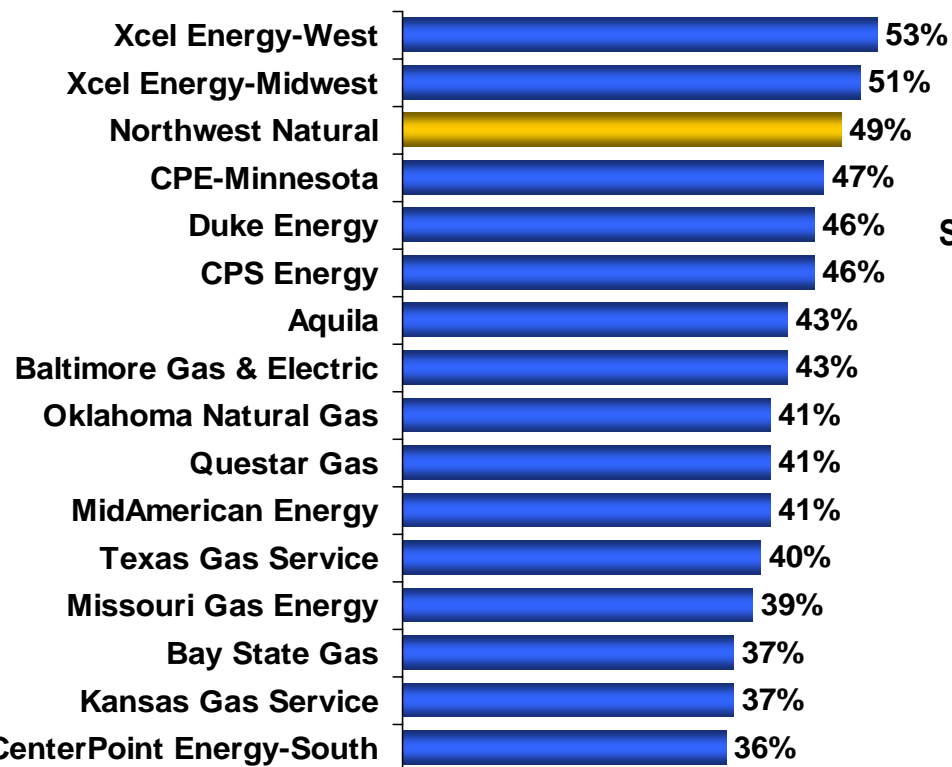
# Any Topic Communicated Produces Higher Satisfaction

## Communications Index by NWN Topic Recalled

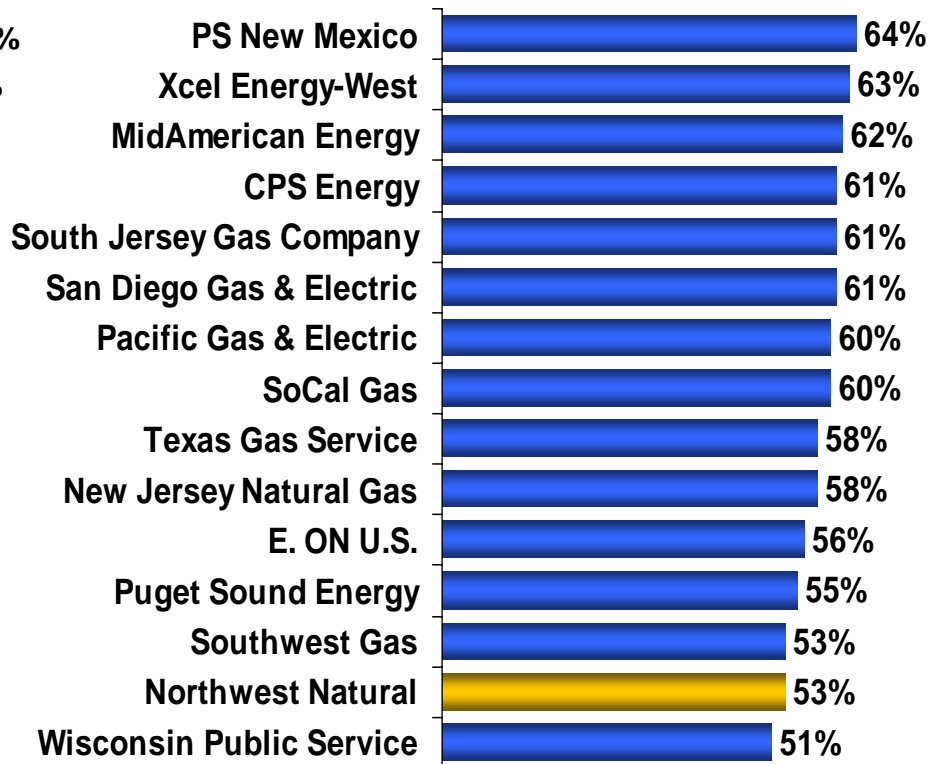


# NWN Is A Top Performer On Message Recall On Important Topics

## Top Quartile On Safety Message Recall

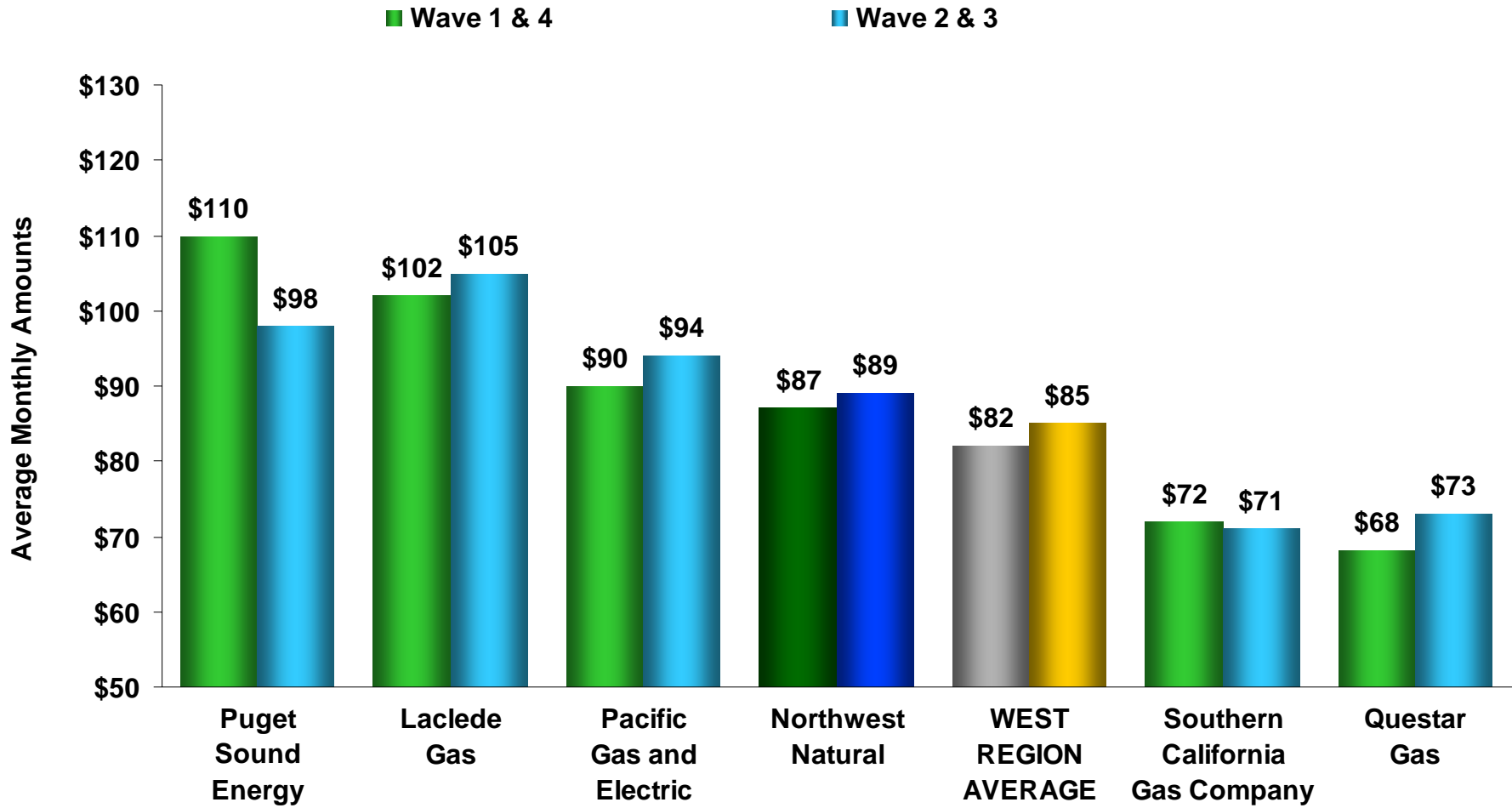


## Top Quartile On Energy Savings Message Recall



# NWN Customers Reported Average Bill Sizes

## Average Monthly Natural Gas Bill Amounts



# Price & Value Lowered After Wave 1 As Expected Winter Bills Were Higher Than Expected

## Northwest Natural

### Price & Value Performance Details - Mean Scores

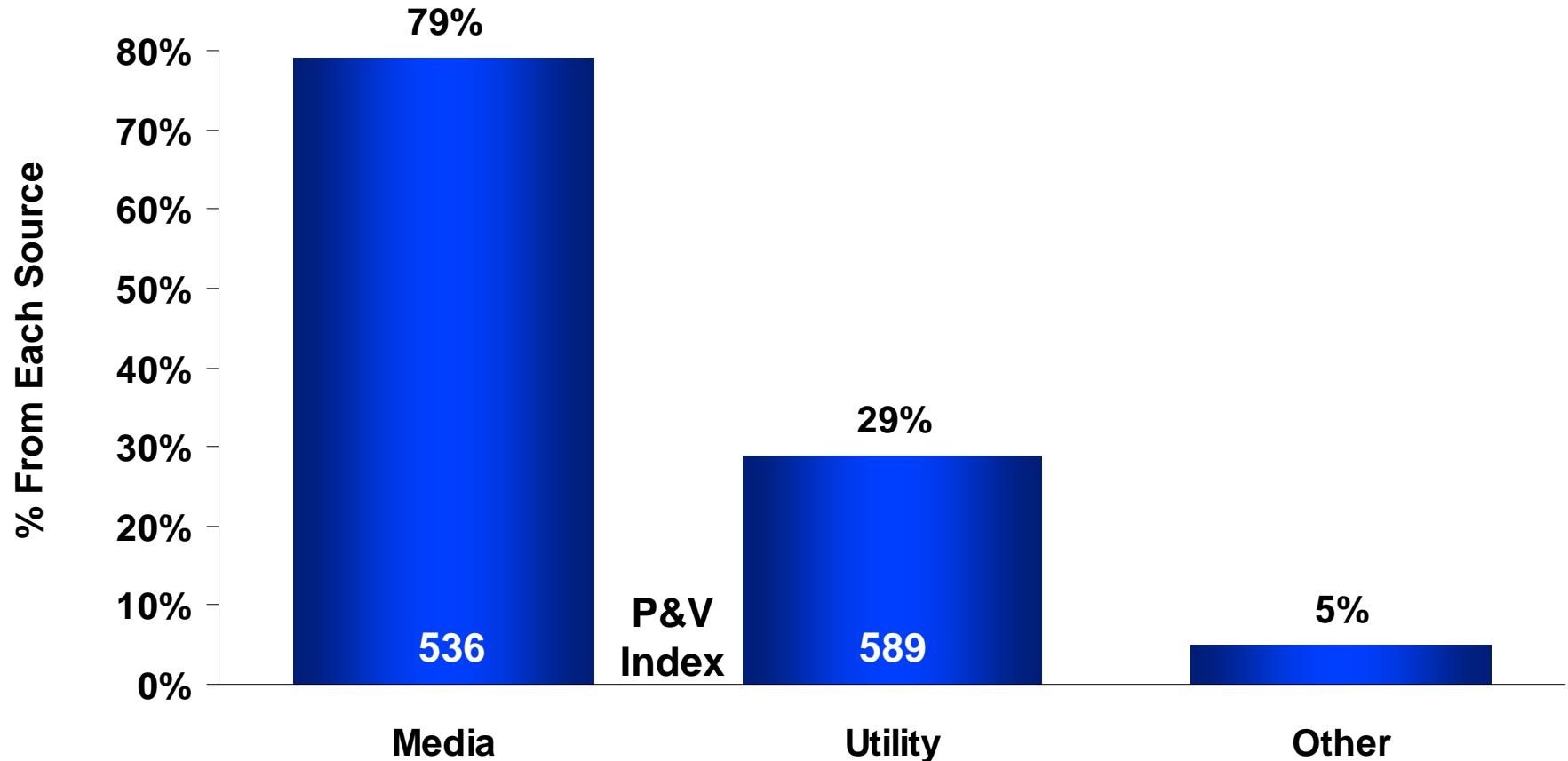
	<u>W1</u>	<u>W2</u>	<u>W3</u>	<u>W4</u>	<u>Total</u>
<b>(20%) Price &amp; Value</b>	<b>593</b>	<b>576</b>	<b>575</b>	<b>576</b>	<b>580</b>
(34%) Total montly cost of service	5.75	5.60	5.37	5.61	5.58
(26%) Fairness of pricing	5.84	5.71	5.69	5.60	5.71
(21%) Ability of utility to help reduce bill	6.27	6.03	6.23	6.23	6.19
(19%) Availability of pricing options that meet your needs	6.02	5.78	6.01	5.71	5.88
<b>Overall Value For The Amount You Paid</b>	<b>6.43</b>	<b>6.15</b>	<b>6.18</b>	<b>6.27</b>	<b>6.26</b>

Average Winter Bill	\$96	\$107	\$127	\$123	\$113
Average Summer Bill	\$58	\$58	\$64	\$69	\$62

Expected Winter  
Bill Amount

# Most Heard About Rate Increased From The Media

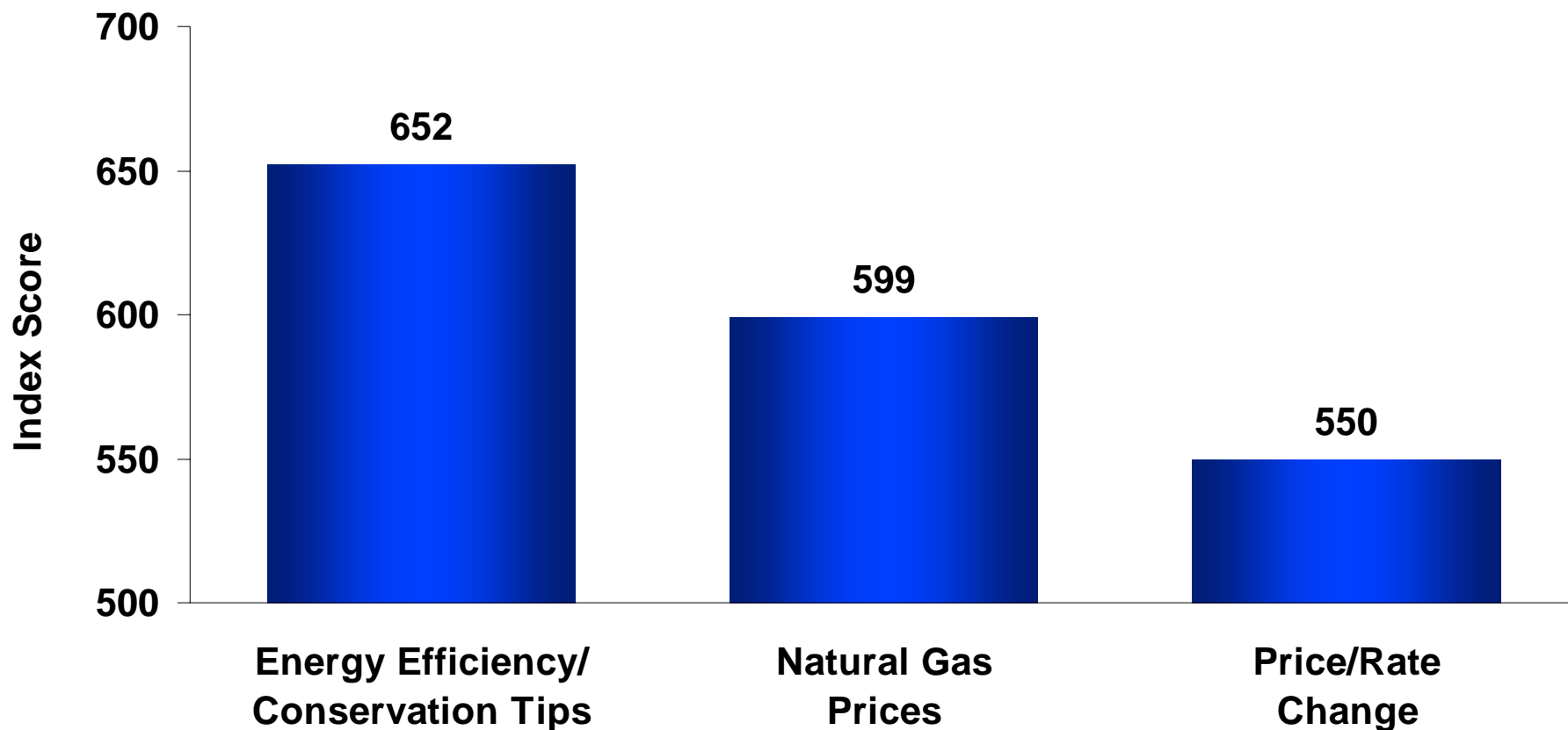
## Northwest Natural Where Did You Hear About The Rate Increase?



*Half heard of a rate increase*

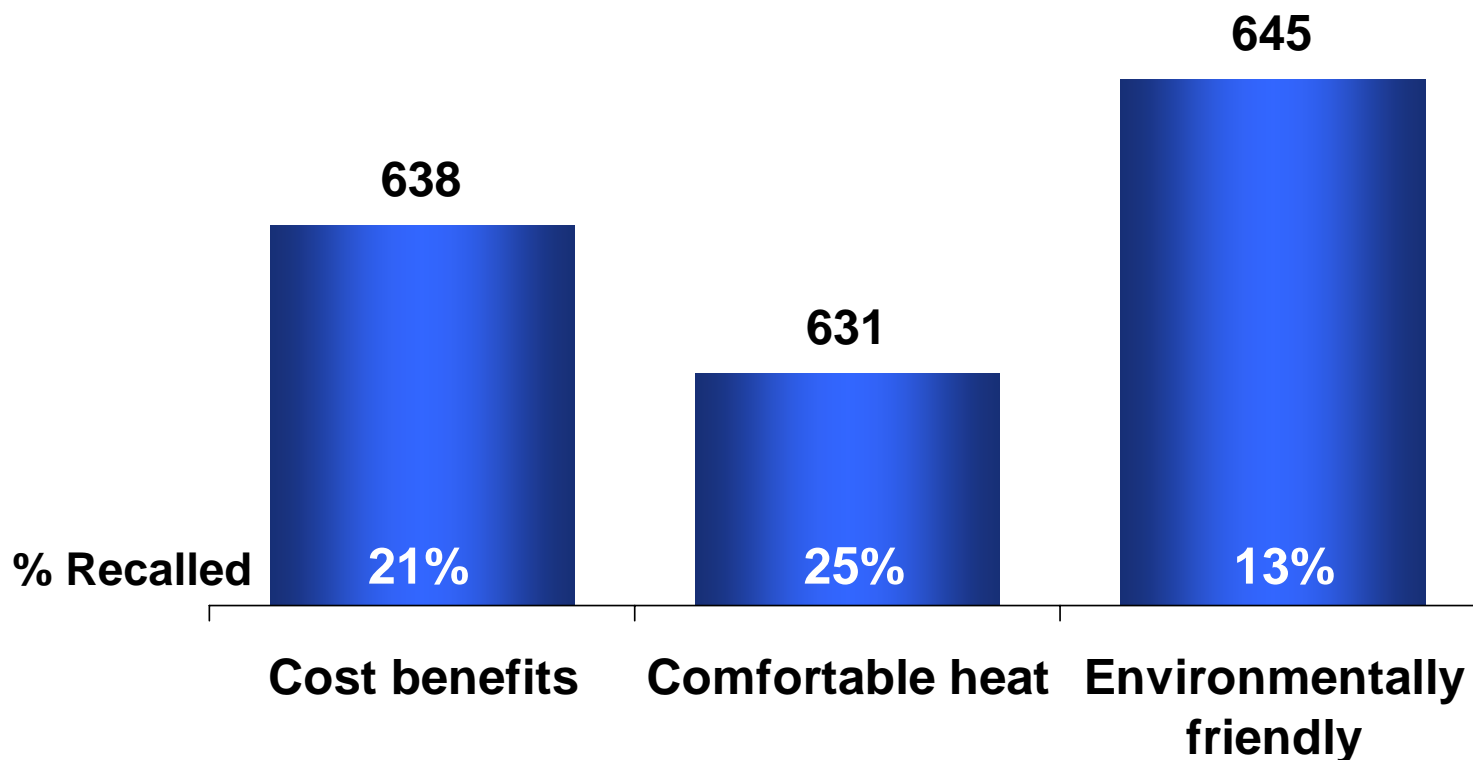
# NWN Communicating On Energy Savings Topics Correlates With Higher Satisfaction

## Northwest Natural Price & Value Index by Communication Topic



# Communicating The Commodity Benefits Of Natural Gas Heightens Value Proposition

## Price & Value Index by Communicates Benefits Of Natural Gas



# Bill Accuracy Ratings Decline

## Northwest Natural Billing & Payment Performance Details - Mean Scores

	<u>W4 '07</u>	<u>W4 '06</u>	<u>Diff</u>
<b>(20%) Billing &amp; Payment</b>	<b>747</b>	<b>755</b>	<b>-8</b>
(25%) Usefulness of options you have to pay your bill	7.51	7.51	0.00
(23%) Length of time you are given to pay without penalties	7.18	7.07	+0.11
(21%) Accuracy of the bill	7.50	7.86	<b>-0.36</b>
(17%) Ease of understanding the information on your bill	7.10	7.37	-0.27
(15%) Ease of finding the exact amount to pay	8.25	8.13	+0.12
<b>Overall Billing And Payment Process</b>	<b>7.73</b>	<b>7.41</b>	<b>+0.32</b>

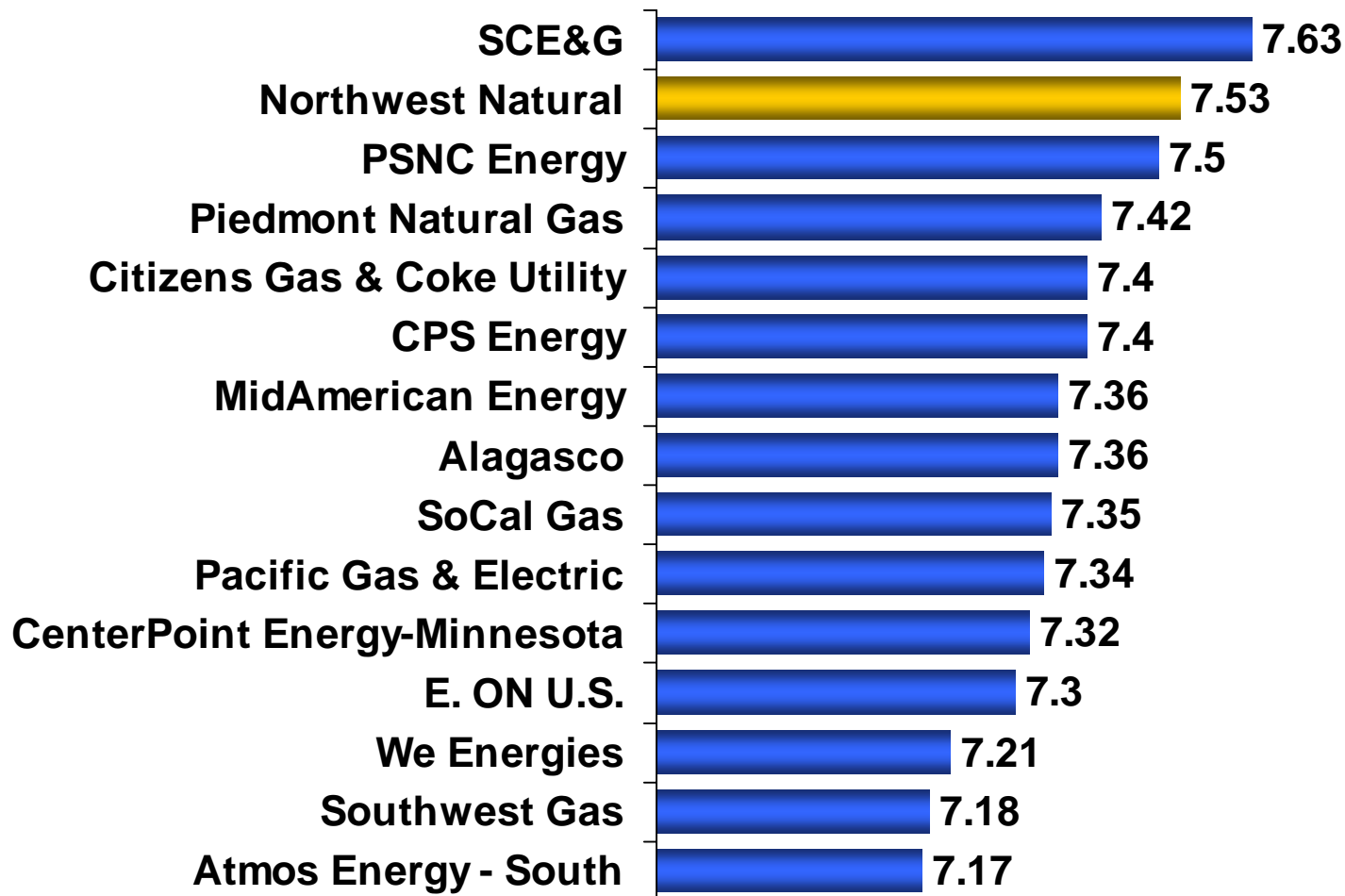
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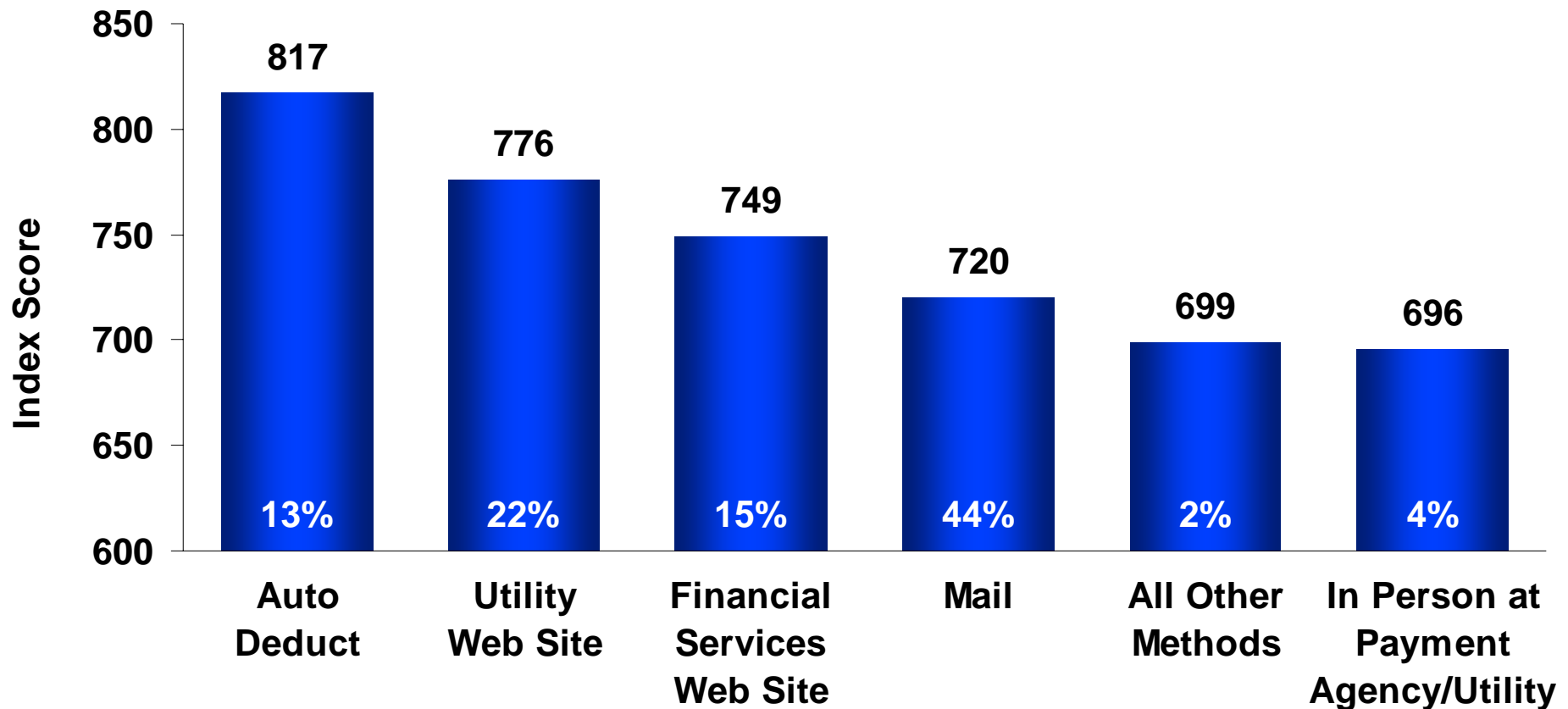
# NWN Payment Options Rate High

## Industry Top Quartile Usefulness Of Options To Pay Your Bill



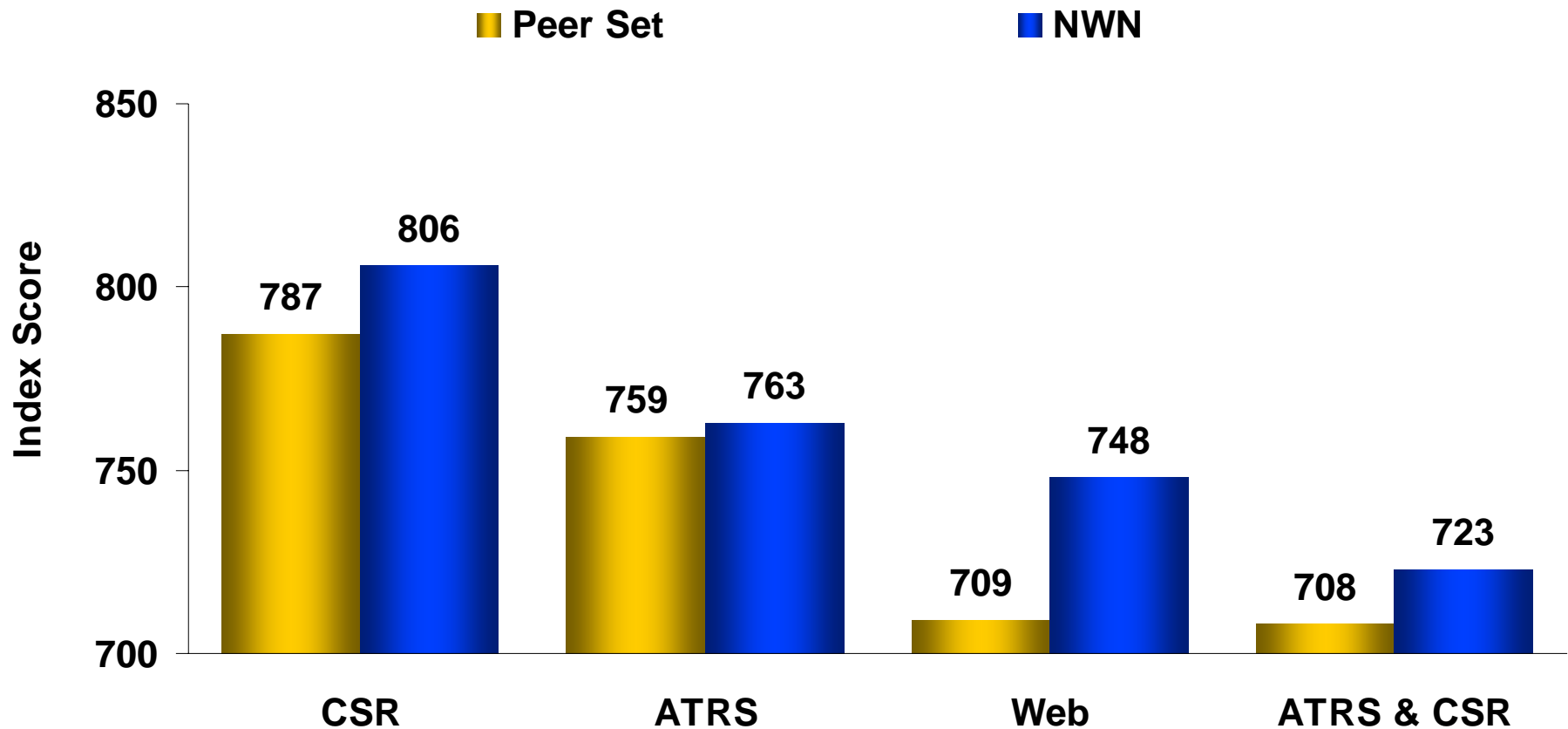
# Alternative Bill Payments Are More Satisfying

## Northwest Natural Billing & Payment Index by Payment Methods



# NWN CSR And Web Service Is Superior To Peers

## Northwest Natural Customer Service Index by Channel



# Promptness Is Speaking To A Rep Is Superior To Peers

## Northwest Natural CSR Performance Details - Mean Scores

	<u>NWN</u>	<u>Peer Set</u>	<u>Diff</u>
<b>(7%) Customer Service Index<sup>1</sup></b>	<b>806</b>	<b>787</b>	<b>+19</b>
(24%) Promptness in being able to speak to a representative	8.13	7.52	+0.61
(23%) Being courteous	8.44	8.19	+0.25
(21%) Length of time needed to answer your questions or resolve your problem	7.71	7.87	-0.16
(20%) Ability to answer your question or resolve your problem on the first call	7.82	7.90	-0.08
(13%) Having sufficient knowledge	8.24	7.95	+0.29
<b>Overall Customer Service Experience<sup>1</sup></b>	<b>8.23</b>	<b>7.67</b>	<b>+0.56</b>
% Total Customers Calling And Talking to CSR	6%	5%	

<sup>1</sup>Based on customers whose recent contact was calling the utility and talking to a CSR.

NN performance significantly trails Peer Set.

NN performance significantly better than Peer Set.

# Website Is Higher Than Peers On All Attributes

## Northwest Natural Web Performance Details - Mean Scores

	<u>NWN</u>	<u>Peer Set</u>	<u>Diff</u>
<b>(7%) Customer Service Index<sup>1</sup></b>	<b>748</b>	<b>709</b>	<b>+39</b>
(32%) Ability to answer your question or resolve your problem	7.37	7.01	+0.36
(24%) Length of time needed to answer your question or resolve your problem	7.40	6.97	+0.43
(16%) Usefulness of information available on the Web site	7.49	7.22	+0.27
(16%) Appearance of the Web site	7.60	7.23	+0.37
(12%) Ease of navigating the Web site	7.79	7.20	+0.59
<b>Overall Customer Service Experience<sup>1</sup></b>	<b>7.67</b>	<b>7.29</b>	<b>+0.38</b>
<b>% Total Customers Visiting NN's Web Site</b>	<b>34%</b>	<b>24%</b>	

<sup>1</sup>Based on customers whose recent contact was on Northwest Natural's Web site.

NN performance significantly trails Peer Set.

NN performance significantly better than Peer Set.

# Billing & Payment Is The Main Reasons Customers Visit Website

## Customer Service Internet Service Profile for NN

**% Visited Utility's Web Site** **34%**

**Average Number of Visits to Utility's Web Site** **6.9**

### Top 5 Reasons for visiting web site

**Pay Bill** **53%**

**Get Bill Payment Information** **17%**

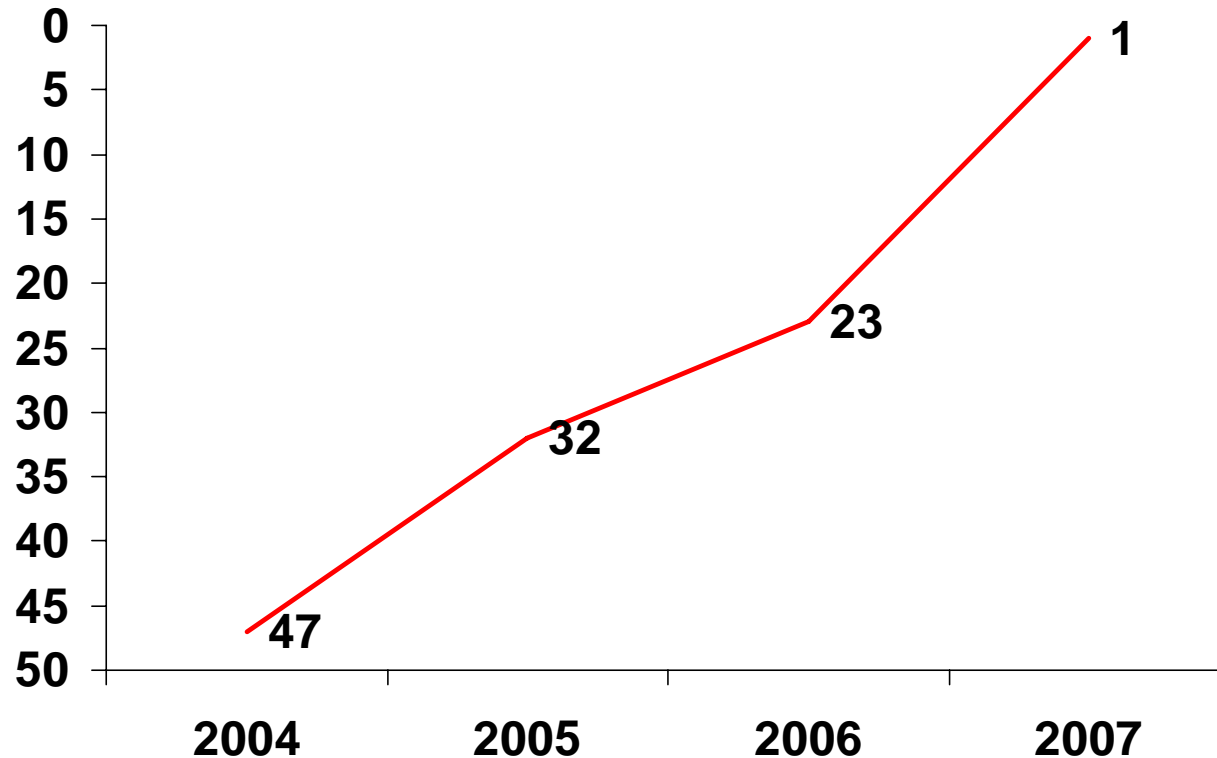
**Inquire About Products/Services** **9%**

**Obtain General Information From Your Utility** **8%**

**Other Reason** **2%**

# NWN Has Grown Into The Leader On Field Service

## NWN Industry Rank On Field Service Index



# Satisfaction Is High Across Waves

## Northwest Natural Field Service Performance Details - Mean Scores

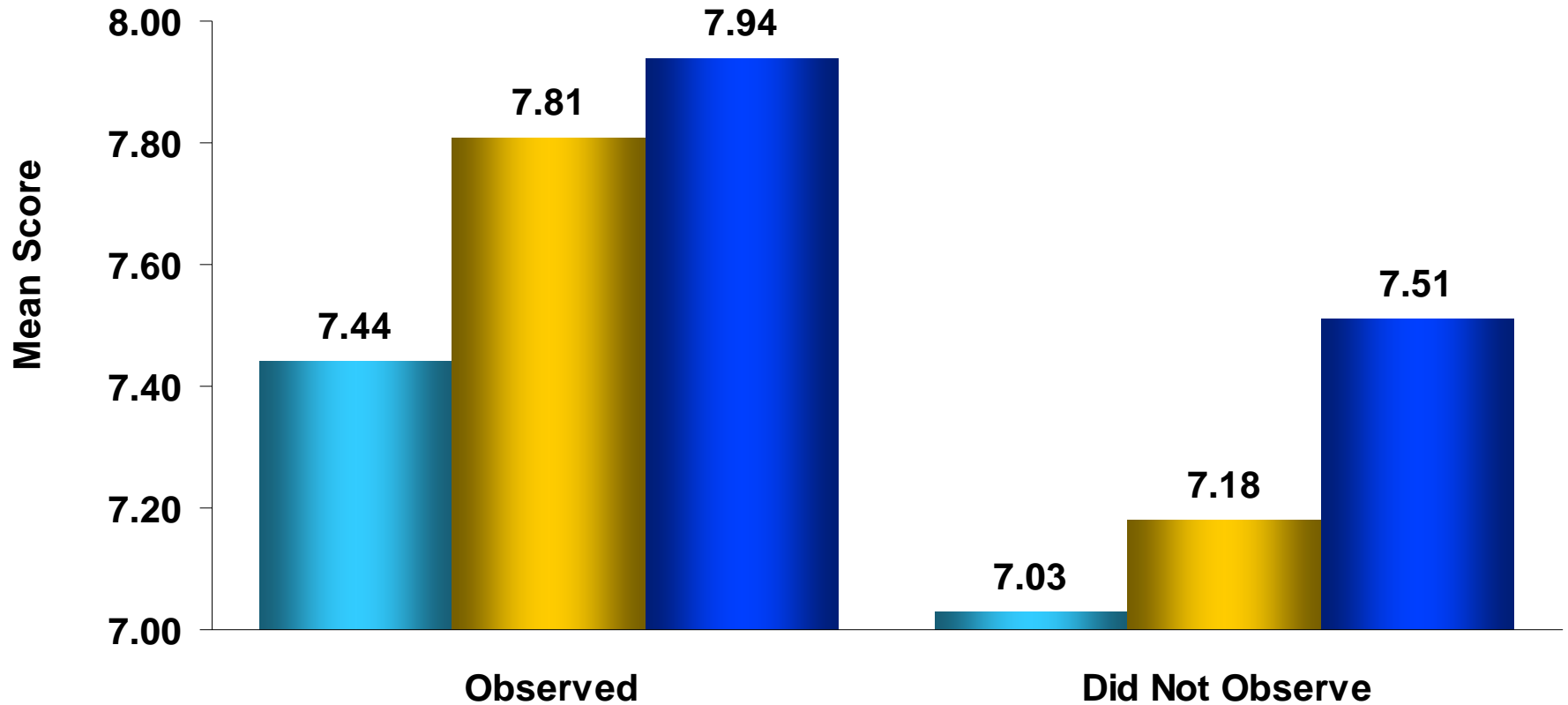
	<u>W1</u>	<u>W2</u>	<u>W3</u>	<u>W4</u>	<u>Total</u>
<b>(3%) Field Service</b>	<b>827</b>	<b>764</b>	<b>801</b>	<b>796</b>	<b>797</b>
(45%) Quality of work performed	8.39	7.48	8.16	7.92	8.00
(29%) Appearance of workers	8.15	7.71	7.61	7.76	7.83
(26%) Attention to safety	8.31	7.69	8.24	8.23	8.10
<b>Rate Your Utility's Field Service Workers</b>	<b>8.31</b>	<b>7.65</b>	<b>8.14</b>	<b>8.13</b>	<b>8.05</b>



# Field Service Observations Increase Satisfaction With Ability To Competently Manage System

## NN's Ability to Maintain a Safe Gas System by Observed Field Service Workers

■ Industry      ■ WEST REGION AVERAGE      ■ NN



# Appearance Of NWN Field Service Crews Impacts Company Image

## Company Image Index by Appearance Of Workers

