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### **Record-High Customer Satisfaction for Energy Utilities Follows Milder Winter**

*Natural Gas Outperforms Electric Service; Stormy Weather Hits Northeast Utilities*

**ANN ARBOR, Mich.** (April 17, 2012)—Six consecutive years of customer satisfaction improvement for electric and natural gas service providers make 2012 a record breaker for the energy utility sector, according to a report released today by the American Customer Satisfaction Index (ACSI). Energy utilities jump 2.7% to an ACSI score of 76.7 on a scale of 0 to 100, the highest level seen since inaugural measurement in 1994.

“For energy utilities, 2012 marks the largest year-on-year customer satisfaction gain in a decade,” says Claes Fornell, ACSI founder and author of *The Satisfied Customer: Winners and Losers in the Battle for Buyer Preference*. “The growing supply of natural gas has lowered prices, while a mild winter throughout much of the country has reduced energy use. The bottom line for many consumers is a lower energy bill and the benefit to utilities is greater customer satisfaction overall.”

The ACSI report covers customer satisfaction with three categories of energy utilities (cooperative, investor-owned and municipal), along with two health care service industries (hospitals and ambulatory care).

#### **Investor-Owned Utilities: Atmos, Sempra and CenterPoint Post Leading Scores**

As residential customer satisfaction with energy utilities reaches its highest level in nearly two decades, two investor-owned companies vie for first place with ACSI scores of 83: natural gas supplier Atmos Energy and gas-and-electric supplier Sempra Energy. Another natural gas provider, CenterPoint Energy, follows closely with a score of 82. This year, all three leaders edge up 2% and reach their individual all-time highs.

For the energy utility sector at large, natural gas remains a strong contributor to improved customer satisfaction. Natural gas service is up 1% to an ACSI average of 81 after four years of steady improvement, whereas electric service is flat at 75.

“Typically, storms do not cause outages for natural gas customers,” notes Fornell. “Lower prices for most households—coupled with better service reliability—make natural gas a superior energy source in the eyes of many customers.”

In the investor-owned category, several companies earn above-average scores of 80 to 81. Fair weather and improved reliability prove a winning combination for Southern Company and NiSource, as the two utilities are deadlocked at 81 following solid gains of

5% and 7%, respectively. Meanwhile, PPL (+1%), NextEra Energy (+3%) and Dominion Resources (+4%) enter a three-way tie at 80.

Customer satisfaction surges for both American Electric Power and Ameren—up 10% to 79 and 78, respectively. The largest gain, however, goes to Pepco Holdings, whose ACSI score rebounds 28% to 69—welcome news considering the utility’s steep customer satisfaction loss just one year ago. In 2011, Pepco bottomed out at 54—the worst score among over 200 companies in the Index.

“A year ago, it was apparent that frequent and prolonged outages had taken a sharp toll on customer satisfaction for Pepco Holdings,” says Fornell. “The utility’s focused efforts to improve its power grids, bolster reliability, and speed up power restoration—including a quick response to outages caused by 2011’s Hurricane Irene—have gone a long way toward repairing the utility’s customer relationships.”

The opposite occurs for Northeast Utilities this year, as the company duplicates Pepco’s precipitous decline by plummeting 21% to 59 and the bottom of the category. Severe weather, stretching from Hurricane Irene in August to June tornadoes and a late-October snowstorm, results in a customer satisfaction storm for Northeast. While Northeast Utilities may rebound as quickly as Pepco does now, higher customer satisfaction instead might be years in the making, as it was for Ameren following its dramatic drop in 2007.

#### **Municipal Utilities: Salt River Stays Strong; LIPA Slumps to Last Place**

Overall, municipal utilities are doing a better job of satisfying customers in 2012. The category shows an ACSI increase of 4.1% to 76, which places it in a tie with investor-owned utilities. Salt River Project (SRP) leads the category for a second year with a score of 81 (-1%), while CPS Energy earns a close second place at 79 (unchanged).

Considerably lower, Long Island Power Authority (LIPA) sees customer satisfaction sink 11% to 58—now the worst score among all utilities. In the wake of Hurricane Irene, some LIPA customers endured outages in excess of one week, leaving the utility in a precarious customer satisfaction position. The nation’s largest municipal utility, Los Angeles Department of Water & Power (LADWP), performs better at 69 (+5%), but its ACSI gap to the category’s leaders is nevertheless wide (10 to 12 points).

#### **Cooperative Utilities: Category Turns in Top Overall Score**

Smaller rural cooperative utilities continue to hold a strong lead over the other utility categories, despite a 1.2% slip to an ACSI score of 81. Touchstone Energy Cooperatives, an alliance of more than 700 local electric cooperatives across the country, remain one of the Index’s top-scoring energy utilities at 81 (-2%). This year, however, the aggregate of all other cooperatives sneaks by Touchstone with a 4% gain to 83. This score places small co-ops in a tie with the very best of the energy utility sector for 2012: investor-owned Atmos Energy and Sempra Energy.

### **Health Care: Office Visits Remain More Satisfying Than Hospital Care**

Despite the high cost of health care, customer satisfaction with the sector overall is virtually steady at 78.5 (negligible +0.1%)—a score that exceeds the national average for all sectors and industries (75.8 as of the fourth quarter of 2011). Patients continue to show a preference for ambulatory care (such as office visits to doctors, dentists and optometrists) over hospital care (inpatient, outpatient and emergency room services). For 2012, ambulatory care earns an ACSI score of 81 (+1.3%), a level of patient satisfaction that has been nearly steady over time.

Hospitals move in the opposing direction, dropping 1.3% to 76. For hospitals, emergency room care puts downward pressure on patient satisfaction, averaging a low 66 (down from 72 in 2011). In contrast, patients view both inpatient (81) and outpatient (79) services of major hospitals much more favorably, at a level on par with ambulatory care.

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### **About ACSI**

The American Customer Satisfaction Index (ACSI) is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States. The ACSI uses data from interviews with roughly 70,000 customers annually as inputs to an econometric model for measuring customer satisfaction with more than 225 companies in 47 industries and 10 economic sectors, as well as over 100 services, programs, and websites of federal government agencies.

ACSI results are released on a monthly basis, with all measures reported using a scale of 0 to 100. ACSI data have proven to be strongly related to a number of essential indicators of micro and macroeconomic performance. For example, firms with higher levels of customer satisfaction tend to have higher earnings and stock returns relative to competitors. Stock portfolios based on companies that show strong performance in ACSI deliver excess returns in up markets as well as down markets. And, at the macro level, customer satisfaction has been shown to be predictive of both consumer spending and gross domestic product growth.

The Index was founded at the University of Michigan's Ross School of Business and is produced by ACSI LLC. The ACSI can be found on the Web at [www.theacsi.org](http://www.theacsi.org).

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