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CONFIDENTIAL

Sent Via Electronic Mail

September 20, 2012

Florida Governmental Utility Authority
c/o Robert Sheets
Systems Manager
Government Services Group
Suite 250
1500 Mahan Drive
Tallahassee, Florida 32308

Re: Florida Governmental Utility Authority ("FGUA"), and Aqua Utilities
Florida, Inc., Crystal River Utilities, Inc. and Dolomite Utilities Corp.

Dear Mr. Sheets and FGUA Board Members:

Aqua America Inc. has reviewed various options concerning our Florida operations and recently decided that a sale of our Florida utility might be the best alternative for our customers, employees, shareholders, and the communities we serve. We are aware that FGUA has a considerable history in Florida of acquiring small water and wastewater systems and that several of the systems acquired by the FGUA were previously owned by our predecessors – Florida Water and AquaSource. We are also aware that in those transactions, FGUA provided continued employment to the acquired systems' personnel. It is for these reasons, in addition to our analysis of the regulatory process, that Aqua has decided that the most expedient and efficient option available at this time is to offer our Florida assets *first* to FGUA.

Background

Aqua made a significant investment in 2003 to operate water and wastewater utilities in Florida. Over the last ten years, Aqua transformed 82 water and wastewater systems, many of them severely undercapitalized, into professionally-run utilities. During this time, Aqua spent in excess of \$55 million in additional investments to improve water quality, install new meters, rehabilitate facilities, and otherwise improve service to our customers. To recover the large capital expenditures, Aqua needed to file several significant rate requests. While this needed, yet unfortunately rapid, infrastructure spending improved quality, it also required rate filings, which caused some customers and regulators to react with concern. Due to the unique regulatory (rate) proceedings that resulted, Aqua and our customers had to

spend in excess of \$2 million (an extraordinarily high cost per customer compared to other utilities in Florida and in other states) to successfully complete the regulatory process managed by the Office of Consumer Advocate and ultimately the Florida Public Service Commission (PSC).

The result of our efforts to seek justified infrastructure recovery has been a relationship with our customers that is less than ideal and does not represent the positive relationships we enjoy with our customers elsewhere. Despite our efforts to recover our infrastructure investment and operating expenses and achieve regulatory compliance, the rate case process and outcome has not met reasonable expectations. Therefore, the Aqua America Board of Directors has decided to explore potential options related to our Florida operations.

To begin the process of a potential sale, we are approaching the FGUA because of your unique regulatory structure which allows you to close a transaction quickly and with the least disruption to our customers and employees. Additionally, an expedient transaction will allow Aqua to focus our energy and investment on other jurisdictions where we do business.

This non-binding offering letter (this "Offering Letter") is written as a follow up to the discussions that have been held between FGUA and representatives of Aqua and the due diligence activities of the FGUA. Please note that this Offering Letter contains brief, selected information pertaining to the possible sale of Aqua's assets located in Florida and does not purport to be all inclusive or to contain all of the information that you might require. It is FGUA's sole responsibility to complete its due diligence and it is its sole judgment whether to accept the terms of a transaction as set forth in this Offering Letter. We have previously supplied you with detailed financial information about the systems and, as such, will not repeat that information here. A brief summary of our systems and areas of operations accompanies this document. In the event that you require additional information, please do not hesitate to contact me.

Process

We are issuing this Offering Letter to you to determine whether you are interested in a possible transaction. **Specifically, we are offering to sell FGUA all of Aqua's regulated utility assets, leases, and agreements located in Florida (see Attachment A) in exchange for a lump sum payment of \$95 million to Aqua, upon the terms and conditions listed in this Offering Letter and in the agreement of sale that will be entered into between the parties.** Aqua's offer results in a fair value for the FGUA and favorably compares to other recent transactions.

Utility acquisitions are typically measured as multiples of rate base or multiples of annual revenue. At \$95 million, FGUA would pay Aqua a comparatively lower multiple of rate base than it recently paid for the Mad Hatter system and other systems. Additionally, our offer is also a lower multiple of rate base than indicated by the recent agreement of sale between a private equity company and Utilities Inc.. Finally, our proposal is also more favorable for the FGUA when compared to the recent purchase by the City of Oviedo of Alafaya waste water system (Utilities Inc.). The discounted price offered by Aqua represents our belief that a deal can be done quickly with FGUA to prevent disruption to our customers and Florida employees.

We believe that the sale will take place in two steps:

- **First Step:**

Within the next 10 days or by September 30, 2012, FGUA will formally approach all of the Counties which contain the attached Systems pursuant to the Florida Interlocal Cooperation Act of 1969, Section 163.01, Florida Statutes (the "Statute") notifying the local governments of the potential transaction. On or before November 30, 2012, FGUA will have received all approvals that are required by the Statute to permit FGUA to execute an agreement of sale with Aqua for the sale of all of Aqua's assets in Florida for \$95,000,000 with a scheduled closing date of February 1, 2013. **In addition, it is a specific condition of this offer that all of Aqua's Florida non-executive employees be offered full employment upon terms and conditions that are substantially similar to those that our employees presently enjoy.** The agreement of sale will only contain the normal and customary representations, warranties, and conditions precedent, and will not contain a closing condition that any additional governmental approvals are required.

- **Second Step:**

Between November 30, 2012 and February 1, 2013, while the FGUA finalizes its financing of this transaction, the Parties will work together to ensure that there is a smooth transition between the companies. The Parties will specifically work to ensure that all regulations are being met, and will be met following closing, and that the customers of Aqua will be served with "business as usual" until this transaction is finalized. To that end, Aqua will continue to operate its business in the ordinary course, which will include the following: investing in capital improvements that are necessary to ensure compliance with all regulations (any capital investment made after the date of this letter above the rate of depreciation will be added to the purchase price as an adjustment at closing); its ability to settle all disputes in its sole discretion any sale of assets will adjust purchase price by an amount equal to rate base; and, its ability to file and pursue all rate proceedings (e.g., rate indexes, Chuluota water and/or wastewater rate case, Citrus rate case, etc.).

This Offering Letter will expire upon the earlier of Aqua terminating this Offering Letter or September 30, 2012. If the FGUA is interested in pursuing this transaction as described, please communicate your intentions to us and initiate the process described above to meet the September 30 deadline. While we believe FGUA may be the best acquirer of these systems, they are valuable assets; and considering this letter is a public document, other potential acquirers will quickly learn of our potential sale to FGUA. To be clear, if FGUA is not interested or fails to notify Aqua of its interest in pursuing the process described in this Offering Letter, Aqua will explore other options.

We look forward to your decision and hopefully working with you to complete a transaction that will benefit our customers, FGUA, Aqua, and the State of Florida.

Sincerely,

A handwritten signature in blue ink, appearing to read "C. H. Franklin".

Christopher H. Franklin
President, Regulated Operations
Aqua America, Inc.

Attachment A

System List

<u>County</u>	<u>System</u>	<u>Approximate Connections</u>		<u>AUF</u>	<u>Economic</u>
		<u>Water</u>	<u>Wastewater</u>	<u>Region</u>	<u>Regulator</u>
Pasco	Jasmine Lakes	1500	1381	West	Florida PSC
	Palm Terrace	1137	920	West	Florida PSC
	Zephyr Shores	475	516	West	Florida PSC
Polk	Lake Gibson	831	304	West	Florida PSC
	Gibsonia Estates	111		West	Florida PSC
	Village Water	178	30	West	Florida PSC
	Orange Hill	175		West	Florida PSC
	Sugar Creek	64		West	Florida PSC
	Rosalie Oaks	94	88	West	Florida PSC
	Breeze Hill	126	121	West	Florida PSC
	Peace River	100	81	South	Florida PSC
Hardee	Lake Josephine	562		South	Florida PSC
	Sebring Lakes	77		South	Florida PSC
	Leisure Lakes	300	289	South	Florida PSC
Lee	South Seas		88	South	Florida PSC
Desoto	Lake Suzy	565	272	South	Florida PSC
Palm Beach	Lake Osborne Estates	465		South	Florida PSC
Sarasota	Sarasota	4885	7188	South	Sarasota County
Lake	48 Estates	87		Central	Florida PSC
	Carlton Village	256		Central	Florida PSC
	East Lake Harris Estates	175		Central	Florida PSC
	Fairways at Mt. Plymouth	238	238	Central	Florida PSC
	Fern Terrace	124		Central	Florida PSC
	Friendly Center	30		Central	Florida PSC
	Grand Terrace	111		Central	Florida PSC
	Haines Creek	109		Central	Florida PSC
	Hobby Hills	102		Central	Florida PSC
	Holiday Haven	99	105	North	Florida PSC
	Imperial Mobile Home				
	Terrace	248		Central	Florida PSC
	Palms Mobile Home Park	60		Central	Florida PSC
	Picciola Island	147		Central	Florida PSC
	Piney Woods / Spring Lake				
	Manor	174		Central	Florida PSC
	Quail Ridge	96		Central	Florida PSC
Ravenswood	46		Central	Florida PSC	
Silver Lakes Estates	1231		Central	Florida PSC	
Skycrest	119		Central	Florida PSC	

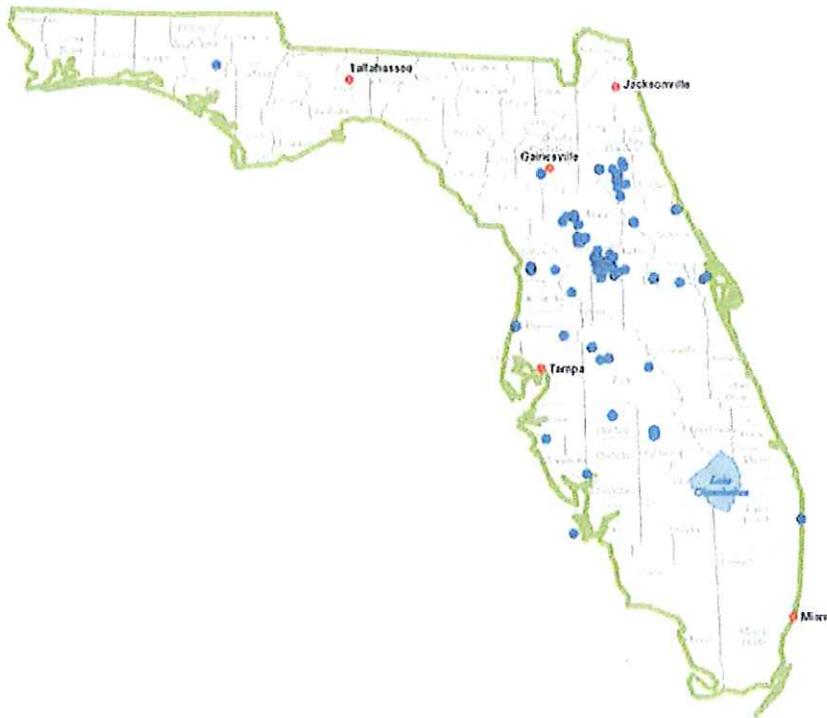
	Stone Mountain	10		Central	Florida PSC
	Western Shores	379		Central	Florida PSC
	Kings Cove	208	207	Central	Florida PSC
	Morningview	35	35	Central	Florida PSC
	Summit Chase	217	215	Central	Florida PSC
	Valencia Terrace	351	346	Central	Florida PSC
	Venetian Village	161	95	Central	Florida PSC
Sumter	Jumper Creek	48	48	Central	Florida PSC
	The Woods	74	71	Central	Florida PSC
Brevard	Kingswood	63		Central	Florida PSC
	Oakwood	210		Central	Florida PSC
Orange	Tangerine	277		Central	Florida PSC
Seminole	Harmony Homes	61		Central	Florida PSC
	Chuluota	1498	743	Central	Florida PSC
	Florida Commerce Park		71	Central	Florida PSC
Washington	Sunny Hills	597	159	North	Florida PSC
Putnam	Beecher's Point	51	15	North	Florida PSC
	Hermits Cove	176		North	Florida PSC
	Interlachen Lake Estates	265		North	Florida PSC
	Park Manor		29	North	Florida PSC
	Palm Port	109	107	North	Florida PSC
	Pomona Park	163		North	Florida PSC
	River Grove	108		North	Florida PSC
	Saratoga Harbour	45		North	Florida PSC
	Silver Lakes Oaks	40	29	North	Florida PSC
	St. Johns Highlands	98		North	Florida PSC
	Welaka Mobile Home Park	107		North	Florida PSC
	Wootens	24		North	Florida PSC
Volusia	Jungle Den	114	133	North	Florida PSC
	Tomoka View	189		North	Florida PSC
	Twin Rivers	78		North	Florida PSC
Alachua	Arredondo Farms	357	354	North	Florida PSC
	Arredondo Estates	252		North	Florida PSC
Citrus	Castle Lake	110		North	Citrus County
	Kenwood North	49		North	Citrus County
	Pine Valley	46		North	Citrus County
	The Meadows	53		North	Citrus County
	West Citrus	66		North	Citrus County
Marion	49th Street	98		North	Florida PSC
	Belleair	217		North	Florida PSC
	Bellview Hills Estates	256		North	Florida PSC
	Bellview Hills Jog Acres	108		North	Florida PSC
	Chappell Hills	41		North	Florida PSC
	Fairfax Hills	86		North	Florida PSC
	Hawk's Point	131		North	Florida PSC
	Marion Hills	30		North	Florida PSC
	Ocala Oaks	611		North	Florida PSC
	Ridge Meadows	67		North	Florida PSC

West View
Woodberry Forrest

30
56

North Florida PSC
North Florida PSC

Aqua acquired the Systems through the acquisition of the AquaSource systems, in 2003, the Florida Water Services Corporation systems from Allete, Inc. in 2004, and several other systems since those two “foundation” acquisitions.



Florida Governmental Utility Authority (FGUA) Overview Briefing

Sumter County

September 27, 2012



The Florida Governmental Utility Authority (FGUA) Concept

- Separate utility authorities are authorized under Section 163.01(7)(g)1, Florida Statutes
- Special purpose government (like Expressway Authority) rather than General Purpose (like you)
- The FGUA is a multi-jurisdictional entity for utility improvement, operation management and ownership
- FGUA is governed by a local government appointed Board (non-elected)
- Member local governments have control over the FGUA but do not incur any liability for debt or operations



Structure of FGUA

- A six-member Board of Directors governs the FGUA, with representatives from six counties
- Four other counties have previously participated to facilitate transition from private to public ownership
- Each Board Member is an employee appointed by “host” government
- The Board is deferential to host government’s preferences



Advantages of the FGUA Concept

- Innovative governmental tool which maintains local control
- Sole focus to address local utility issues without legislative involvement
- Removes distraction of other non-utility service issues
- Participating governments drive CIP, operations and service delivery
- Participating governments can customize their participation to suit local preference by membership or separate interlocal agreement:
 - Degree of Involvement
 - Rate Regulation
 - CIP Priorities
 - Customer Service Standards
 - Other Concerns



Advantages of A FGUA (Cont.)

- Portability throughout the State
- Immediately Available Pool of top-of-class, utility-focused resources
- Extensive utility management and operational expertise
- Skilled utility operations contractor, capital project managers, engineering pool and inspectors
- Maximizes private sector flexibility with governmental accountability and transparency
- Resources focus 100% on water & sewer solutions
- Access to municipal bond market and other public sources

Major Accomplishments

- Over \$500 million of improvements to FGUA facilities
- Over \$750 million in utilities transactions
- Corrected major “Black Water” and compliance consent order problems in recently acquired system (Aloha) with Pasco County
- Completed FGUA Wastewater Facilities for Lee County allowing closure of compliance-plagued plant
- Four systems acquired in Pasco County and one in Lee County in last 2 years (\$312 million in value)
- Selected from national procurement to own and operate MacDill AFB utility system in City of Tampa (\$235 million contract value)



Major Accomplishments (Cont.)

- Have achieved one of the highest customer satisfaction ratings in the water and sewer industry (survey results enclosed)
- One of strongest utility operations contract in terms of performance accountability

Resources/Expertise

- We know public and private sectors well and how to get results quickly and efficiently
- Full Range Capital Project Administration
- Utility Engineering/Design (same you use and more)
- Construction Management/Inspection
- Intergovernmental coordination/agreements
- Financial Management
- Utility Customer Service/Billing
- Customer Communication and Outreach

Follow Up Actions

- If initial acceptance of FGUA acquisition, check references
- Legal consult, BCC briefings as necessary
- Quickly identify questions/issues to resolve
- Determine best participation framework (interlocal or other)
- Agenda Support Resolution

FGUA

CUSTOMER SERVICE OPINION SURVEY



**ENVIRONMENTAL
PR GROUP** : public relations
: marketing
: advertising

286 Crystal Grove Blvd.
Lutz, FL 33548-6460

www.eprgroup.com
813.948.6400

EXECUTIVE SUMMARY

A random sample of 578 customers were interviewed by telephone between January 23 and January 30, 2012. This list was derived from the Florida Government Utility Authority's (FGUA) customer listings in the four geographic service areas.

The data in the FGUA Customer Service Survey revealed considerable satisfaction with water and/or sewer services.

*Of those who have contacted the FGUA Service Center, **75 percent give FGUA either a “good” or “excellent” overall service rating.** Of those, 75 percent say the last time they contacted FGUA about an issue, it was handled in a “good” or “excellent” manner. Likewise, **92 percent of customers were either “satisfied” or “very satisfied” with FGUA’s response to water/sewer emergencies, 94 percent were either “satisfied” or “very satisfied” with FGUA’s response to their request for new service, and 91 percent were either “satisfied” or “very satisfied” with FGUA’s response to maintenance requests.***

A number of findings are worthy of consideration and some action steps are presented.

- Ninety-eight percent of the customers interviewed said they were the person who pays the water and/or sewer bill at their home. We also had about as many (29 percent) new customers (<2 years) as long-term (31 percent) customers (>10 years). Only about one-in-three (31 percent) customers have had the occasion to call FGUA customer service.
- By nearly a three-to-one ratio (45 percent), billing questions over starting services (12 percent) were the most frequently cited reason for contacting FGUA customer service. The final, open-ended question on the survey also revealed that billing issues garnered the greatest number of suggestions for improvement.
- Examining the mean (average) scores on customer evaluations of the FGUA representatives they spoke with, all scores pointed to a positive customer experience. The highest (3.20) was for “courtesy” followed by “level of knowledge” (3.06), then the “overall rating” (3.04) and “handling the inquiry to the satisfaction of the customer” (3.03). The lowest rating was for “speed with which the issue was resolved” (2.97).



- It is accurate to state that FGUA customer service representatives are courteous, knowledgeable, and provide overall satisfaction to most customers.
 - The vast majority of customers (92 percent) said they didn't have any trouble reaching FGUA customer service representatives.
 - For the 7 percent who reported difficulties reaching a FGUA representative, the most frequently cited difficulties were: trouble getting a supervisor, the problem wasn't fixed after they reported it, and/or they can't get a real person to speak with, only a recording.
-
- Satisfaction with services is quite high. On a four-point Likert scale from "very dissatisfied" (1) to "very satisfied" (4) customers rated FGUA above "good" (3) on all these questions. The greatest satisfaction was with emergency response (3.21), then requests for new/changes in services (3.17), followed by maintenance issues (3.15).
 - There was one significant difference among the intervally-scaled service, satisfaction and FGUA Newsletter variables. Customers in the Golden Gate service area are significantly less satisfied than any of the other service areas in FGUA's response to an emergency (water outage, low pressure, flooding, etc.).
 - The fact that only one-third (32 percent) of FGUA customers needed to contact the FGUA service center indicates that water and/or sewer service is reliable. Further, the scores given by customers who did have to call the FGUA service center were "Good". Nothing about FGUA customer service appears to need change. Reviewing the responses to the open-ended question in the survey might help fine tune FGUA's customer service.



INTRODUCTION

The Florida Government Utility Authority (FGUA) retained the Environmental PR Group to develop, supervise and conduct a public survey of customers in its four service areas:

- 1) Lehigh Acres water and/or sewer customers in Lee County, Florida;**
- 2) North Fort Myers sewer and/or water customers also in Lee County, Florida;**
- 3) Pasco County water and/or sewer customers;**
- 4) Golden Gate water and/or sewer customers in Collier County, Florida.**

The purpose of this research was to provide a scientifically valid and comprehensive assessment of how FGUA's water and/or sewer customers feel about the customer service they receive from FGUA.

Valid sample survey research is the most efficient and rigorous way to assess customer experience because it yields a sampling error rate and permits interaction between respondents and researchers. A service-area wide telephone survey of FGUA customers was designed to determine how the customers' experience with FGUA water and/or sewer is perceived.



RESEARCH PROCEDURES

This section of the report contains a detailed description of the methods used in the FGUA Customer Service Survey. Four major issues are addressed:

1) Sample; 2) Questionnaire design; 3) Data collection, and 4) Data analysis.

Sample

The sample for the FGUA Customer Service Survey consisted of 578 randomly selected adults (18 years of age or older) from FGUA's customer database. Although some customers had an address and mailing address in another state, we included them in our representative random sample. Nearly all of those customers were currently living in their Florida residence. Our sample was derived from FGUA's customer database of 14,142 unique entries. This produced an overall error rate of ± 4 percent at a 95 percent confidence interval. In other words, 95 out of 100 times the data for this survey would differ by no more than 4 percent if every FGUA customer in the four study areas had been interviewed.

Questionnaire Design

The questionnaire for this survey went through four complete edits. Once the questionnaire was accepted by FGUA staff, it was tested on 25 customers across the four geographic areas. The pilot test concentrated on question clarity, understandability, and flow. A copy of the questionnaire along with the summary results can be found in the appendix of this report. The results of the pilot study demonstrated that customers were able to easily understand the questions and that the sequence and flow were easy to follow.

Data Collection

Before any interviews were conducted, the teleresearch team was oriented on project-specific interviewing guidelines and principles specified by the Association of Public Opinion Research. Our vendor is a member of this research body.

A team of highly skilled and carefully trained interviewers conducted all 578 telephone interviews between January 23, 2012, and January 30, 2012. Calls were made during the day and evening hours.

Data Analysis

The collected data were analyzed using the Statistical Package for the Social Sciences (SPSS-V20). All of the data from the questionnaires were entered into a data file. Based on the variables making-up FGUA Customer Service Survey/questionnaire, a statistical program was written specifying the values and labels for the quantitative items in the questionnaire and the statistical analyses (i.e., frequencies, means and tests-of-differences). We used the four customer geographic



areas and customers' gender to perform parametric tests of difference (1-Way ANOVAs) to test for statistically significant differences in customer satisfaction, service and FGUA Newsletter readership.

Qualitative data (i.e., verbatim responses) were generated from all open-ended questions in the survey instrument provided that at least 10 percent responded to the question. A thematic analysis was performed on the verbatim responses to these open-ended questions. These qualitative questions were built into the questionnaire in order to gain deeper insight into customers' feelings about and experiences with their FGUA service.



MAJOR RESOURCE FINDINGS

Since quantitative and qualitative data were collected in the FGUA Customer Service Opinion Survey, the results are reported in terms of statistics and verbatim responses. Readers of this report can gain a precise understanding of the questions asked in the telephone survey and have a better context to interpret the results if they refer to the questionnaire beginning on page 16. The exact percentages for the quantitative questions are printed on the questionnaire.

The quantitative and qualitative findings generated from the FGUA Customer Service Survey are presented below. It is important to recognize that response percentages may not add up to exactly 100 percent because of rounding error. In all cases responses are within 1 percent in either direction of 100 percent .



SAMPLE DEMOGRAPHICS

Ninety eight percent of all respondents were the person who paid the water and/or sewer bill in their household.

The first question in the FGUA Customer Service Opinion Survey asked if the customer who answered the phone call was the person in the household who paid the water and/or sewer bill. Ninety-eight percent of the respondents said they were while 2 percent said they were not.

Long-term and short-term customers were the two largest categories of the customers in our sample.

Length of Time as FGUA Customer	%
Less than 2 years	29%
2-4 years	18%
5-7 years	11%
8-10 years	11%
Over 10 years	31%

Over 50 percent of our sample has been FGUA customers for 5 years or more while more than 25 percent of our sample has been FGUA customers for less than two years.

The largest percentage of customers surveyed came from Pasco and Lee counties, respectively.

Our sample of FGUA customers was proportionately sampled from the four geographic service areas (Lehigh Acres, North Fort Myers, Pasco and Golden Gate) and the counties reflect this. The table below presents the percentage of customers from each of the four geographic regions surveyed.

Geographic Region	%
Lehigh Acres	27%
North Fort Myers	19%
Pasco	46%
Golden Gate	9%



By more than a three-to-one margin, most FGUA customers have never contacted the FGUA customer service center.

Only 32 percent of the FGUA customers surveyed had ever contacted the FGUA Service Center. Sixty-nine percent of the customer sample had not contacted the customer service center.

Of those customers who did contact the FGUA Customer Service Center, the vast majority did so by telephone with only 1 percent contacting them through the FGUA website.

Billing questions were far-and-away the main reason why customers contacted the FGUA Customer Service Center.

Main Reason for Contacting the FGUA Customer Service Center	%
Questions about my bill	45%
Complaint about service	9%
Emergency situation	8%
Start service	12%
Stop service	2%
Water quality	3%
Don't know/remember	2%
Other	20%
To pay a bill	6% *
Service interruption	4% *
Account change	3% *
Equipment/pump problems	3% *
Billing errors	2% *
Switching service	1% *
Online problems w/my account	1% *

*Note: These percentages are computed as part of the 100 percent answers to the entire question.

Since the "Other" response represented at least 10 percent of customers' opinions about the reason for contacting FGUA's Customer Service Center, we content analyzed this question. The two most frequently mentioned concerns are to pay a bill (6 percent) and service interruption (4 percent). Account changes and equipment problems each accounted for 3 percent of the responses to why customers contacted the service center.



Four of the five mean score ratings of the last customer service representative the customer spoke to at the FGUA Customer Service Center were above 3.0 on the four point scale indicating that the customer service was "Good".**

Customer Service Rating	M	Poor	Fair	Good	Excellent
Handled satisfactorily	3.03	17%	8%	31%	44%
Courtesy of representative	3.20	11%	4%	37%	47%
Level of knowledge	3.06	13%	10%	37%	41%
Speed of resolution	2.97	19%	7%	31%	42%
Overall rating	3.04	14%	10%	34%	42%

***This is based on the 32% of customers who had contacted their FGUA Customer Service Center, using the average, or mean score on a 4-point scale from "poor" (1) to "fair" (2) to "good" (3) to "excellent" (4). All components except "Speed of Resolution" have mean scores above 3.0.*

Customers were most pleased with the courtesy of the customer service representative and only slightly less pleased with the speed with which their problem was resolved.

Courtesy is the most discernable difference among these five factors and it is fair to say, particularly given that the highest responses were in the "excellent" category, that this is a good report card for FGUA and its customer service representatives.

The vast majority (92 percent) of FGUA customers said they didn't have any trouble reaching a FGUA representative regarding their issue or problem.

More than nine times out of 10, when FGUA customers call the customer service center about an issue, they are able to reach someone who can handle their problem.

Seven percent said they weren't able to reach a representative and 1 percent didn't know. Of the few who had problems reaching a customer service representative three issues stand out:

- 1) A small number of customers say they have trouble getting a supervisor when they ask for one.
- 2) After the problem is reported some customers say it is never fixed.
- 3) Some customers report that they can't get a real person to talk to them, only a recording.



FGUA customers report that they are satisfied with each of the three services they were asked to respond to.

Service Satisfaction Rating	Mean Score	Very Dissatisfied	Dissatisfied	Satisfied	Very Satisfied
New/service changes	3.17	3%	3%	61%	33%
Emergency response	3.21	3%	5%	60%	32%
Maintenance issues	3.15	4%	5%	63%	28%

***This is based on the 32 percent of customers who had contacted their FGUA Customer Service Center, using the average, or mean score on a 4-point scale from "Very dissatisfied" (1) to "Dissatisfied" (2) to "Satisfied" (3) to "Very Satisfied" (4). All components have scores above 3.0.*

The most convenient ways for FGUA to communicate with customers are telephone, letters and email.

We wanted to know what the most convenient way for FGUA to communicate with customers. There were seven choices and customers were required to pick the single most convenient way. The table below lists the results of this question.

Most Convenient Way to Communicate with Customers	%
Telephone	66%
Letter	20%
Email	12%
Website	1%
FGUA contact the customers	1%
Utility Advisory Meeting	0%
Public Meeting	0%
Other***	1%

****We did not break out the "Other" category in this question since less than 1% of the customers chose it.*

Two out of five customers (42 percent) read the FGUA newsletter moderately or very carefully while 59 percent either don't read it or read it with little care.

The FGUA Newsletter gets the attention of a minority of customers. Only 21 percent say they read the newsletter very carefully and 21 percent say they read it carefully. Twenty-three percent read the FGUA Newsletter with little care and 36 percent don't read it at all.



An even smaller percentage (20 percent) of FGUA customers have visited the FGUA website, but those who did found the information they needed when they got there.

Eighty percent of customers have not visited FGUA's website. This could be related to the age of customers. Conversely, of the 20 percent who had visited it, 85 percent found the information they needed on the website.

Despite most customers reporting they have not visited the FGUA website, a majority (57 percent) of customers has signed up to view their bill on the website and of those, the vast majority (89 percent use online bill pay and only 11 percent) use E-billing.

The issue of the FGUA website appears to be simple underutilization.

While most customers haven't visited the website, more than half have signed up to see their bill on the website.

We already know that the vast majority of those who go to the FGUA website find the information they need there. The challenge becomes what incentives will make them visit?

The most frequent suggestions were: lower the rates (10 percent), improve the water quality (6 percent), CSR's are rude/unhelpful (3 percent), FGUA does an excellent job (2 percent), improve FGUA's website (2 percent).

To optimize the information obtained in this research, we invited customers to make a suggestion on how FGUA could improve its customer experience. The following table contains the most frequently voiced suggestions for improvement. We have listed all of the comments in the appendix of this report. They are well worth examining at this level of detail.

Suggestions for Improving FGUA Service	%
Lower rates/my bills	10%
Improve water quality	6%
CSR's are rude/unhelpful	3%
FGUA does an excellent job	2%
Improve FGUA website	2%
Don't charge for water/sewer when no one is home	1%



Tests of Difference

We used service area and gender to test for differences in the variables: experience with a FGUA representative, requests for service and the care with which they read the newsletter using 1-way Analyses of Variance (ANOVA's). Gender produced no significant differences in any of these variables. Simply put, men and women do not differ in their experience with FGUA services. We only found one statistically significant difference by service area.

People who live in the Golden Gate area of Collier County reported less satisfaction with FGUA's response to water and/or sewer emergencies than the three other service areas.

There were no other significant differences by service area.



SUMMARY

Customers reported that FGUA customer service representatives are courteous, knowledgeable, and provide overall satisfaction to most customers.

The FGUA Customer Service Opinion Survey was designed to provide scientifically valid data on how customers in four geographical service areas felt about the water and/or sewer services they have been receiving from FGUA. A random sample of 578 customers were interviewed by telephone between January 23 and January 30, 2012. This list was derived from FGUA's customer listings in the four geographic areas.

The data in the FGUA Customer Service Opinion Survey revealed considerable satisfaction with water and/or sewer services. Of those who contacted the FGUA Customer Service Center, 76 percent give FGUA either a "good" or "excellent" overall service rating and 75 percent say the last time they contacted FGUA about an issue, it was handled in a "good" or "excellent" manner. Likewise, 92 percent of customers were either "satisfied" or "very satisfied" with FGUA's response to water/sewer emergencies, 94 percent were either "satisfied" or "very satisfied" with FGUA's response to their request for new service, and 91 percent were either "satisfied" or "very satisfied" with FGUA's response to maintenance requests.

A number of findings are worthy of reiteration.

- Ninety-eight percent of the customers interviewed said they were the person who pays the water and/or sewer bill at their home. We also had about as many (29 percent) new customers (<2 years) as long-term (31 percent) customers (>10 years). Only about one-in-three (31 percent) customers have had the occasion to call FGUA customer service.
- By nearly a three-to-one ratio (45 percent), billing questions were the most frequently cited reason for contacting FGUA customer service over the next highest reason, starting services. The final, open-ended question on the survey also revealed that billing issues garnered the greatest number of suggestions for improvement.
- Examining the mean (average) scores on customer evaluations of the FGUA representatives they spoke with, all scores pointed to "good" customer service. The highest (3.20) was for "courtesy" followed by "level of knowledge" (3.06), then the "overall rating" (3.04) and "handling the inquiry to the satisfaction of the customer" (3.03). The lowest rating was for "speed with which the issue was resolved" (2.97).
 - Customers reported that FGUA customer service representatives are courteous, knowledgeable, and provide overall satisfaction to most customers.
 - The vast majority of customers (92 percent) said they didn't have any trouble reaching FGUA customer service representatives.



- For the 7 percent who reported difficulties reaching a FGUA representative, the most frequently cited difficulties were: trouble getting a supervisor, the problem wasn't fixed after they reported it, and/or they can't get a real person to speak with, only a recording.
- Satisfaction with services is quite high. On a four-point Likert scale from "very dissatisfied" (1) to "very satisfied" (4) customers scored above "good" (3) on all of those questions. The greatest satisfaction was with emergency response (3.21), then requests for new/changes in services (3.17), followed by maintenance issues (3.15).
- There was one significant difference among the intervally-scaled service, satisfaction and FGUA Newsletter variables. Customers in the Golden Gate service area are less satisfied than any of the other service areas in FGUA's response to an emergency (water outage, low pressure, flooding, etc.).
- The fact that less than one-third of FGUA customers needed to contact the FGUA service center indicates that water and/or sewer service is effective. Further, the scores customers who did have to call the FGUA service center were "Good". Nothing about FGUA customer service appears to need fixing at this point in time. Reviewing the responses to the last question in the survey might help fine tune FGUA's customer service.



