



HomeServe Research Shows Adoption of **Smart Home Devices is on the Rise**

HomeServe's Biannual State of the Home Survey examines the financial impact of home repairs and other factors related to the state of the American home. The most recent survey examined the adoption of smart home devices. The majority of respondents – 56 percent – reported having at least one smart home device. Use of voice-controlled assistants (e.g., Amazon Alexa, Google Home) topped the list at 35 percent, while 20 percent report using smart light bulbs. Video monitoring (e.g., Amazon Cloud Cam, Nest Cam, Ring, Arlo) came in at 17 percent and smart heating/cooling technology is used by 16 percent of homeowners. The findings make it clear that Americans are turning toward devices that can make life easier.

56% of respondents reported having at least one smart home device

The survey also examined the adoption of mobile device apps to manage the home. Thirty-six percent of homeowners report using at least one mobile app, with apps that manage smart devices and appliances/electronics (e.g., Alexa, Sonos, Nest, Philips Hue, Samsung SmartThings) topping the list at 27 percent. Nine percent reported using home repair apps (e.g.,

Centriq, WikiHow, DIY Tip Genius, BrightNest) and eight percent use a mobile app to track house cleaning schedules and chores (e.g., Tody, OurHome, HabitHub).

The winter edition of the online survey was conducted by The Harris Poll on behalf of HomeServe from Feb. 27-March 1, 2019, among 2,031 U.S. adults age 18 and older, including 1,429 who identified themselves as homeowners.



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The New Realities for Regulators in an Ever-evolving Energy Industry Landscape

Perspectives from a Former Regulator

With the energy industry in the midst of an evolution, utilities are more clearly understanding the need for transformation from a role of commodity supplier to "ratepayers" to a trusted advisor on a range of energy issues to a more and more sophisticated and demanding population of energy consumers.

So what needs to change on the side of the regulators of utilities? Public utility commissions are now contending with a range of new realities and challenges from renewables becoming more affordable to a growing need for electric vehicle charging infrastructure and utility business model reforms. We sat down with Glen Thomas, President of GT Power Group and former Chairman of the Pennsylvania Public Utility Commission, to discuss his perspective as a regulator on the changes throughout the industry.

How has the retail energy landscape changed over the past ten years?

Utilities are slowly waking up to the fact that consumers have options and those options increasingly include not getting their service from their utilities. Phone utilities learned this lesson the hard way and energy utilities are increasingly trying to avoid similar mistakes. Technology does not stop advancing and consumers are always in the driver's seat. For example, as Millennials are making up a greater percentage of the utility customer base each year, utilities are increasingly looking to enhance features that are of importance to this group such as digital experiences and environment-friendly products and services. Utilities have to recognize these realities and adapt. Fortunately, many utilities are – albeit at their own pace.

How can utilities solidify their customer relationships in the face of changes such as deregulation and competition from a number of non-traditional players?

The utility brand needs to be a trusted brand. That starts with strong customer relations. Having customers associate the utility name with good things such as reliability, friendly employees, a community presence, easy-to-understand bills, value-added services and helpful communications to assist consumers in their daily lives. Utilities are taking more customer-centric approaches that create value for the consumer and make the experience more personalized. Customers should not be taken for granted, but rather cherished and treated with respect. Customers who feel like their utility cares for them will be unlikely to seek other options. It really is fairly straight forward in concept, but challenging in execution – especially for utilities that are not used to thinking that way.

Do regulators recognize that the utilities they regulate need to change in the face of changing consumer expectations?

Fortunately, yes. There are many examples that come to mind such as Ohio's Power Forward Initiative or New York's Reforming the Energy Vision in which regulators are taking a couple of steps back from the day-to-day decisions that they make to ask the broad questions about where things are going and how best to get there.

The traditional utility model was a fairly linear one – convince regulators that expenditures are prudent and acquire a rate of return on rate base. Now, regulators need to be convinced that this utility reinvention movement is real and necessary and may require non-traditional thinking and approvals from regulators. Regulators may need to go beyond their traditional comfort zones in order to find the best solutions for their regulated utilities and the customers they serve. The NARUC Summer Meeting in Indianapolis this week is exploring many of these issues showing that regulators are open to the conversation even if they may find challenges in the implementation.



Can regulators and utilities be effective partners in this quest to redefine the role of the utility?

I do not think either regulators or utilities have much of a choice. In my mind, they have to be partners. Regulators are rightly concerned about the financial viability of the utilities they regulate and inherently understand that if the utility loses its customers to other options, the pool of resources available to pay for the utility's infrastructure shrinks. The shrinking customer base puts greater burdens on those who remain on the system and more likely than not will increase the proportionate share of those with the least ability to pay. Regulators want to avoid this utility "death spiral" just as much as the utilities do. So, regulators have every incentive to be that willing partner to help the utility meet the needs of its modern consumer.

So what does that mean to regulators?

It means stepping outside of your comfort zone and being open to new ideas. It means looking at non-traditional approaches to improving the relationship between the customer and the utility not with an auditor's skepticism but with a visionary's creativity. The advance of technology and the evolving nature of consumer expectations should be viewed as an opportunity, not an obstacle. Generations of ratepayers have invested in utility infrastructure that can be embraced as the foundation for further improvements. It's incumbent upon both the regulator and the regulated to guide that investment to a place where it can continue to provide value for consumers.

Introducing the HomeServe Cares Foundation

We are proud to share that HomeServe launched the HomeServe Cares Foundation, a four-pillar Corporate Social Responsibility program, this past April. The Foundation is backed by a substantial financial commitment to support the mission of Spreading Hope and Supporting Communities One Home at a Time. HomeServe has a long legacy of giving back to communities and helping homeowners in need. The HomeServe Cares Foundation brings together the company's existing Corporate Social Responsibility initiatives, as well as many new ones, to make an even greater impact.

The four pillars of the HomeServe Cares Foundation are:

Caring For People – This is an expansion of the existing HomeServe Cares program through which the company completes home repair jobs for disadvantaged homeowners who are facing a home emergency they are unable to handle financially. In 2018, HomeServe completed 103 HomeServe Cares jobs across 27 states.



Caring For Community –

Municipalities and non-profits can apply for grants to help fund community-based projects. In June, the two grants were awarded. Rochester, New York-based The Arc of Monroe County will use their grant to enhance and improve the conditions in their residential facilities with a focus on remodeling an aging bathroom to make it more accessible. The City of Tampa, Florida's Parks & Recreation Department will fund the installation of ADA-compliant beach mats in order to provide access for mobility-challenged locals and visitors. Another round of grants focused on home repair programs that benefit low-income seniors and veterans has just been announced and will be awarded mid-September.



Caring For Vets – HomeServe's veterans hiring initiative connects current and transitioning military men and women with the HomeServe contractor network with the objective of placing veterans into paid apprenticeships in the skilled trades.



Caring For Good – This pillar includes an employee-directed charitable matching program, our Helping Hands program to assist employees faced with a personal crisis, and employee volunteer efforts. HomeServe provides its employees with eight hours of paid leave each year to volunteer in their communities.



For more information please visit www.homeservecaresfoundation.com.



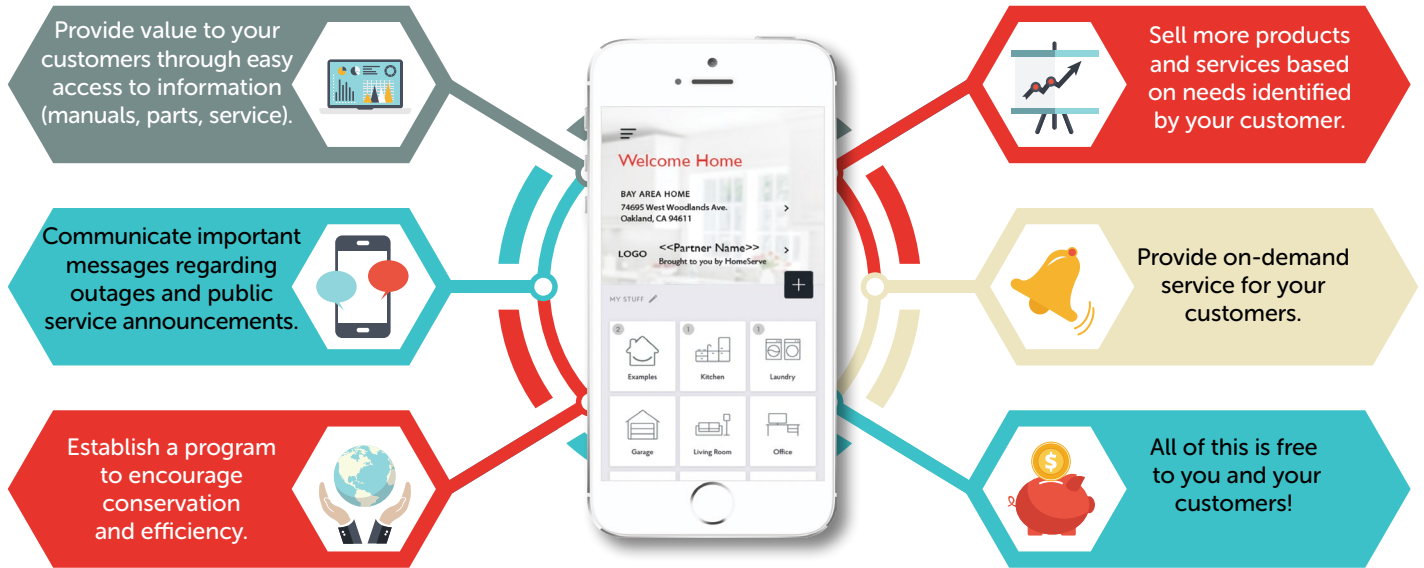
NEW!

HomeServe App is a Central Source for Tracking Everything in the Home

HomeServe's new App is completely free and enables customers to inventory every device and appliance in the home via bar code scanning, allowing instant access to manuals and warranty information, tune-up reminders, parts lists, recall notifications and more. In addition to allowing consumers to maintain their home

equipment with ease, the App can also serve as a central source for your customers to maintain emergency numbers, request repairs and receive important utility notifications and messaging on energy efficiency, safety and more.

For more information visit www.homeserveapp.com.



A Message from **John Kitzie, CEO**

In this issue we have an interview with Glen Thomas. As a former Chairman of the Pennsylvania Public Utility Commission, Glen provides great insights about how the dramatic evolution in the energy industry is changing the role of regulators.

We are also happy to announce that this past April HomeServe launched the HomeServe Cares Foundation which brings together existing and new Corporate Social Responsibility programs under one umbrella. This four-pillar program encompasses pro-bono repairs for disadvantaged citizens, grant funding for worthy community projects, a veterans hiring initiative and employee giving and volunteerism. In June we distributed two grants that will help improve the lives of physically and developmentally challenged individuals, and we are now soliciting applications for projects focused on home repairs that benefit low-income seniors and veterans.

Our employees have expressed the desire to be involved in charitable giving and community projects, so in addition to providing invaluable assistance to people and communities in need, our corporate social responsibility activities also serve as a platform for meaningful employee engagement.

I hope you find this edition informative and beneficial.

John Kitzie, CEO

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