2010 NATIONAL SURVEY
ON THE COOPERATIVE DIFFERENCE

Touchstone Energy® Cooperatives

BEST PRACTICES

KNOWLEDGEBASE

Touchstone Energy®
Cooperatives

TOGETHERWESAVE.COM

Table of Contents

2010 Project Overview and Results

At a Glance

What is this report?

- An analysis of current attitudes of cooperative members
- A critique of our performance as service providers
- Review of member perceptions on issues affecting our industry
- A sounding board for members of electric cooperatives
- An exploration of smart grid concepts for web portals, pre-pay and electric vehicles
- An assessment of our members' use of technology, the Internet and social networking

What will I find inside?

- Member interest in electric usage web portal, pre-paid electric service, and electric vehicles
- Member support for renewable energy and a balanced power supply portfolio
- Drivers of loyalty, engagement and member satisfaction
- How members of electric cooperatives assess whether they get a 'good value'
- Member responses to program attributes for a range services enabled by the 'smart grid'
- How members reach the Internet and their interest in communicating over social networks

Who should read this report?

- Senior executives and board directors
- Communications, member services and operations professionals
- Marketing professionals
- Any key stakeholder dealing with cooperative members

How can my co-op use this report?

- Refine marketing and communication strategies
- Establish strategic direction
- Prioritize opportunities to improve Satisfaction and Engagement scores
- Assess tradeoffs between smart grid investment and program participation

Executive Summary

Residential Member Segment

1. Touchstone Energy cooperatives continue to enjoy high levels of satisfaction among residential members.
2. Achieving higher levels of member satisfaction is increasingly tied to member perceptions related to cost and value issues.
3. Actions and messages that reinforce the cooperative's goal to provide electricity at the lowest possible cost and demonstrate we deliver a good value are key priorities.
4. It is also critical that we continue to educate members about rising energy costs and our efforts to mitigate them and inspire action on energy efficiency.
5. Concerns about cost are followed closely by performance on core services such as providing reliable power, outage restoration and handling problems.
6. While cooperatives achieve high levels of satisfaction overall, opinions differ among demographic segments. Younger members with higher incomes consistently provide lower satisfaction ratings than lower income senior members.
7. There are significant opportunities to increase **Member Engagement** by communicating our 'cooperative difference.' 'Member' status is lowest among consumers under 45.
8. Members strongly support a balanced approach to providing future electric needs through a mix of efficiency, renewable energy and traditional power sources.
9. Members feel a shared responsibility to control energy costs but do not feel overly knowledgeable regarding steps they can take to reduce energy use.
10. Key targets for energy efficiency programs include households with large electric bills, older homes and senior citizens.
11. Cooperative members appear only modestly influenced by their cooperative to reduce their electricity use.
12. Members respond favorably to services that leverage their cooperative's 'smart grid' investments such as energy information portals, pre-pay and EV charging programs.
13. The bulk of our membership owns a personal computer and uses the Internet.
14. The majority of electric cooperative households gain access to the Internet via some type of high-speed broadband connection (cable, DSL, satellite).
15. Cooperative members of all ages are embracing social networking.
16. Users of online social network sites are becoming more tolerant of business communications in this area.

Introduction

For the past seven years, Touchstone Energy has funded an annual exploration into the 'Cooperative Difference' to help us better understand the actions and messages that strengthen the bond between electric cooperatives and their members. This research provides Touchstone Energy cooperatives with actionable market insight to communicate more effectively and improve member engagement and satisfaction.

These research efforts identify key drivers of satisfaction and loyalty and show where we fall short of member expectations. Our findings indicate that once we earn our members trust and confidence by demonstrating our core competence in delivering reliable electric supply and superior member service, we can engage them in a proactive and on-going dialog that helps them recognize the 'Cooperative Difference.'

2010 Project Overview

In 2010, we expand our exploration into the 'Cooperative Difference' to better understand our diverse membership and their attitudes toward the complex and ever changing energy landscape. To this end, we explore member reactions to several service offerings made possible through investments in the 'smarter grid.'

In 2010, the Cooperative Difference Survey highlights feedback from residential members, which comprise over 90% of the cooperative membership nationally. Results provide cooperatives with valuable insight to increasing member engagement and satisfaction by prioritizing improvements in service quality and establishing communication themes.

This year's study includes a qualitative exploration into how members of electric cooperatives define the value they receive for the money they spend on their electric service. We will quote members directly and also categorize responses from nearly 11,000 interviews. We will further explore drivers of 'value' through advanced statistical analysis.

This report can be seen as a road-map for building effective communications about the cooperative value proposition and the forces impacting our industry. Special emphasis will be placed on energy efficiency, technology, service quality and cost containment issues.

This year, the key concepts explored by Touchstone Energy include:

- **American Customer Satisfaction Index** (ACSI)
- Key drivers analysis of ACSI scores and **Member Engagement**
- How members define a 'good value'
- Differences in attitudes between member segments
- Awareness and interest in energy efficiency
- Usage of Internet and social networking behavior
- 'Smart grid' program acceptance including:
  - Web portals for energy usage information
  - Pre-pay electricity
  - Electric vehicle interest and re-charge program participation

Methodology

The 2010 National Survey on the Cooperative Difference was fielded between October 2010 and December 2010. The study included over 90 cooperatives representing 19 states with at least one cooperative participating from each NRECA region across the country.

Joining the ten cooperatives participating in Touchstone Energy's national sample were twenty-four cooperatives from North Carolina's Association of Electric Cooperatives and eleven independent cooperatives from around the country. Each of these cooperatives fielded nearly identical surveys and contributed their data to the national report. This effort alone resulted in nearly 11,000 total interviews.

In addition, forty-seven cooperatives in Missouri, Iowa and Oklahoma served by Associated Electric Cooperative Inc., fielded nearly 12,000 interviews using a core set of questions in common with the national effort. This resulted in an overall sample for core survey elements of nearly 23,000 members for ACSI key-drivers analysis and Member Engagement modeling.

All interviews were conducted by telephone from a demographically representative sample of the membership. Each participating cooperative was identified as the sponsor of the research and samples were drawn directly from their member rolls.

The sampling error associated with the survey is +/– 1% at the 95% confidence level. Stated another way, were we to field 100 random samples of equivalent size, 95 of those samples would return results that are within plus or minus 1% of those presented here.

Overall Satisfaction

Electric cooperatives continue to lead the electric utility industry with high levels of member satisfaction and loyalty.

The 2010 National Survey on the Cooperative Difference shows cooperative members are very satisfied with the overall performance of their local electric cooperative, comparing favorably to all other utility service providers monitored by the **American Customer Satisfaction Index** (ACSI), a joint effort by the University of Michigan Business School and the international consulting firm, CFI Group.

Satisfaction scores and retention scores from the ACSI are shown below for the cooperative samples and for national benchmark groups for the fourth quarter of 2010. Plus or minus errors reported by the ACSI are at the 90% confidence level.

ACSI SATISFACTION AND RETENTION SCORES	OVERALL SATISFACTION	RETENTION (%)	+/– ERROR
2010 Cooperative Difference Survey group	81	79	0.2
Touchstone Energy National Sample*	82	79	1.5
Top All-Electric Investor Owned Utility*	80	78	1.5
Utility Industry Average*	75	73	NA

** Independent report by ACSI – 4th Quarter 2010*

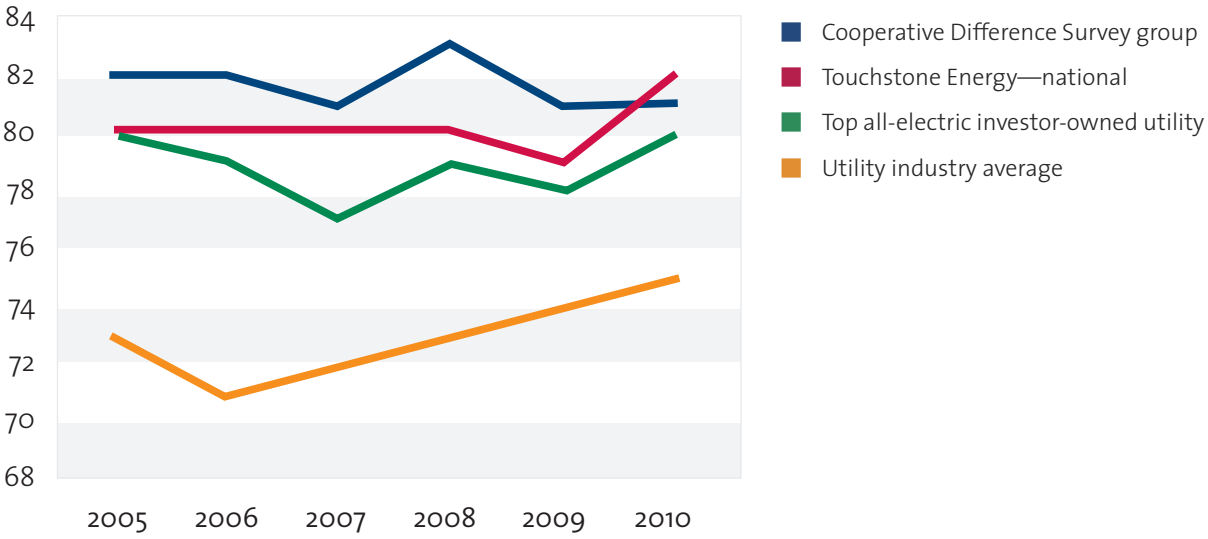
Satisfaction scores for the overall Cooperative Difference Survey group compare favorably to Touchstone Energy Cooperatives nationally and the top-rated all-electric investor-owned electric utility (Southern Company).

Retention scores for the Cooperative Difference Survey group, which can be interpreted as the percent of members we would retain if they were given the opportunity to choose electric suppliers, also compare favorably to the national Touchstone Energy Cooperatives benchmark and the top all-electric investor owned utility (also Southern Company).

The chart on the following page shows the trends in ACSI scores over time.

Historical ACSI Scores

4th Quarter | 2005 – 2010



Cooperative Difference Survey group scores have remained relatively stable from year to year, as have those from the Touchstone Energy national sample, particularly considering the sampling error associated with the ACSI satisfaction measure.

Both Touchstone Energy and the national samples have consistently out-paced the utility average by a significant margin and have compared favorably to the top rated investor-owned utility in the nation.

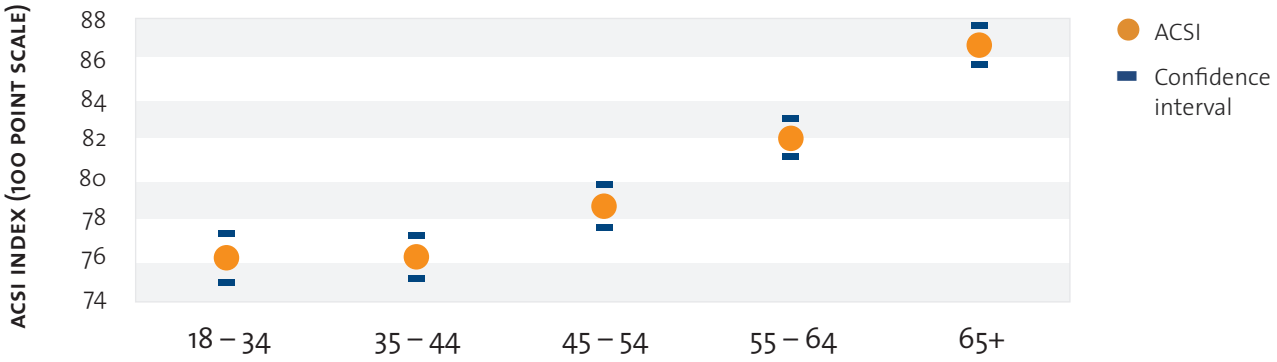
The utility industry average has shown improvement from 71 in 2006 to 75 in 2010. According to the ACSI, this improvement in the investor-owned utility sector is being driven primarily by utilities providing natural gas service, either exclusively or in combination with electricity.

In fact, nine out of the top fifteen investor-owned utilities monitored by the ACSI in the fourth quarter of 2010 provided natural gas service. Atmos Energy, a gas-only investor-owned utility serving customers across 12 southeastern states, took the top spot with an ACSI score of 84.

As we have found in prior Cooperative Difference research efforts, satisfaction levels vary significantly by the age of the respondent. In the chart on the following page, we show the overall ACSI index for five age groups from the national sample.

American Customer Satisfaction Index by Age

2010 Cooperative Difference Survey



Note: *the horizontal bars above and below the mean score show statistical precision at a 95% confidence level.*

The data show members between the ages of 18 and 44 provide lower ASCI ratings than their older counterparts. Each successive age cohort above the younger groups shows **significantly higher satisfaction** levels. The scores for those 65 years of age or older exceed their nearest cohort by five points and the youngest cohorts by a full eleven points.

Compared to prior Cooperative Difference Survey efforts, satisfaction among members between 45 and 54 improved noticeably in 2010. In prior studies, ACSI scores for members between the ages of 45 and 54 were statistically equivalent to those in younger age groups.

Our analysis also shows that long tenure positively affects satisfaction. Since age is highly correlated with tenure, we further explore the link by looking at these effects in combination. This analysis shows that older members with short tenure express higher satisfaction than younger members with long tenure. We conclude therefore that while tenure helps, age is the overriding influence.

Overall satisfaction also varies by other household characteristics.

- Members with higher income reveal considerably lower satisfaction with their electric cooperative than members with lower income. Since our survey data show that income and education are tightly linked, one can expect the lowest satisfaction ratings from younger members who are more educated and earn higher incomes.
- Conversely, the highest ratings typically come from older, lower income and less educated members. Low income, however, does not tell the whole story. Some of the lowest member satisfaction ratings are provided by low income households with young members (18–45).
- Satisfaction also declines as the size of the monthly bill increases. Members indicating average monthly bills in excess of $250 are significantly less satisfied than members with lower monthly bills.
- Empty-nesters and households without children provide significantly higher overall satisfaction scores than households with children present. This finding can be partly attributed to the fact that the survey data show a direct link between higher energy use and the presence of children in the household. In addition, younger members are more likely to have children present, producing a compounding affect on satisfaction.
- Men are more critical of the electric cooperative than women. Across all age groups, women provide significantly higher satisfaction ratings than their male counterparts. The lowest satisfaction is observed for men between 18 and 44 while the highest satisfaction is provided by female members over 65 years old.

Key Attribute Performance

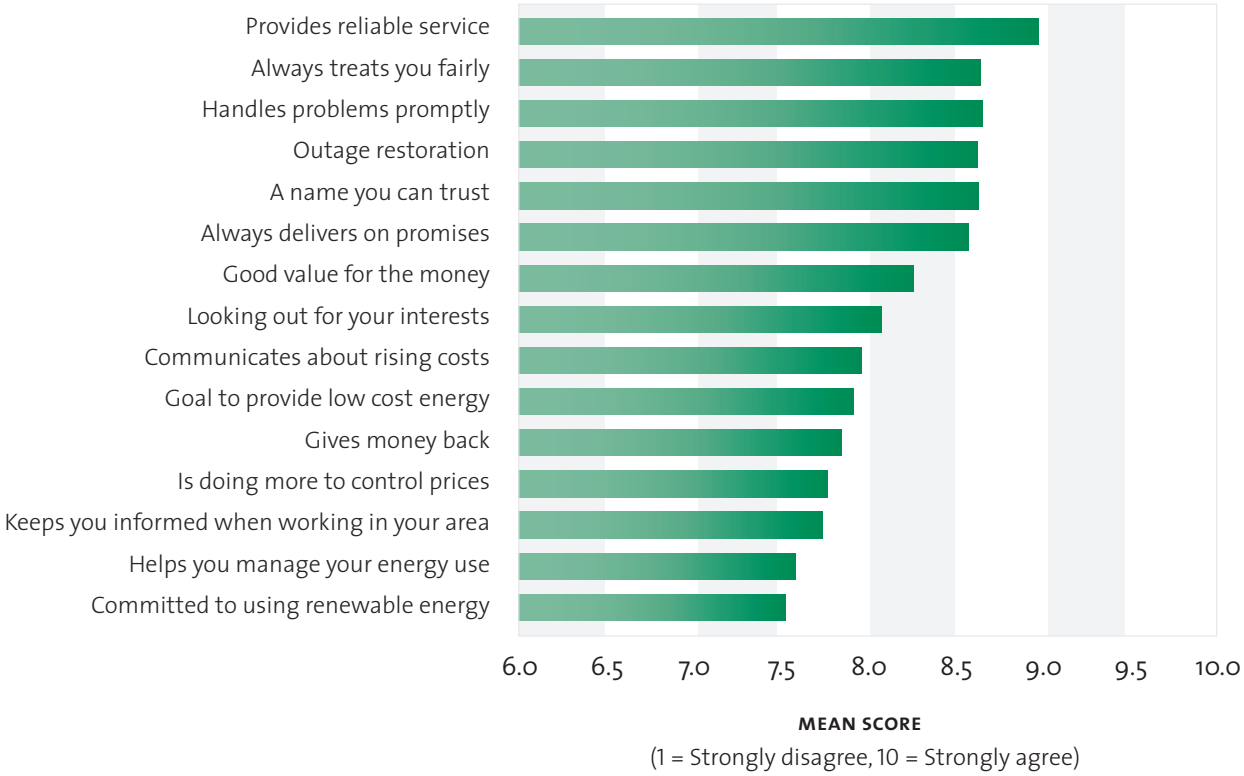
Cooperatives receive high performance marks in core operational areas such as reliability, outage restoration and handling problems while ratings on items influenced by communications show significant opportunity for improvement.

While satisfaction scores provided by the ACSI give us a robust measure of our overall position in the market place, it is also important we understand how our members perceive our performance across a range of service and image related attributes specific to the electric cooperative industry. This deeper exploration allows us to determine the unique elements of our service which most influence member engagement with the cooperative and provides a road map to improved ACSI scores.

Members were asked whether they agree their cooperative delivers on core competencies as well as elements related to our image and reputation. Agreement ratings for these attributes are shown on a ten point scale. A rating of ten indicates members 'agree strongly' with the statement. A rating of one indicates members 'disagree strongly.'

Do You Agree Your Cooperative…

National Benchmark



Exemplary scores for attributes related to reliability, fairness, problem resolution, outage restoration, trustworthiness and delivering on promises support the long held belief that cooperatives excel in the areas that are core to their business of providing electricity.

On the other hand, members generally do not acknowledge their cooperative's commitment to renewable energy or believe they are helping them manage their energy costs. They also do not feel well informed when the cooperative is working in their area.

Cooperatives also receive mediocre scores in areas that speak directly to what should be advantages of the cooperative business model. Members generally do not understand the cooperative's goal is to provide energy at the lowest possible cost. They are unaware of the cooperative's efforts to control prices or that it gives money back when revenues exceed costs. They also give relatively weak ratings on the cooperative's effort to communicate about rising energy costs.

Many of the attributes receiving lower scores can be positively influenced by the cooperative's communication efforts. Building awareness of the cooperative's goal to provide low cost energy, their commitment to control rising energy costs, and educating members on steps they can take to save money on their electric bill reflect significant opportunities communicators can leverage to promote higher scores.

Low scores on capital credit awareness also present an important opportunity to increase member engagement. Young members who are aware they have received capital credits provide significantly higher ratings for their cooperative than those who are unaware of capital credits despite the modest dividends their short tenure may have produced.

While it is important that capital credit retirement policies get dividends into the hands of as many of our current members as possible, it is also critical that members are made aware they have received the benefit.

Many cooperatives now recognize a check in the mail will surely get their members attention and seize this moment to educate them about the value of their membership and the 'cooperative difference.' These cooperatives look beyond the transaction cost to recognize a highly cost-effective communication channel with near universal readership.

Key Drivers of ACSI Satisfaction Scores

While our delivery of essential services such as outage restoration, reliable electricity and effective problem resolution are critically important, member satisfaction is increasingly influenced by the 'cooperative value proposition.'

The ACSI Index is computed based upon the answers provided to four key survey elements:

- Overall satisfaction
- Performance relative to expectations
- Comparison to an ideal utility
- Likelihood of choosing the utility again

By analyzing how key service and image attributes described in the previous section influence the ACSI score, we can identify those attributes of our service which are most likely to move members to higher levels of satisfaction and engagement. In this section, we present the results of this 'key-drivers' analysis graphically and explore where our greatest opportunities are for improving the ACSI Index.

Cooperatives and their membership continue to face pressure to control expenses and balance budgets. While core competency issues remain central to our performance in serving members, the value of the cooperative business model continues to grow in importance. The following chart shows the influence of each attribute in improving the cooperative's ACSI score.

The chart on the previous page shows our performance in serving members is grouped into three main areas:

- Cooperative Advantages
- Core Services
- Save Energy

The importance of each group of elements to improving the ACSI score is shown by the size of the circle surrounding the elements. Within each circle, the importance of each element to the overall category is shown by the relative size of the text. The following summarizes each area and provides a guide to improving ACSI scores.

Cooperative Advantages

The key to higher ACSI scores is demonstrating our *Cooperative Advantages* by making sure our members know it is our goal to provide electricity at the lowest possible cost and by demonstrating what we are doing to control costs. It is also critical that members believe they are getting a good value for the money they spend. We specifically asked members to tell us in their own words how they define 'value.' The following section explores what they told us.

It is also important that we leverage member dividends as a tangible and compelling demonstration of the 'cooperative difference.' Showing that we are looking out for the member's best interests and being fair and trustworthy also contributes significantly to demonstrating our Cooperative Advantages and improves member satisfaction.

Core Services

The cooperative's performance on *Core Services* such as providing reliable electricity, outage restoration and problem resolution is critical. While the key-drivers model might seem to imply these areas are less important than the *Cooperative Advantages* elements, this is largely due to the fact that these promises are already being met.

Reviewing the performance ratings on page 9 demonstrates this clearly. The four elements making up the Core Services block are all top performance areas. In essence, when reliability is good, members are able to focus on other issues. However, if reliability were to suffer, its importance would re-emerge as the dominant factor.

Save Energy

Inspiring members to take action to save energy in their homes and proactively helping them to lower their energy costs are significant drivers of improved satisfaction and engagement. Effective communications are necessary to keep members informed about rising energy costs. The importance of communications also extends to the work we do every day to maintain our distribution system. Members who are made aware we are working in their area are significantly more satisfied than those who may be unaware of our presence.

The final element in the *Save Energy* category is renewable energy. Our analysis shows that members naturally group renewable energy with energy efficiency and as a subsequent section of the report will show, they would have their cooperative embrace renewable energy as part of a balanced portfolio. Yet, when we review our scores on supporting renewable energy on page 9, members are giving us a failing grade.

Good Value as Defined by Members

Value goes beyond price: Members who believe their cooperative delivers a good value also mention quality of service and our performance compared to other utilities.

Year after year, the Cooperative Difference Survey has shown the perception of value is one of the most important elements of a satisfied and engaged member. In this year's study, we explore how members define value in their own words.

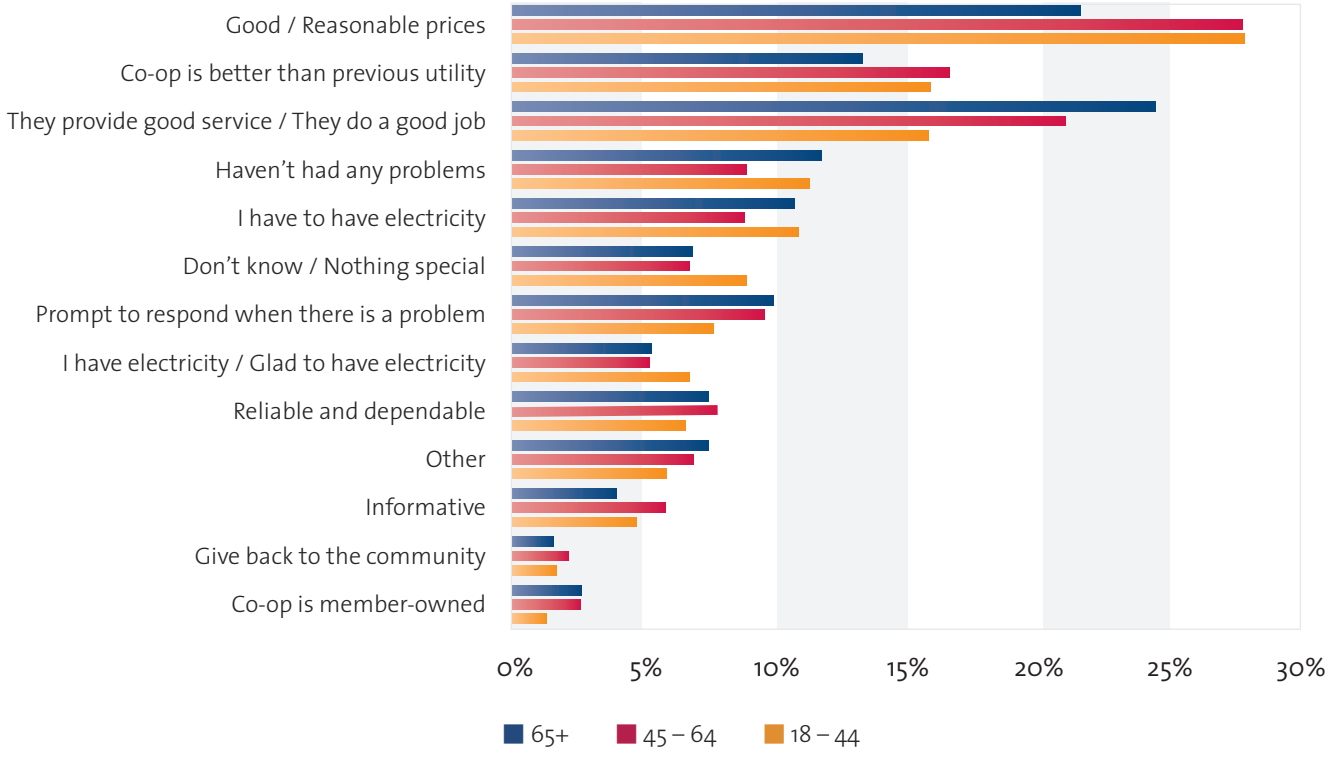
After we asked members to rate our performance on the range of service and image attributes presented in the previous section, we asked them to explain why they gave a high or low rating on their perception that the service from their cooperative is 'a good value for the money you spend.' For the eighty percent of members giving their cooperative a score of 7 or above on 'value,' we asked:

> *"You indicated that [your electric cooperative] provides a good value for the money you spend. Why do you say that?"*

We recorded their response word-for-word and categorized the common themes. We then grouped these themes by age:

Why Do You Rate Your Cooperative High on Good Value?

Multiple responses accepted | National Benchmark



So, while reasonable prices were mentioned by one quarter of respondents, a comparable number mention good service. It appears many members also favorably compare our performance to other utilities they have used in the past. Furthermore, while many members mention a general lack of problems, others comment on our prompt resolution when problems do arise. Comments related to an appreciation of the central role electricity plays in our lives, reliability, co-op communication efforts, community involvement, and member-ownership were also made by a significant number of members.

When comments related to 'good value' are segmented by member age, younger members focus more on reasonable pricing while senior members cite their positive experiences with the cooperative with greater frequency.

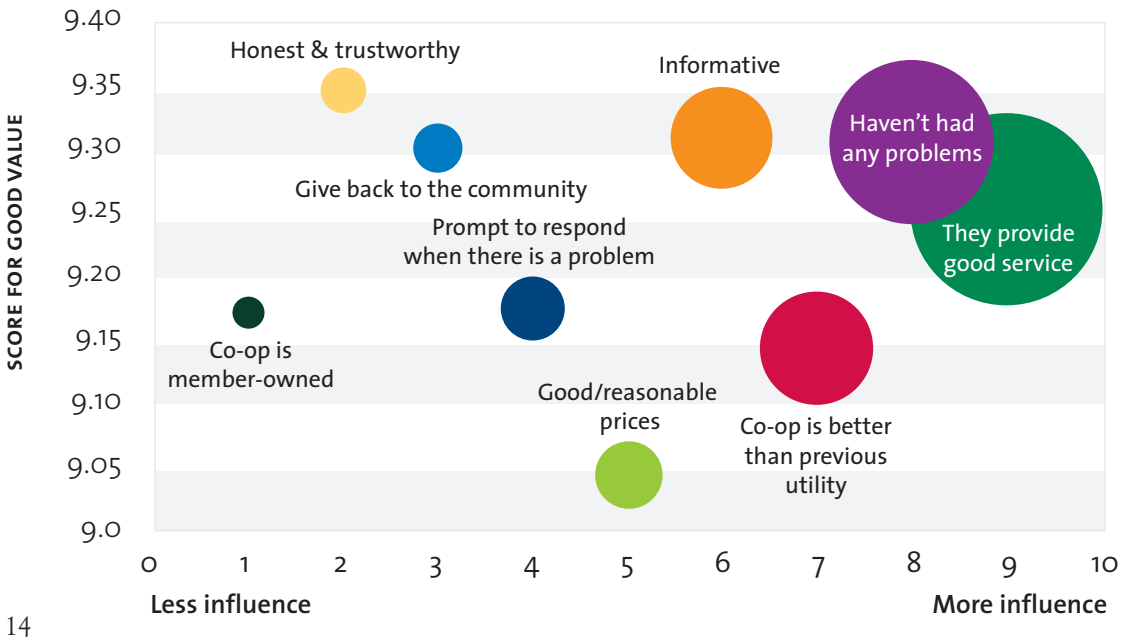
Member comments were also analyzed to explore which had the greatest influence on predicting high scores for 'value.' On the simplest level, we can look at the average score members gave for 'value' by whether they mentioned 'reasonable rates' or 'quality service' or 'prompt response' in their assessment. On a deeper level, we can analyze the data using regression analysis to determine which comments had the greatest overall impact on 'value.'

The following chart presents the results of this analysis. On the vertical axis (y-axis), we plot the mean score members assign to 'good value' for each comment category. The highest mean scores for 'good value' were provided by members stating their cooperative was honest and trustworthy, informative, community-oriented and gave good member service.

Next we rank the derived importance of each comment by their relative position on the horizontal axis (x-axis). Attributes to the right side of the scale, such as 'providing good service,' or 'haven't had any problems,' exert more influence than attributes residing on the left side, such as the 'co-op is member owned' or is 'honest and trustworthy.'

In addition, the relative strength of each category is indicated by the size of the bubble. Providing good member service and minimizing problems significantly strengthens the prospect of increasing the cooperative's score for 'good value.' Furthermore, good service experiences are nearly three times more influential on the perception of 'good value' than the belief the cooperative provides 'reasonable prices.'

Attributes with *Highest Positive* Influence on "Providing Good Value for the Money Spent"



So, while members most frequently cite reasonable prices in their justification of their 'value' score, it is their day-to-day experiences with the cooperative that most influence their perception of 'good value.'

This leads us to conclude that while price is important, quality of service, the absence of problems, communications and our comparative performance present the greatest opportunity to positively influence the perception of 'good value.'

Good Value—Member Comments on High Ratings

The following section provides a random selection of quotations obtained from cooperative members explaining their 'value' score across the key categories described above. As the reader will see, most comments are appreciative of reasonably priced electricity and good service experiences.

Good/Reasonable Prices

"From electric bills that I've heard from other companies, the cost is reasonable and I would recommend it to anyone else that needed service."

"I still have electricity and it's fairly dependable. It's fairly reasonable for the amount that we put in when we think of all of the electricity that we use."

"I do believe that they try to keep cost reasonable and provide tips on saving energy."

"The rates are not unreasonable. I think they are pretty fair. Even with them being the only provider, the rates are reasonable."

"When you look at other things that you have to pay for, the price, per kilowatt hour is very reasonable."

"Well if you compare the kilowatt hours cost to another electric company, I think we have better prices than what I have seen. The people are really good people that are looking out for us all the time. They are more like your neighbors down the street instead of an executive office."

Good Company

"Because they provide a service I enjoy and so far as problems, they always come to the plate. I have had no problems with them."

"You kind of got to look at it as dollars per day that you're investing and what you're getting back for it. Service is reliable and customer service is handled promptly when there is an issue. What more could you ask from a utility company?"

"I haven't had any problems with them. They get the power back on before long if there's an outage. They get crews out and restore power when they say. They're there for you. I like their service."

"Because they are there when we call and a tree falls. We're in the boonies, and they get the job done considering the circumstances."

"I think compared to some other utilities companies, I think we are doing pretty well and their service is probably more personal. It's more prompt, and you feel like you are dealing with real people."

"Well, I can depend on them, and the rates are reasonable. They provide a lot of service to this community, low cost loans and insulating on the homes. They provide good value."

Compares Favorably to Other Utilities

"Well, I've had different power companies throughout this area, and I get better service from them. They just do a good job; they do a lot of follow ups."

"I feel like they give me good service. When the power goes out, they seem to get to it pretty quick. They actually seem like they get to it better than the competitors in this same area. They are customer based which makes a difference."

"My husband and I were just talking, we have a lot of hurricanes in our area if the power goes out, it's only out for a moment. The prices are better here since the cooperative is owners. We are not paying a big company. This is our first time with a cooperative and we are very impressed."

"Compared to other companies, I think it's a better value and better service. We don't lose power like the other companies do."

Reliable Electric Service

"Service has been reliable. I understand they cover a lot of territory. They work after storms."

"They are reliable and dependable. I can count on them."

"Well they are reliable, my electricity stays on and I appreciate that."

"The benefits of electricity are huge. We can't live without them and they provide high quality service."

"Well, I like electricity, without it I would be cold, couldn't see, and couldn't cook."

Good Customer Service

"They're always prompt responding to calls, helpful. They're very efficient. I think I get my money's worth. I'm impressed with service. The transformer blew out in front of my house and they were out there in just a few minutes working on it."

"They try to work with their customers more promptly. They go out of their way to accommodate special needs."

"They treat their customers fairly. They are a good electric company because they have their customers first."

"I can rely on them and my work depends on the power. When it is out, they always fix it as prompt as possible. I work from home. Several times over the years the power has been out and I can't finish my work without it. I feel like they have done a super job there. Everybody that has helped me on the phone has always been polite as possible."

Informative

"They try to keep us with power all the time and they do try to give us information to try to conserve energy. They are always friendly and helpful."

"They help me construct my home and they gave me money to help with my energy. They're very informative about saving energy."

"They keep me informed about new equipment coming up. By the brochures they send out with their mailings, statements. I get a magazine about once a month or every two months that's very informative."

"I think just the fact they respond pretty quick, their response time is good to get power restored. They do a good job of sending out all the notices and things in the monthly magazine. In what they are trying to do to keep prices down, all and all they do an excellent job really. They do more than any other utility… Any changes that are going to be made, they notify you."

"They always keep us informed so we know what is going on. So if there is going to be a change, they notify us in the mail or at the meeting. I know what is going to happen before it does."

Responsive

"They have always done their job and when you call them, they get here as quick as they can get here."

"I think compared to some other utilities companies, I think we are doing pretty well and their service is probably more personal. It's more prompt and you feel like you are dealing with real people."

"For one thing, I am very satisfied with how they handle everything when I call in. I get a response and they come out quickly."

"They are very efficient and keep looking for ways to be more efficient in order to keep electrical cost down. If they foresee a reason coming that possibly is going to cause an increase, they get the information out as quickly as possible. They provide ways to help you to try to keep your usage and expenses down. I feel they are making strides. They put the smart meters in. When there are outages, they were out there in the area quickly and knew exactly where to go."

"You know whenever I need to call them, their prices are comfortable. Whenever I need them to fix a problem, they come very promptly or promptly as they can. They always have someone to answer the phone."

Good Value—Low Ratings

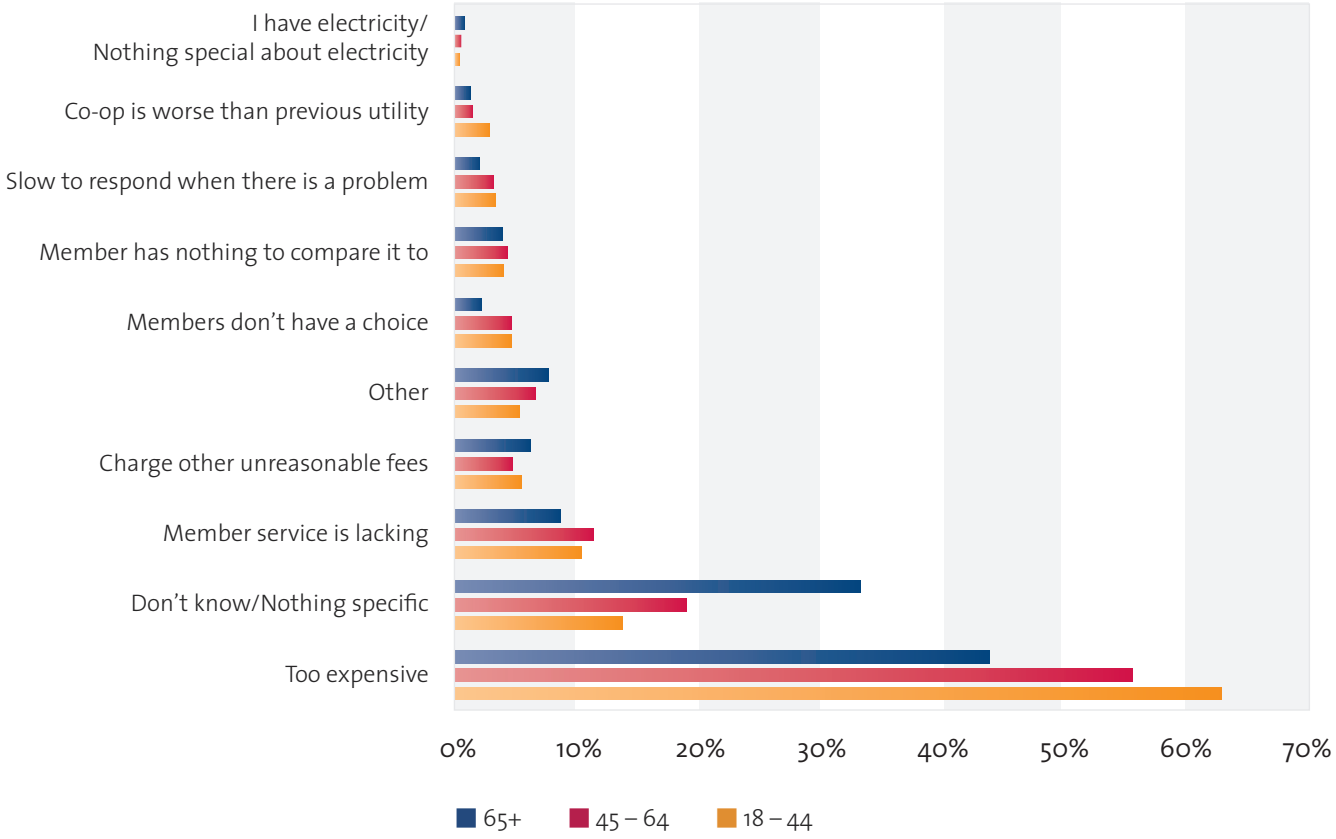
For the members giving us a lower rating on 'value' (6 or below), we asked:

> *"You indicated that [your electric cooperative] does not provide a good value for the money you spend. Why do you say that?"*

As before, we recorded their responses verbatim and categorized the common themes:

Why Do You Rate Your Cooperative Low on Good Value

Multiple responses accepted | National Benchmark



Less than two out of ten members provided low scores on good value (6 or less). This group of members was proportionally younger (less than 45 years old), experienced larger electric bills (greater than $250/month) and was more likely to have children living at home.

For the few members who do not believe they are getting a good value, high expense dominates their perception. A small minority also believe member service is poor or mention unreasonable fees or other charges.

While the high expense of electricity was the primary concern among members citing low 'value' ratings, this opinion was particularly evident with younger members. Over six out of ten members between the ages of 18 and 44 stated their low value scores were associated with expensive electricity.

Among those rating the cooperative poorly on good value, less than one out of five members below 65 years of age provided no specific reason for their low scores compared to over one-third of senior members.

The lack of specific reasons for low scores suggests members are not aware of the value associated with electricity for the price paid. Cooperatives should embrace this opportunity to engage members in a dialogue highlighting the value of electricity.

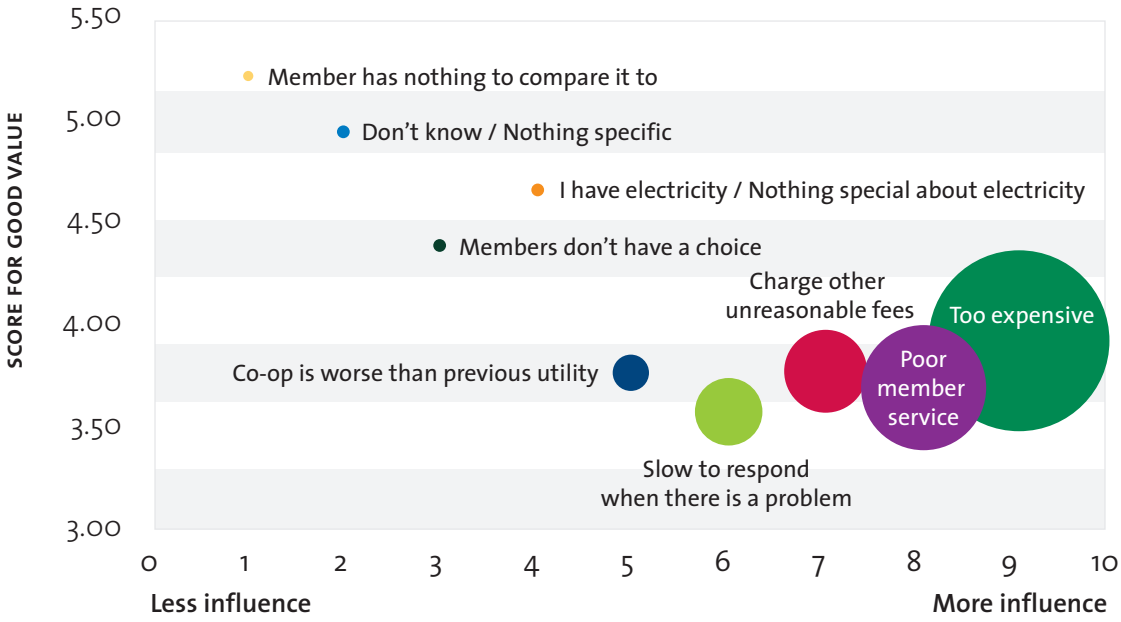
As in the previous section, member comments were also analyzed to explore which had the greatest influence on predicting low scores for 'value.' On the simplest level, we looked at the average score members gave for 'value' by whether they mentioned 'poor service' or 'too expensive' in their assessment. On a deeper level, we analyzed the data using regression analysis to determine which comments had the greatest overall negative impact on 'value.'

The following chart presents the results of this analysis. On the vertical axis (y-axis), we plot the mean score members assign to 'good value' for each comment category. The lowest mean scores for 'good value' were provided by members stating their cooperative was 'slow to respond' or had 'poor member service.'

Next we rank the derived importance of each comment by their relative position on the horizontal axis (x-axis). Attributes to the right side of the scale, such as being 'too expensive' or 'poor member service' exert more influence than attributes residing on the left side of the scale, such as 'members don't have a choice' or 'have nothing to compare to.'

In addition, the relative strength of each category is indicated by the size of the bubble surrounding the category. Being 'too expensive' and providing 'poor member service' significantly increases the prospect of low scores for 'good value.'

Attributes with *Most Negative* Influence on "Providing Good Value for the Money Spent"



In contrast to the high 'value' model, cost was the primary contributor to lowering 'value' scores. In fact, the expense of electricity was one and a half times as important in predicting low 'value' scores as the second most important issue, which was 'poor member service.'

Other items of significance include other charges and unreasonable fees, slow response and comparatively worse experiences with the cooperative than previous utility suppliers. While competitive choice among utility suppliers has gotten a lot of press in our industry, lack of competition does not appear to have much influence on 'good value.'

Good Value—Member Comments on Low Ratings

The following section provides a random set of quotations obtained from cooperative members across the key areas mentioned as justification for poor 'value' ratings. Most comments are reflective of high electricity prices or poor customer service.

High Cost Electricity

"Just in comparison to other places I have lived, this is the most expensive electricity I have ever spent."

"They are always changing the rates, if they are making improvements, the rates should come down, not go up."

"I think the rates are higher than what they could be. I have different utilities for other homes and their rates are a lot better."

"They raised my rates and are unreasonable with some of the charges. They raised the rates on everybody even though we're using less electricity. So now it doesn't matter about conservation because rates are so much higher still."

"Well, they are a little too high on their electricity. Some months I pay and it's $300. The next month it would be $80 and I don't understand that. Nothing in my house changes that much. I have asked them what the deal was and they couldn't give me an answer."

Poor Service / Reliability

"The power goes out of my house and they treat me like a customer and not a member and I have no say or choice in what they're going to do."

"Their level of service is not up to par. Every winter we have power outages of about 3 to 4 days which is a very long time. I have a switch pole out in my field and they drive their rigs out there. They bring mud into my driveway and they don't clean it up."

"We need a new transmitter or something around down here, it needs repairing bad. Everyone in my area has the problem with the lights blink off and on. It's always messes up TV, clocks, and computer, when it stops blinking you have to reset everything."

"A lot of outages. They need to do something about the number of outages that we have. I know that we live in the woods, but they need to send someone out to trim the trees, which are on the wires."

"Power goes out all the time, can't get them out to fix it. The service, having no power especially in winter time. We were out a week when it was bad weather and if the wind blows hard, it goes out."

"When they have constant outages and slow with repairs, they are at the bottom of the barrel. I am totally dissatisfied with them. We need a new power company and I want them to deliver what they promise. They are like a third world company. I had more reliable power when I was in Iraq."

No Choice in Companies

"Because they don't have no competition and I don't have a choice to pick my provider."

"For the fact that I know you can get cheaper electricity. We have no choice. We are out in the country. We have no other options for electricity."

"Well, they are the only company in the valley and they charge what they want."

Poor Customer Experience

"They did not respond to a call for power outage. I was out of power for up to a week. They did not move the tree limb until a week later. A whole lot of people moved out because loss of food to the power outage. They are not quick to respond at all."

"The biggest thing is customer service. The employees have a negative attitude. They have a poor policy regarding business owners like myself. The number one thing is personality when you enter the office. Business owners have multiple accounts and they are just not helpful. Their personalities are dead. The people in the office are just dead. Either they just hate their jobs or need to be fired. They are not very friendly, helpful or enthusiastic about their jobs. They need to be fired up with enthusiasm or fired! There are just no customer service skills."

"Because they raise our rates without our input and they raised it when people are home the most. I think they did a poor job on why they did that, they didn't give me enough information."

"Their customer service is horrible. They can be real nasty sometimes. I try not to call or go in for anything."

"Because other then restoring power, their service is slow to getting back to customers and you can never get a straight answer from them."

Unreasonable Fees

"Because it's a service charge that I am getting. I don't mind the power but I have a service charge that is higher than the power bill. They charge a high rate."

"Because of the monthly hook up fee, they still charge if you are not using the electric."

"My main complaint with them is that they charge a meter based fee. I get charged before I get the electricity. I think that I should get charged for the electricity I use only."

"They instituted that the new rate structure, you would get charged a flat fee for the meters you have. Then you get charged with that. Now that has doubled my electric bill. I don't see that as a good value."

Poor Communications

"I guess because it takes a long time to hear from them and they don't send anything on alternate energy or anything to help."

"I don't think they do enough to educate people on things they could do, like alternatives like wind or solar. I would like to do that but I'm not sure how to."

"I don't think they communicate clearly as to why the rates are what they are. I don't think they have enough incentive programs or rebate programs."

"The electric bill keeps going, we don't get any information but from TV. I feel like they don't have a good type of communication. They should do home visits to explain why the bills are so high even when using the same type of electricity."

Member Engagement Index

Engage members through excellence in essential services and communicating the distinct cooperative advantages that build pride in being a member of the cooperative.

The insights we gain in the Cooperative Difference Survey effort provide a clearer understanding of what drives members to become more strongly bonded to their cooperative. These studies show that once cooperatives create an environment of trust and confidence by delivering high quality service, we can move members to a higher level of engagement by educating them about the 'Cooperative Difference.'

This **Member Engagement** model provides an objective measure of our emotional bond with members and provides critical insight into the actions and messages cooperatives can use to make members truly passionate about their membership.

The chart below summarizes the building blocks cooperatives can employ to move an apathetic customer to one who truly understands and embraces the 'Cooperative Difference,' who is willing to take action for the cooperative when needed and who will be more understanding and supportive of the cooperative during tough times. These building blocks comprise the **Member Engagement Index**.

The foundation of the relationship, entitled **Trust and Confidence**, is shown in blue. As cooperatives demonstrate they are able to handle problems, always deliver on promises, provide reliable service, are fair and trustworthy and look out for the members' best interest, they build a strong base from which to engage members in further dialog. We consider these elements the foundation of what is **necessary** but not **sufficient** to truly engage members in the cooperative.

The second tier, entitled **Communicate Our Advantages**, begins with proactive communication about rising energy costs. As we speak to our members about the pressure on costs and what we are doing to mitigate them, we should continually reiterate our goal as a cooperative to provide energy at the lowest possible cost. Reinforce this message by letting members know that when we produce margins, we give money back in the form of member dividends or capital credits.

The final element in this tier is helping members save electricity. Our actions in this area allow us to clearly demonstrate our goal to provide electricity at the lowest possible cost. Helping members lower their electricity costs also shows, in a concrete and meaningful way, that the cooperative is looking out for the member's best interest.

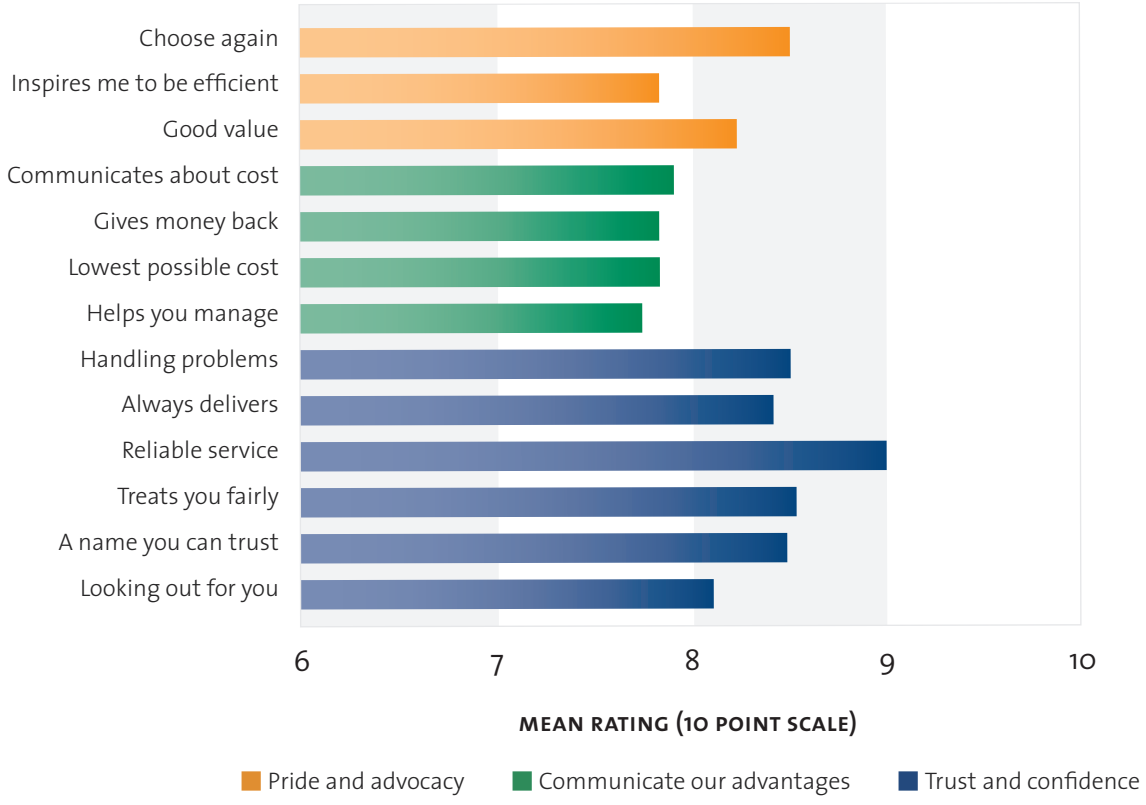
Building on our core services, leveraging our unique characteristics and communicating effectively allows members to recognize the value we deliver and builds a relationship of true loyalty and engagement, which we call **Pride and Advocacy**.

This **'Pride and Advocacy'** describes a highly engaged membership that cooperatives can count on when they need to weather storms or rally grass-roots support for the cooperative in efforts such as the recent **Our Energy, Our Future** campaign.

The following graph shows the performance of the Cooperative Difference Survey group in the categories and individual attributes that comprise the **Member Engagement Index**.

Member Engagement Index

Overall Score: 70 out of 100



Cooperatives show relatively high marks for elements of their service associated with building '**Trust and Confidence**' (blue).

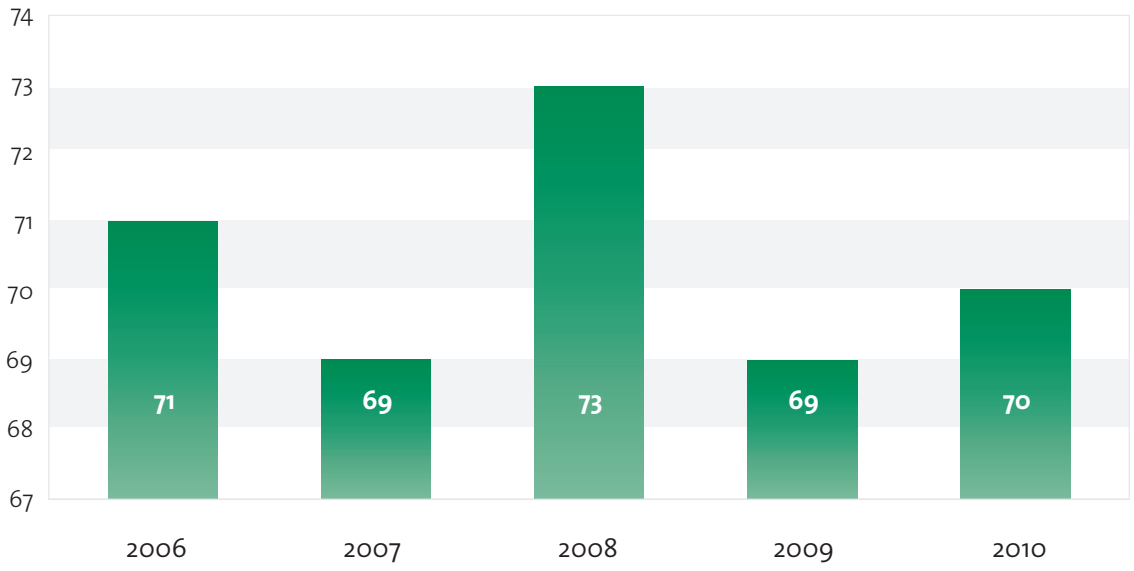
The scores for elements comprising '**Communicate Our Advantages**' (green) are relatively weak, particularly in the area of giving money back and letting members know that their electric cooperative provides energy at the lowest possible cost.

Finally, the '**Pride and Advocacy**' scores also show significant room for improvement, particularly in the area of inspiring members to save electricity, which is largely the goal of Touchstone Energy's **Together We Save** campaign.

Historically, member engagement took a dip in 2009 but rebounded slightly for 2010. This likely reflects the continued economic difficulties faced by electric cooperative members.

Historical Engagement Scores

2006 – 2010



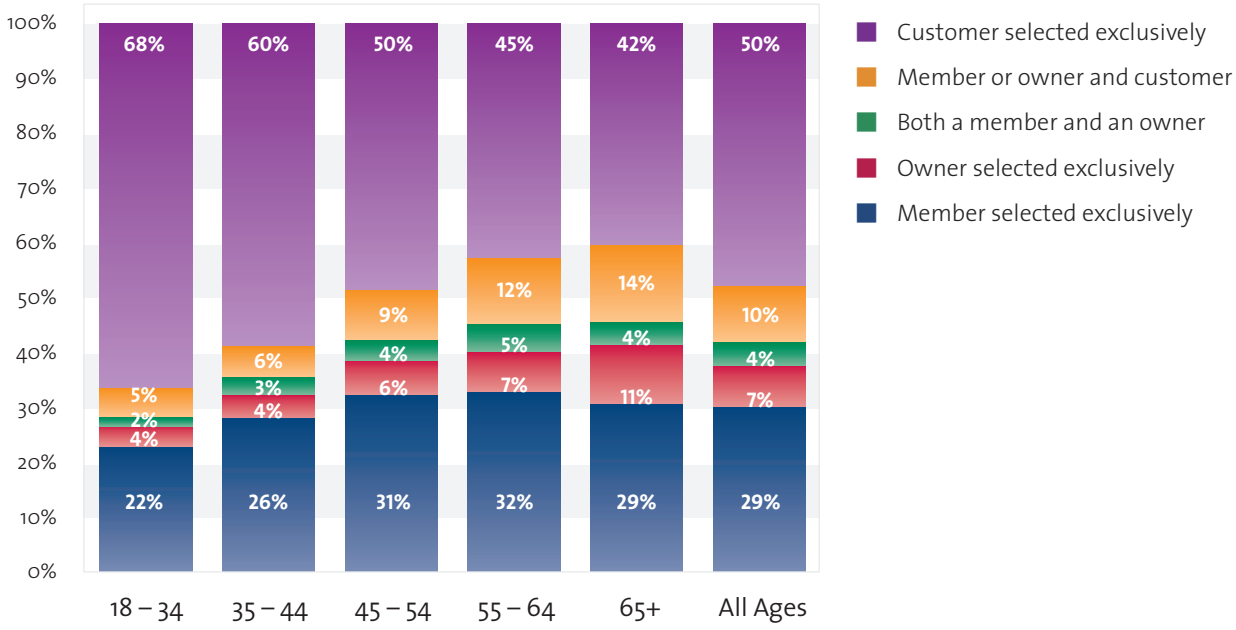
Member Identity

One-half of members still do not view themselves as 'members' and/or 'owners' of the electric cooperative. Younger members especially lack significant 'member' identity.

One measure of our success in engaging members is how they identify their relationship with the cooperative. As in prior Cooperative Difference Survey efforts, we ask members if they view themselves as members, owners or customers of their cooperative. The following table shows how our members define their relationship:

Are You a Member, Owner or Customer?

National Benchmark



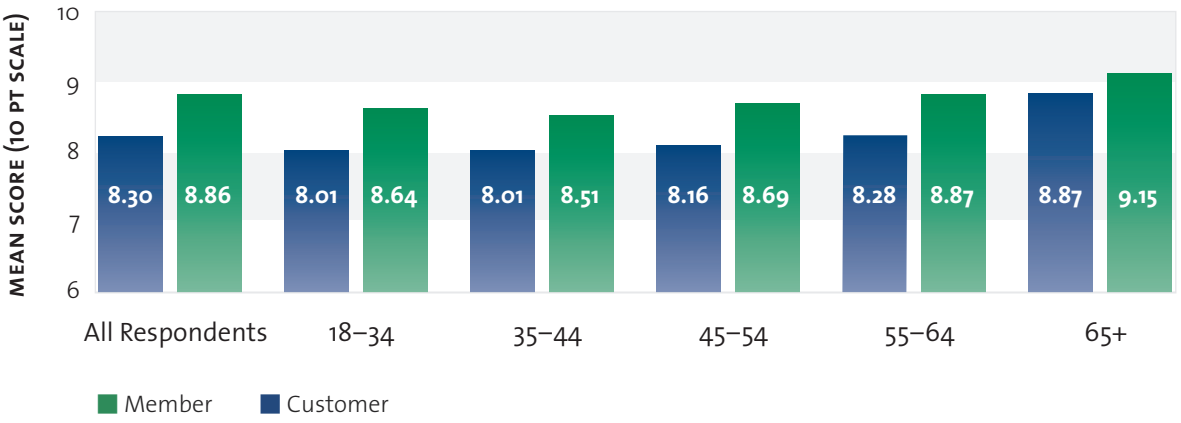
Not surprisingly, understanding there is something more to the relationship than being a customer is greatest among senior members. Nearly six out of ten respondents 65 and over indicated some level of connection with the cooperative (member, owner or both). Conversely, over two-thirds of those age 18–34 and three-fifths of those aged 35–44 limit their relationship with the cooperative to being a 'customer.'

Looking at member identity and satisfaction, we find that any connection to the cooperative beyond being a 'customer' improves satisfaction levels. In fact, those who limit their relationship to 'customer' rate their satisfaction with the cooperative significantly lower than members who acknowledge some level of member or owner identity.

As the chart on the following page indicates, the satisfaction gap between 'member' and 'customer' is significant across all age categories. Communicating the benefits of being part of a cooperative organization clearly has its benefits, especially with the youngest members.

Overall Satisfaction by Member Identity

1 = Very dissatisfied, 10 = Very satisfied | National Benchmark



Members who associate their relationship with the cooperative as an 'owner' and/or 'member' provide **significantly higher** performance ratings in all areas tested.

Areas where the gaps in our performance are highest all relate to issues influenced by communications. Attributes with the widest gaps between 'member' status and 'customer' status are listed below:

- Gives money back when revenues exceed costs
- Provides energy at the lowest possible cost
- Helps you learn to manage your energy use
- Cooperative is doing more to control rising prices than other companies I use
- Keeps you informed when cooperative is doing work in your area
- Looks out for your best interests
- Communicates with you about rising electricity costs

Cooperatives can use their diverse communications channels to highlight the cooperative difference through messages focused on member dividends, cost-containment efforts and energy efficiency to build higher levels of 'member' awareness among their members.

Those indicating 'member' status were more active participants in cooperative events and communications outlets. Members who attended at least one cooperative annual meeting during the past 5 years were 36% more likely to state they felt some 'member' affinity.

While members who visit the cooperative's office or website also express higher 'member' affinity, the impact from these touch points is significantly less. Cooperatives may want to review their office lobby signage and website content to maximize their communications opportunity to inform and educate the membership.

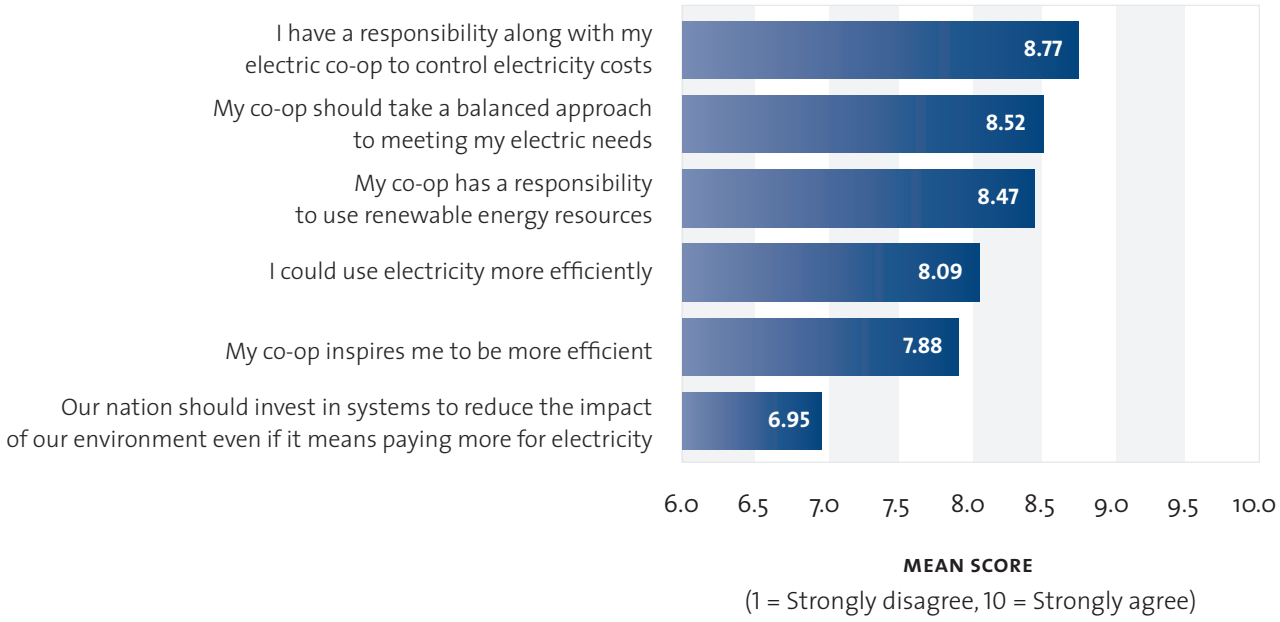
Attitudes Regarding Top Energy Issues—Residential Members

Members acknowledge they share responsibility to control their own energy use and continue to support a balanced approach to our energy future.

In recent years, the Cooperative Difference Survey effort explored member attitudes regarding the complex and changing energy landscape. Issues addressed have included affordable electricity, investing in renewable energy, protecting the environment, energy efficiency, climate change and personal responsibility for energy consumption. This year's study continues to assess how members view the key issues facing our industry.

How Much Do You Agree or Disagree That...

National Benchmark



The chart shows a strong level of agreement with the statements: "I have a responsibility along with my electric provider to control energy costs," "we should take a balanced approach to meeting future energy needs through a mix of energy efficiency, renewable energy and traditional power sources" and "my cooperative has a responsibility to use renewable energy."

Conversely, few members feel strongly their electric cooperative 'inspires' them to be more energy efficient. While nearly six out of ten senior members feel strongly 'inspired' (9 or 10 rating) by their cooperative to use electricity more efficiently, less than four out of ten of the youngest member population provide a similar rating.

The following section will show most of our members are taking action to save energy in their homes. Still, members of all ages indicate they could do more. This represents an important opportunity for cooperatives to provide education on energy efficiency and conservation efforts to members young and old.

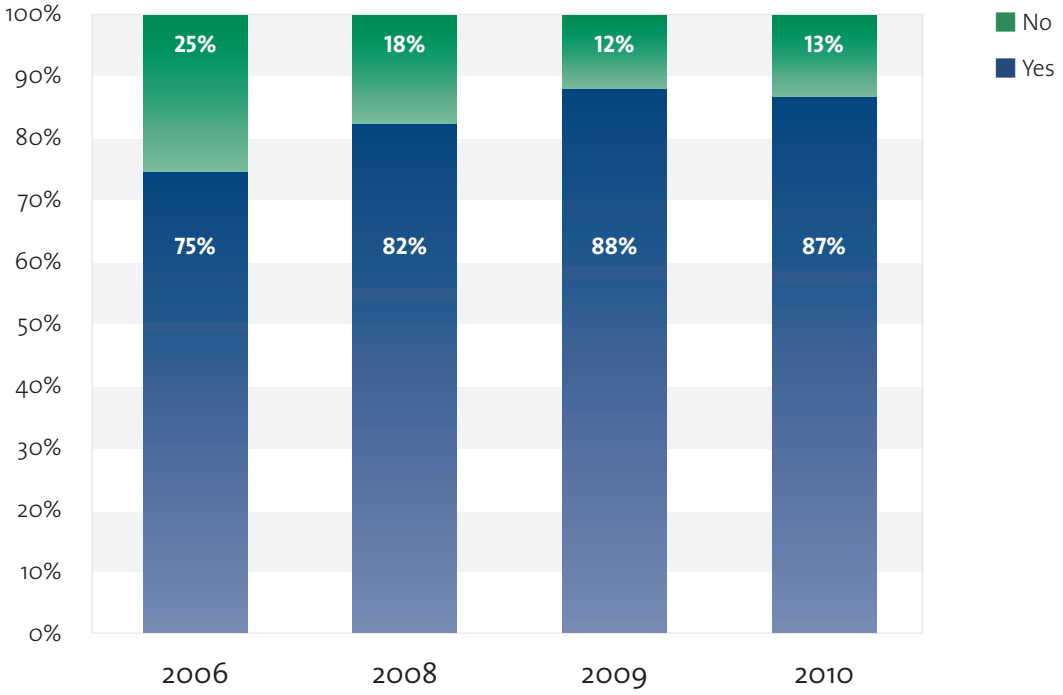
Member Actions on Energy Efficiency

More members than ever are adopting energy efficiency measures to reduce their electric bills and believe their actions have made a difference in their bills.

Members continue to make energy efficiency improvements to their home. Nearly nine out of ten members indicate they have taken steps during the previous year to reduce their home's electricity use. In fact, the chart below shows more and more members over time are embracing energy efficiency behaviors.

During the Past Year, Have You Taken Steps to Reduce Your Home's Electricity Use?

National Benchmark



Although the percentage of members is strong across all age groups, senior members (65+) experience slightly lower incidence of taking action to lower their electric bills. A combination of lower income earned by seniors and the likelihood that their aging homes need more help make this segment a priority for targeting energy efficiency efforts. Given this group's trust and confidence in their electric cooperative, opportunity exists for electric cooperatives to assist seniors with efficiency advice and solutions.

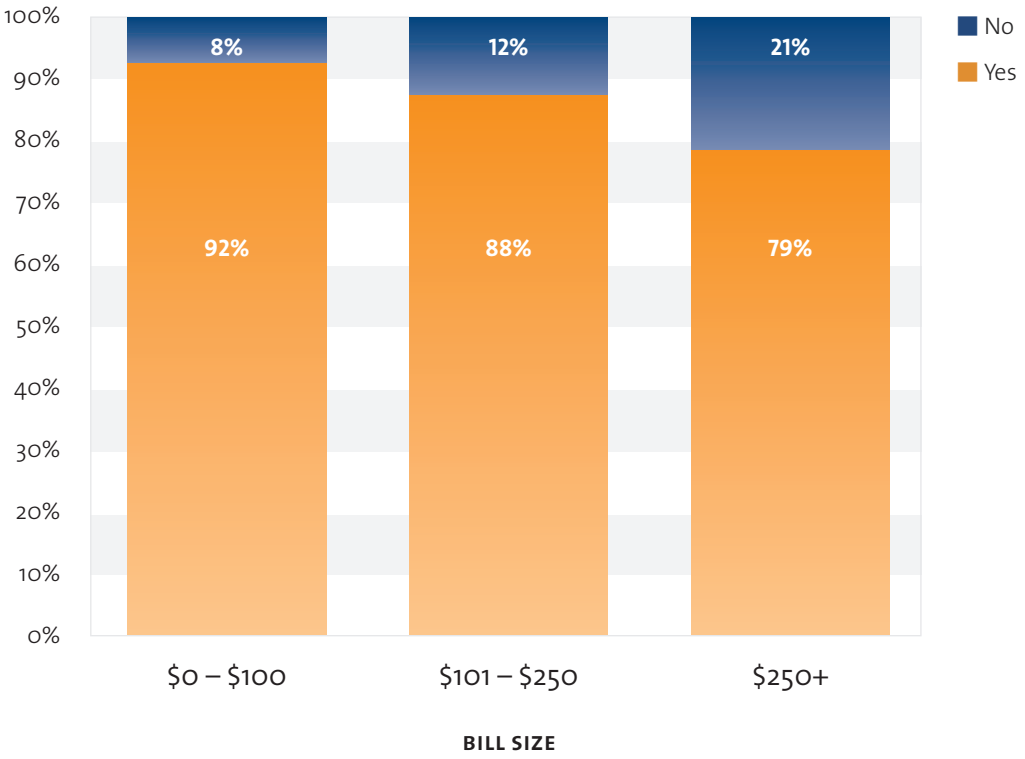
Members with large monthly electric bills are strongly motivated to complete efficiency projects and do so in greater numbers than those with lower bills. However, the research indicates even members with low and moderate electric bills are actively engaged in energy efficiency activities. Members show a willingness to save money and electricity regardless of their monthly bill size.

Overwhelmingly, cooperative members felt the steps they have taken had lowered their use of electricity. Across all age groups, nearly nine out of ten members believed their efficiency efforts made an impact on their electric consumption.

The following chart shows how this perception was influenced by the size of the member's electric bill.

If You Took Steps to Reduce Energy Use, Do You Feel They Have Reduced Your Electricity Use?

National Benchmark



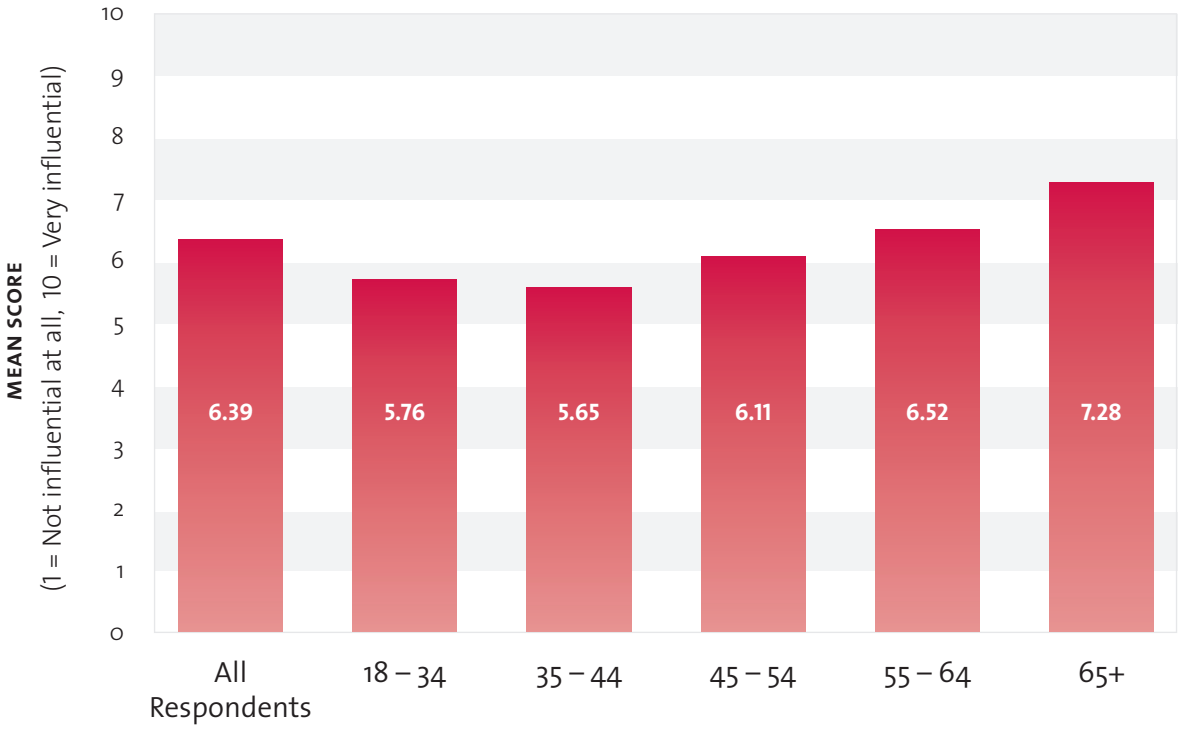
Interestingly, members with lower monthly electric bills felt stronger about the results of their efficiency efforts than members experiencing higher bill amounts. Still, nearly eight out of ten members with electric bills in excess of $250 believed their efficiency efforts had reduced their electric usage.

When asked to quantify their savings, the majority of members believed their efficiency efforts had reduced their electric bill by up to 10%, although more members felt savings were in the 1% to 5% range.

Members who had implemented efficiency steps in their home during the past year were asked to rate the level of influence their electric cooperative played in reducing their electricity use. The chart on the following page shows their responses.

How Influential Would You Say Your Co-op Has Been in Getting You to Reduce Your Electricity Use?

National Benchmark



Cooperative members appear only modestly influenced by their cooperative to reduce their electricity use. Senior members lead the way with a significantly higher rating than all other age groups. However, even the higher mean rating of senior members leaves significant room for improvement. Cooperative influence is lowest among members younger than 45 where ratings are barely above the midpoint of the scale.

Cooperative influence is lowest among members with the highest monthly bills. Members with monthly bills in excess of $250 expressed **significantly lower** levels of influence from the cooperative than members with smaller monthly bills.

With the myriad of energy efficiency resources available to electric cooperatives through Touchstone Energy and **www.TogetherWeSave.com**, better education and communication of efficiency messages will strengthen the cooperative's influence among members of all ages.

Knowledge gained from these resources will likely plant the seed for future action steps.

Technology and the Internet

The vast majority of households are connected to the Internet. Younger members find technology an essential part of their daily existence while older members are steadily adapting to their changing environment.

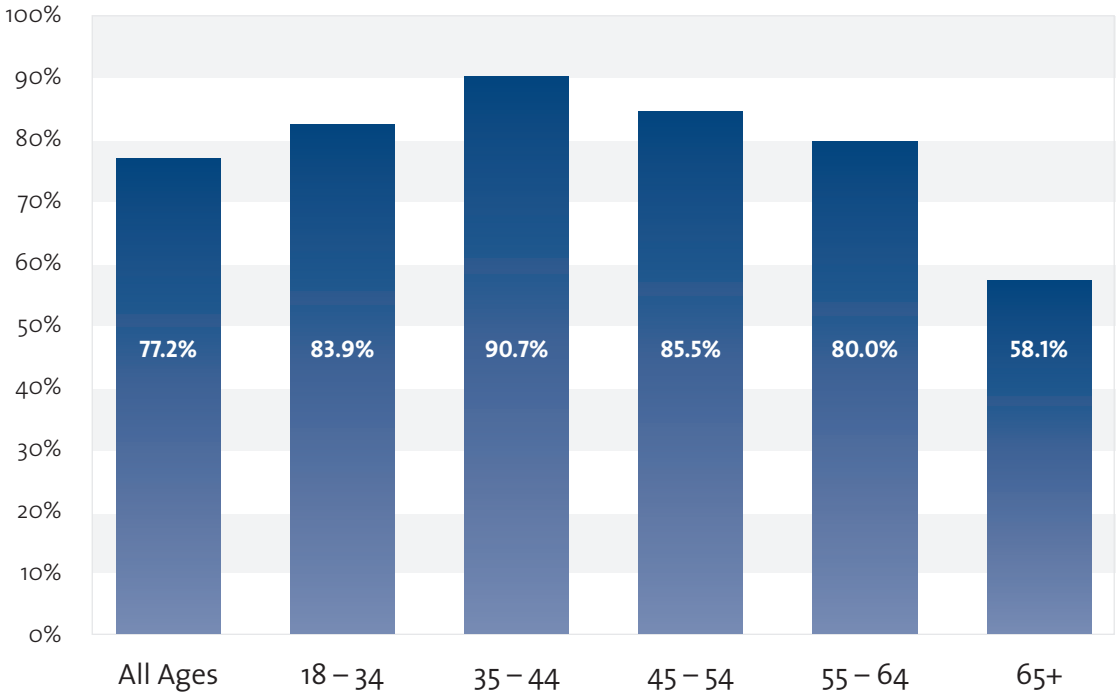
The growth of technology among electric cooperative households has changed how families search and retrieve information, communicate with one another and entertain themselves. While middle-aged and senior members continue to expand their utilization of technology, younger generations have grown up embracing technology.

Technology continues to change the way cooperatives interact with their members as installations of automated meter reading systems and smart grid technologies offer opportunities and challenges. This section explores the penetration of technology within member households and analyzes members by their usage profiles, providing important insight for cooperative communicators.

While computer ownership among electric cooperative members has grown considerably over the past decade, the rate of growth has moderated as the percentage of members owning computers approaches 80%. As computer penetrations reach a saturation point among young and middle-aged households, higher growth rates have been observed among senior members, of which nearly six out of ten now own a computer.

Does Your Family Own a PC?

All members | National Benchmark

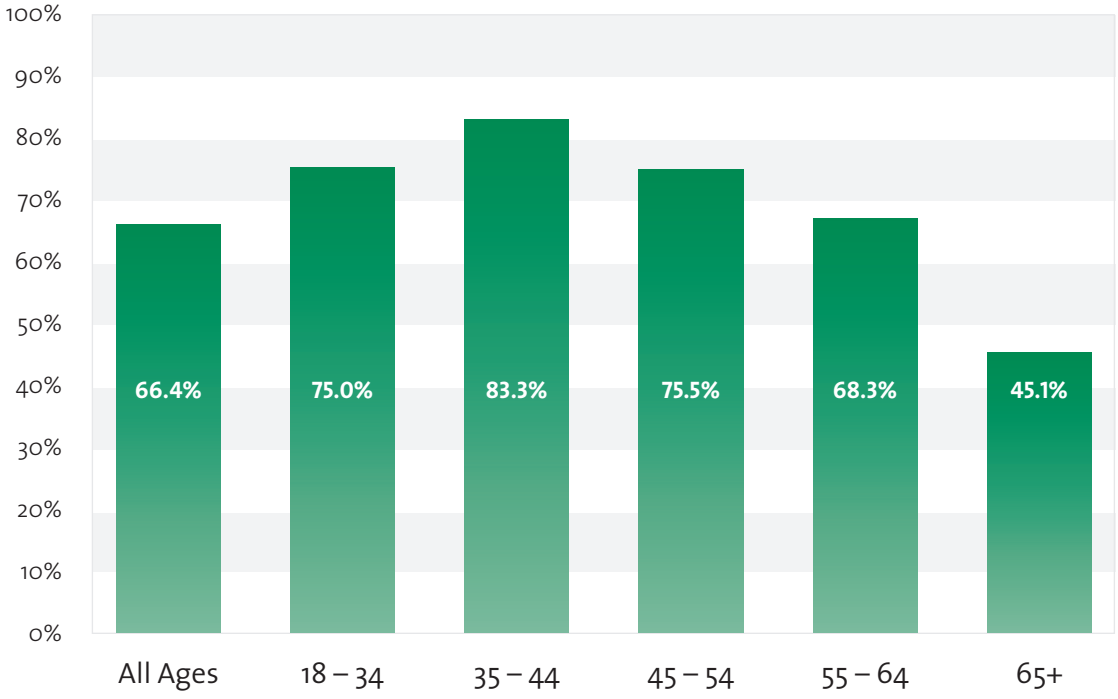


Internet penetration and availability has also grown exponentially during the past decade. A December 2010 report published by the Pew Research Center's Internet & American Life Project reported that 79% of all American adults go online. By comparison, cooperative members experience lower Internet utilization rate of 66%.

The following graphic illustrates Internet usage by age. Over three-quarters of households less than 55 years old use the Internet. For members with access to a computer, Internet access is over 85% with close to 90% penetration for members under 45 years of age.

Do You Currently Use The Internet at Home?

All Members | National Benchmark



The vast majority of members owning a computer accessed the Internet from home. Nearly one-half of computer-owning members also connected to the Internet at their place of work.

One out of seven computer users stated they accessed the Internet at a Wi-Fi location outside the home (Internet café, bookstore, etc.) while only one out of ten did so at a public library. Generally, cooperative members do the majority of their Internet surfing at home.

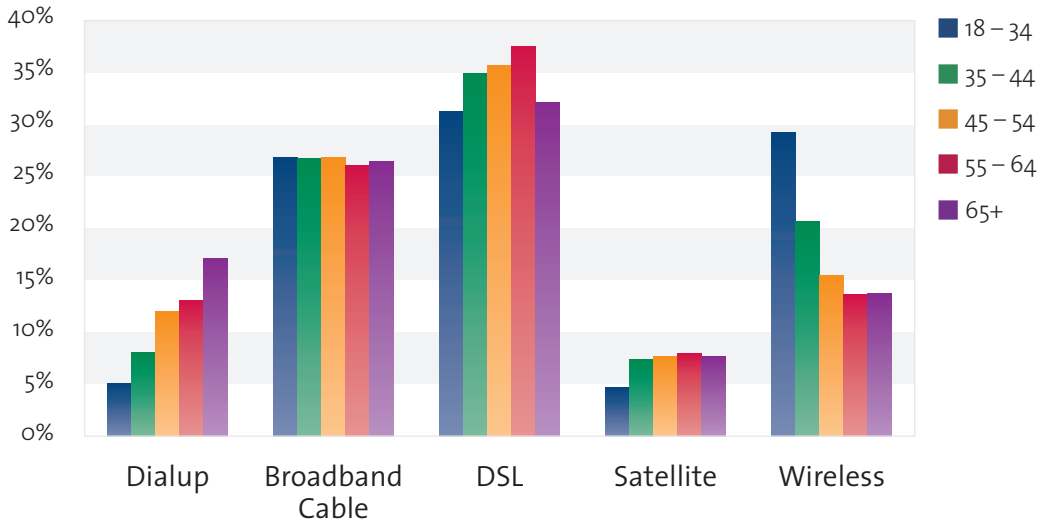
Methods for connecting to the Internet can vary greatly in rural areas. Suburban cooperative members generally have access to high-speed broadband capacity while rural members are more limited in their high speed connectivity options.

More than six out of ten electric cooperative members with Internet access connect to the web using a high-speed, broadband connection. DSL is the most common connection type with 35% of members using this method.

Cable broadband is found in over one-quarter of member homes, with wireless connectivity accounting for about one out of six access channels. Wireless Internet connectivity is extremely popular with the youngest member group as nearly three out of ten stated this was the method they used to access the Internet.

How Do You Connect to the Internet by Age?

National Benchmark



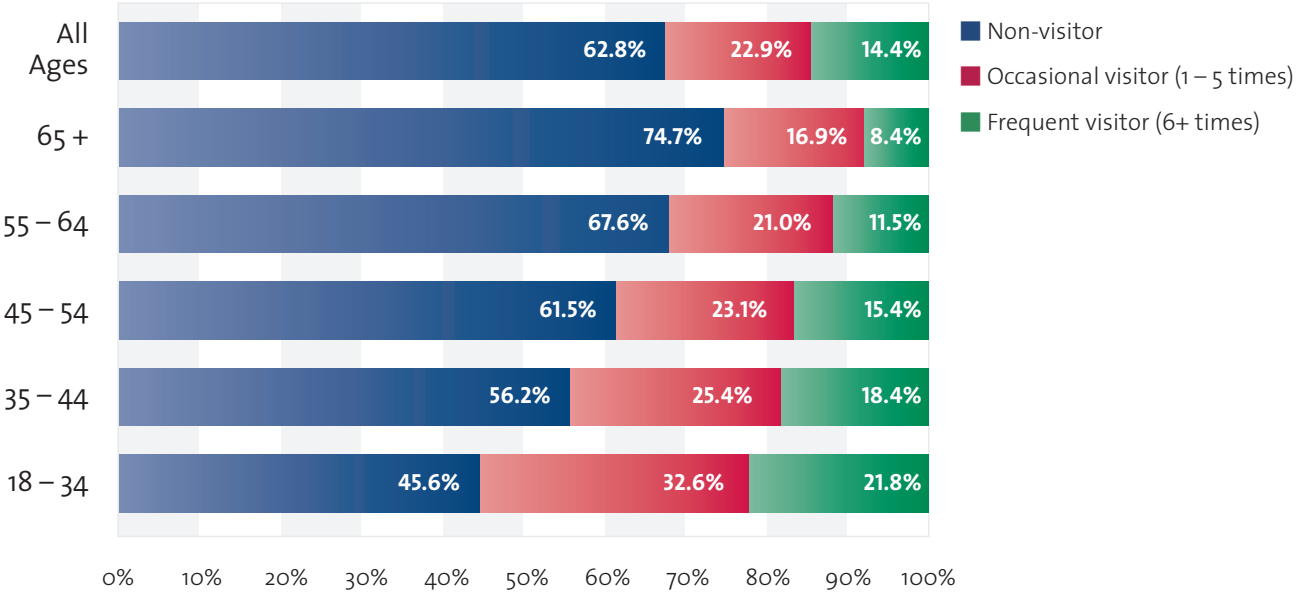
Dial-up Internet access continues to drop in popularity. Only about one out of ten members accesses the Internet using a dial-up connection. Dial-up Internet service is over three times more popular with senior members than it is with the youngest cooperative membership.

Although high-speed Internet connections continue to make inroads into rural America, several cooperatives participating in this year's study with very rural service areas experienced dial-up penetrations in excess of twenty percent.

Satellite access to the Internet continues to be a popular alternative in areas where high-speed broadband connections are unavailable. Seven percent of members stated they used a satellite service to connect to the Internet.

Nearly two-thirds of members stated they had not visited the cooperative's website during the past year. Members aged 18–34 were most likely to have visited the website, with over one-half of this group having visited at least one time. One out of five members younger than 45 years old had visited the cooperative's website six or more times during the past year. In contrast, only one out of four senior members had visited the cooperative's website.

How Frequently Do You Visit the Cooperative's Website?



Cooperatives have a significant opportunity to reach their younger audience over their website as this member segment represents the group most likely to view the messages and use the tools available there.

However, since the overall level of Internet connectivity among members significantly exceeds the level of cooperative website visits, cooperatives could also do more to inspire members of all ages to use their website.

Non-Connected Households

Not all electric cooperative members own a computer or use the Internet. Just over one out of five members do not own a computer while about three out of ten do not access the Internet. Overall, non-connected households are older and earn less annual income than their connected counterparts.

A quick look at the makeup of these households indicates some common characteristics.

- The majority are senior members (65+).
- Nearly two out of five earn less than $25k per year.
- Over one-third pay low monthly bills (under $100).
- They are more likely to live in mobile or manufactured housing units.
- Nearly nine out of ten did not have children under 18 living at home.
- Over six out of ten had been a cooperative member for more than 20 years.
- The majority lived in their home for more than 20 years.
- Nearly one-third of renters were not connected.
- They attended the annual meeting & visited the local office with greater frequency.
- There are a higher percentage of females than males.

Social Networking Behaviors

Everyday more and more electric cooperative households participate in online social networking. A majority of young members believe businesses should connect with their consumers using social networking sites.

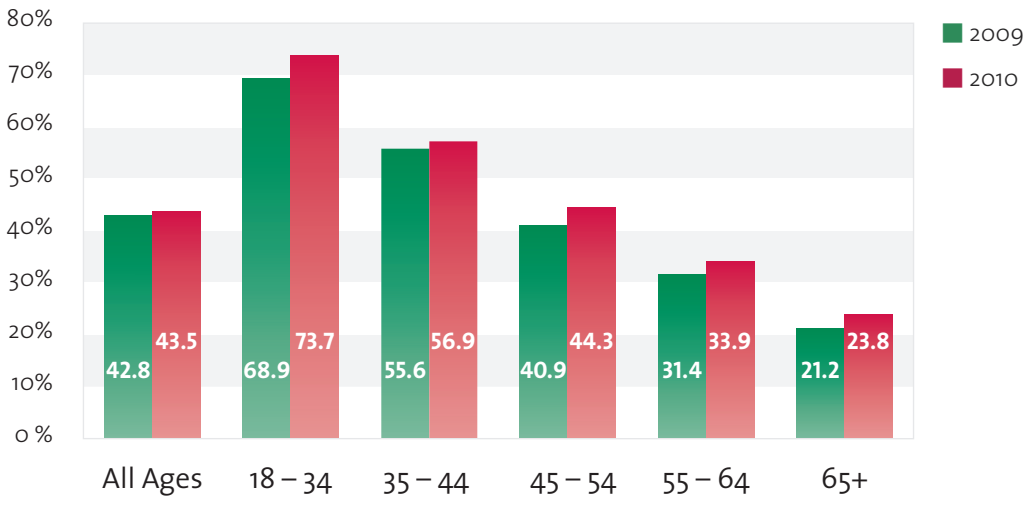
With hundreds of millions of users worldwide, social networking has become an important channel for personal communications. The Pew Research Center's Social Media and Young Adults study published in February 2010 reported that 47% of on-line adults used a social networking website, growing from just 8% in February 2005.

Cooperative members are slightly less inclined (47% vs. 44%) to use social networking websites, but even at 44%, the statistics indicate a significant proportion of our membership is engaged in social networking.

Comparing the 2009 Cooperative Difference Survey results with the current study shows growth in cooperative member use of social media across all age groups, with the largest jump observed within the 18–34 and 45–54 age cohorts.

Do You Participate in Social Networking Websites?

% of Internet Users Indicating "Yes" | National Benchmark



Younger members are significantly more inclined to participate in social networking activities than their senior cohorts. Nearly three-quarters of our youngest membership using the Internet engage in social media activity, which is three times the rate for senior members.

Many middle-aged members are joining their children and grandchildren on social networks. Nearly six out of ten 35 to 44 year olds and over four out of ten 45 to 54 year olds participate in social networking. Nearly one out of four senior Internet users connects with family and friends through social media channels.

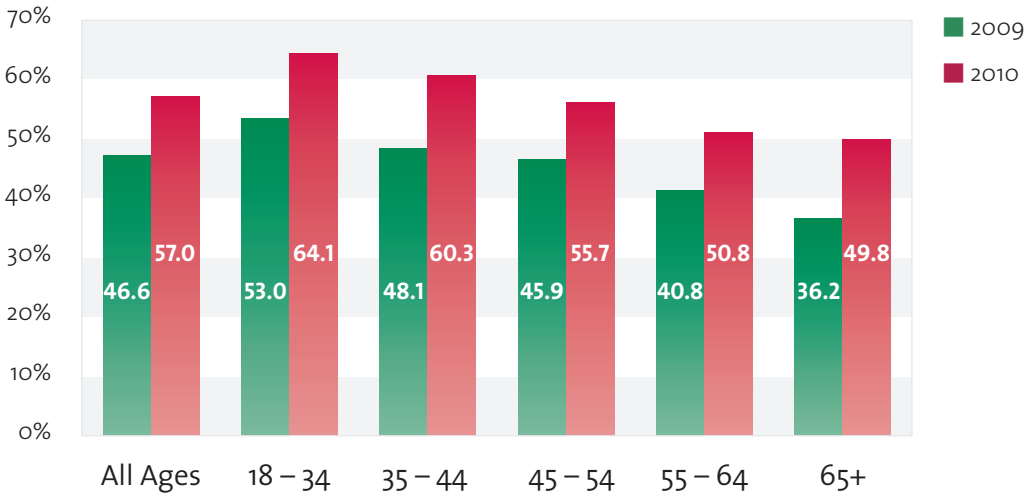
Active participants in social networking websites are more likely to reflect the characteristics of younger households:

- 43% have children under 18 living at home
- 53% have been a cooperative member for less than ten years
- 34% live in a home built during the past decade
- 13% had attended an annual cooperative meeting within the past 5 years
- 37% had visited the cooperative's local office during the past year
- 37% earned more than $75k in annual income
- Nearly six out of ten are female

Many businesses are establishing a presence on social networking outlets, especially Facebook. Members participating on social networking sites were asked if they felt these websites were an appropriate way for businesses to communicate with customers. Responses varied by age with younger members more in favor of it than older members.

Are Social Networking Sites an Appropriate Way for Businesses to Communicate with Customers?

% of Social Networking Site Users Indicating "Yes" | National Benchmark



Interestingly, acceptance of social media use by businesses grew noticeably during the past year among all age groups. Overall, nearly six out of ten members felt social networking websites were an appropriate way for businesses to communicate with customers. In the 2009 study, this proportion was only 47%. The greatest acceptance was observed within the youngest member groups (18–44).

Given this increasing acceptance by members of communications from businesses over social networks, cooperatives should embrace this new channel to reach members. In the 2009 National Survey on the Cooperative Difference, we discovered that priority should be placed on items of immediate benefit to the member, such as discounts available from local merchants, updates on outages, energy efficiency tips and even appeals to conserve.

Smart Grid Service Concepts

Members are highly receptive to service offerings that leverage 'smart grid' investments made by their cooperative.

Electric cooperatives lead the electric utility industry in their embrace of 'smart grid' technologies, particularly in their investment in automated metering infrastructure (AMI). Given the low member densities associated with serving electricity to most cooperative service areas, these investments have provided immediate impacts in the form of reduced meter reading costs, improved outage response and better power quality.

While investments in the 'smart grid' clearly increase reliability and improve operational efficiency, the impacts have been largely behind the scenes and may not even be recognized by the average member. Many cooperatives are now taking the next step to leverage their 'smart grid' investments by providing services to members that are more tangible and readily recognized as being entirely for their benefit.

To gauge member reactions to these services, the 2010 National Survey on the Cooperative Difference presented three service concepts to members that are enabled by the 'smart grid:'

- Web portals that provide access to monthly, weekly, daily or even hourly usage to help members better understand how to manage their electricity costs.
- Pre-pay programs that allow members to purchase electricity in advance and more actively manage their budget for electricity.
- Interest in a new generation of electric vehicles and member willingness to coordinate re-charge cycles with their electric cooperative in exchange for discounts.

The following sections summarize the results of these questions and provide insight into the features and benefits that will drive members to enroll. We also will explore who the early adopters would likely be and what features seem most compelling to them.

Web Portals for Energy Information

On-line presentation of energy information provides members with actionable information to better manage their energy costs.

With the adoption of automated metering infrastructure (AMI), many cooperatives now have access to detailed load data for their members and for their system. Depending on the AMI technology and communication protocol being used by the cooperative, data can be retrieved by month, week, day, hour or even in real-time.

Cooperatives currently poll AMI meters for billing purposes, 'ping' individual locations to verify the status of an outage, analyze data for power quality issues, and perform engineering simulations to plan maintenance procedures or determine if system upgrades are needed.

While electric cooperatives clearly see the value of AMI data for these operational needs, other entities outside our industry apparently see the value of these data in an entirely different light. Several organizations recognize the presentation of AMI data to consumers is a compelling 'hook' to engage people on their web sites and drive traffic for ad revenue or environmental stewardship.

Many cooperatives also are experiencing the power of presenting these data as a member service tool. Some have developed web portals locally, others rely on their metering vendors and many are looking to their information technology service cooperatives to enhance their web presence.

In order to test member reactions to this new technology, we fielded a series of questions to measure the following issues:

- How much detail in interval data is enough?
- Will cooperatives see significantly greater levels of participation with hourly data?
- What features of web portals are important to members?
- Which members are most likely to use web portals?

Granularity

The AMI equipment in which many cooperatives have invested is capable of providing data at the hourly level or even down to 15 minute intervals. Yet, while the meters are capable of providing very granular data, few of the devices on the market can store more than a few intervals in their internal memory. As a result, a cooperative wishing to present hourly data to their members through a portal may be required to poll their meters several times a day.

Given the 'back-haul' band-width requirements for this frequent polling and the need to store massive quantities of data on their servers, many cooperatives have opted to read their meters no more frequently than once a day. Given the costs associated with more frequent reads, prudence dictates asking whether the added detail is necessary.

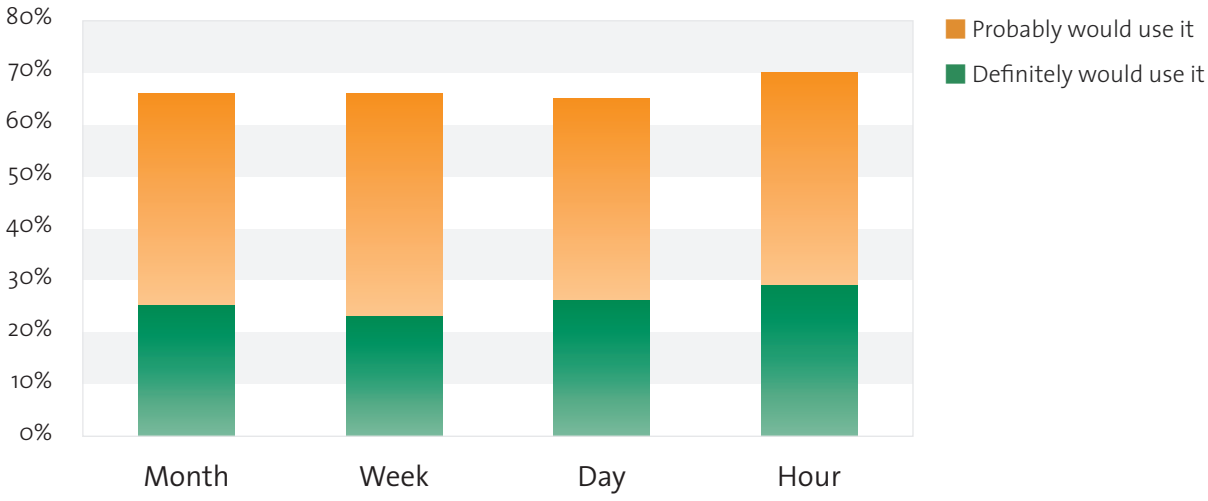
To answer this question, four different versions of the program concept were presented to members. By random chance, the preamble describing the on-line web portal was re-worded by inserting different intervals into the second sentence as such:

> *"Your cooperative is looking for ways to help you manage your electricity costs. Imagine a web site that would show a history of your electricity usage by [INSERT: month OR week OR day OR hour]. The site would also offer tools to help you better understand your electricity usage. How interested would you be in using this type of web site?"*

The following chart shows the percent of members indicating they would either definitely use the site or probably use the site for each version of the question:

Interest in Energy Usage Web Portal

By Usage Interval



The conclusion we draw from the data is that there is a very high level of interest in the general concept of a web portal showing historical energy usage. In fact, the level of interest even approaches or exceeds the level of Internet connectivity. The data also show little difference in the usage levels by version. This implies that very little opportunity will be lost by not having more frequent intervals.

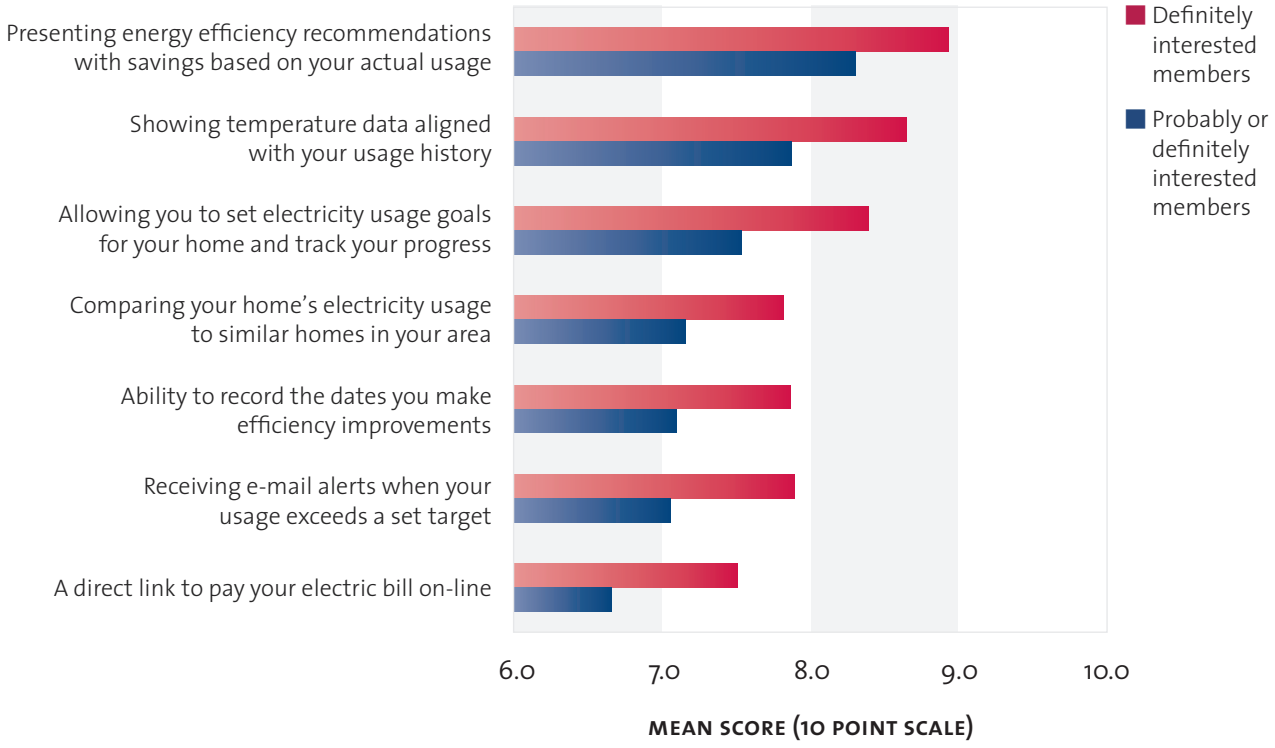
Features

A review of the currently available web-portal products on the market shows a broad range of capabilities. To test the relative interest in these various capabilities, members were asked to rate the level of importance they would place on features ranging from outdoor temperature overlays to comparisons of a member's usage to that of their neighbors.

The following chart shows the relative importance rankings using a scale of one to ten where one means 'not at all important' and ten means 'very important':

Importance of Web Portal Features

By Level of Interest

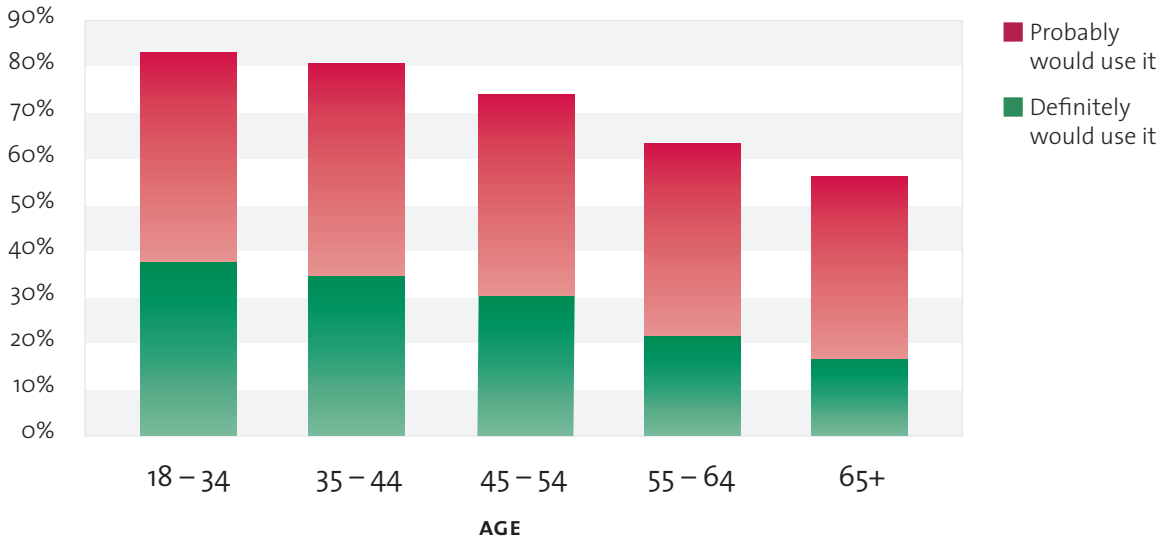


The data show the most desired feature is to have energy efficiency recommendations based on a member's actual usage. Members also were very interested in having temperature data overlays and the ability to customize their portal to set goals and track progress as energy efficiency improvements are implemented. Those definitely interested in the service rated all features more strongly than those expressing interest in general (shown as 'probably or definitely interested').

Who is interested?

As one might expect given their technological savvy, younger members express the greatest interest in the web portal concept. The following charts shows interest levels by age-cohort:

Would You be Interested in Using a Web Portal Showing Your Usage History?



Also, there appears to be a significant relationship between bill size and interest in web portals, implying the greatest traction will be gained among young members with high bills. This combination of age and bill size also goes hand-in-hand with young families.

Alignment between those most likely to take advantage of a web portal and those who understand the least about the value of cooperative membership points to an important strategic opportunity.

Wright-Hennepin Electric Cooperative, who serves the burgeoning suburbs north of Minneapolis and St. Paul, worked with a local firm to develop a web portal to improve engagement with this market segment.

Appendix II contains a case study from Touchstone Energy Cooperative's Best Practices Knowledgebase on Wright-Hennepin EC's implementation effort.

Pre-Pay

Pre-pay programs are proving to dramatically reduce member defaults but also are popular with financially fit members looking for more control of their energy costs.

We are all used to pre-paying for services we use every day. We purchase our gasoline at the pump, we feed the parking meter and we pay for our groceries, all before we drive or park or eat the food on our tables.

AMI has made this concept viable for the electric industry. According to several cooperatives who have embraced pre-pay, it has provided them with an avenue to mitigate some of the most difficult and painful interactions they have with members: arrangements, disconnect for non-pay, and collections.

Given the positive experience many cooperatives offering pre-pay have realized, a service concept testing member interest was fielded in this year's survey.

The following section answers these questions:

- What proportion of existing members are interested in pre-pay?
- What do prospective participants find compelling about pre-pay?
- What household characteristics are predictive of program participation?

We also review the results of a market survey conducted among existing pre-pay participants to see how members who have experience with the program view the offering. The survey, conducted for Brunswick EMC in North Carolina, sought the opinion of 600 existing pre-pay participants in the second quarter of 2010.

Brunswick EMC is a pioneer in the area of pre-pay, installing the first generation of 'smart-stats' over a decade ago. Brunswick EMC now has over 6,600 members enrolled in its pre-pay program, representing over 7.5% of its total membership.

For a detailed review of Brunswick EMC's program, please refer to the case study in Appendix III of this report from Touchstone Energy's Best Practices Knowledgebase.

Overall Interest

We began the exploration of pre-pay by simply describing the service and asking members whether they would be interested in participating.

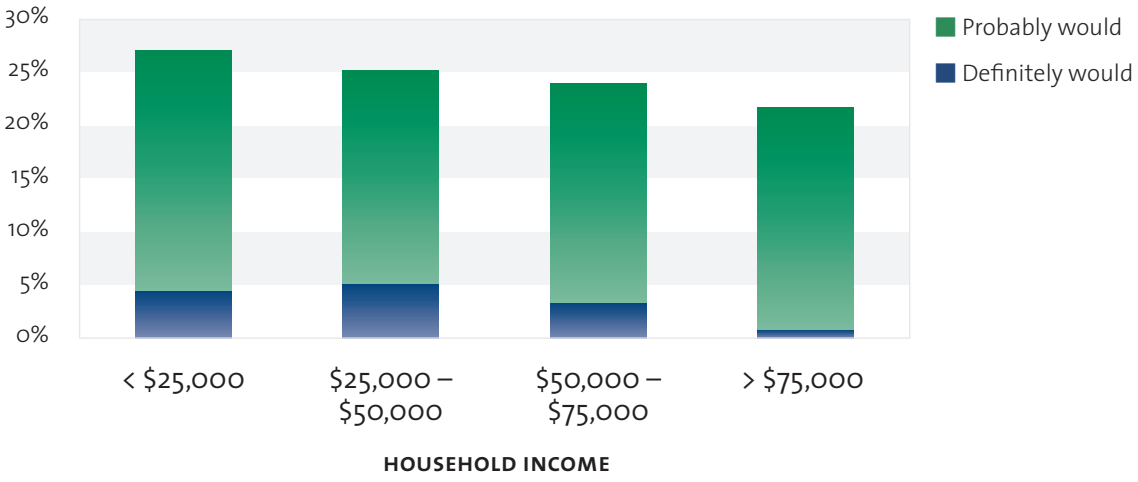
> *"Consider a program where you could pay for your electricity ahead of time, much like a pre-paid calling card for long distance phone service. The program would allow you to buy as much electricity as you want in advance and you would be notified when you need to buy more. How likely would you be to sign up?"*

Overall interest in the pre-pay concept is significantly lower than in the web portal concept we just discussed. Only three percent of members said they would definitely enroll in the program while approximately one-in-five said they would probably participate.

As one might expect, overall interest in the pre-pay program appears to be correlated to income, with those of more modest means expressing the greatest likelihood of enrolling.

Interest in Pre-Pay

By Household Income

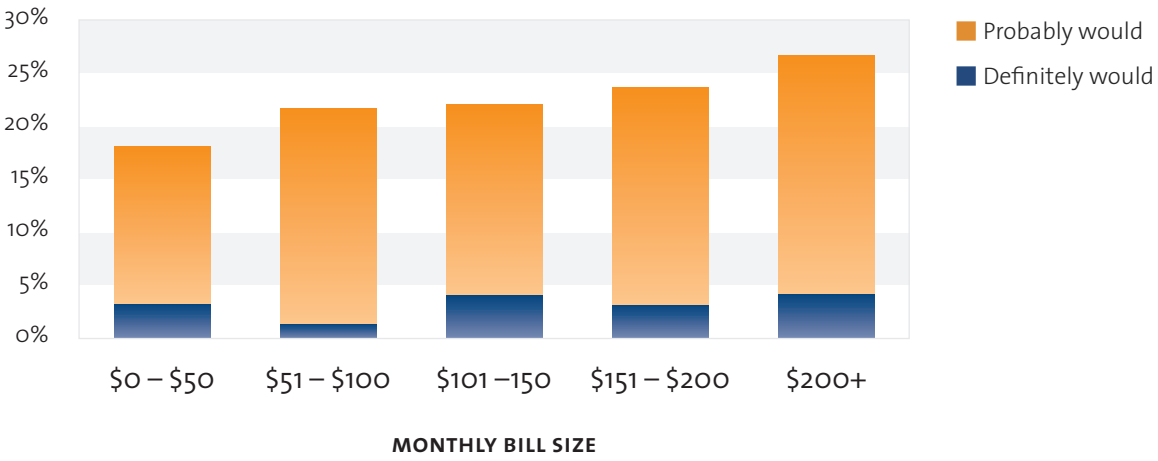


However, the data show members in higher income categories are also interested. While lower income members may be most likely to participate, many making higher incomes may also enroll.

In fact, interest in prepay cuts across income categories when bill size is taken into consideration. The following chart shows interest levels by the size of the monthly electric bill.

Interest in Pre-Pay

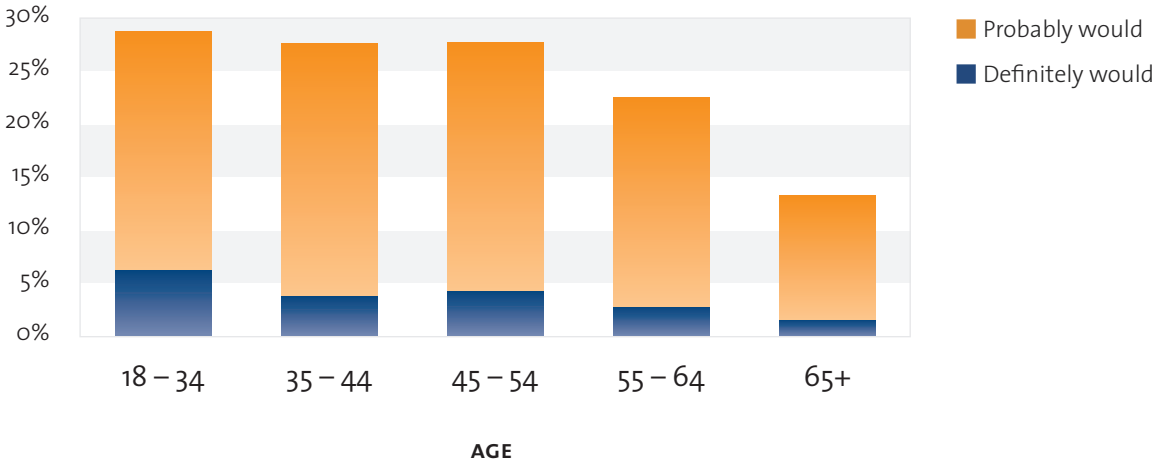
By Monthly Bill Size



Another relationship between stated interest and demographic characteristics emerges when we compare interest level to age:

Would You Enroll in Pre-Pay?

By Age



So, the combination of young members with low income and high bills presents a market segment with the greatest opportunity to engage members in the pre-pay concept.

Other demographic characteristics are also predictive of interest including:

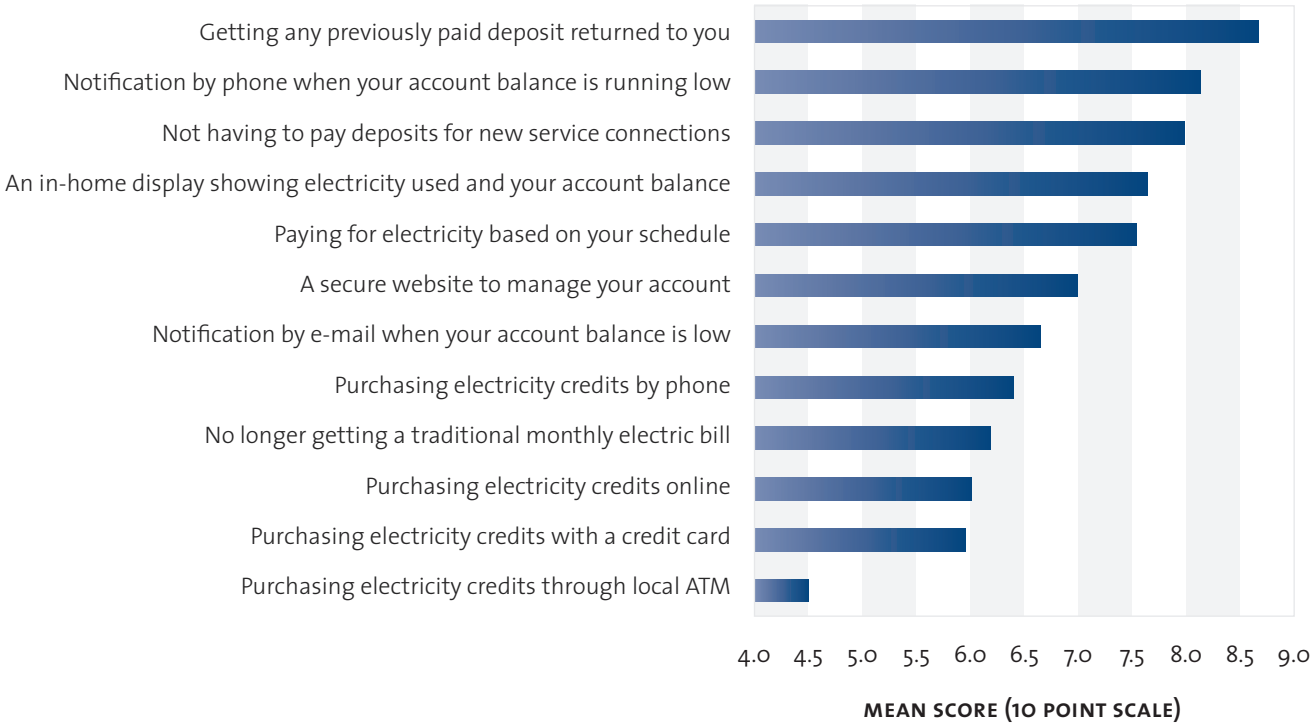
- Renters
- Those more likely to live in a manufactured home
- Members with short tenure with the cooperative

Features

We were also interested in how members view the potential benefits of a pre-pay offer. We presented a range of value propositions and asked them to rate how important those benefits were to them.

The following chart shows the relative importance rankings using a scale of one to ten where one means 'not at all important' and ten means 'very important':

Importance of Pre-Pay Features



Not surprisingly, the most desired feature for prospective participants is getting back a service deposit, or being able to forego a deposit for new accounts.

Of the notification methods tested, a simple phone call won out over email notification. Rounding out the top five benefits, paying for electricity on your schedule and an in-home display showing electricity used and the account balance were also rated favorably.

Reviewing the payment methods tested, purchasing by phone marginally outpaced purchasing credits on-line or with a credit card. There did not seem to be much interest in purchasing credits through a local ATM.

How Do Current Participants View Pre-Pay?

In the second quarter of 2010, Brunswick EMC asked a large random sample (n=600) of its current participants what they liked best about the program and what they liked least. Their open ended responses were recorded word-for-word and then categorized into common themes. The following summarizes their findings:

In contrast to the attribute ratings given by prospective members shown in the previous section, those who are already enrolled in the program are most likely to report the key benefit for them is how pre-pay lets them know what they are using and helps them better manage their costs.

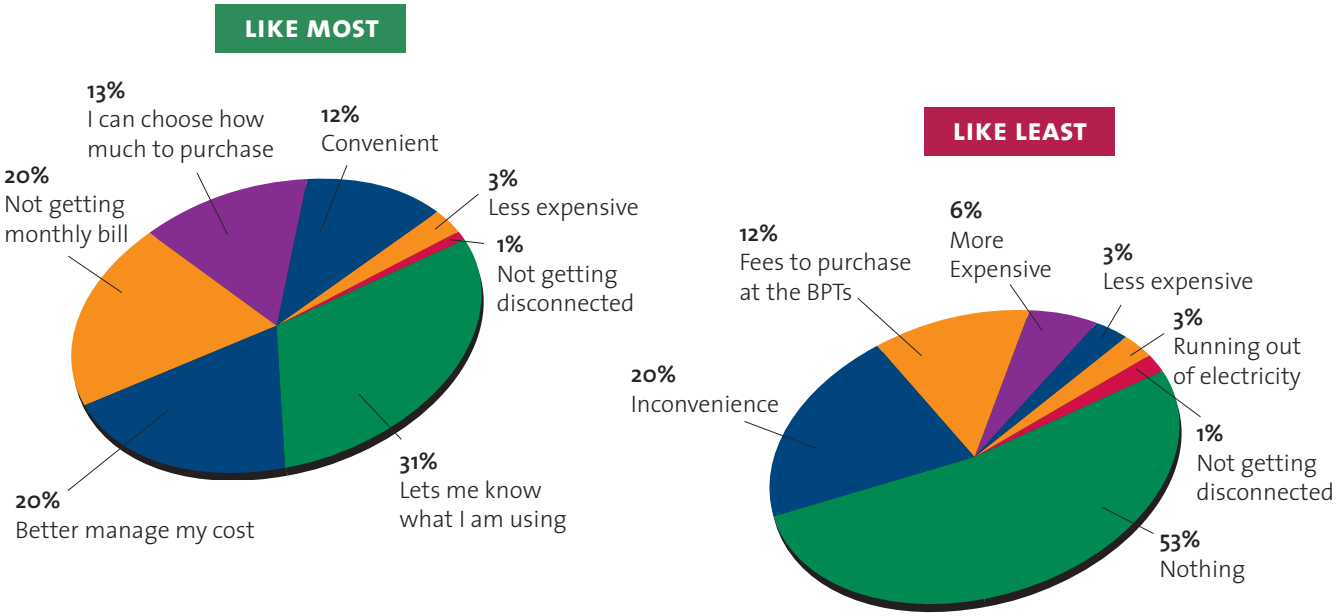
One-in-five also like not getting a monthly bill and one-in-eight like being able to choose how much to purchase. Only one percent report not getting disconnected as an important benefit. Brunswick EMC also asked existing participants what they like least about the pre-pay program. The chart below shows over half could not come up with a criticism.

Still, one-in-five members felt the program was inconvenient (cash payments are done through kiosks or at the office in Brunswick's program) and one-in-eight were unhappy with the $3 transaction fee at the bill payment terminal (BPT). Despite this fee, only one in sixteen felt they were paying more for electricity.

As a result of this feedback, Brunswick EMC has since eliminated the transaction fee and has seen complaints about the program evaporate. Even before this change, over 90% of members reported they were satisfied with the program.

The chart below indicates that over half of members participating in the Brunswick EMC program found nothing to dislike about the program.

Member Opinions About Brunswick EMC Pre-Paid Electric Program



So, while returning or forgoing deposits may be the most compelling 'hook' to enroll members in pre-pay, once enrolled, the control the program affords is what members seem to like best.

While pre-pay may help those in financial distress, cooperatives report a surprisingly large number of members are enrolling in pre-pay who seem to have no problems paying their bill.

Electric Vehicles

Many members are receptive to EVs and have compatible commuting distances. Most will allow cooperatives to manage re-charge cycles in exchange for modest discounts.

A number of automobile manufacturers have introduced a new generation of electric vehicles that could have a dramatic impact on electric cooperatives in the future. Cooperatives are in a unique position to leverage AMI technology to promote EVs while they ensure the overall cooperative membership is not harmed by their proliferation.

The Chevrolet Volt, Ford Focus, Nissan LEAF and Mitsubishi i-MiEV promise fuel costs comparable to getting 100 miles out of a gallon of gasoline with performance that can match or even exceed conventional vehicles.

With ranges as high as 100 miles on a single charge, these vehicles may also overcome a significant hurdle to adoption in rural America where one might expect driving distances to be considerably longer than those in urban settings.

These new vehicles may have also resolved another potential market barrier by achieving recharge cycles as short as three to four hours on a 220 Volt circuit. Yet, the implication of these short recharge cycles on electric cooperatives could be dramatic as more and more members come home from work and plug-in. With home recharge stations available from the manufactures that approach 6 kW in capacity, cooperatives could see the electric loads in homes adopting EVs double during the evening peak.

Given the potential for widespread adoption of EV's and the implications for electric cooperatives, we explored the following:

- Overall interest in the concept of an electric vehicle
- What about the technology is most compelling to members
- What members find troublesome about the technology
- How far members would need to drive between re-charge cycles
- Interest in the cooperative managing re-charge cycles in exchange for discounts
- Impact of varied discount levels on participation in re-charge programs

The following section summarizes our findings:

Electric Vehicles

Overall Interest

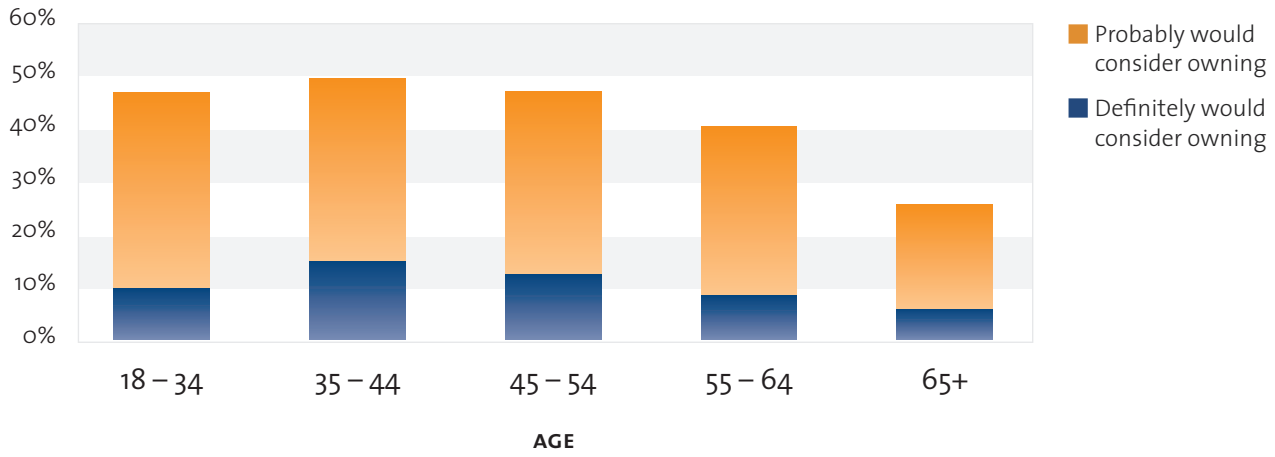
We began the exploration of electric vehicles by describing the technology and asking members whether they had an interest in owning an EV.

> *"A number of automakers are in the process of introducing electric vehicles. Instead of a conventional engine that runs on gasoline, these cars operate on a large battery that is recharged with electricity at home or work. These vehicles are capable of going a long way between charges and the cost of owning one could be comparable to or less than a conventional vehicle. How likely are you to consider owning an electric vehicle?"*

Overall interest in electric vehicles is surprisingly strong, given the newness of the technology and the dramatic departure they represent from conventional vehicles.

Would You Consider Owning an EV?

By Age



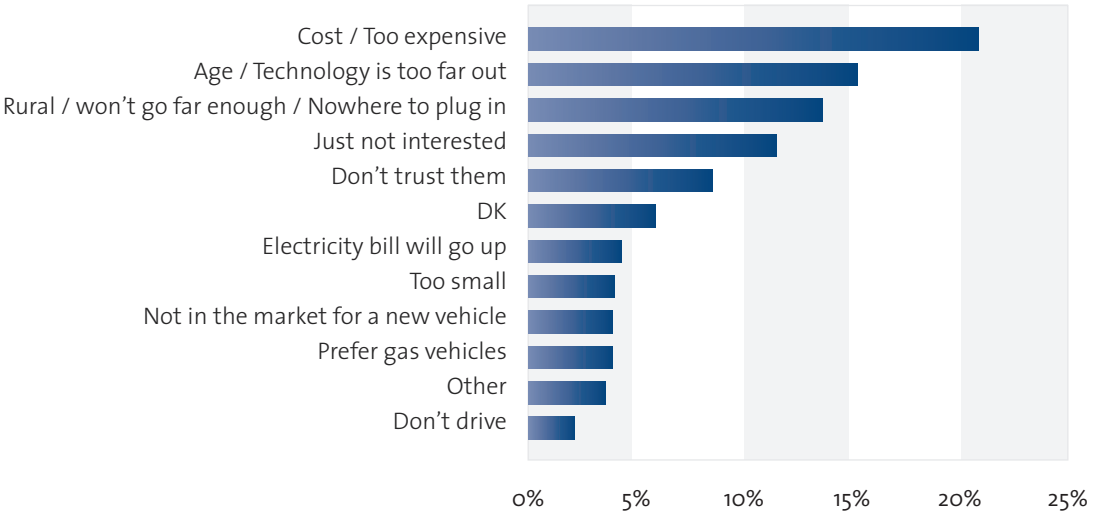
On an overall basis, one-in-ten cooperative members would definitely consider owning an EV while two-in-five are receptive to the idea. Members between the ages of 35 and 54 show the strongest interest while members over 65 do not appear to be a strong market for EVs.

These results compare favorably with data presented by EV World at the 2011 NET Conference. Bill Moore, founder and editor in chief of EV World cited Pike Research data that revealed 44% of consumers would either 'definitely' or 'probably' consider owning an electric vehicle. Moore also cited Consumers Reports who found 39% of consumers are considering a hybrid or an electric vehicle.

For those members not interested in owning an EV, we asked why and recorded their responses word-for-word. We then categorized the common themes. The following themes were most often expressed:

Why Aren't You Interested in an Electric Vehicle?

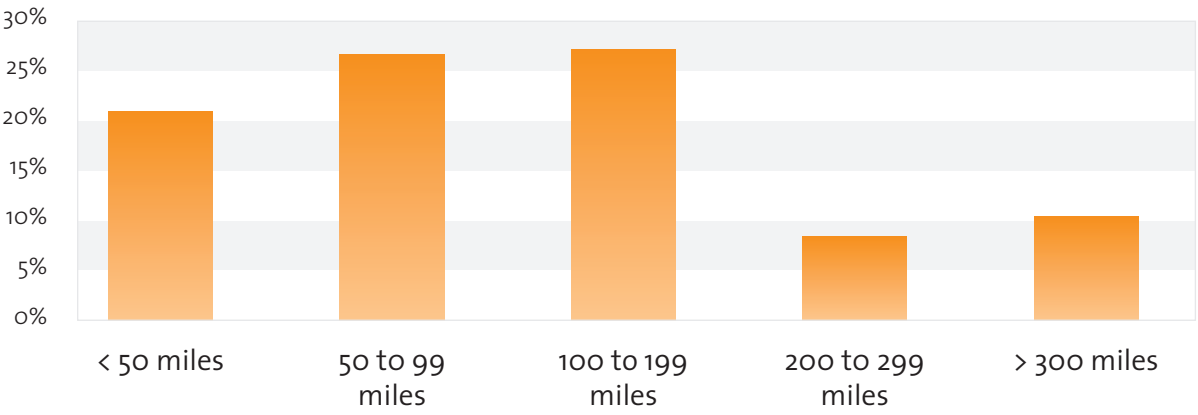
Asked of the 60% not inclined to own one



Of the members who are not interested in owning an EV, the most frequently mentioned reason is the perception of cost. A significant number also cited the newness of the technology and nearly one-in-seven felt they either had too far to drive or questioned whether there would be anywhere for them to re-charge their battery.

When asked how far members would need to be able to drive their EV between charges, a surprising proportion of our membership responded with driving distances that are within the range claimed by several EV manufacturers:

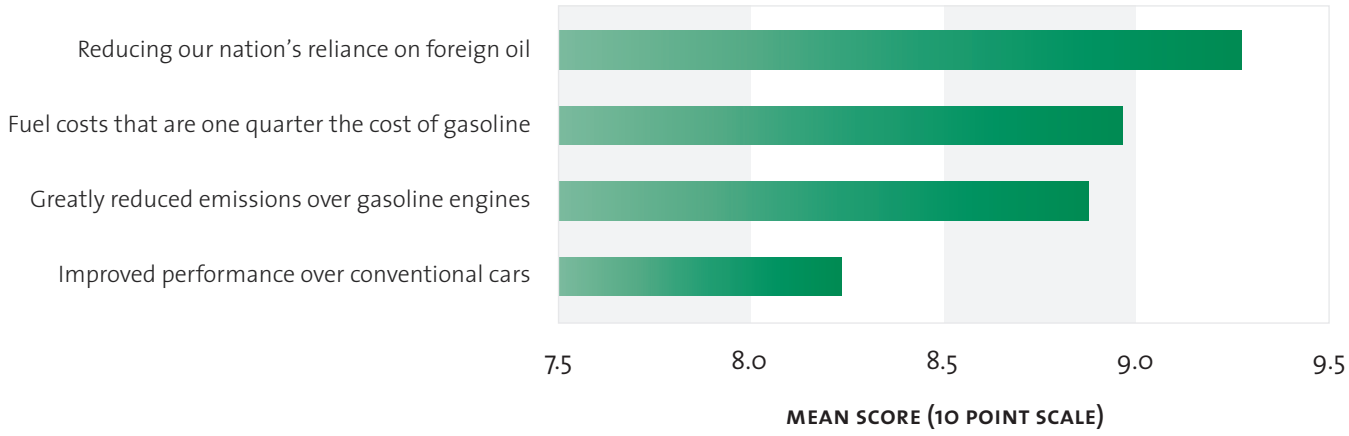
How Far Would You Need to Go Between Charges?



The data show only one-in-five members would need to drive further than 200 miles between charge cycles and nearly half would need to go less than 100 miles, which is well within the range of several EVs on the market today.

We were also interested in what was most compelling to members about the new technology. We presented a range of benefits promised by the automotive industry and asked members expressing interest in EV's to tell us how important each benefit was to them:

Electric Vehicles: How Important are the Following Features?



The data show a very strong positive reaction to the notion that EVs will help us reduce our nation's reliance on foreign oil. Members are also compelled by the comparative fuel efficiency and the promise that EV's will reduce overall emissions over conventional gasoline engines. Members also appear to value the performance promised by EV manufactures but not at the levels expressed for the other attributes.

Having established overall interest in EVs and the perceived benefits and drawbacks, we turn now to whether members would be interested in allowing their cooperative to manage their EV's charge cycles in exchange for a discount on the electricity used for charging.

As in the initial question for web portals, we modified each interview at random to test the comparative interest in program participation with varied discount levels. Over the course of the total survey project, this allowed us to explore the 'lift' associated with ever larger discounts.

Electric Vehicle Charging Station

The following preamble was presented to members who expressed potential interest in owning an EV:

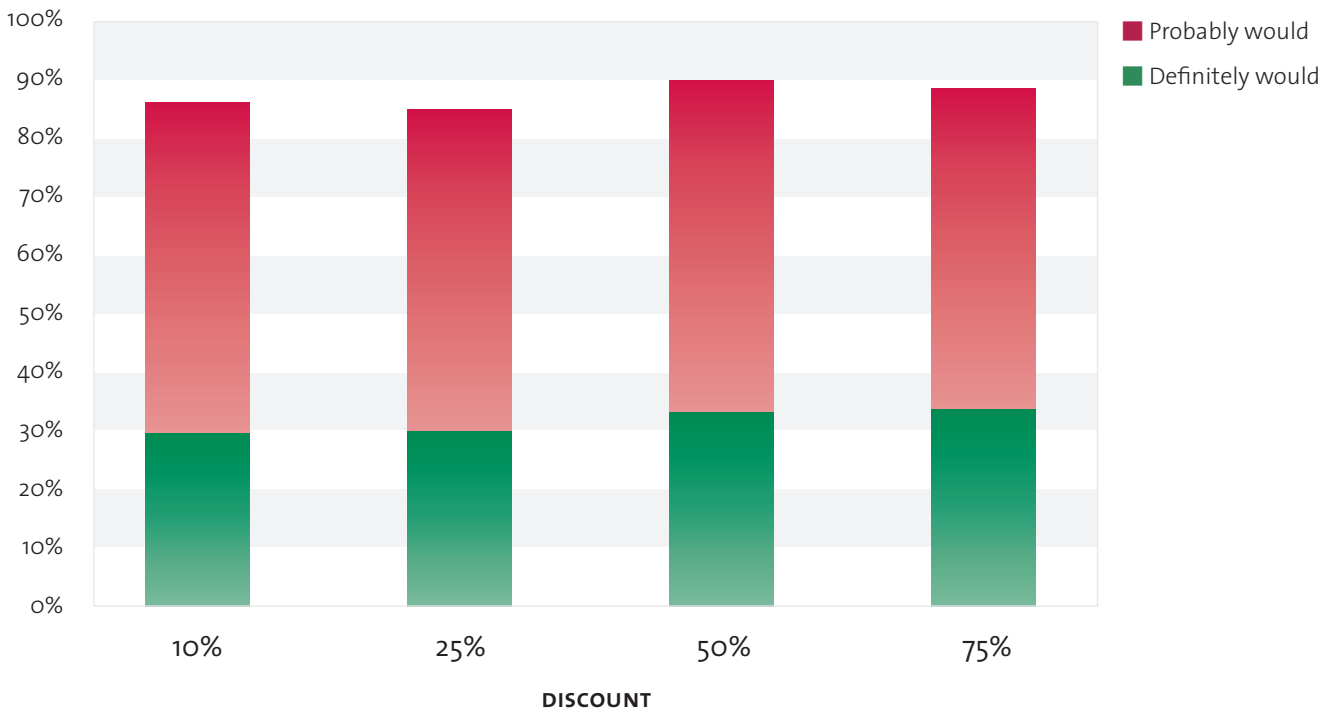
> *"Suppose your cooperative offered you a [INSERT 10%, OR 25%, OR 50%, OR 75%] discount for the electricity used to recharge the car in exchange for allowing them to manage the hours the car would be recharged. How likely would you be to participate in such a program?"*

The following chart shows overwhelming acceptance of allowing the cooperative to manage re-charge cycles in exchange for discounts.

Nearly one-third of members expressed they would 'definitely' participate in a charging cycle discount program and nearly nine out of ten were favorably inclined. In fact, very little difference is seen between the 10%, 20%, 50% or even 75% discount levels, implying that it is the concept of the discount itself that is compelling, not the size of the discount per se.

This conclusion should be heartening for cooperatives concerned about the potentially negative effect EVs may have on their system operations or wholesale power costs. It appears from the data that programs designed to manage re-charge cycles will meet broad acceptance, allowing the cooperative to gain a significant new revenue stream while mitigating risk to the rest of the membership.

Willingness to Let Cooperative Manage E-Vehicle Recharge Cycle in Exchange for Discounts



Who are Our Residential Members?

Older, moderate income households living in older homes and paying modest monthly electric bills represent the core population of electric cooperatives.

The following provides some insight into the characteristics of member households participating in the 2010 Cooperative Difference Survey:

- **The average monthly electric bill falls between $100 and $250.**
- **Over one out of ten members stated their monthly bill exceeds $250.**
- **Nearly one out of ten members did not know their average monthly bill size.**
- **Three-quarters of members reside in single family homes.**
  - One out of seven members lived in a manufactured, modular or mobile home.
  - Less than five percent lived in an apartment/condo/townhome.
- **Nine out of ten own their home, while only one out of ten rent.**
- **The majority of households do not have any children under 18 years old living at home. Less than three out of ten households had children under 18 living at home.**
  - Households with children have larger electric bills than those without.
    - One-half of households with monthly electric bills greater than $250 contained children under 18 years old.
    - Eight out of ten households with children under 18 living at home experienced monthly electric bills in excess of $100.
- **Over four out of ten respondents stated they had been a member of their electric cooperative for more than 20 years.**
  - About one out of five members had been with the cooperative for less than five years.
- **Over one-half of electric cooperative members indicated their home was at least 20 years old.**
  - About one out of twelve homes were identified as "new" (less than 5 years).
- **Seventeen percent of members stated they had attended their co-op's annual meeting during the past five years.**
  - Senior members (65+) were over three times as likely as those from the youngest member group (18–34) to attend the annual meeting (26% vs. 8%).
- **Over one-third of all members visited the cooperative's office during the past year.**
  - Over four out of ten young members (18–34) had visited the co-op office.
  - Office visitation is also influenced by member income.
    - Nearly twice as many members earning less than $25k visited the co-op office as compared to those earning $150k+.

- **One-half of members reported household incomes below $50k with one out of five earning less than $25k.**
  - Senior members represent over forty percent of those earning below $25k.
  - Nearly one-third of all senior members report incomes under $25k.
  - Low income households (< $25k) are four times more prevalent than high income households ($150k+).
- **Members earning over $100k are predominantly middle-aged households (35–64) in their peak earning years.**
  - Both the youngest member category (18–34) and senior members (65+) are significantly underrepresented in this income group.

Slightly more females participated in the National Survey on the Cooperative Difference than males (52% vs. 48%). These statistics are nearly identical to the population percentages by gender for the United States. As stated earlier, females provide significantly higher overall satisfaction ratings and performance scores for the cooperative than their male counterparts.

Persistent economic struggles facing America and the challenging demographic profiles of our cooperative membership have implications for cooperative communication efforts. Senior members on fixed incomes wrestle with paying their monthly electric bills while living in older, less energy efficient homes.

Great opportunities exist to communicate and educate the senior membership on simple yet effective steps they can implement to save money in their homes. Past experience has also shown engaged seniors are receptive to grassroots legislative appeals to support cooperative initiatives such as **Our Energy, Our Future**.

Many young members are also impacted by the current economic reality. Members with children are especially challenged with living within a budget. This group is also less knowledgeable about the 'cooperative difference' and programs offered by the cooperative.

Given this younger audience is more likely to absorb on-line communications through email, websites, banner-advertising and social networking sites, cooperatives should leverage these outlets to reach them. Messages targeted at building awareness of the cooperative, energy efficiency and special offers through the **Co-op Connections Card** program will resonate with this segment.

Conclusions & Recommendations

Conclusions

Touchstone Energy cooperatives participating in this annual study continue to provide a superior level of service to their membership. Collectively, cooperatives significantly outperform the utility industry average and compare favorably to the best investor owned utilities in the country as measured by the **American Customer Satisfaction Index** (ACSI).

Pocket book issues continue to affect member perceptions. Concerns about energy costs have increased the importance members place on energy cost containment and the value they receive for their electricity purchases. Future increases in ACSI scores will likely be influenced by how well members understand our goal to provide electricity at the lowest possible costs and what the cooperative is doing to mitigate future cost increases.

Value as defined in the members' own voice goes well beyond price. Members balance price against quality of service, effective problem resolution, the cooperative's reputation, comparison to other suppliers, fairness and local presence.

Consistently high performance on core competencies such as providing reliable service, power restoration and handling member problems has become the hallmark of Touchstone Energy cooperatives. Cooperatives have earned the opportunity to engage their members in a proactive and higher level dialog about the 'Cooperative Difference.' This communication drives members to become more engaged and satisfied with their cooperative.

Building the value of membership continues to pay dividends. A respondent indicating their relationship with the cooperative is more than 'just a customer' provides significantly higher performance ratings on a myriad of satisfaction and performance indicators.

Members continue to support a balanced approach to meeting future energy demands. Support of these ideals provides cooperatives with a fertile ground for cultivating member support and participation in grassroots lobbying efforts.

Members continue to show interest in energy saving activities and believe they can do more. While they appreciate they share responsibility along with their cooperative to manage their energy costs, they give their cooperative relatively weak scores on helping them manage their energy costs and inspiring them to take action.

'Smart grid' investments have introduced a new generation of potential services for cooperative members. There is broad interest in web portals and electric vehicle charging programs. Pre-pay programs may generate strong interest in niche markets. While many members will enroll in pre-pay programs to forego deposits, once enrolled, they will likely recognize that its chief value is how it helps them better manage their energy costs.

Web portals showing historical energy usage need not be overly detailed to gain acceptance. High levels of interest is shown for calibrating on-line energy audit tools with an individual's usage profile and providing overlays of weather data.

Electric vehicles appear well positioned for our markets. Commuting distances are well within the range of many currently available models and members appear to value the benefits promised by the technology. Members are also highly receptive to allowing their cooperative to manage recharge cycles in exchange for modest discounts.

Recommendations

Members from all market segments continue to feel the lingering effects of the 'great recession.' Members face rising household expenses and stagnant incomes which result in greater financial insecurity.

Difficult times require strong leadership. Rural electric cooperatives need to use their role as a reliable service provider and trusted ally to help move local communities through these difficult times. Living the words **'Looking Out For You'** has never been more important, especially in the face of continued legislative, economic and cost uncertainty.

The following recommendations support key outcomes from this year's study:

- **Develop and actively promote proactive energy efficiency initiatives** such as **TogetherWeSave.com** and the Touchstone Energy Home program.
- **Continue to highlight simple solutions for saving energy** with special emphasis on no cost/low cost efficiency initiatives.
- **Communicate with the membership** ahead of retail rate adjustments and stress your goal to provide low cost electricity and what you are doing to mitigate rate impacts.
- **Enhance member value in difficult economic times** by implementing and expanding programs such as the **Co-op Connections Card** to maximize member savings.
- **Examine how** web portals showing historical energy use, pre-pay electric service and electric vehicle charging programs can help your members.
- **Continue the dialogue with members** concerning the issues and challenges that lie ahead for electric cooperatives and the electric industry. Employ the resources of **Our Energy, Our Future** to maximize grassroots efforts, especially for our senior members.
- **Communicate efforts at cost containment** by speaking specifically to actions your cooperative has taken to minimize rising energy costs and reiterate our goal to provide energy at the lowest possible cost.
- **Build awareness of on-line communications resources** through the cooperative's website. Enhance local on-line presence with valuable content such as **TogetherWeSave.com**, on-line bill payment, and usage history information.
- **Examine Social Networking Opportunities** such as Facebook and Twitter to engage younger members in an active dialogue with the cooperative. Use these communications channels to update members on power restoration efforts and discounts available through **Co-op Connections Card**.
- **Integrate strategic communication efforts** with national and regional efforts to fully leverage the cumulative impact of a coordinated and consistent campaign.

Appendix I
2010 Residential Survey Instrument

Introduction

Hello, may I please speak with [INSERT MEMBER NAME]?

IF THE MEMBER IS NOT AVAILABLE BUT THIS IS THE CORRECT HOUSEHOLD AND ADULT IS ON THE PHONE, CONTINUE

Hello, my name is [INSERT NAME] with [CALL CENTER]. I am calling on behalf of [INSERT CO-OP], your electricity provider. We are conducting a survey of [INSERT CO-OP] members and would like to include the opinions of someone in this household.

IF NEEDED ADD: We are not selling anything. This is public opinion research. This call may be monitored for quality assurance purposes.

HH1 Are you the adult in this household who is primarily responsible or shares responsibility for paying the electricity bill?

1. Yes/I am or share responsibility
2. No (*respondent available)* [*RESTART AT INTRO*]
3. No (*respondent not available)* [*ARRANGE CALLBACK*]
4. No (*refused)* [*TERMINATE – CODE AS REFUSAL*]
5. No longer a member of this cooperative [*TERMINATE*]

HH2 To make sure we speak to a representative group of people, which of the following categories includes your age...

1. 18 to 34 years old
2. 35 to 44 years old
3. 45 to 54 years old
4. 55 to 64 years old
5. 65 or older
6. ***DO NOT READ*** (*Refused)* [*TERMINATE*]

[*CHECK AGE QUOTAS BY COOPERATIVE AND TERMINATE IF QUOTA GROUP IS FULL*]

HH3 Do you view yourself as a member, an owner or a customer of your electric cooperative?

DO NOT READ LIST.
[*CHECK ALL THAT APPLY*]
[*ALLOW MULTIPLE RESPONSES*]

1. Member
2. Owner
3. Customer
4. DK / REF

Q1 Please consider all your experiences to date with [INSERT CO-OP]. Using a 10-point scale on which "1" means "very dissatisfied" and "10" means "very satisfied," how satisfied are you with [INSERT CO-OP]?

[SCALE RANGE: 1 – 10 | 11 = Don't Know | 12 = Refused]

Q2 To what extent has [INSERT CO-OP] fallen short of your expectations or exceeded your expectations? Using a 10-point scale on which "1" now means "falls short of your expectations" and "10" means "exceeds your expectations," to what extent has [INSERT CO-OP] fallen short of or exceeded your expectations?

[SCALE RANGE: 1 – 10 | 11 = Don't Know | 12 = Refused]

Q3 Forget [INSERT CO-OP] for a moment. Now, I want you to imagine an ideal utility company. *(PAUSE)* How well do you think [INSERT CO-OP] compares with that ideal utility company? Please use a 10-point scale on which "1" means "not very close to the ideal," and "10" means "very close to the ideal."

[SCALE RANGE: 1 – 10 | 11 = Don't Know | 12 = Refused]

Q4 For the next question, assume, for the moment, that you could choose from among more than one utility company. The next time you are going to choose a utility company, how likely is it that it will be [INSERT CO-OP] again? Using a 10-point scale on which "1" means "very unlikely" and "10" means "very likely," how likely is it that it will be [INSERT CO-OP] again?

[SCALE RANGE: 1 – 10 | 11 = Don't Know | 12 = Refused]

Q5 Now assume you have a friend or family member who is moving to your area and they could choose electric providers, how likely is it that you would recommend [INSERT CO-OP] to them? Using a 10-point scale on which "1" means "very unlikely" and "10" means "very likely," how likely is it that you would recommend [INSERT CO-OP]?

[SCALE RANGE: 1 – 10 | 11 = Don't Know | 12 = Refused]

Q6A Please rate your level of agreement with the following statements concerning your electric cooperative. Using a scale from 1 to 10 where 1 means "disagree strongly" and 10 means "agree strongly"...

[SCALE RANGE: 1 – 10 | 11 = Don't Know | 12 = Refused]

How much do you agree that [INSERT CO-OP] ...

[*INSERT ATTRIBUTE*]

[*RANDOMIZE ATTRIBUTES*]

1. Provides reliable service
2. Handles complaints and problems promptly
3. Has a goal to provide energy at the lowest possible cost
4. Communicates with you about rising energy costs
5. Gives money back to you when revenues exceed costs
6. Restores power quickly following an outage
7. Keeps you informed when they are doing work in your area
8. Is doing more to control rising prices than other companies you use

Q6B Again, using that same 10 point scale where 1 means "disagree strongly" and 10 means "agree strongly"...

[SCALE RANGE: 1 – 10 | 11 = Don't Know | 12 = Refused]

How much do you agree that [INSERT CO-OP] ...

[*RANDOMIZE ATTRIBUTES*]

1. Provides a good value for the money you spend
2. Always treats you fairly
3. Is a name you can always trust
4. Looks out for your best interests
5. Always delivers on what they promise
6. Helps you learn to manage your energy use
7. Is committed to using renewable energy resources such as wind or solar

Q6c [If Q6B.1 < 7 (1–6)] You indicated that [INSERT CO-OP] does not provide a good value for the money you spend. Why do you say that? [*RECORD VERBATIM*]

Q6d [If Q6B.1 ≥ 7 (7, 8, 9, 10)] You indicated that [INSERT CO-OP] provides a good value for the money you spend. Why do you say that? [*RECORD VERBATIM*]

Q7 Now I'm going to read you a list of statements concerning your usage of electricity. Using a scale from 1 to 10 where 1 means "disagree strongly" and 10 means "agree strongly."

How much do you agree that...

[*RANDOMIZE ATTRIBUTES*]

[SCALE RANGE: 1 – 10 | 11 = Don't Know | 12 = Refused]

1. There are things I could do to use electricity more efficiently
2. I have a responsibility along with my electric provider to control energy costs
3. [INSERT CO-OP] inspires me use electricity more efficiently
4. [INSERT CO-OP] should take a balanced approach to meeting your electricity needs through a mix of energy efficiency, renewable energy and traditional power sources
5. [INSERT CO-OP] has a responsibility to use renewable energy resources that benefit the environment
6. Our nation should invest in systems to reduce the impact on our environment, even if it means paying more for electricity

Q8 During the past year, have you taken steps to reduce your home's electricity usage?

DO NOT READ LIST

1. Yes
2. No [*SKIP TO B1*]
3. DK/NA [*SKIP TO B1*]

Q9 [If Q8 = Yes] Do you feel the steps you have taken have reduced your electricity consumption?

DO NOT READ LIST

1. Yes
2. No
3. DK/NA

Q10 [If Q9 = Yes] Based on the steps you've taken to reduce your electricity usage, how much do you estimate you have reduced your electric bill?

IF NECESSARY ***READ LIST***

1. 1 – 5%
2. 6 – 10%
3. 11 – 20%
4. More than 20%
5. ***DO NOT READ*** None
6. ***DO NOT READ*** Don't Know

Q11 [If Q8 = Yes] Using a scale of 1 to 10, where 1 means "not influential at all" and 10 means "very influential," how influential would you say [INSERT CO-OP] has been in getting you to reduce your electricity use?

[SCALE RANGE: 1 – 10 | 11 = Don't Know | 12 = Refused]

Computer / Internet Related Questions

B1 Does your family own a personal computer?

DO NOT READ LIST

1. Yes
2. No [*SKIP TO CONCEPT SECTION*]
3. DK/NA [*SKIP TO CONCEPT SECTION*]

B2 Do you regularly access the Internet from any of the following places?

READ LIST

1. Your home
2. Place of employment
3. School
4. Public library
5. Internet café or other WiFi location
6. ***DO NOT READ*** Other
7. ***DO NOT READ*** Do not access the Internet [*SKIP TO CONCEPT SECTION*]

B3 [If B2 = 1 (home)] What type of Internet connection do you use at home?

IF NECESSARY ***READ LIST***

1. Dialup
2. Broadband cable
3. DSL
4. Satellite
5. Wireless
6. Other _____
7. Don't know
8. [*REFUSED*]

B4 Do you participate in online social networking like Facebook, MySpace or others?

DO NOT READ LIST

1. Yes
2. No [*SKIP TO B6*]
3. DK [*SKIP TO B6*]

B5 Do you think social networking sites are an appropriate way for businesses to communicate to their customers?

DO NOT READ LIST

1. Yes
2. No
3. DK

B6 During the past year, approximately how many times have you visited [INSERT CO-OP]'s website?

DO NOT READ LIST

1. None
2. 1 – 2 times
3. 3 – 5 times
4. 6 – 10 times
5. More than 10 times
6. DK

*[**PRESENT ONLY ONE CONCEPT PER MEMBER. ROTATE CONCEPTS.** DO NOT ALLOW CONCEPT 1 (4 VERSIONS) TO BE SELECTED UNLESS B1 = 1 (OWN A PERSONAL COMPUTER)]*

There are a total of 9 concepts: Concept 1 = 4; Concept 2 = 1; Concept 3 = 4, for a total of 9 concepts. Use random assignment and least fill method to assign concepts by age group to ensure as much age balance as possible across the 9 concepts.

Concept 1

Web-Portals For Electric Information

C1 Your cooperative is looking for ways to help you manage your electricity costs. Imagine a web site that would show a history of your electricity usage by [***INSERT:*** *(MONTH)* ***OR*** *(WEEK)* ***OR*** *(DAY)* ***OR*** *(HOUR)*] [***ROTATE VERSIONS***]. The site would also offer tools to help you better understand your electricity usage.

How interested would you be in using this type of web site?

READ LIST

4. Definitely would use it
3. Probably would use it
2. Probably would not use it
1. Definitely would not use it
5. (*DNR*) DK / NA / REF

C1A [If C1 = 2 or 1] Why would you not be interested in using this type of web site?

C2 [If C1 = 3 or 4] How important would it be for this web site to have the following tools? Using a 10 point scale where 1 means "not at all important" and 10 means "very important," how important is:

[*RANDOMIZE FEATURES*]

[SCALE RANGE: 1 – 10 | 11 = Don't Know | 12 = Refused]

1. Comparing your home's electricity usage to similar homes in your area
2. Allowing you to set electricity usage goals for your home and track your progress
3. Receiving e-mail alerts when your usage exceeds a set target
4. Ability to record the dates you make efficiency improvements
5. Presenting energy efficiency recommendations with savings based on your actual usage
6. Showing temperature data aligned with your usage history
7. A direct link to pay your electric bill on-line

Concept 2

Pre-Pay

C3 Consider a program where you could pay for your electricity ahead of time, much like a pre-paid calling card for long distance phone service. The program would allow you to buy as much electricity as you want in advance and you would be notified when you need to buy more. How likely would you be to sign up? Would you:

4. Definitely sign up
3. Probably sign up
2. Probably not sign up
1. Definitely not sign up
5. (*DNR*) DK/NA/REF

C3A [If C3 = 2 or 1] Why would you not be interested in signing up for this type of pre-paid electric service?

C4 [If C3 = 3 or 4] Next I'm going to read you some features of the Pre-Paid Service program. Please rate each feature of the service using a 10 point scale where 1 means "not at all important" and 10 means "very important."

How important is...

[*RANDOMIZE FEATURES*]

[SCALE RANGE: 1 – 10 | 11 = Don't Know | 12 = Refused]

1. Not having to pay deposits for new service connections
2. No longer getting a traditional monthly electric bill
3. Purchasing electricity credits through local ATM machines
4. An in-home display showing electricity used and your account balance
5. A secure website to manage your account
6. Paying for electricity based on your schedule
7. Notification by email when your account balance is low
8. Notification by phone when your account balance is low
9. Getting any previously paid service deposit returned to you
10. Purchasing electricity credits with a credit card
11. Purchasing electricity credits by phone
12. Purchasing electricity credits online

Concept 3

Electric Vehicle

C5 A number of automakers are in the process of introducing electric vehicles. Instead of a conventional engine that runs on gasoline, these cars operate on a large battery that is recharged with electricity at home or work. These vehicles are capable of going a long way between charges and the cost of owning one could be comparable to or less than a conventional vehicle.

How likely are you to consider owning an electric vehicle? Would you say you...

4. Definitely would consider owning one
3. Probably would consider it
2. Probably would not consider it
1. Definitely would not consider owning one
5. (*DNR*) DK / REF

C5A [If C5 = 2 or 1] Why would you not consider owning an electric vehicle?

C6 [If C5 = 3 or 4] How important would it be for an electric vehicle to have the following features? Using a ten point scale where 1 means "not important at all" and 10 means "very important," how important is...

[*RANDOMIZE FEATURES*]

[SCALE RANGE: 1 – 10 | 11 = Don't Know | 12 = Refused]

1. Fuel costs that are one quarter the cost of gasoline
2. Improved performance over conventional cars
3. Greatly reduced emissions over gasoline engines
4. Reducing our nation's reliance on foreign oil

C7 [If C5 = 3 or 4] If you were to use an electric vehicle for your everyday needs, how far would you need an electric vehicle to go between charges?

DO NOT READ; *IF NEEDED, ASK FOR BEST GUESS IN MILES*

1. 300 miles or more
2. 200 to 299 miles
3. 100 to 199 miles
4. 50 to 99 miles
5. Less than 50 miles
6. Don't know

C8 [If C5 = 3 or 4] Suppose your cooperative offered you a [*INSERT 10%, 25%, 50%, 75%*] discount for the electricity used to recharge the car in exchange for allowing them to manage the hours the car would be recharged.

How likely would you be to participate in such a program? Would you say you...

4. Definitely would consider it
3. Probably would consider it
2. Probably would not consider it
1. Definitely would not consider it
5. (*DNR*) DK / REF

Demographic Section

The last set of questions is for classification purposes only.

D1 On average, how much is your average monthly bill for your electric service?

DO NOT READ LIST. *IF NEEDED: YOUR BEST GUESS WILL DO*
[*PROBE FOR AVERAGE MONTHLY BUT TAKE BEST ANSWER*]

1. $0 to $50
2. $51 to $100
3. $101 to $150
4. $151 to $200
5. $201 to $250
6. $251 to $500
7. $501 to $1,000
8. $1001 or more
9. DK / NA

D2 Which of the following is the best description of your home?

READ LIST

1. Single family home
2. Mobile home or trailer
3. Apartment, duplex, townhouse, or condominium
4. Pre-fabricated or modular home
5. Or something else (specify)
6. DK / NA [*DO NOT READ*]

D3 Do you have any children under 18 living at home?

DO NOT READ LIST

1. Yes
2. No
3. DK / NA / REF

D4 How long have you been a customer of [INSERT CO-OP]?

DO NOT READ LIST

1. 0 – 1 year (2009 – 2010)
2. 2 – 4 years (2006 – 2008)
3. 5 – 7 years (2003 – 2005)
4. 8 – 10 years (2000 – 2002)
5. 11 – 14 years (1996 – 1999)
6. 15 – 19 years (1991 – 1995)
7. 20 – 24 years (1986 – 1990)
8. 25+ years (1985 or earlier)
9. DK / NA / REF

D5 How old is your home?

DO NOT READ LIST

1. 0 – 1 year (2009 – 2010)
2. 2 – 4 years (2006 – 2008)
3. 5 – 7 years (2003 – 2005)
4. 8 – 10 years (2000 – 2002)
5. 11 – 14 years (1996 – 1999)
6. 15 – 19 years (1991 – 1995)
7. 20 – 24 years (1986 – 1990)
8. 25+ years (1985 or earlier)
9. DK / NA / REF

D6 Do you own or rent your home?

DO NOT READ LIST

1. Own
2. Rent
3. DK / NA

D7 Have you attended your cooperative's annual meeting at least once during the past five years?

DO NOT READ LIST

1. Yes
2. No
3. DK / NA

D8 Have you visited your cooperative's local office during the past year?

DO NOT READ LIST

1. Yes
2. No
3. DK / NA

D9 Just for statistical and research purposes, please stop me when I get to your total household income during 2009, before taxes?

READ LIST

1. Less than $25,000
2. $25,000 to under $50,000
3. $50,000 to under $75,000
4. $75,000 to under $100,000
5. $100,000 to under $150,000
6. $150,000 to under $200,000
7. $200,000 or more
8. (*DNR*) Don't know
9. (*DNR*) Refused

D10 Record gender.

DO NOT ASK

1. Male
2. Female

On behalf of [INSERT CO-OP], thank you very much for your participation in this survey.

Those are all of my questions. Have a great day / evening.

Appendix II
Best Practices Knowledgebase: Wright-Hennepin

Empowering Members to Save

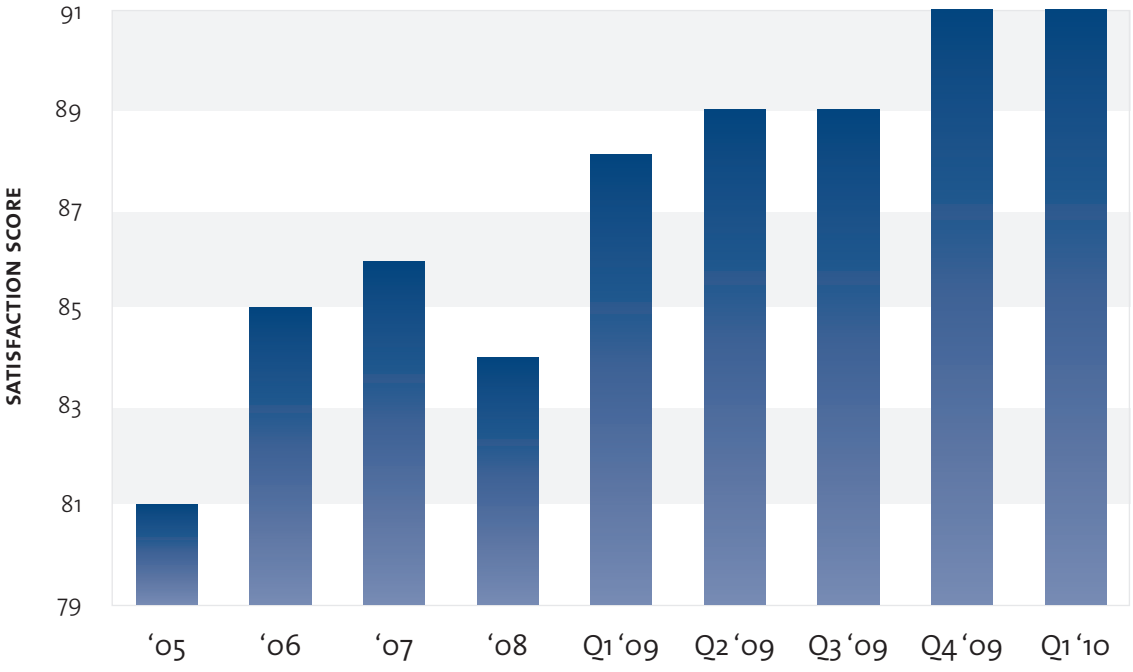
Background

In 2007, a Touchstone Energy's Best Practices Knowledgebase edition entitled *Reducing Costs While Improving the Operation* highlighted the efforts of Wright-Hennepin Cooperative Electric Assoc. (W-H), an electric cooperative serving the growing suburbia northwest of the Minneapolis, to dramatically improve its competitive position, maximize operational efficiency and engage its staff in a quality service effort to become one of the top performing electric cooperatives in the country.

This paper documents W-H's continuing efforts to improve member satisfaction. We will describe how W-H further leverages its investment in smart grid technology to improve member satisfaction by increasing reliability and empowering its members to better manage their energy costs. We will also show how W-H communicates internally and externally to keep members and employees informed about their cooperative's success and engages its staff in a balanced scorecard initiative.

W-H's success speaks for itself. They have not only maintained their competitive position in their local market and met their marks on the balanced scorecard, they have earned a **91 on American Customer Satisfaction Index** (ACSI) for the past two quarters, some of the **highest scores measured**. The chart below shows W-H's progress in the ACSI over time.

ACSI Scores for W-H



Leveraging Technology

At our last writing, W-H had begun embracing a wide range of technologies to improve its operational efficiency and reliability such as an outage management system, a new customer information system (CIS), global information system (GIS) mapping, mobile work force management, automated metering infrastructure (AMI/AMR) and supervisory control and data acquisition (SCADA).

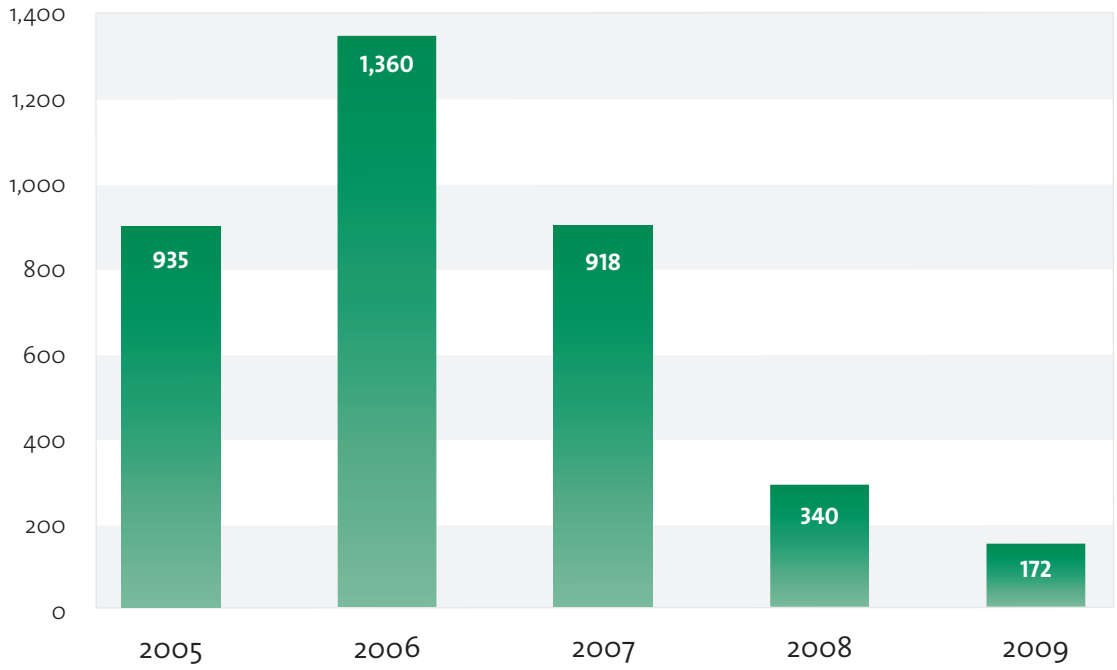
W-H is now realizing the full impact of these technologies by getting the most out of its AMI investment in Landis & Gyr's TS2 power line carrier system. W-H constantly utilizes its AMI outage detection capabilities (in combination with SCADA) to dispatch crews to dozens of outages each year that have not been reported by the member. This reduces after-hours outage restoration costs by up to $15,000 per year.

According to Mark Vogt, W-H President and CEO:

> *"One of the things I noticed during our visits to other systems that had previously deployed AMI was that more often than not only the meter reading technology was being fully utilized. A key driver for us became how we would take full advantage of the other capabilities of the technology such as outage reporting and the wealth of engineering data available. The result has been a response time that is greatly improving and the ability to be predictive about possible future trouble on the lines."*

By proactively responding to outages without waiting for a member to contact the cooperative, most members are not even aware their power was out. Proactive outage response means members are able to avoid the inconvenience of getting home and waiting for W-H to turn the power on, which turns into a solid contributor for high satisfaction.

Number of Overload Outages



W-H also analyzes reports on momentary outages logged by the AMI meters on a monthly basis. These data have allowed crews to find numerous opportunities for line improvements such as replacing damaged insulators, lightning arrestors, etc. In addition, the SCADA system identifies momentary outages on substation feeders and crews are dispatched immediately to patrol the line and fix problems.

While these technologies allow W-H to improve operational efficiency and lower its costs, the impact of AMI and SCADA on reliability has been even more dramatic.

The chart below shows that members are seeing an **87% reduction in overload outages**, which also improves W-H's overall reliability statistics, such as total outage minutes.

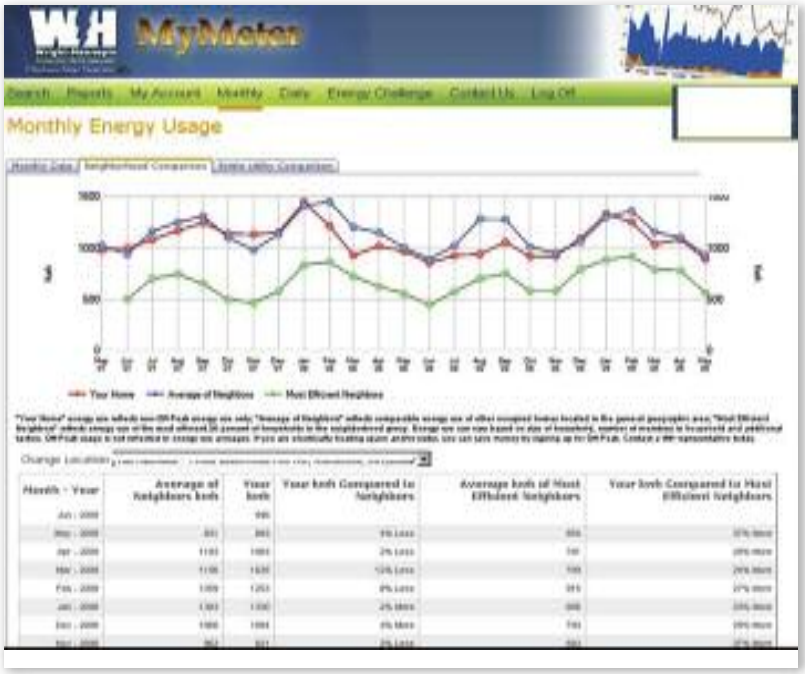
W-H has also used its AMI/AMR data to recover significant savings from its off-peak program and load management system. By analyzing load profiles, W-H found it was failing to realize 2 MW of controllable load. By pinpointing problems, W-H has already recovered 1.25 MW of load curtailment, representing an annual savings of approximately $150,000.

W-H has now taken the next step in leveraging its investment in AMI infrastructure. Data that is producing dividends in reliability and operational efficiency is now being made available to members to empower them to better manage their energy costs.

MyMeter

Any veteran energy auditor will tell you that one of the most powerful tools available to help members manage their energy costs is simply getting them to read the meter each day and keep a record. Back in the day, the challenge was teaching members how to actually read five counter-rotating dials and turn that data into meaningful information that could show them how energy was used in their home.

With the advent of AMI / AMR, we now have the ability to make this critical information accessible to our members with the click of a mouse. Wanting this capability for its members, W-H began a thorough review of the many vendors offering web portals to view usage data. Learning of a similar effort by Crow Wing Power, W-H partnered with Accelerated Innovations to further develop the MyMeter platform for its members.



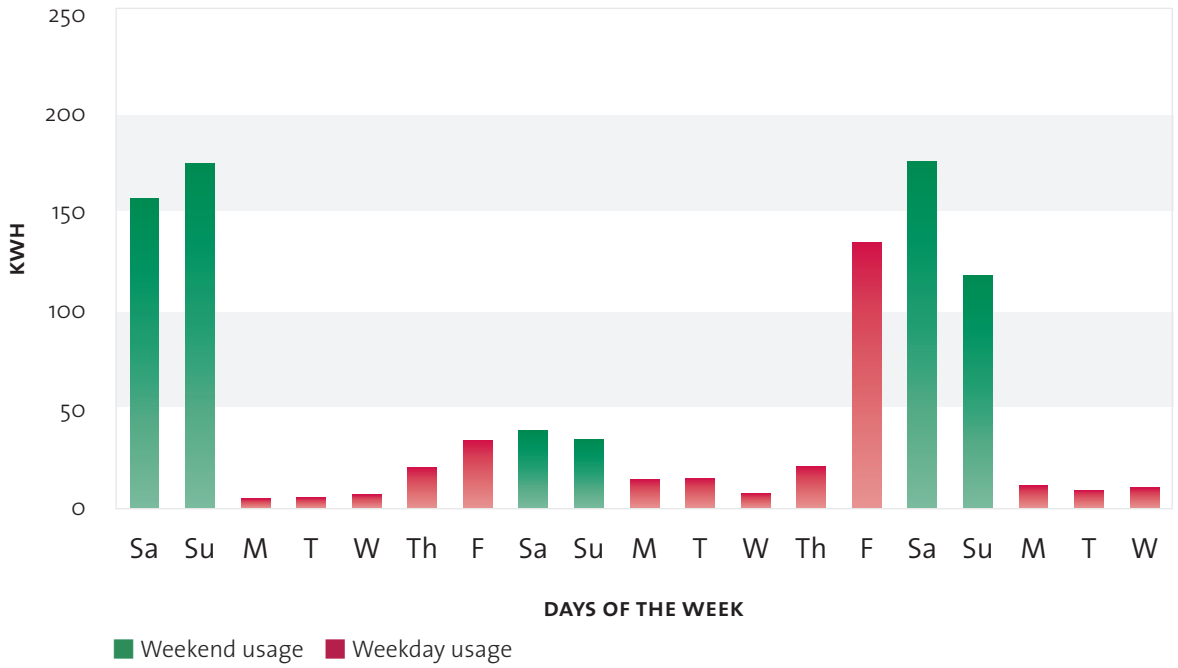
The MyMeter portal allows members to view their usage history on a password protected web site. Historical data for up to 24 months can be accessed along with benchmarks from other homes in their area. Members can view their monthly data or drill down to daily details, which often reveals important information about how energy is used in their home.

The MyMeter system also allows members to set markers on their historical usage to note efficiency upgrades such as changing out an old refrigerator or insulating their attic. Members can even take an 'energy challenge' and set a personal energy saving goal and track their progress against that goal. For those who want to pay their bill, they can toggle from MyMeter to W-H's Internet billing site.

The MyMeter platform has been critical in assisting W-H member services representatives during high bill season. A compelling example is shared by Sonja Bogart, VP, Customer Service, Sales and Marketing for W-H. An irate member, call him 'Bob', called to complain about a high bill. He blamed W-H's obviously faulty meter as he was only at his home on weekends and could not possibly have used what his bill stated.

By accessing his daily reads, the member services department was able to show him that in fact, his weekend usage was the cause of his high bill.

Bob's Daily Electricity Use



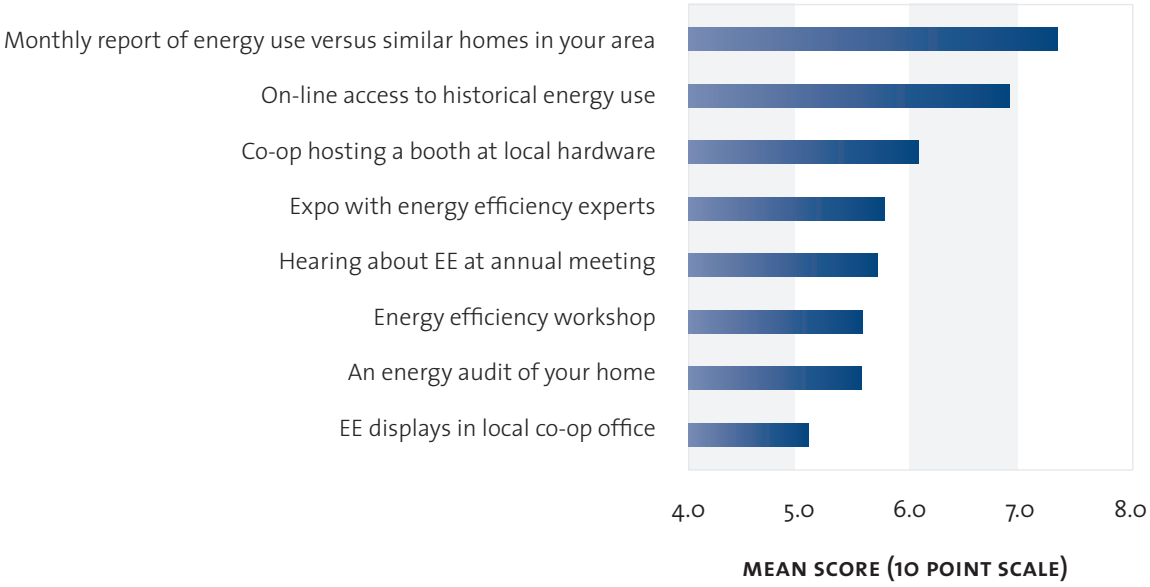
With this information, 'Bob' was able to partly attribute the intense energy use at his home to non-stop electronic gaming by his teenager. This information turned an irate consumer into a member who became accountable for his own (and his son's) behavior. 'Bob' can now make adjustments to his family's lifestyle to better manage his energy costs. According to early analysis, members of W-H enrolled in MyMeter are **saving as much as 3% on their bill**.

W-H and Accelerated Innovations have received recognition for this effort not just from their members, but from the industry as well. The team has received a National Community Service Award for Energy Efficiency from the National Rural Electric Cooperative Association. They have also been recognized by Chartwell as a runner up for its 2009 Customer Service Award. The State of Minnesota is even allowing W-H to count the energy savings towards the State's energy efficiency mandate.

The insight shown by Crow Wing and W-H in developing this tool has been validated by the 2009 National Survey on the Cooperative Difference, which found on-line web portals are one of the most desired energy information tools for members.

In fact, when we look at the characteristics of who is most interested in this tool; namely younger families with high bills, short tenure, newer homes and high levels of Internet connectivity, it is no wonder that W-H is hitting the mark with its suburban membership.

How Interested Are You in Your Cooperative Offering...?



Communications

So far, W-H has signed up over 4,500 members since the MyMeter service was first offered in mid-2009, which represents 10% of its total membership. To achieve this participation level, W-H is making a concerted effort to educate members about the opportunity.

Member Service Representatives and Energy Use Consultants use MyMeter when working with members who have called in about their bill and encourage them to sign up. W-H has also run several newsletter articles about the program and uses press releases, bill messages, bill inserts and its web site to build awareness. In April 2010, the cooperative received a major write-up on the service in the *St. Paul Pioneer Press*, a major daily newspaper in the Twin Cities area.

This effort is part of an overall communication plan that recognizes that *the* hot button issue with members today is their pocket book. Both internal and external communications are being used to focus on energy efficiency, rate competitiveness and all W-H is doing to keep rates low for its members.

For internal communications, W-H produces a comprehensive employee newsletter that includes an opening editorial from the CEO. Vogt uses this column to highlight the cooperative's accomplishments and challenge employees to continuously raise the bar in serving members.

Articulating the philosophy behind W-H's commitment to energy efficiency, Vogt reasons:

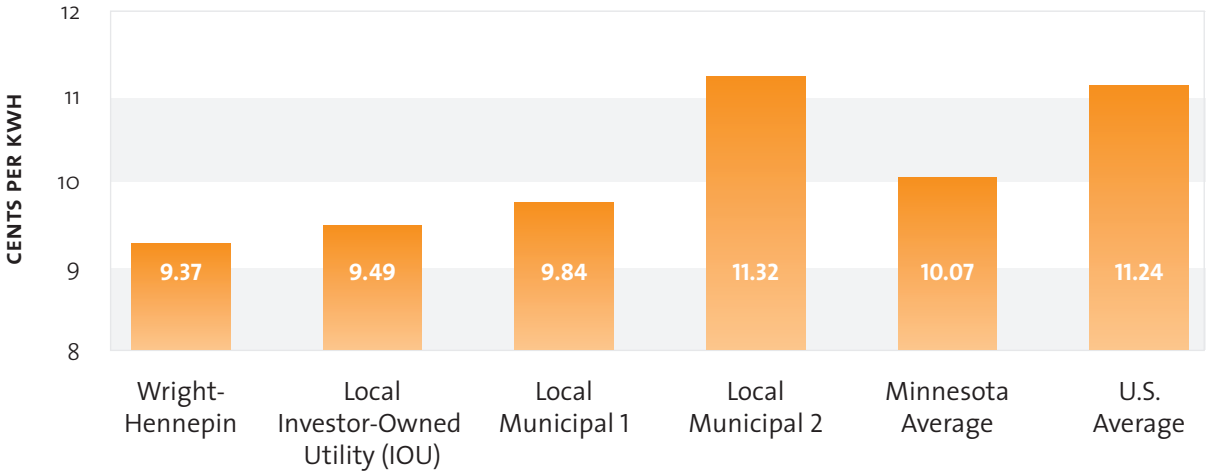
> *"We all want better gas mileage in our cars, right? So, we should also be very proactive about helping our members get better "mileage" with their electric usage… From the long view… helping members use energy wisely is a good thing to do and has long been part of our mission."*

W-H also highlights its efforts to combat rising energy costs by letting members and employees know its accomplishments. In January 2010, W-H's newsletter celebrated the fact that local operating expenses would be lower in 2010 than 2009.

W-H also keeps employees and members regularly aware of its competitive position in the market, demonstrating the success of cost control efforts.

W-H's Competitive Price Position

Average Price of Residential Electricity, 2008



Balanced Score Card

W-H has found another critical tool in keeping its employees aware of the cooperative's accomplishments and in-tune with its strategic goals and objectives: A balanced scorecard that identifies and tracks the cooperative's specific performance across all parts of the organization.

Metrics are developed for each functional area of the cooperative and tied directly to the employee bonus plan and year-end position review program. W-H management is tasked with keeping reach goals in front of every employee at the cooperative for reliability, financial performance, safety and member satisfaction.

With this experience, Mark Vogt, in his role as chairman of Touchstone Energy's Standards and Best Practices Committee, helped guide the development of a nationwide Balance Performance Scorecard that all cooperatives can now use to measure and compare their cooperative's performance to their peers.

Balanced Score Card

PERFORMANCE CATEGORY	MEASURE	COOPERATIVE PERFORMANCE BY QUARTILE
Member Satisfaction	ACSI (American Customer Satisfaction Index)	53 / 80 / 83 / 86 / 94 — 4th / 3rd / 2nd / TOP
Safety	All Injury Incident Rate	19 / 11 / 7 / 4 / 0 — 4th / 3rd / 2nd / TOP
	Days Away Incident Rate	9 / 4 / 3 / 1 / 0 — 4th / 3rd / 2nd / TOP
	Severity Rate	37 / 14 / 6 / 1 / 0 — 4th / 3rd / 2nd / TOP
Reliability	Yearly SAIDI (minutes)	588.8 / 199.8 / 119.1 / 68.0 / 27.1 — 4th / 3rd / 2nd / TOP
	Yearly SAIFI (frequency)	4.2 / 1.8 / 1.3 / 1.0 / 0.42 — 4th / 3rd / 2nd / TOP
	Yearly CAIDI (minutes)	142.5 / 105.4 / 84.2 / 71.3 / 40.07 — 4th / 3rd / 2nd / TOP
Cost	Total Cost Per kWh sold (cents)	17.8c / 10.6c / 9.4c / 8.1c / 3.8c — 4th / 3rd / 2nd / TOP
	Avg. Annual % Change in Controllable Cost Per Avg. Number of Consumers	11.7% / 6.2% / 4.3% / 2.3% / –2.7% — 4th / 3rd / 2nd / TOP
	Avg. Annual % Change in Total Utility Plant Investment Per Mile of Line	12.2% / 6.0% / 4.8% / 3.7% / 0.4% — 4th / 3rd / 2nd / TOP

The impact of the balanced scorecard has been critical to W-H's success. According to Vogt:

> *"What gets measured gets done. We have multiple pieces of evidence from over the years that points to the fact that when management puts the spotlight on some measure of performance, results almost always pick up. The key is putting the spotlight on it, actively analyze its progress over time, and talk about it regularly with the folks involved. It's a real confidence builder for our employees and gives them great satisfaction that they are making a difference."*

A timely example of this philosophy is the fact that W-H had been getting its scores from the ACSI on an annual basis. While the annual survey provided critical feedback, its infrequent timing meant that the ACSI score was not top-of-mind for a good part of the year.

According to Sonja Bogart, when the annual numbers came in, there was a sense of "we either hit it or we did not." To make the impact of the ACSI score stronger and more in-line with the other key metrics being tracked on an on-going basis, W-H initiated a quarterly ACSI scoring process in 2009. Now, employees perceive the ACSI as being more real and actionable and they are able to better see how they can impact the score for *next quarter*.

Key Words

Reliability
Member satisfaction
Cost containment
AMI / AMR
Outage management
Pay-for-performance
Balanced Scorecard

Links

Balance Performance Scorecard
Touchstone Energy's Best Practices Knowledgebase
American Customer Satisfaction Index (ACSI)
Wright Hennepin EC
2009 National Survey on the Cooperative Difference

Contacts

Mark Vogt
President / CEO
Wright Hennepin Cooperative Electric Association
mvogt@whe.org
Office: (763)477-3000

Sonja Bogart
Vice President
Customer Service,
Sales and Marketing

Appendix III
Best Practices Knowledgebase: Brunswick EMC

Helping Control Costs with Pre-Pay Metering

Background

As member-owned organizations, electric cooperatives have a built-in motivation to provide first-class service to each and every one of their members. Yet, they also have an obligation to the membership as a whole to operate as a business, which requires policies and procedures that some members may find onerous.

This is particularly evident in the area of deposits. New members often complain about deposits when signing up for service. Existing members who have trouble keeping up with their energy costs present an even greater challenge. Once they are disconnected for non-pay, these members often must produce an additional deposit on top of their past due balance, which can create a great deal of stress and hard feelings toward the cooperative.

Given the challenge of satisfying members while honoring their financial obligations to the overall membership, cooperatives look to strike a balance. This paper highlights the efforts of Brunswick EMC, a cooperative serving 75,000 members in coastal North Carolina, who has succeeded in creating a 'win-win' solution to bad-debt while giving their members a choice.

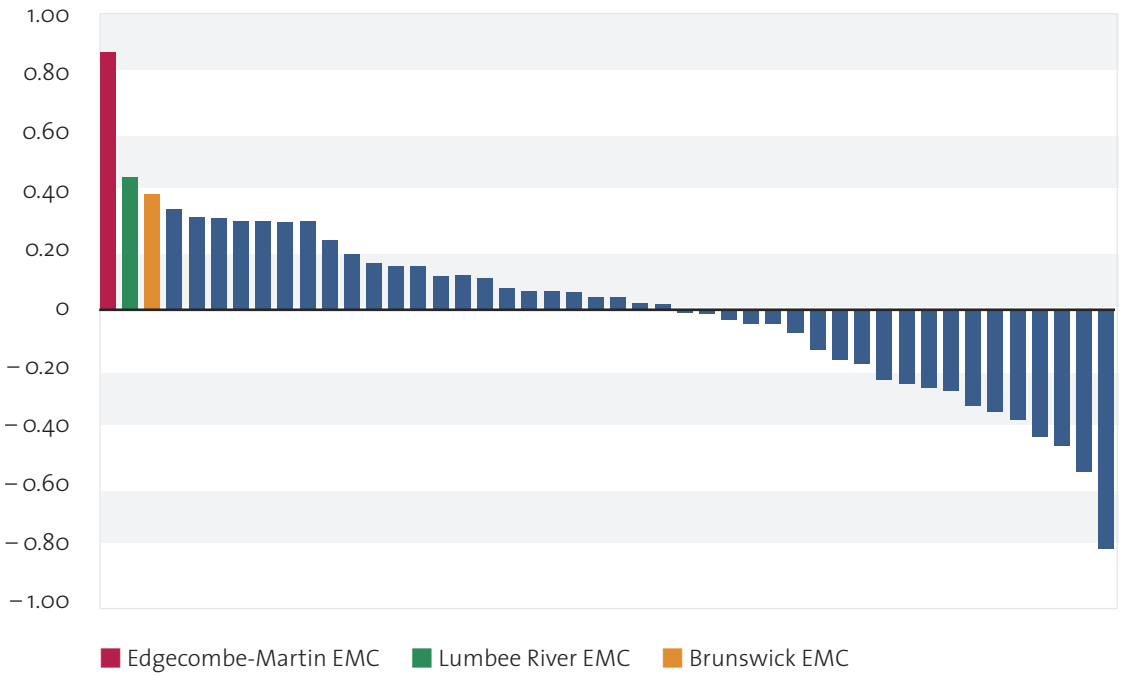
Brunswick EMC instituted a pre-pay program in the late 1990's that protects the financial health of the cooperative while actually *improving* member satisfaction. In fact, during this era of rising energy costs, the pre-pay solution helps Brunswick EMC's most financially stressed members to better manage their energy costs.

Largely as a result of this program, Brunswick EMC outperformed the nearly fifty other participants in Touchstone Energy's 2007 National Survey on the Cooperative Difference in the area of helping their members manage their energy. The chart on the following page shows each participating cooperative's relative strength in this area by comparing the overall satisfaction rating for each cooperative to the level of agreement members have with the statement: "The cooperative helps me learn to manage my energy use."

Brunswick EMC ranks in the top three cooperatives behind Edgecombe Martin County EMC, and Lumbee River EMC. The efforts of these cooperatives are also described in Touchstone Energy's Best Practices Knowledge Base.

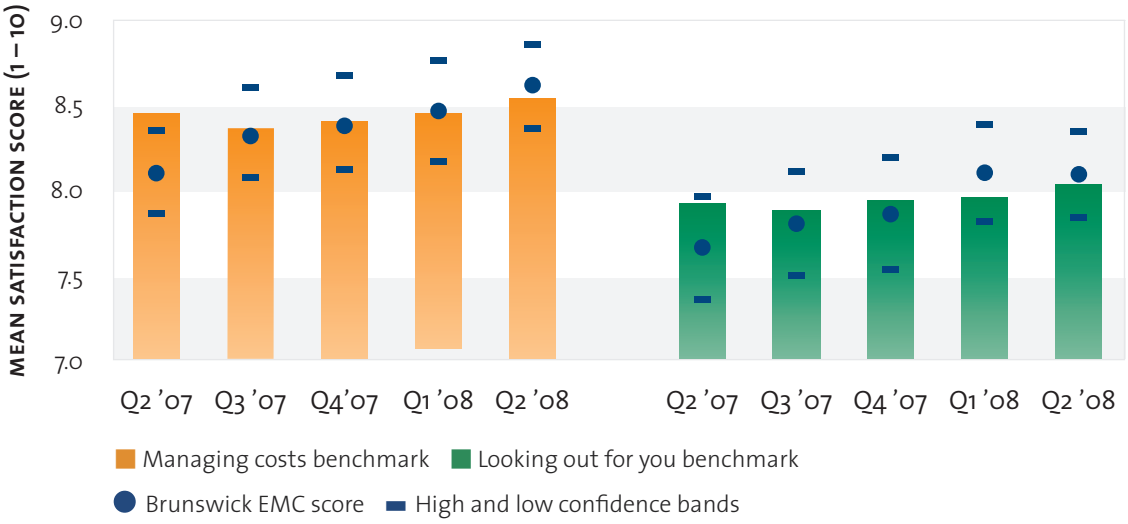
Helps You Learn to Manage Your Energy Use

Attribute Score Relative to Overall Satisfaction



Brunswick EMC has shown consistent improvement in the area of helping members manage and is seeing dividends in a crucial brand promise, looking out for the members' best interest. The following shows data for Brunswick EMC and benchmark data from over forty cooperatives participating in the TSE Services National Member Satisfaction Tracking and Benchmarking System.

Brunswick EMC—Helping Manage Energy and Looking Out for You



Creating a 'Win-Win'

Like many cooperatives, Brunswick EMC faces a difficult problem when lower income members find it difficult to keep up with their electricity costs and get behind. To protect the overall membership from the financial impact of those in default, members who have been disconnected are asked to pay down the moneys owed in addition to replacing and perhaps increasing their deposit.

By adopting a pre-pay approach, Brunswick EMC can now offer distressed members an option. If they did not want to come up with a deposit, they can move to pre-pay. This allows them to restore their service with out a major outlay and regain control of their energy costs. Having moved to pre-pay, these members can also begin rebuilding their good credit by avoiding future disconnects.

In the beginning, the pre-pay program was technically open to any member. Yet, due to shortages for the early generation equipment, Brunswick EMC focused its initial efforts on members with chronically delinquent accounts. However, the word soon got out.

One day, a little old lady came into the office and asked if she could enroll in the pre-pay program she had heard about from a neighbor. When the member service representative looked up her account records, she saw that the member had always paid her bill on time. When the member service representative told her that the program was primarily for members who were having a hard time keeping current with their bill, the member said:

> *"So, I have to quit paying my bill before you will let me in?"*

This member's reaction was a wake up call for Brunswick EMC and foretold the popularity and unanticipated scope of this program. From its beginning as a remediation program for delinquencies, pre-pay has become a major opportunity for Brunswick EMC to help members who want to actively manage their energy costs and is now the preferred billing arrangement for over 6,000 members, representing nearly 10% of Brunswick EMC's total residential membership.

Putting Members in Control

Brunswick EMC's pre-pay program has undergone significant changes over the years, particularly in the area of technology. The technology from the initial deployment is obsolete and Brunswick EMC is now converting all of its members to the pre-pay system enabled by its investment in TWACS / DCSI Advanced Metering Infrastructure (AMI) from Aclara. This two-way communication network allows Brunswick to communicate directly to the member's meter and 'recharge' their account remotely once a purchase is made on the member's account.

As part of this deployment, the member receives a wall mounted display that shows the current balance, their average daily use for the current billing period, the amount they used the prior day, the amount used so far this month, the amount they used last month and the current date and time.

Members can purchase energy using eight pre-pay terminals located throughout Brunswick EMC's territory. These ATM like terminals are placed in convenience stores and other local businesses which are frequented by members. While Brunswick EMC charges a $3 transaction fee at these remote locations, members can also visit the main office and purchase electricity at the drive-in window with no fee.

Brunswick EMC's early experience with pre-pay shows the importance of providing members with choice as to where they purchase electricity. When they first deployed the system, they only took payments at their district offices. In one district, the pay-day crush on the drive-in window was so great Brunswick EMC had to hire the local sheriff's department to direct traffic.

Another important feature of the in-home display is an alert feature to let a member know they are running low on energy. When a member's account is down to four days based on current usage, the display lets them know that it is time to go purchase more energy. If the member allows the account to run out, the pre-pay meter automatically disconnects service. Once this occurs, the member needs only go purchase more to get reconnected.

The messaging feature can also be used to let members know about weather alerts, school closings, to remind them about the annual meeting or wish them a happy holiday. For cooperatives offering on-peak and off- peak pricing, the device can alert the member that the peak pricing period is in effect.

1 Current Balance

Default menu. Shows the amount of energy to be used before a disconnect occurs. An alarm will sound to alert you when you have less than four days of electricity remaining (based on your present usage). Press and hold any button to silence the alarm. Once silenced, the alarm will not sound again. Configur - able from 1 to 5 days warning.

2 Avg. Daily Usage

Shows the average daily cost for power over the current cycle (up to 30 days.)

3 Used Yesterday

Shows the amount of energy used in the previous 24-hour period.

4 Used This Month

Shows the amount of energy used in the current month.

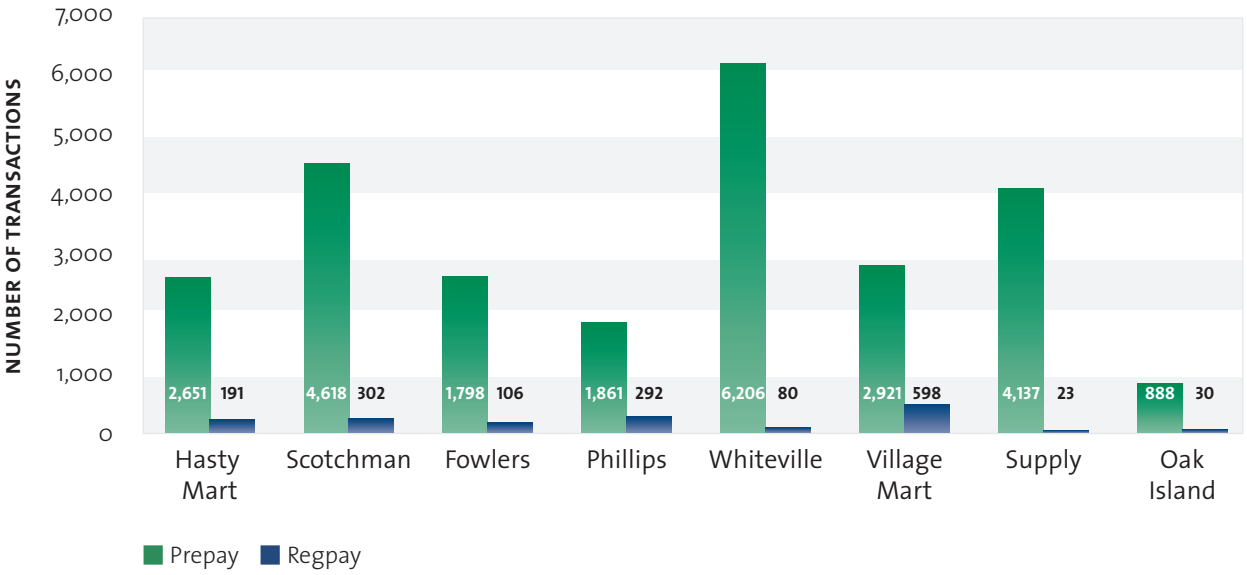
5 Used Last Month

Shows the amount of prepaid energy used during the prior month.

The following chart shows the distribution of traffic at remote payment stations located throughout Brunswick EMC's territory, which can also be used by members on traditional billing pay their bill.

BPT Transaction Types by Location

July 2007



The chart shows the greatest traffic is in the Whiteville district office where over 6,000 transactions occur each month. This district, which has the largest percentage of income challenged members, also has the largest proportion of pre-pay members.

The popularity of the program in communities like Whiteville not only reflects the attractiveness of cost control for income challenged members, it also reflects the fact that pre-pay sells itself though word-of-mouth, neighbor talking to neighbor.

Given the popularity of the program in these areas, Brunswick EMC was concerned that there could be a stigma attached members opting in due to the visibility of the disconnect collar. However, the feedback they have received says the opposite.

Members who were chronically behind were much more concerned about their neighbors seeing the Brunswick EMC truck pull up to disconnect and reconnect their service than they were about the pre-pay disconnect collar.

Savings for All Members

The pre-pay system has been a winner both for members who have enrolled in the program and for the cooperative membership as whole.

The most obvious benefit to the overall membership is the reduction in disconnects and reconnects for chronically delinquent accounts. Field services staff once burdened with these tasks can now focus on reliability and service delivery.

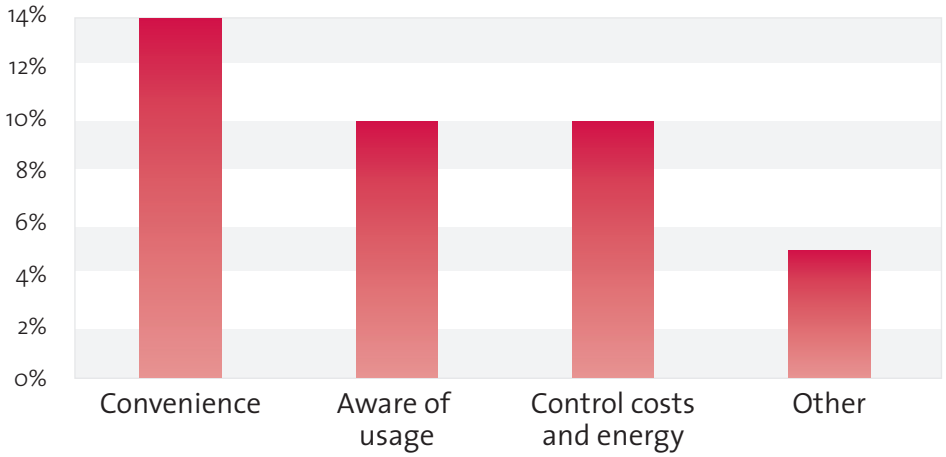
Brunswick EMC has also seen a significant reduction in write-offs of up to $2000 per month. These savings represents as much as eight percent of the total in a given month. This benefit was particularly evident in one district where write-offs were cut in half with the implementation of pre-pay.

Members directly enrolled in the program also benefit. Brunswick EMC estimates that members using pre-pay are seeing reductions in energy use of as much as 10%. They also report that despite transaction fees for payment terminals and the higher customer charge (six dollars increase), members are saving money.

Members are also extremely satisfied with the program. A survey conducted by Brunswick shows that over 83% of members on the program are either completely or very satisfied. When asked if they would prefer to stay with the program or revert to a standard billing arrangement, 86% said they would either definitely or probably stay.

A recent survey shows why:

Why Do You Like Pre-Pay?



Key Words

Helping Members Manage Their Energy
Energy Efficiency
Demand Side Management
Communications
Cooperative difference
Pre-Pay
Write-offs

Links

Touchstone Energy Cooperatives
Touchstone Energy's Cooperative Difference Survey
Brunswick EMC

Contact

Judy Gore
Vice President, Customer Service
Brunswick EMC
judy.gore@bemc.org
Office: (910)754-4391

Touchstone Energy®
Cooperatives

TOGETHER WE SAVE.COM

703.907.5986
ANN.MAGGARD@NRECA.COOP