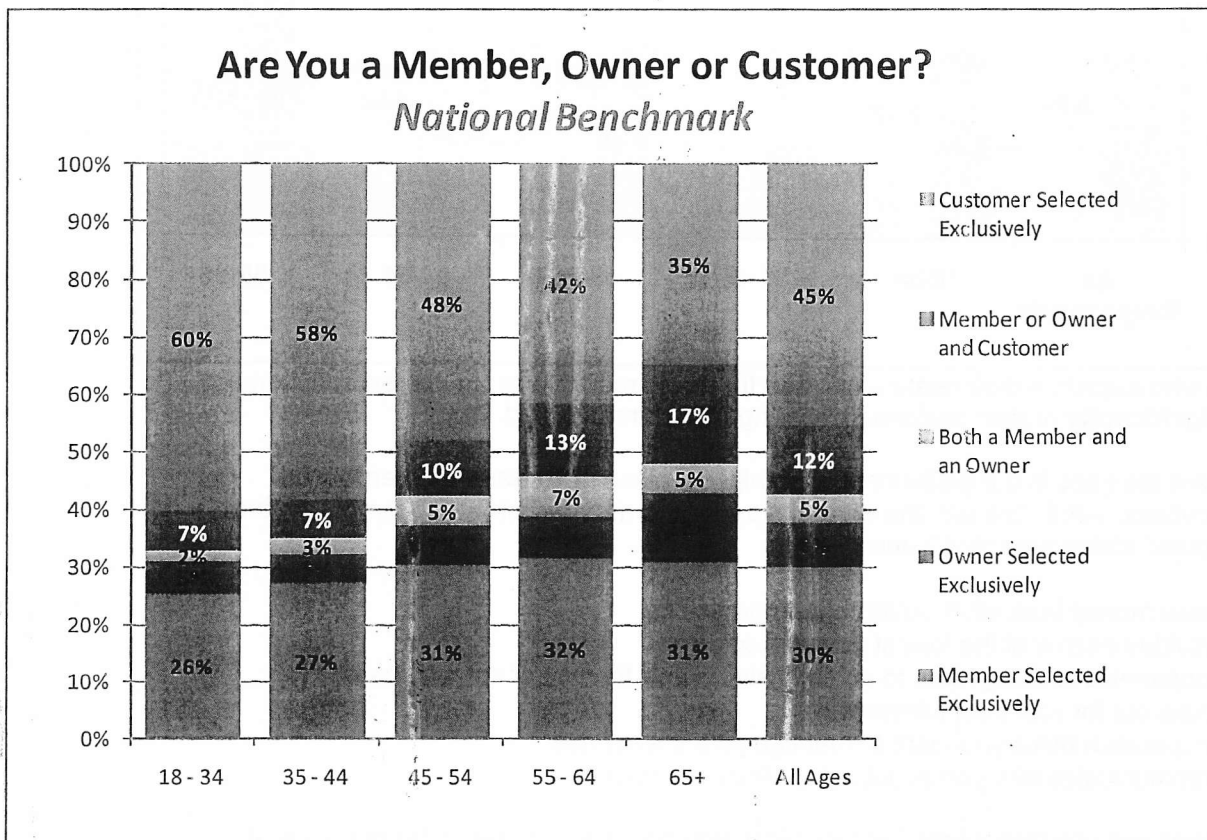


MEMBER IDENTITY

The 'Cooperative Difference' is not understood by all. Nearly half of the membership lacks 'member' or 'owner' identity with their electric cooperative. The majority of young members view themselves as customers of the cooperative.

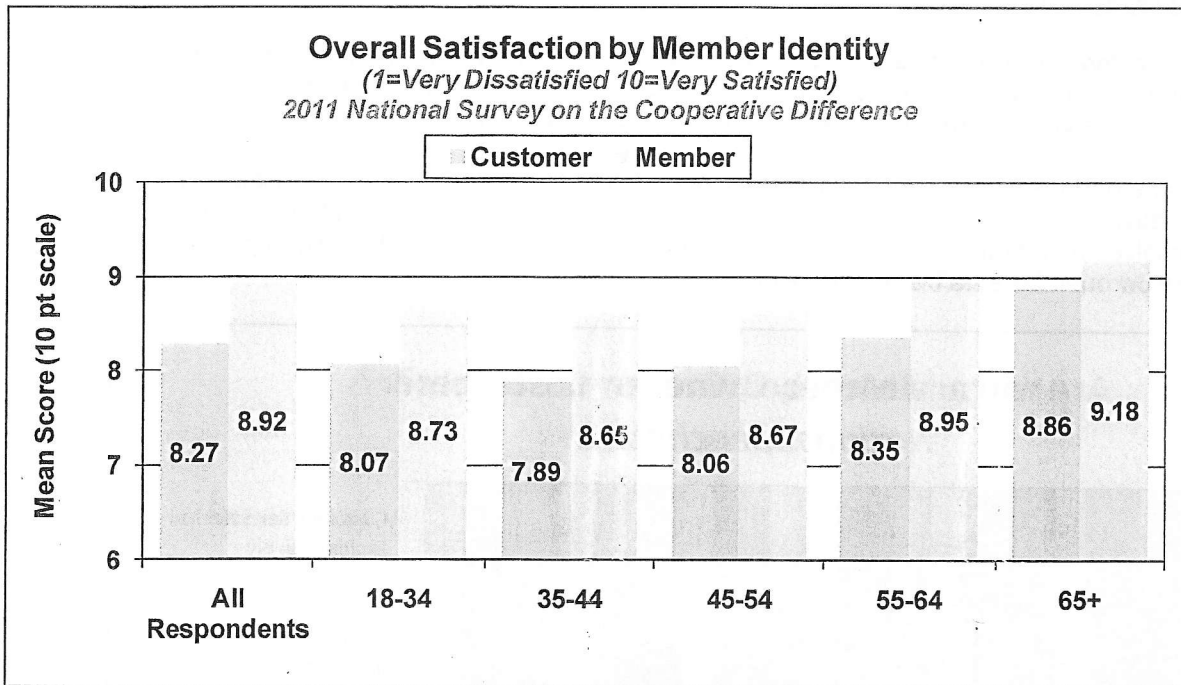
One measure of our success in engaging members is how they identify their relationship with the cooperative. As in prior Cooperative Difference Survey efforts, we ask members if they view themselves as members, owners or customers of their cooperative. The following table shows how our members define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



Senior members express the highest member and owner identity. Nearly two-thirds of respondents 65 and over indicated some level of connection with the cooperative (member, owner or both). The opposite is true for younger age groups where three-in-five 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 below 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.



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 in performance between 'member' status and 'customer' status are listed below:

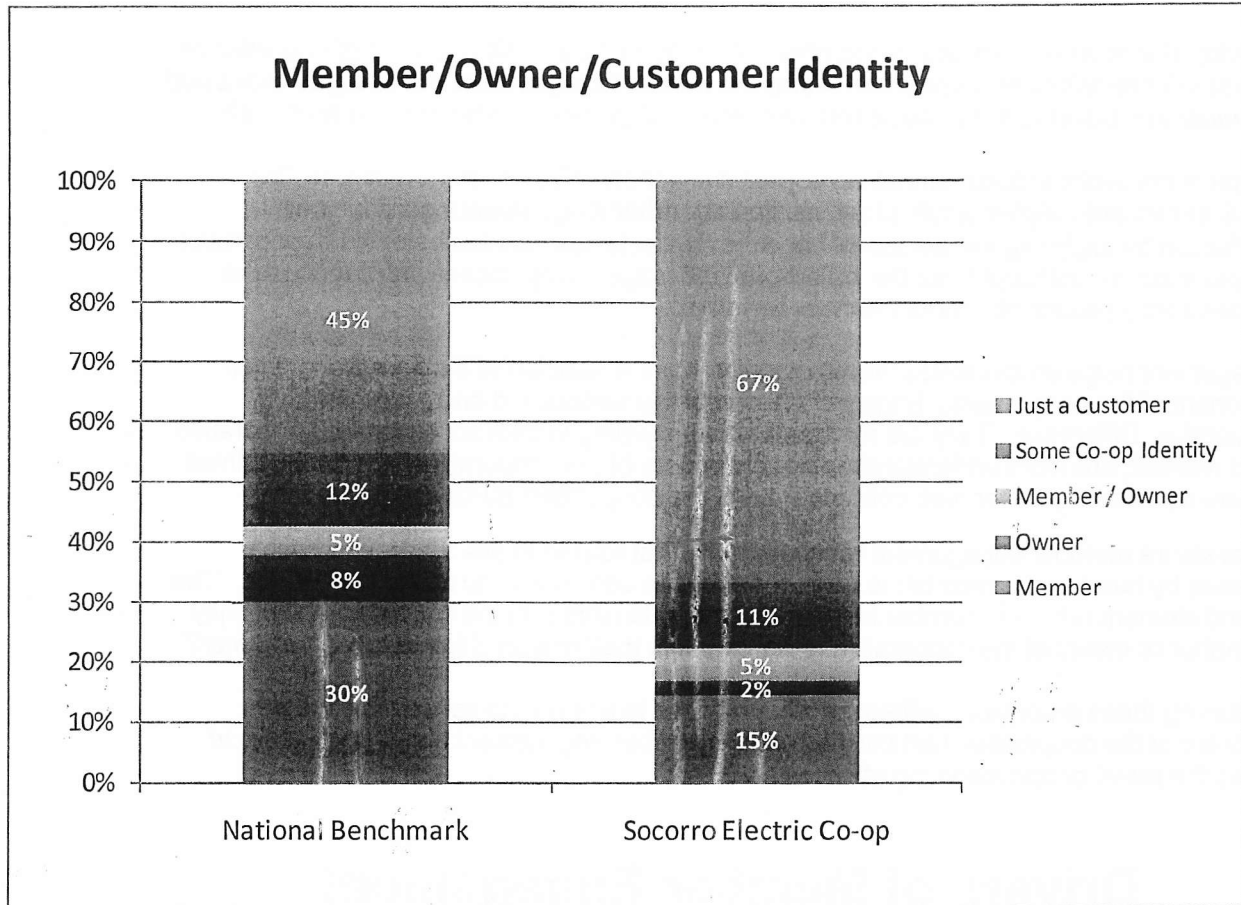
- Gives money back when revenues exceed costs
- Provides energy at the lowest possible cost
- Cooperative is doing more to control rising prices than other companies I use
- Looks out for your best interests
- Cooperative helps you learn to manage your energy use
- Communicates with you about rising 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 than twice as likely to have attended at least one cooperative annual meeting during the past 5 years. Web and office visitors express higher 'member' affinity; however, 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.

Members citing member or owner identity have the highest levels of member engagement, a concept that will be explored in detail in the following section. The vast majority of members represented in the lowest engagement group consider themselves to be customers of the electric cooperative.

Member Results for Socorro Electric Cooperative – Member Identity



The level of member/owner identity among Socorro Electric Cooperative members is weaker than the National Benchmark group. Only about one-third of Socorro Electric Cooperative members indicate any member and/or owner affinity to the cooperative.

MEMBER ENGAGEMENT

Winning the trust and loyalty of members is an evolution achieved through excellence in essential services and communicating the distinct cooperative advantages that build an emotional bond with the cooperative and a willingness to advocate on its behalf.

The previous section clearly shows consumers who show affinity with their cooperative exhibit significantly higher levels of satisfaction. **Member Engagement** goes beyond satisfaction by exploring the emotional bond created between members and their cooperative and provides critical insight into the actions and messages cooperatives can use to make members truly passionate about their membership.

Engagement helps cooperatives move a member from a state of indifference to an active proponent of the cooperative. Engaged members truly understand and embrace the Cooperative Difference. They are members who are willing to take action for the cooperative when needed, are more understanding and supportive of the cooperative during tough times and are true advocates for their cooperative and the cooperative business model.

We measure member engagement two ways. The first relates to advocacy, which we measure by how likely a member is to recommend the cooperative to family and friends. The second element is how a member identifies their relationship with the cooperative. Are they a member or owner of the cooperative or do they limit their relationship to that of 'customer?'

Combining these outcomes mathematically allows us to assess the service and image attributes of the cooperative that most influence member engagement. The graphic below shows the result of that modeling effort.

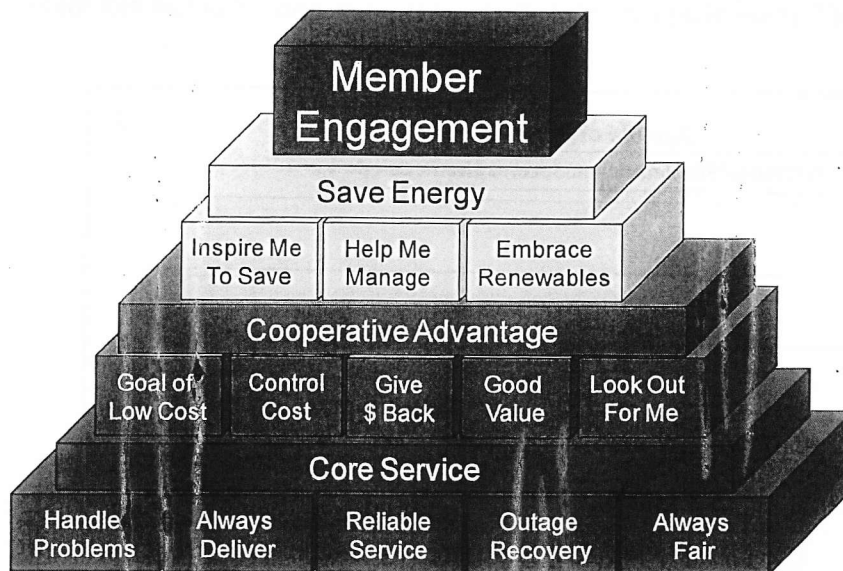
Drivers of Member Engagement



As the graphic shows, **trust is the dominant characteristic of an engaged member**. Following trust, we find reliable service and understanding our goal to provide energy at the lowest possible cost of equal importance.

Being treated fairly and awareness of capital credits are also highly effective in engaging consumers in their membership with the cooperative. Good value, controlling costs, looking out for you, power restoration efforts and energy efficiency round out the elements that most influence member engagement.

Another way to view engagement is with the following 'building block' diagram:



The foundation of the relationship, entitled **Core Service**, is shown in blue. As cooperatives demonstrate they are able to handle problems, always deliver on promises, provide reliable service, respond well to outages and are always fair, they build a strong base from which to engage members in further dialog. These foundational elements are **necessary but not sufficient** to truly engage members in the cooperative.

The second tier, entitled **Cooperative Advantage**, 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. These actions enhance the perception of value and demonstrate that the cooperative is indeed looking out for the best interests of its membership.

The final member engagement tier is entitled **Save Energy**. Proactive programs that help educate members on how to manage their energy costs and effective communications that inspire them to action are the key. Members also look to their cooperative to prudently embrace renewable energy as a part of a balanced portfolio.

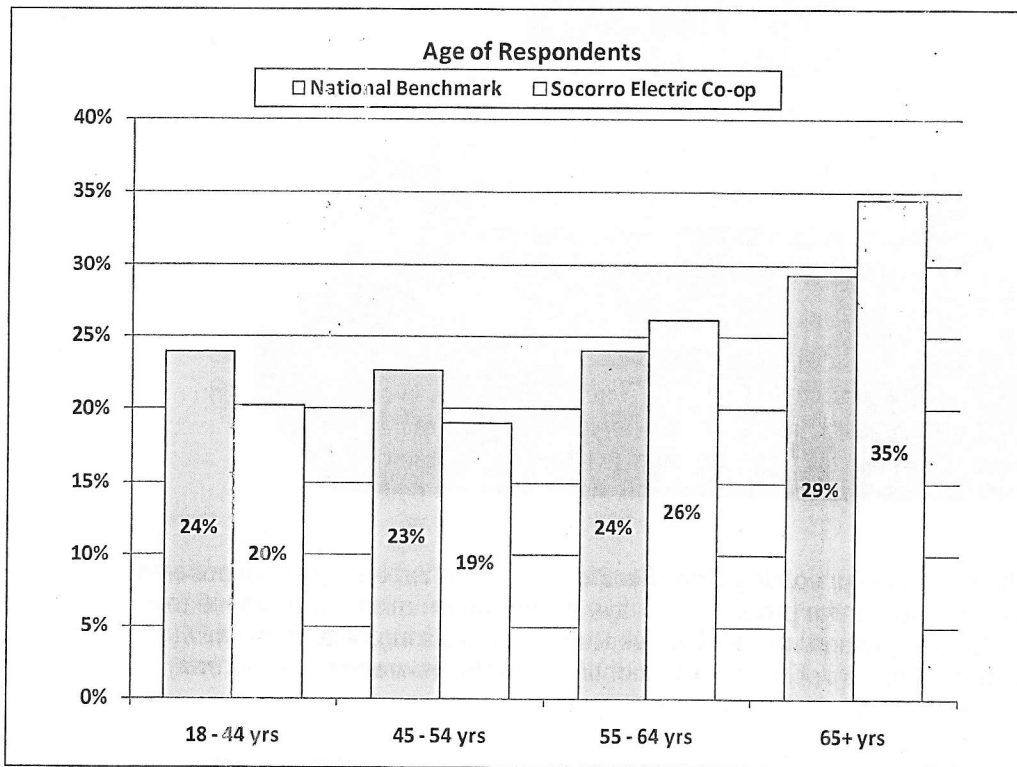
WHO ARE OUR RESIDENTIAL MEMBERS?

The face of our electric cooperative membership reflects a slightly older, middle-income family residing in an older home and paying a relatively modest electric bill.

The following provides some insight into the characteristics of member households participating in the 2012 ACSI Incentive Survey:

Age of Member

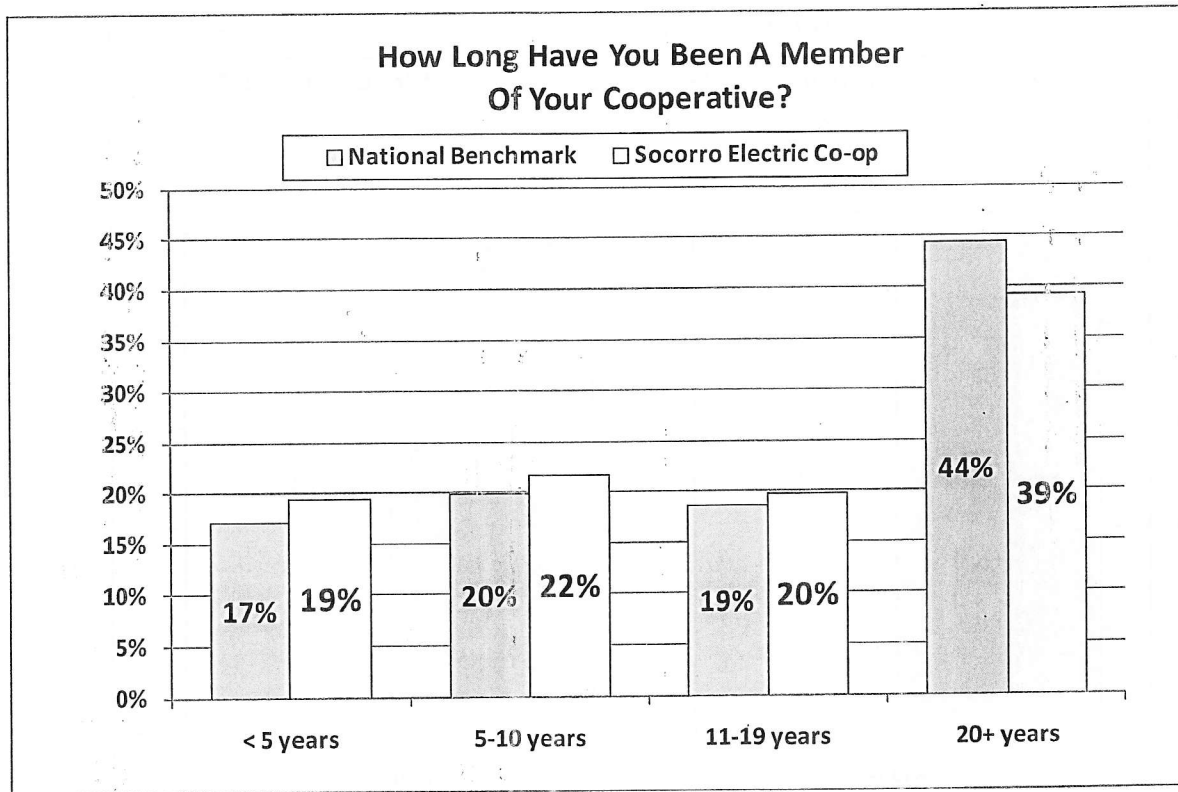
Senior members represent the largest group of survey respondents. Over six out of ten survey respondents were 55 years of age or older. Conversely, only one out of five members were less than 45.



The age distribution of Socorro Electric Cooperative members does not vary significantly from the National Benchmark group.

Length of Membership

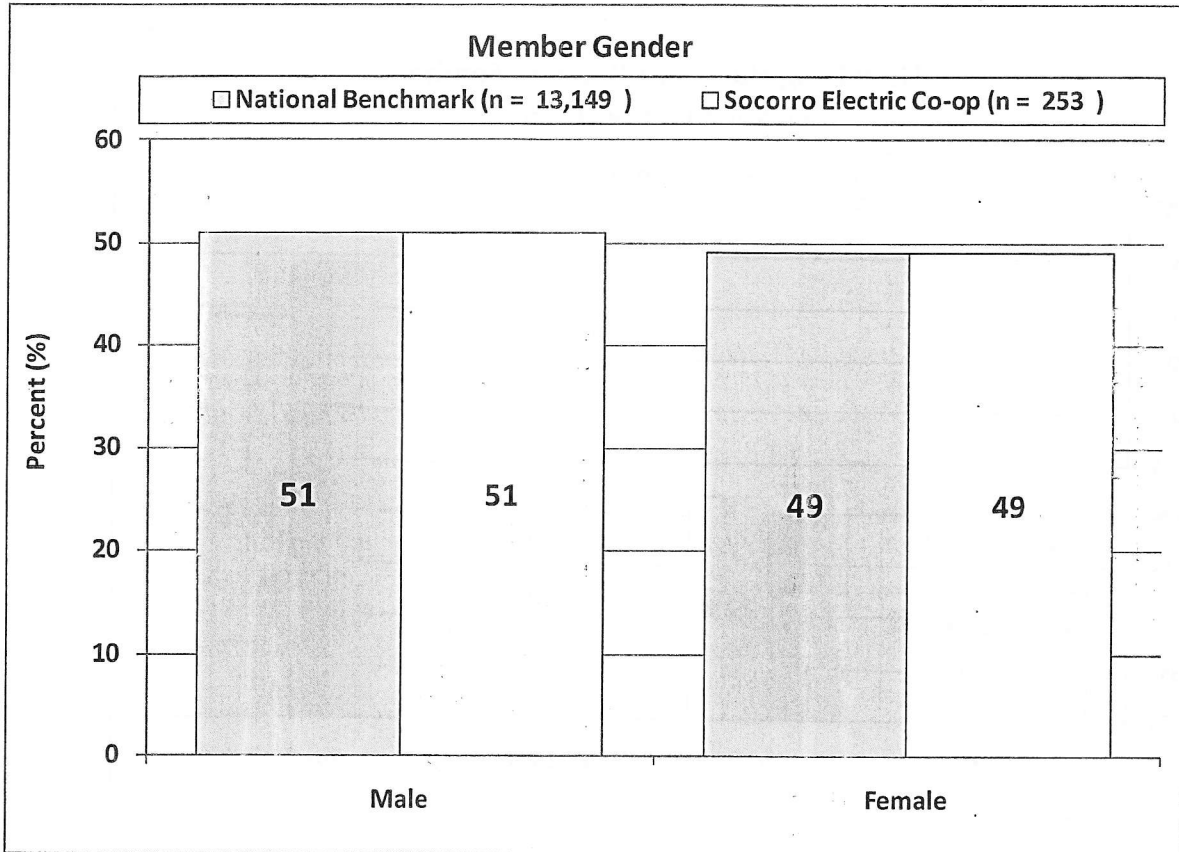
Cooperative members have established long tenures with their electric provider. Approximately four out of ten respondents stated they had been a member of their electric cooperative for more than 20 years. Conversely, less than one out of five members had been with the cooperative for less than five years.



From a member tenure perspective, the distribution of Socorro Electric Cooperative members is not significantly different from the National Benchmark group.

Respondent Gender

Survey results indicate a nearly equal split between male and female respondents comprising the National Benchmark group. Women tend to provide higher overall satisfaction ratings and performance scores for the cooperative than men.



The breakdown of survey respondents by gender does not reveal any significant differences between Socorro Electric Cooperative members and those from the National Benchmark group.