

2017 C&I MEMBER SATISFACTION



6/29/2017

Vermont Electric Cooperative

Survey Results Prepared by:

NRECA
**MARKET
RESEARCH
SERVICES**

VERMONT ELECTRIC COOPERATIVEFinal Report
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2017 C&I Member Satisfaction

VERMONT ELECTRIC COOPERATIVE

EXECUTIVE SUMMARY

Following are the top-line findings for the study's main objectives based on the results of a phone survey of 100 C&I members of Vermont Electric Cooperative (VEC) conducted in May and June of 2017:

- Overall satisfaction among C&I members is very good. The mean rating is 8.71 on a 10-point scale and 62% give ratings of “9” or “10”. This is significantly higher than most of the studies conducted in 2010 and earlier.
- The 23 performance attributes evaluated also receive very positive ratings. Nine of the attributes have mean ratings near or above 4.50 on a 5-point scale, which is considered excellent. The highest mean ratings are in regards to the customer service, employees, and electric service reliability. Although *charging reasonable rates* is one of the lowest evaluated attributes in the study and remains significantly lower than the 2015 study, it is significantly higher than in 2013, 2014, and 2016. *Delivering good value for the money* is significantly higher than in 2015 and 2014.
- The strongest key driver of overall satisfaction is **Member Service**. The mean ratings for three of the nine attributes included in this driver are above 4.50 and the other attributes are well above 4.0. Maintaining high ratings and making improvements in these areas will have the biggest impact on members' overall satisfaction with the co-op. Fifty-six percent indicate they contacted the co-op in the past year and evaluations of that contact are very high. More than half give positive ratings for the value of having an account rep. The mean rating of 3.65 remains significantly higher than most of the recent studies.
- The second-strongest key driver of overall satisfaction is **Accuracy of Meter Reading/ Billing**. VEC is evaluated as being excellent, with a mean rating of 4.51, and should keep up the good work.
- **Providing Consistent Voltage** is the next strongest key driver of overall satisfaction. Again, VEC is evaluated very positively for this attribute.
- The next key driver of overall satisfaction is **Cost and Efficiency**. As is typical, the attributes that are included in this driver are the lowest rated in the study. However, as noted above, *charging reasonable rates* is significantly higher than in 2013, 2014, and 2016.
- **Electric Service** is the final key driver of overall satisfaction. Ratings in this area are very good with three of the five attributes above the “excellent” level. Power outages lasting three to four hours continue to be perceived as having the most serious impact on their business, but is significantly lower than in most of the studies between 2006 and 2014.

OBJECTIVES

This commercial and industrial member survey addresses but is not limited to the following informational objectives:

- **Overall Performance:** Assess how satisfied C&I members are with VEC.
- **Performance Quality Attributes:** Evaluate C&I member perceptions of service quality on a variety of attributes (e.g., rates, billing, outages, customer service, etc.).
- **Performance Quality Trends:** Compare the results to past studies to identify trends.
- **Prioritizing Improvement and Maintenance Efforts:** Derive the key drivers of overall satisfaction and to what degree consumer needs are being met to help VEC prioritize any improvement efforts.
- **Other:** Explore other areas of specific interest to the co-op, including members' perception of the value of having an account representative and the impact of power outages.
- **Member Characteristics and Segmentation:** Provide business characteristics of the C&I membership base and identify differences in attitudes between segments.

METHODOLOGY

Telephone surveying was again used as the data collection technique. Interviewers were thoroughly trained on telephone interviewing techniques and on the questionnaire prior to initiating the survey. During this training, the survey instrument was reviewed to ensure that all surveys would be completed in the same manner. On average, the telephone interviews lasted approximately 11.5 minutes.

Calls were completed with 100 commercial and industrial members of VEC between May 30 and June 7, 2017. Of those contacted, 238 declined to participate, resulting in a response rate of 30%. Additionally, 46 of the phone numbers attempted were disconnected. The margin of error at the 95% confidence level for the sample is plus or minus 9.5 percentage points. This means that a result of 50% in the survey may range from 40.5% and 59.5% in an infinite number of samples this size.

ANALYSIS

The graphics presented in this report are based on data collected from the current study and tracking results from 12 studies conducted between 2005 and 2016. The results of tracking surveys provide value in two ways: by demonstrating when results remain consistent and by indicating where there has been significant change over time.

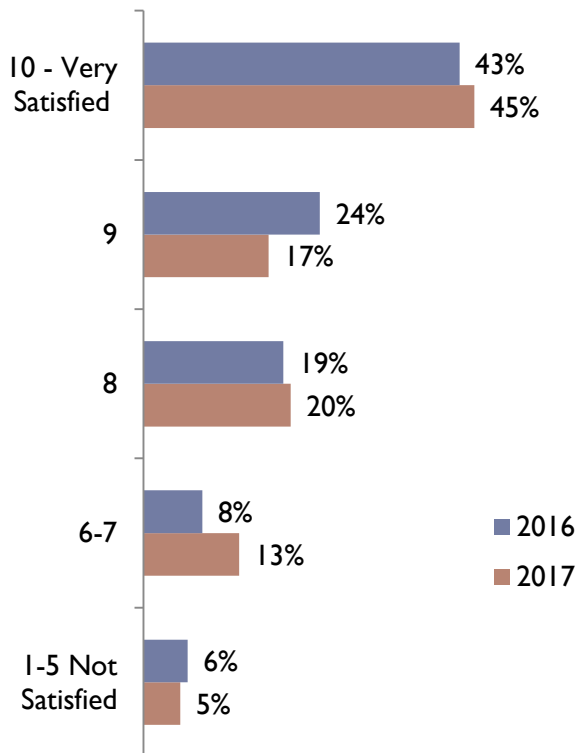
Differences between years and differences between member segments, such as business type or tenure, are pointed out and characterized as being either statistically significant or not. When the term “significant” is used, this refers to the certainty of a difference, not the magnitude or size of the difference. Significance is measured at the 95% confidence level, meaning that 95% of the time or more this difference will occur; the difference is likely not a matter of chance due to sampling. It is important to note that many of the C&I member segments are very small (fewer than 30 respondents), so tests for significant differences among these segments are not valid.

When evaluating the mean ratings in this report, on a 5-point scale a mean of 4.50 or above should be considered “excellent” and a mean between 4.00 and 4.49 is considered “good”. Means below 4.00 may be cause for concern and those below 3.75 indicate problems and a need for improvement.

KEY FINDINGS

Overall Satisfaction

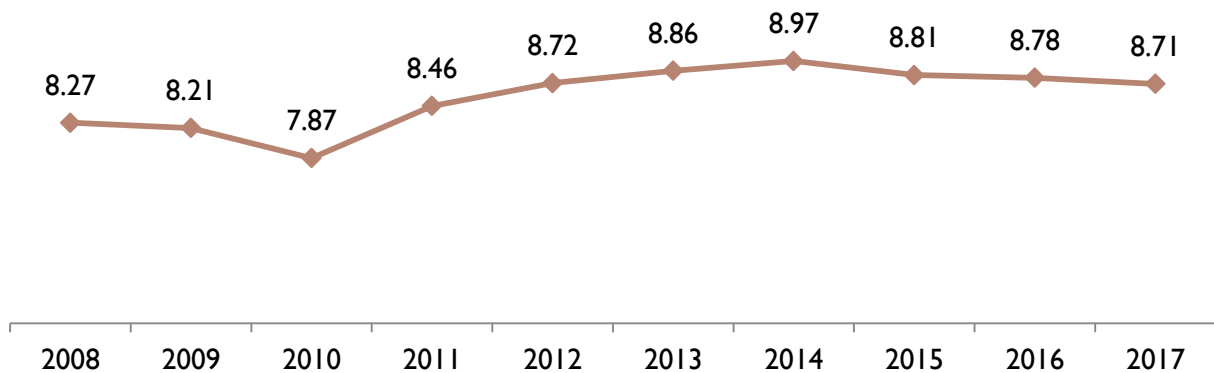
Overall satisfaction among C&I members is very good. The mean overall satisfaction rating is 8.71 on a 10-point scale and 62% give ratings of “9” or “10”.



The mean satisfaction rating in 2017 is not significantly different from recent studies, but remains significantly higher than most of the studies conducted between 2006 and 2010. Additionally, the percentage giving the top ratings of “10” is significantly higher than in almost all of the studies conducted between 2006 and 2011.

Government/Non Profit organizations give the highest ratings, significantly higher than Agriculture organizations (9.33 vs. 7.96).

Mean Ratings by Year



Performance Quality Attributes

C&I members were asked to evaluate 23 performance quality attributes related to member service, electric service, communication, billing, and cost. On all but four of the attributes measured, the mean ratings are higher than 4.00, a “good” rating on a 5-point scale.

Additionally, mean ratings for nine attributes are approximately 4.50 or higher, which is considered “excellent”. Just one attribute has improved significantly from 2016, but none decreased significantly. Other significant changes from recent studies are shown in the table below.

	Mean ~4.50+	Sig. change from 2016	Sig. change from 2015	Sig. change from 2014	Sig. change from 2013
Overall customer service provided	4.65				
Professional employees	4.59				
Reliability of service, frequency of interruptions	4.58				
Accurate and easy to understand bills	4.55				
Courtesy, understanding, helpfulness of employees	4.54			↓	
Minimizing longer outages	4.52		↓		
Minimizing blinks and momentary outages	4.51				
Accuracy of meter reading and billing	4.51				
Providing consistent voltage	4.48		↓		
Charging reasonable rates		↑	↓	↑	↑
Delivering good value for the money			↑	↑	
Helping customers be more efficient			↓	↓	
Monthly service fees			↓		
Convenient payment options			↓		
Speed/efficiency responding to customers				↓	↓
Communicating, keeping customers informed				↓	↓
Keeping members informed on outages					↓

The attributes on which VEC is rated least well by C&I members are listed below. With mean ratings below 4.0 and three of the four significantly lower than 2015, this may be a cause for concern. However, as shown in the table above, *charging reasonable rates* is significantly higher than in 2013, 2014, and 2016. The other three attributes have also increased, although differences are not statistically significant.

- *Their monthly service fees (3.64)*
- *Charging reasonable rates (3.76)*
- *Helping customers to be more efficient in their use of electricity (3.87)*
- *Helping customers keep bills as low as possible (3.91)*

Prioritizing Improvement and Maintenance Efforts

The key drivers of overall satisfaction among VEC's C&I members are member service, accuracy of meter reading and billing, providing consistent voltage, cost and efficiency, and electric service. Going forward, these are the areas that VEC should focus on most.

Regression analysis was used to determine the key drivers of overall satisfaction. The scores are to be interpreted relative to each other. For example, since *member service* has a score of 0.48 and *cost and efficiency* has a score of 0.22, we can say that C&I members' perception of the customer service they receive has more than twice the impact on their overall satisfaction as their perception of the rates, fees, and helping them lower their bills. Attributes and factors not shown below are not significant drivers of overall satisfaction. More information on how the factors were formed and importance scores derived can be found in Appendix A.

Key Drivers of Overall Satisfaction

Member Service	Accuracy of Meter Reading and Billing	Providing Consistent Voltage	Cost and Efficiency	Electric Service
<ul style="list-style-type: none"> • Courtesy, understanding, helpfulness of employees • Overall customer service provided • Having professional employees • Demonstrating concern for customers' best interests • Resolving any issues or problems • Speed, efficiency of responding to customers • Communicating, keeping customers informed • Community support • Environmental concern 			<ul style="list-style-type: none"> • Helping customers keep bills as low as possible • The monthly service fees • Charging reasonable rates • Helping customers to be more efficient in their use of electricity 	<ul style="list-style-type: none"> • Reliability of service, frequency of interruptions • Keeping number of longer outages to a minimum • Restoration of power after an outage • Keeping customers informed on status of outages • Keeping blinks, momentary outages to a minimum
0.48	0.43	0.32	0.22	0.20

Member Service

The strongest key driver of overall satisfaction is “Member Service”.

This is an area in which VEC is rated positively.

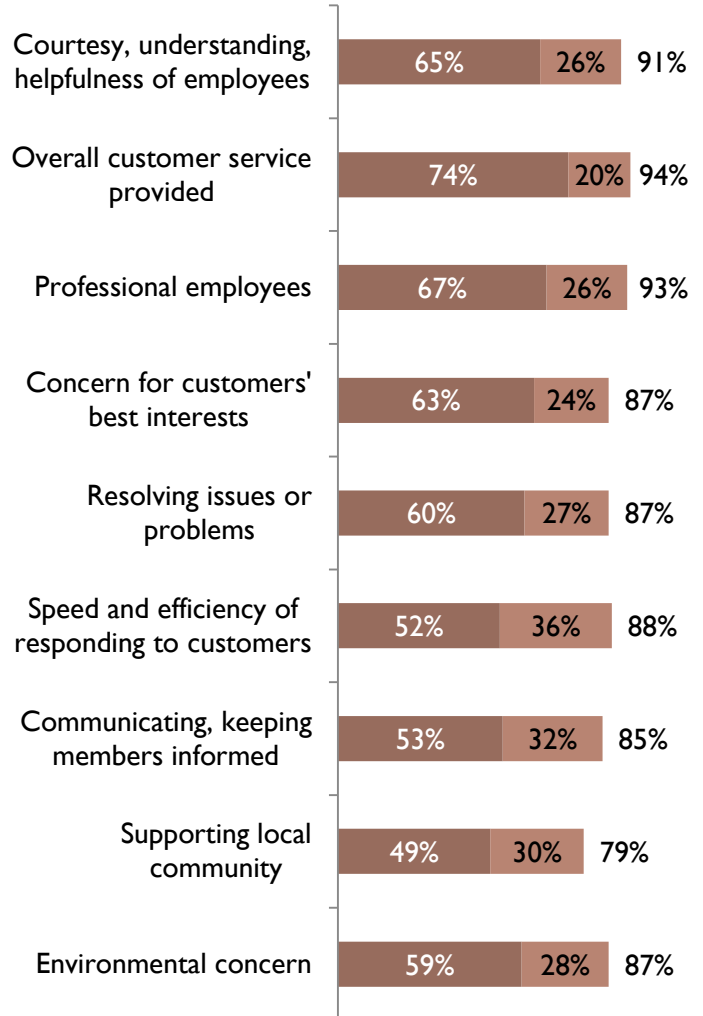
Mean ratings for all of the attributes in this driver are above 4.0 on a 5-point scale and three of the nine attributes have mean ratings above 4.50 which is considered excellent. Additionally, *the overall customer service provided* and *having professional employees* are the highest rated attributes in the study.

None of the mean ratings have changed significantly from the 2016 study. However, *the courtesy, understanding, and helpfulness of employees; the speed and efficiency of responding to customers; and communicating with customers and keeping them informed* are significantly lower than in the 2013 and/or 2014 studies.

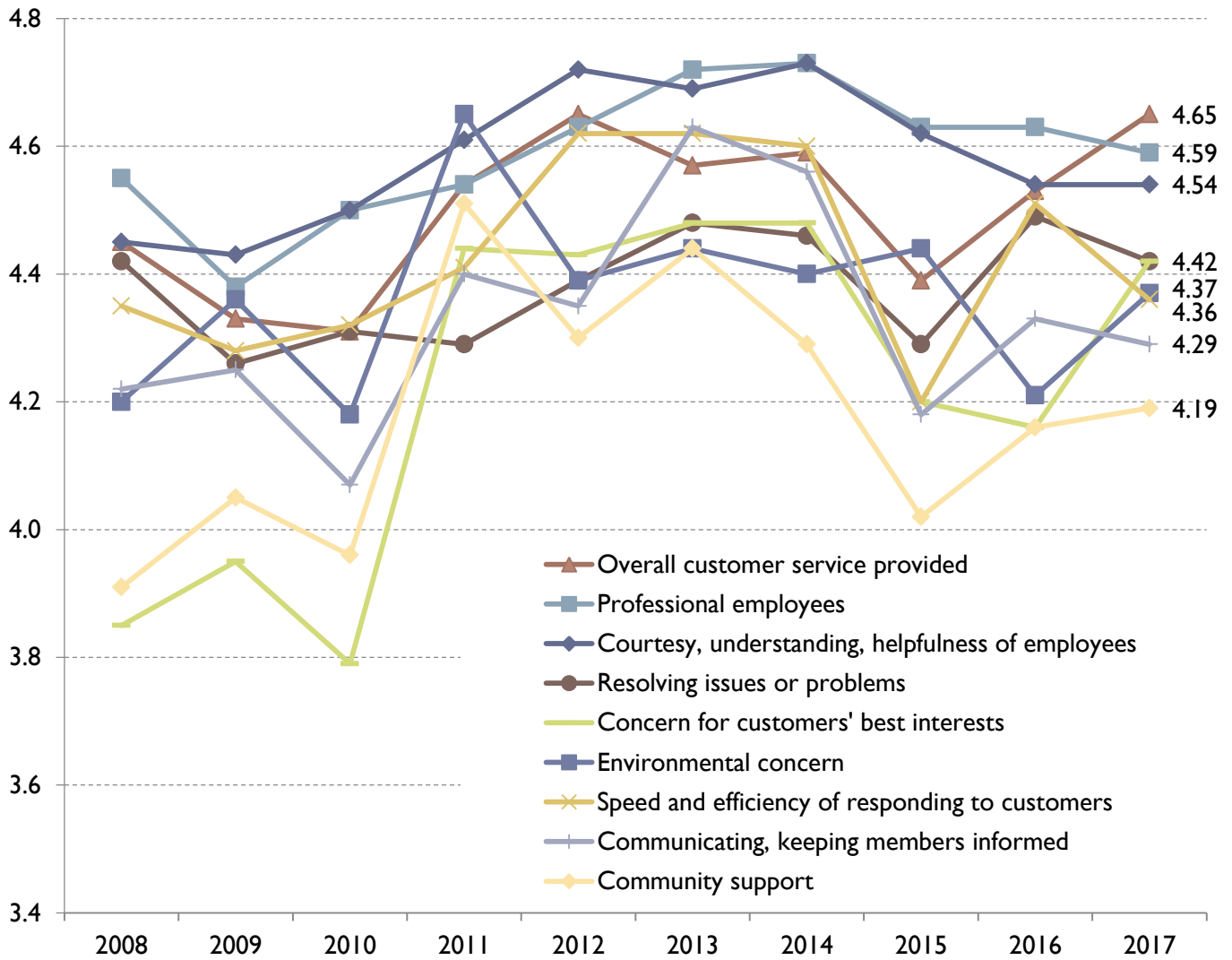
A trending line graph for all nine attributes is on the following page.

Top Two Box Ratings

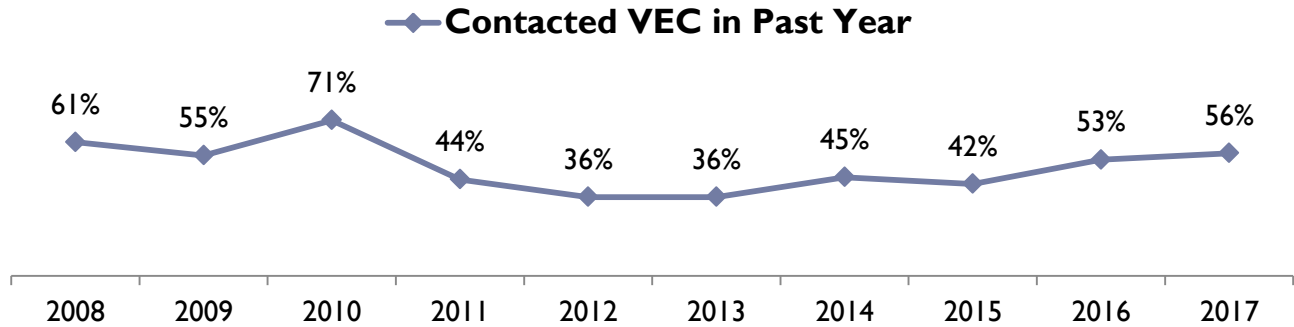
■ 5 Rating ■ 4 Rating



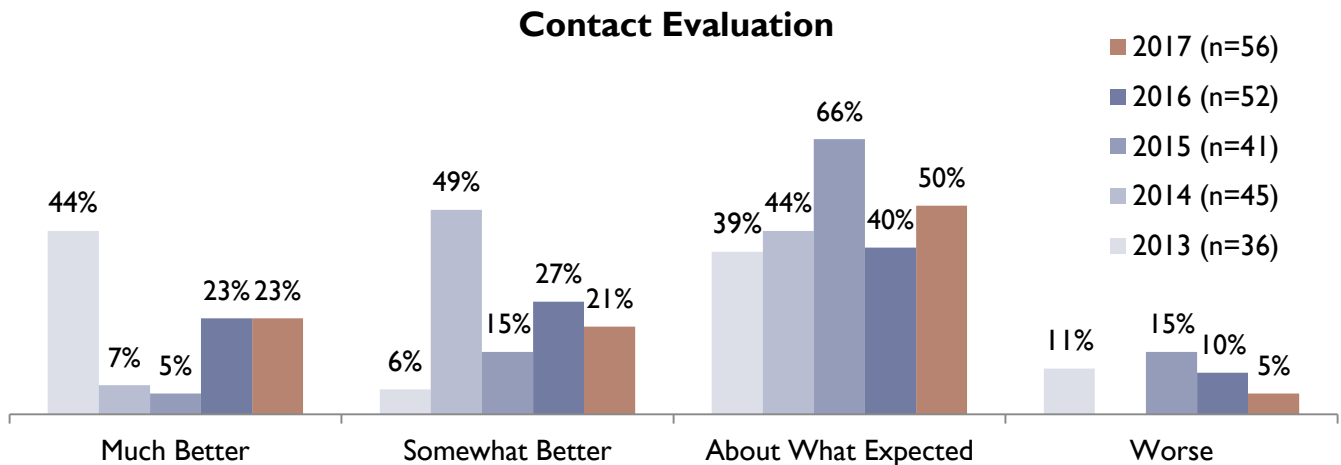
Mean Ratings By Year



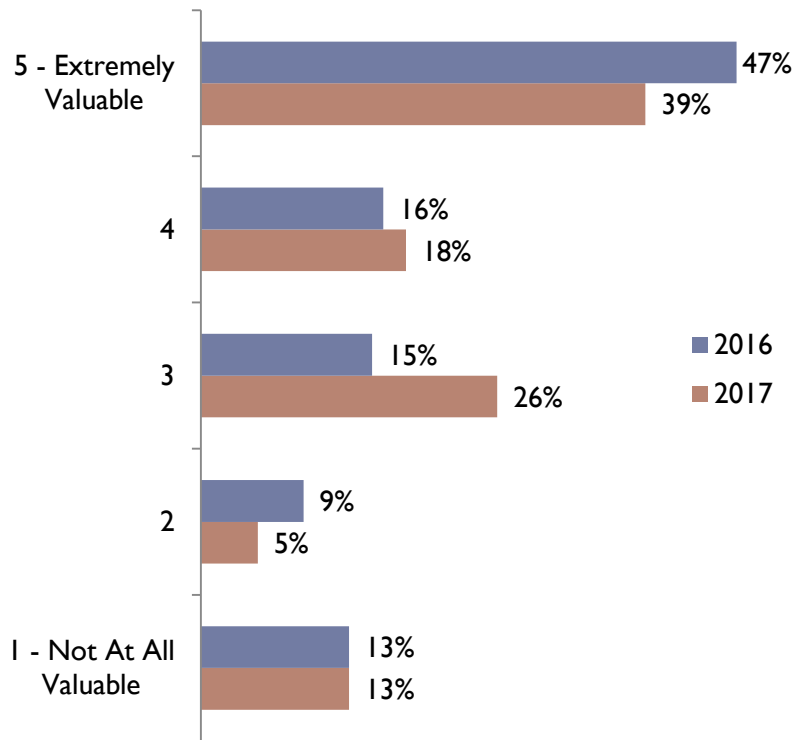
Fifty-six percent of the C&I members say they have contacted VEC over the past year. This is significantly more contact than in the 2012, 2013, and 2015 studies, but is lower than in 2010. Those in Agriculture are significantly more likely than other types of organizations to have contacted VEC.



Almost all C&I members who contacted the co-op say their expectations were met or exceeded, with almost half saying their expectations were exceeded. The proportion of members who say their contact was much better than expected is significantly higher than in 2014 and 2015, but remains lower than 2013.

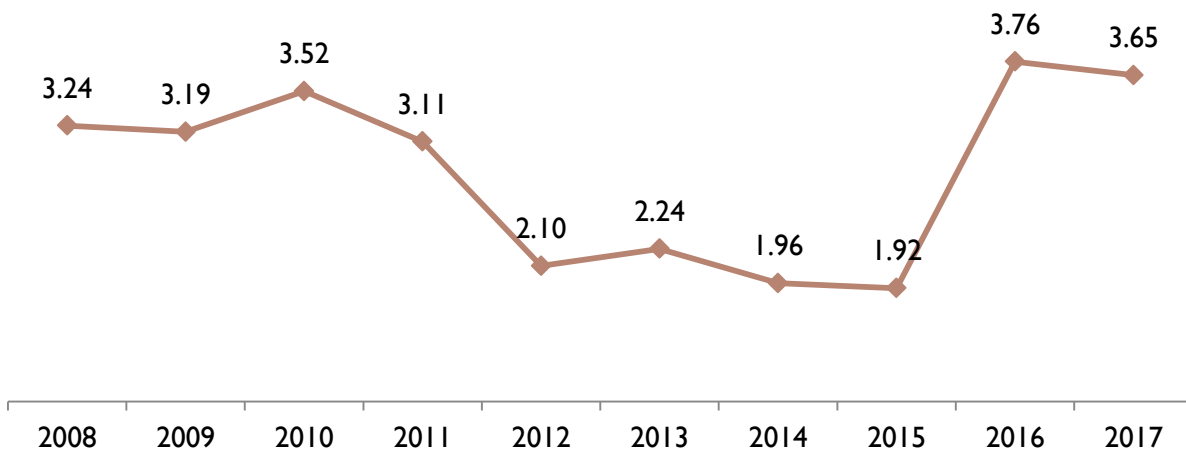


Value of Having VEC Account Rep



Fifty-seven percent say that it is valuable to their business to have an account representative from VEC (rating of “4” or “5”). Perceived value is significantly higher than all of the studies between 2009 and 2015 except 2010.

Mean Value Rating by Year



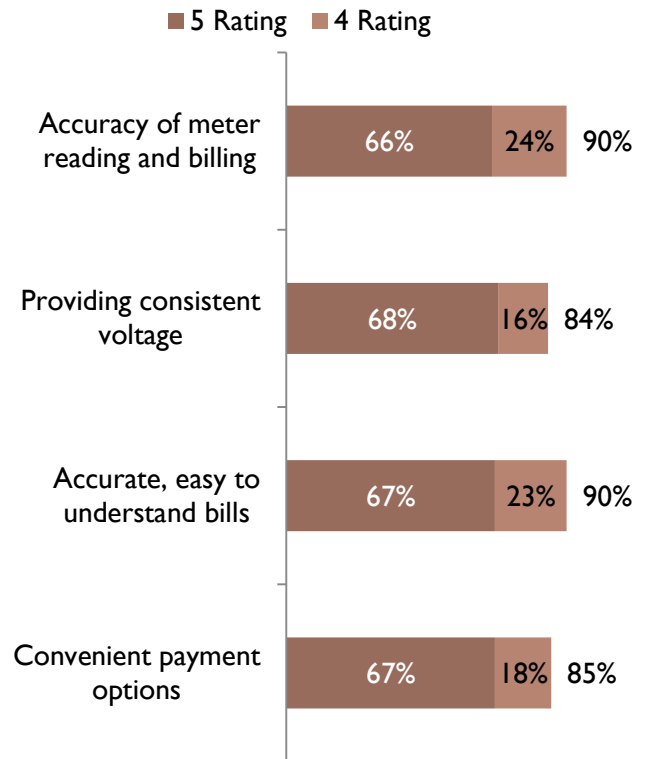
Accuracy of Meter/Billing, Electric Quality, and Payment Options

The next two key drivers of overall satisfaction are “the accuracy of meter reading and billing” and “providing consistent voltage”.

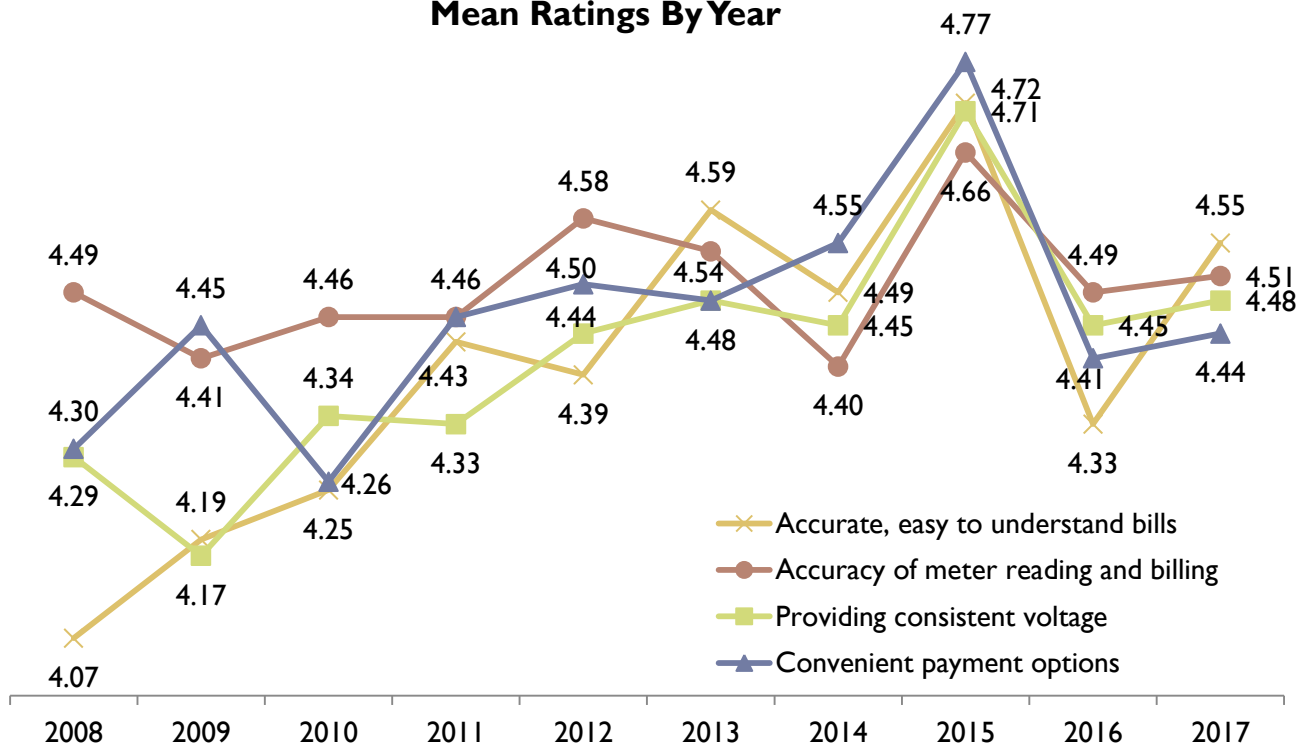
The mean ratings for these two attributes are just at the 4.50 “excellent” level. However, *providing consistent voltage* remains significantly lower than in 2015.

Providing accurate and easy to understand bills and *having convenient payment options* are not key drivers of overall satisfaction but are also attributes for which VEC receives very good to excellent ratings. Like *providing consistent voltage*, *having convenient payment options* is significantly lower than in 2015.

Top Two Box Ratings



Mean Ratings By Year

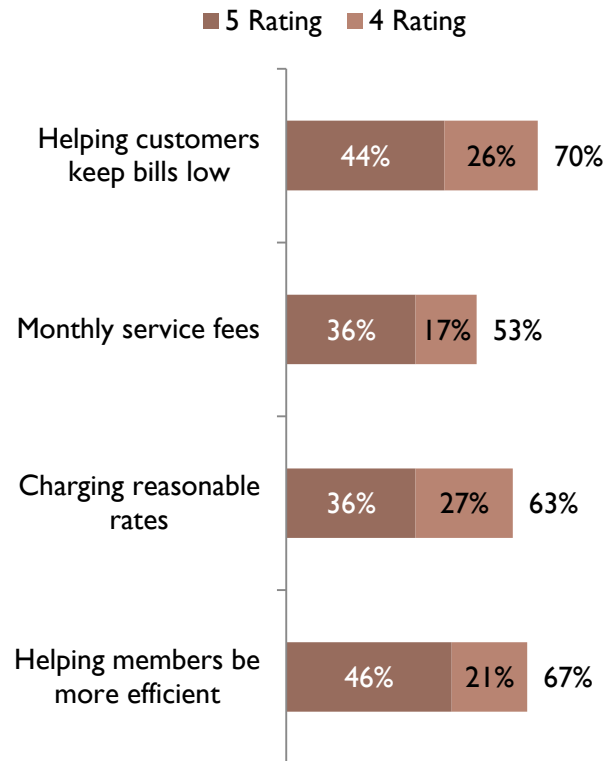


Cost & Efficiency

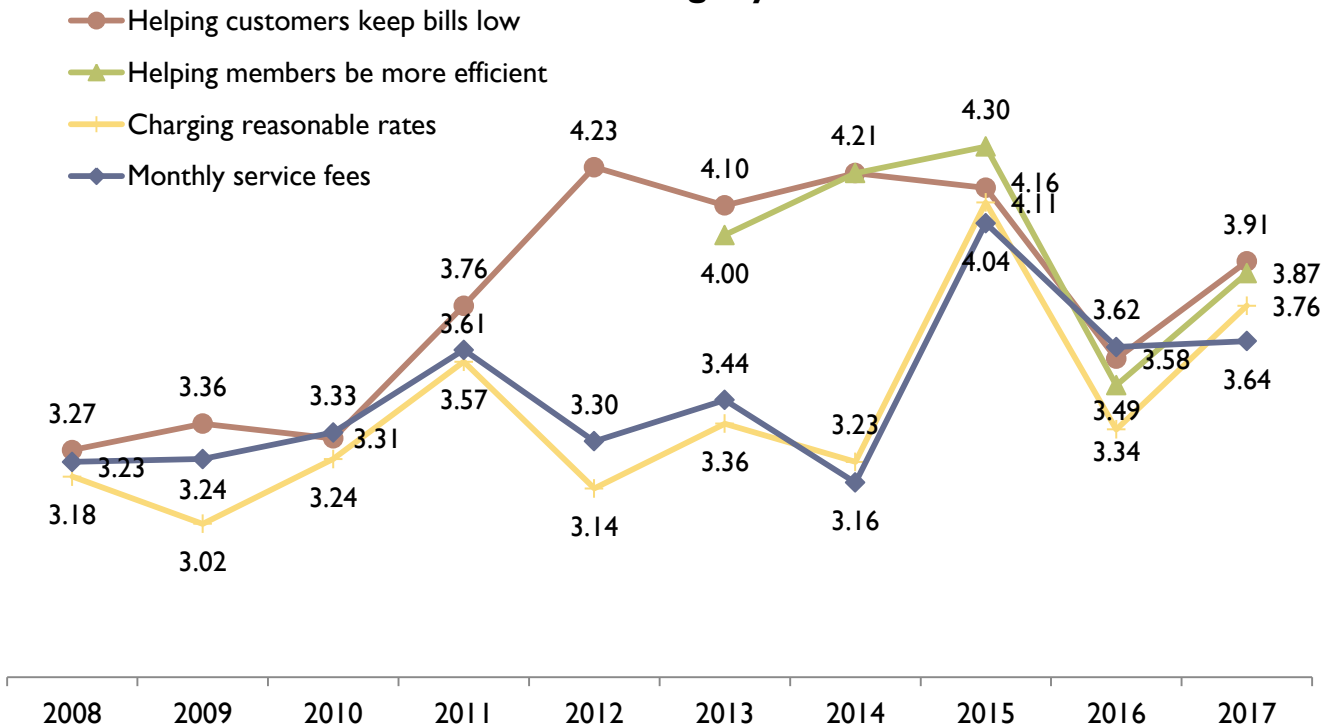
The next key driver of overall satisfaction is “Cost & Efficiency”. The attributes that make up this key driver are the lowest rated in the study, which is very typical across studies of this type.

Although the four attributes related to this key driver have mean ratings that are below the 4.0 “good” threshold and three remain significantly lower than 2015, all four have increased from 2016, significantly for *charging reasonable rates*.

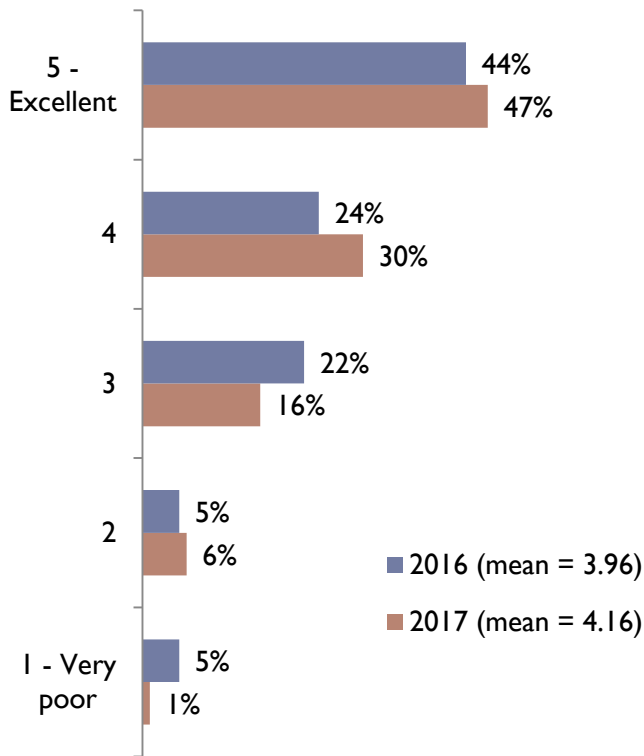
Top Two Box Ratings



Mean Ratings by Year



Value for the Money

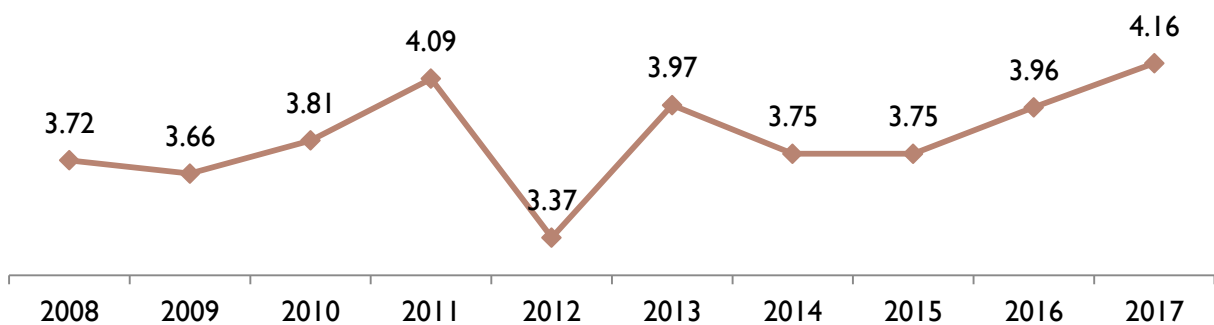


Members evaluate *the value they receive for their money* as good, with a mean rating of 4.16 on a 5-point scale. This is significantly higher than many of the studies prior to 2016.

A regression analysis was also conducted to determine the key drivers of *delivering good value for the money*. As seen in the table below, it was found that four factors are significant drivers of value. Although the perception of the cost of electricity has the strongest impact on the value members feel they receive, it is not the only factor that enters into the “value equation” among C&I members of Vermont Electric, with Member Service a very close second.

Key Drivers of Value	
Cost & Efficiency	0.40
Member Service	0.37
Accurate, Understandable Bills	0.26
Electric Service	0.22

Mean Ratings by Year



Electric Service

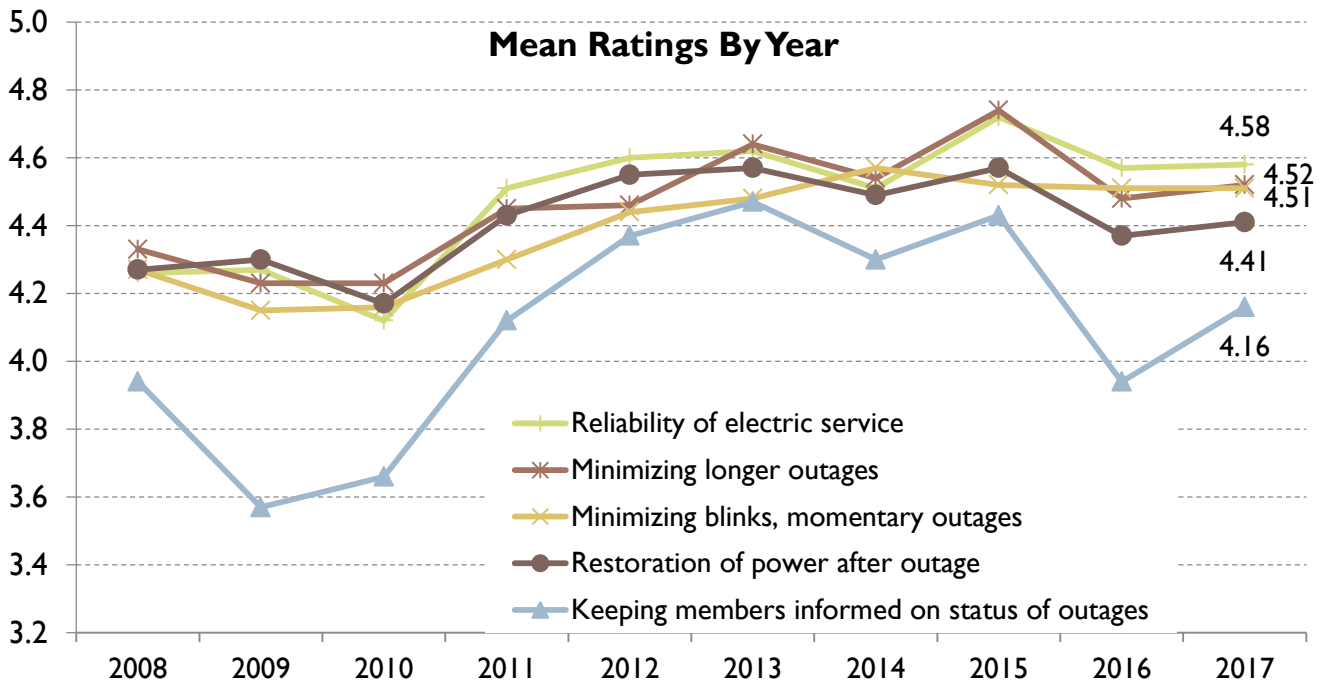
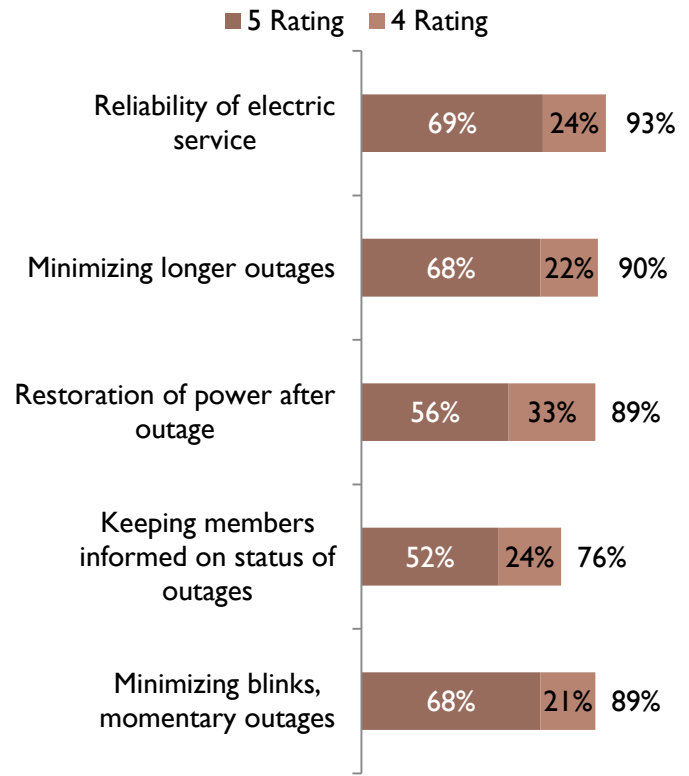
“Electric Service” is the final key driver of overall satisfaction. This is another area in which VEC is doing well.

Three of the five attributes in this driver have mean ratings above 4.50 and the restoration of power after an outage is close to this level, with a mean rating of 4.41.

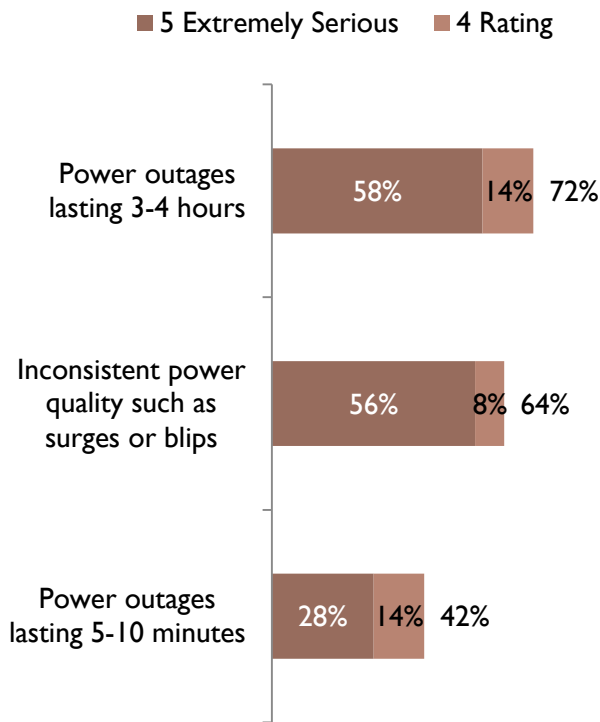
The rating for keeping members informed on the status of outages is lower than the other attributes and remains significantly lower than in 2013, but has risen above 4.0.

Keeping the number of longer outages to a minimum continues to be significantly lower than in 2015.

Top Two Box Ratings



Seriousness of Power Quality/Outage on Business

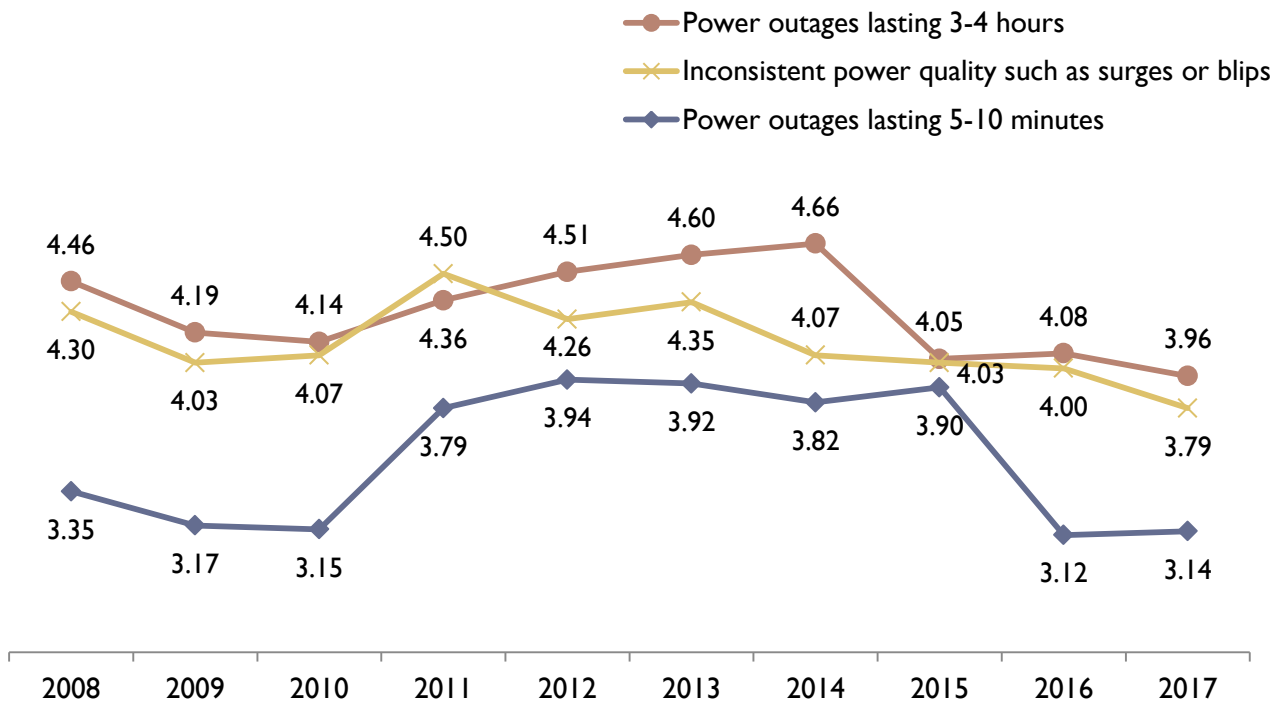


Power outages lasting 3-4 hours have the most serious impact on their business with more than seven in ten saying this length of outage has a serious impact on their business. The mean rating is significantly lower than in most of the studies between 2006 and 2014. Those in Government/Non-Profit and Agriculture industries give significantly higher ratings than do those in Service organizations.

Nearly two-thirds say inconsistent power quality causes a serious impact on their business. The mean rating is significantly lower than in most of the studies between 2008 and 2013.

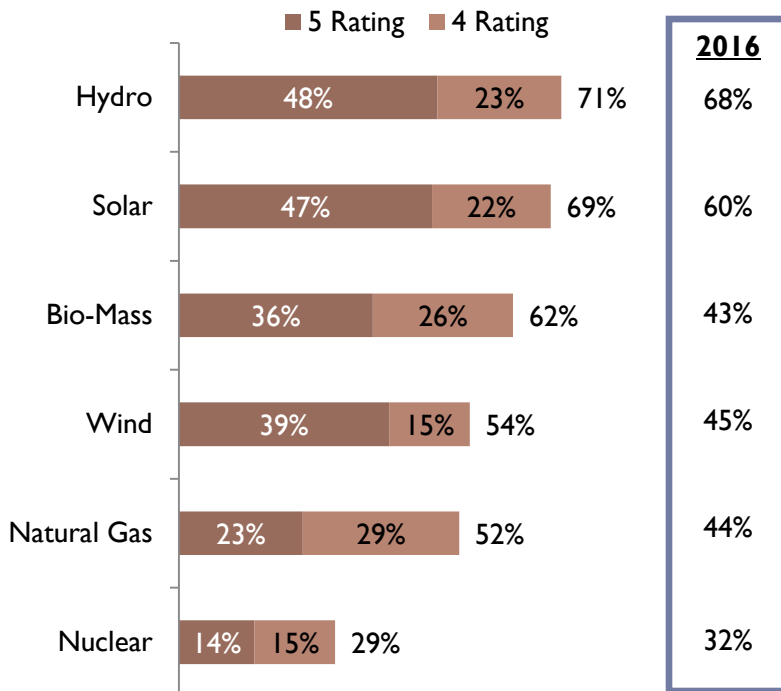
Power outages lasting 5-10 minutes continues to have the least impact. The mean rating remains significantly lower than in the studies between 2011 and 2015.

Mean Ratings by Year



Energy Efficiency and Renewable Energy

Importance of Power Sources

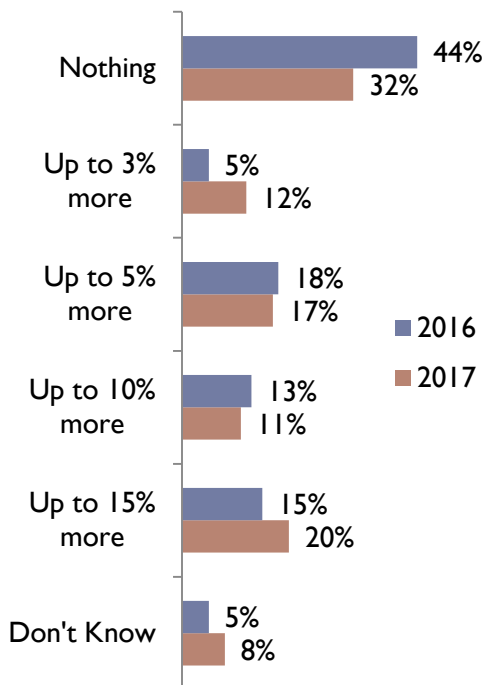


Seven in ten C&I members give high ratings for the importance of utilities providing power from hydro and solar. C&I members see nuclear as least important, with 29% giving a rating of “4” or “5”.

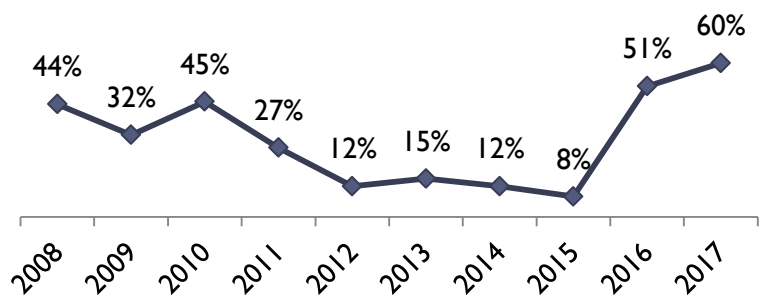
The perceived importance of wind power is significantly lower than in 2012. The importance of natural gas is also significantly lower than in 2014 and 2015 and the importance of nuclear is significantly lower than in 2014.

Six in ten say they would be willing to pay more on their monthly bills for renewable energy. The proportion of members who are unsure how much they would be willing to pay is down significantly from almost all studies before 2016. Additionally, the proportion of those willing to pay up to 3% or more is significantly higher than the studies between 2012 and 2015.

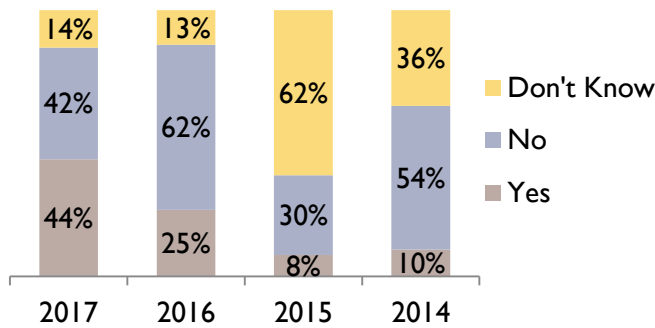
How Much More Willing to Pay Monthly to Get Renewable Power



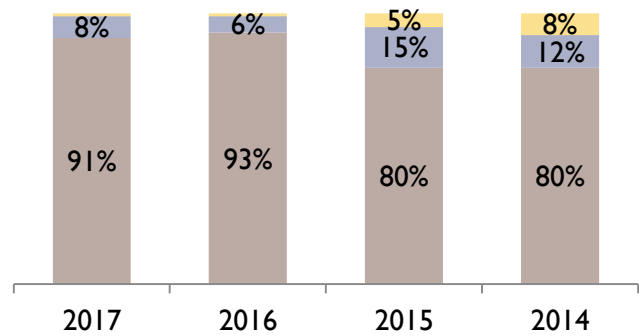
Willing To Pay Additional Amount



Support Rate Increase From State Requirement to Add Renewables



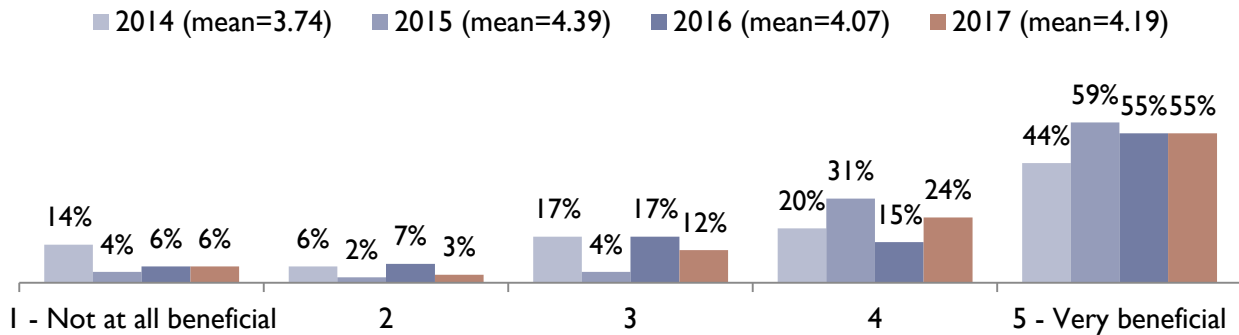
Heard of Efficiency Vermont



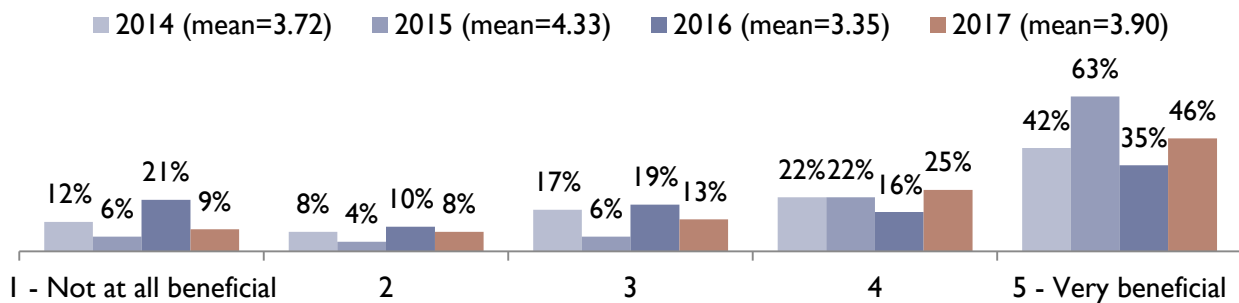
Forty-four percent say they would support a rate increase driven by a Vermont state requirement to increase the amount of renewables in VEC’s energy portfolio which is significantly higher than in all of the studies since it was first measured in 2014.

Awareness of the energy efficiency utility Efficiency Vermont remains significantly higher than in 2013, 2014, and 2015. Among those aware of Efficiency Vermont, 80% give high ratings (“4” or “5”) for how beneficial it is for Vermont consumers and 70% for how beneficial it is for their own business. The rating for how beneficial it is for their own businesses continues to be significantly lower than in 2015.

How Beneficial is Efficiency Vermont For Vermont Consumers

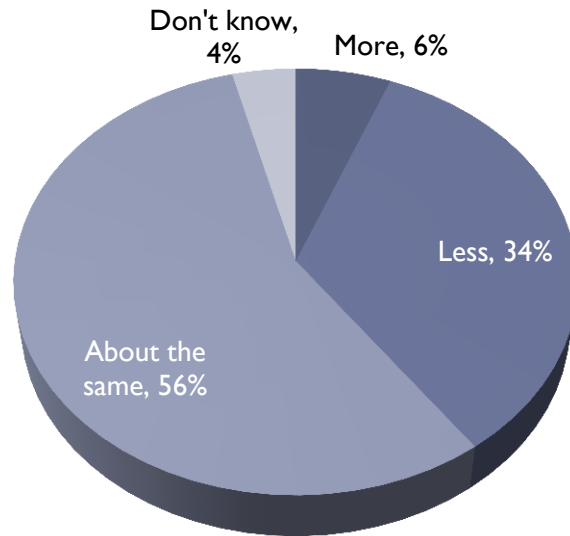


How Beneficial is Efficiency Vermont For Your Business

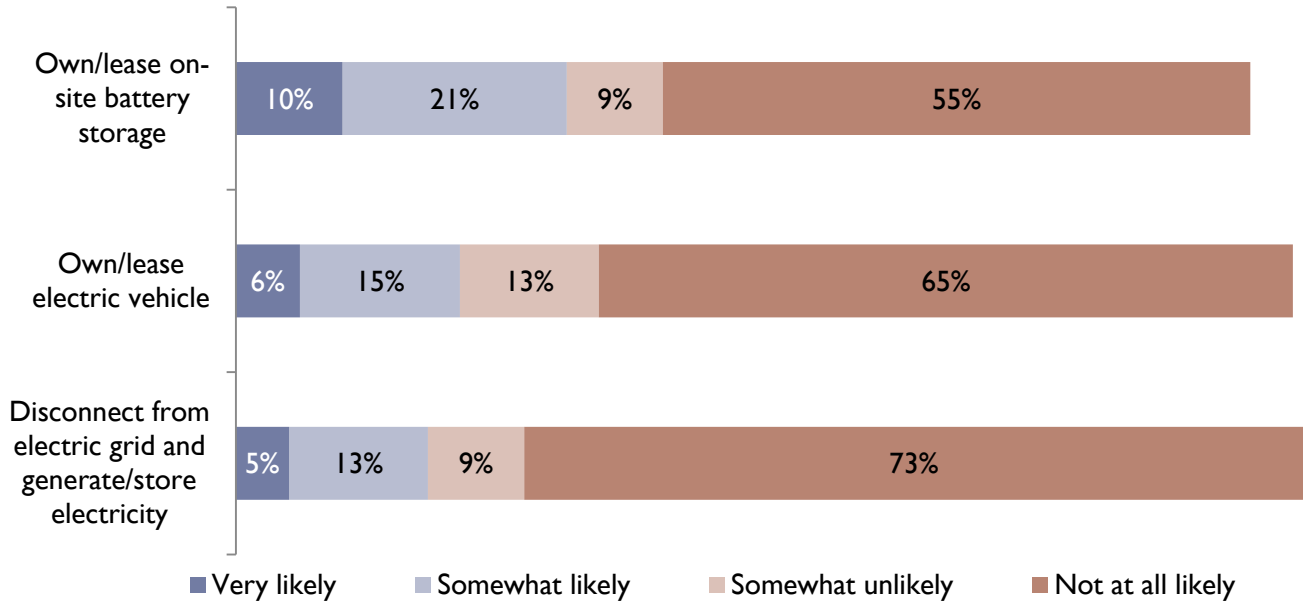


More than half of the members indicate they would support paying about the same as they currently pay for Efficiency Vermont services. Six percent say they would support paying more while 34% support paying less.

Support Paying More, Less, About the Same For Efficiency Vermont Services in Future



Thirty-one percent of the members say they are very or somewhat likely to own or lease on-site battery storage, 21% say they are very or somewhat likely to own or lease an electric vehicle, and 18% say they are very or somewhat likely to disconnect from the electric grid and generate/store their own electricity.



Those who say they are likely to do each of these are most likely to do so in the next 2 or next 5 years.

Broadband Internet

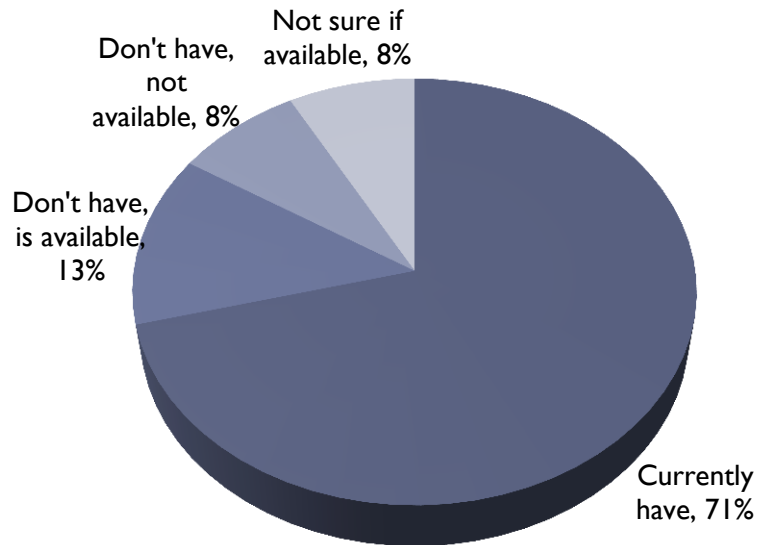
Seven in ten C&I members currently have broadband internet and an additional 13% say they have it available to them, even though they do not currently have it.

Companies/organizations with higher annual revenue are significantly more likely than those with lower revenue to currently have broadband internet service. Service organizations and Government/Non-Profit companies are also significantly more likely than Agriculture companies to currently have it.

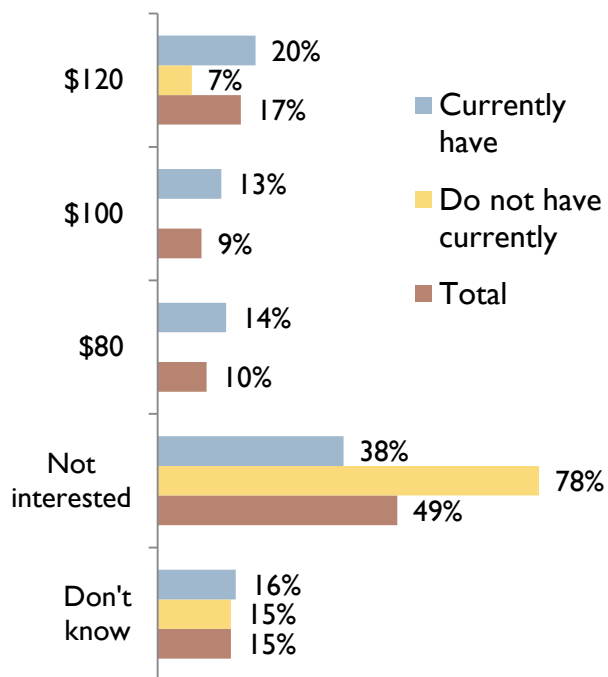
Almost half indicate they would not be interested in new broadband internet service. Among those who are, most are willing to pay \$120 a month for the service.

Those who do not currently have broadband internet access are significantly less interested in getting new broadband internet service.

Availability/Use of Broadband Internet



How Much Willing to Pay For New Broadband Internet Service



Commercial Member Characteristics

One-quarter of the C&I members are in agriculture and 22% are a service industry. Fully half have been served by Vermont Electric Cooperative for 20 years or more.

Commercial and industrial members in 2016 are less likely to have been served by VEC for 20 years or more and less likely to be in other service industries compared to the 2015 study. Eighty respondents answered the question pertaining to their organization's annual revenue, with 18% reporting annual income over one million dollars.

	2017	2016	2015	2014	2013
Agriculture	26%	22%	28%	14%	18%
Other Service Industry	22%	7%	25%	16%	10%
Wholesale/Retail	12%	28%	16%	28%	34%
Not For Profit	12%	3%	5%	12%	10%
Government/Municipalities	9%	15%	11%	10%	7%
Other	17%	24%	14%	19%	21%
Served 5 Years or Less	10%	19%	12%	10%	14%
Served 6 to 19 Years	40%	38%	21%	38%	39%
Served 20 Years or More	50%	43%	66%	53%	48%

Verbatim Comments

At the conclusion of the survey, C&I members were given the opportunity to share any comments, concerns, or questions they had. Thirty-eight percent of the respondents offered input.

Among those who commented, the following table provides a breakdown of the subjects mentioned and the number of comments that were positive, negative, or neutral. A full listing of comments can be found in Appendix B.

Subject/Topic	Total # Comments	Positive	Negative	Neutral
<i>Operations/Engineering – blinks, outages, tree trimming, AMI/AMR</i>	16	9	2	5
<i>Member Services/Marketing – resolving issues, customer service reps</i>	8	6	1	1
<i>Overall Satisfaction</i>	7	7	0	0
<i>Rates/Fees</i>	6	0	6	0
<i>Renewable Energy</i>	4			
<i>Member Identity/Loyalty</i>	2	0	0	2
<i>Problems With Bills</i>	1	1	0	0
<i>Additional Services</i>	1	0	0	1
<i>Energy Efficiency/Energy Audits</i>	1	0	0	1
<i>Management/Board</i>	1	0	1	0