

2019 Commercial/Industrial Member Satisfaction Study

Vermont Electric Cooperative

PREPARED BY:

NRECA Market Research Services



July 3, 2019

Table of Contents

EXECUTIVE SUMMARY	1
OBJECTIVES, METHODOLOGY, & ANALYSIS.....	2
Objectives	2
Methodology	3
Analysis	3
KEY FINDINGS	4
Overall Satisfaction	4
Performance Quality Attributes.....	5
Performance Quality Trends.....	6
Prioritizing Improvement and Maintenance Efforts	7
Community Support	8
Member Service.....	9
Rates and Fees	13
Electric Service.....	15
Payments and Bills	18
Energy Efficiency and Renewable Energy	19
Products and Services.....	23
Commercial/Industrial Member Characteristics.....	25
Verbatim Comments.....	26

Executive Summary

Following are the top-line findings based on the results of a telephone/online survey of 168 commercial and industrial members of Vermont Electric Cooperative conducted in June of 2019:

- Overall satisfaction with Vermont Electric is very good, with an overall mean rating of 8.94. Among phone respondents, the mean rating of 9.11 is higher than it has been since surveying began in 2005 with differences being statistically significant than almost all of the previous studies, including 2017 and 2018.
- The mean ratings for 19 of the 23 service attributes are evaluated above 4.00 on a 5-point scale, which is considered “good”. Thirteen attributes receive mean ratings of approximately 4.50 or higher, the “excellent” threshold. VEC receives the highest ratings for their employees and customer service and providing consistent voltage. Ten attributes have increased significantly from 2018 among phone respondents, and none have significantly decreased. In fact, with the exception of 2015, none of the attributes are significantly lower than in any of the previous studies.
- The attribute **supporting the local community** is the strongest key driver of overall satisfaction among commercial/industrial members of VEC. This means that increases/decreases in the mean rating for this attribute should cause a corresponding increase/decrease in overall satisfaction ratings. The co-op is perceived as doing a very good job and ratings among phone respondents are significantly higher than in the studies between 2005 and 2010 and 2015.
- **Member Service** is the next strongest driver of overall satisfaction. This is an area in which VEC is evaluated as being excellent. Five of the seven attributes in this driver have mean ratings above the 4.50 “excellent” threshold and three – *the overall customer service provided, communicating with members and keeping them informed, and resolving any issues or problems* – are significantly higher than in 2018. Just over half indicate that they contacted VEC in the past year and evaluations of that contact are good, with almost all saying the contact met or exceeded their expectations. Additionally, perceptions of the value of having a VEC account representative continue to be significantly higher than most of the studies between 2008 and 2015.
- The next strongest driver is **Rates and Fees**. Although this is the area that includes the lowest rated attributes in the study, ratings on these attributes are significantly higher than in the 2018 study. The value that members feel they receive for their money is good and is significantly higher than in the 2018 study as well as many other previous studies.
- **Electric Service** is the next driver of overall satisfaction and is another area for which VEC is evaluated as being excellent. All five attributes included in this driver are evaluated close to or above 4.50. As in previous studies, five to ten minute power outages have less impact on business than do longer outages and inconsistent power quality.
- The final key driver of overall satisfaction is **Payments and Bills**. Again, VEC receives very good to excellent ratings for the three attributes included.

- Members continue to feel that providing electricity from solar and hydro power is important. While ratings are consistent with 2018, the importance of wind power has decreased significantly from most of the studies between 2009 and 2017 and the importance of bio-mass has decreased significantly from 2017.
- Approximately seven in ten would recommend going to a 100% renewable power supply and nearly two-thirds would recommend going to a 100% carbon-free power supply even if prices had to increase. However, if going carbon-free had to be achieved by increasing nuclear power, support falls by 35 percentage points.
- Two C&I members currently have a plug-in electric vehicle and 13% indicate they are likely to purchase or lease one in the next 5 years. One-fifth say they are likely to purchase/lease on-site back up battery storage for their business in the next 5 years. Ten percent use a cold climate heat pump to heat or cool their house and almost all of those who do would recommend purchasing one.

Objectives, Methodology, & Analysis

Objectives

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

- **Overall Satisfaction:** Assess how satisfied members are with Vermont Electric Cooperative.
- **Performance Quality Attributes:** Evaluate commercial/industrial member perceptions of service quality on a variety of attributes (e.g., rates, billing, outages, problem resolution, 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 the degree to which consumer needs are being met to help VEC prioritize any improvement efforts.
- **Other:** Explore other areas of specific interest to the co-op, including perceived value of having an account representative, perceived importance of renewable power sources, views on the co-op's power supply being from 100% renewable sources and going 100% carbon-free, and likelihood of purchasing/leasing a plug-in electric vehicle in the next 5 years.
- **Member Demographics:** Provide firmographics of the commercial/industrial member base and identify differences in attitudes between firmographic groups.

Methodology

Data was collected through telephone and online surveying. This is the first year that online surveying was added to the methodology among VEC's commercial/industrial members. Telephone interviewers were thoroughly trained on the questionnaire prior to initiating the survey. On average, the telephone interviews lasted approximately 11 minutes.

Telephone surveys were completed with a total of 100 commercial/industrial members of VEC between June 4 and June 11, 2019. Of those contacted, 235 declined to participate, resulting in a response rate of 30%. Additionally, 52 of the phone numbers attempted were disconnected or were otherwise unable to be used to complete a survey (not a C&I account, fax number, etc.).

On June 3, 2019, an e-mail invitation was sent to 701 commercial/industrial members for whom VEC has an e-mail address, with 33 returned as being undeliverable. The online survey was closed on June 13 with a total of 68 surveys having been completed online, resulting in a response rate of 10%.

The margin of error at the 95% confidence level for the entire sample is plus or minus 8.0 percentage points. This means that a result of 50% in the survey may range between 42% and 58% in an infinite number of commercial/industrial samples this size.

Analysis

The graphics presented in this report are based on data collected from the current study and tracking comparable results from 14 studies conducted between 2005 and 2018. The results of tracking surveys provide value by demonstrating when results remain consistent and indicating where there has been significant change over time. Because previous studies were conducted as phone surveys, comparisons to prior years are made to just the phone respondents unless otherwise specified.

Differences between member segments, such as differences by age or service 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 at least 95% of the time, using the same sampling procedure, this difference will occur; the difference is likely not a matter of chance.

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 a need for improvement.

Key Findings

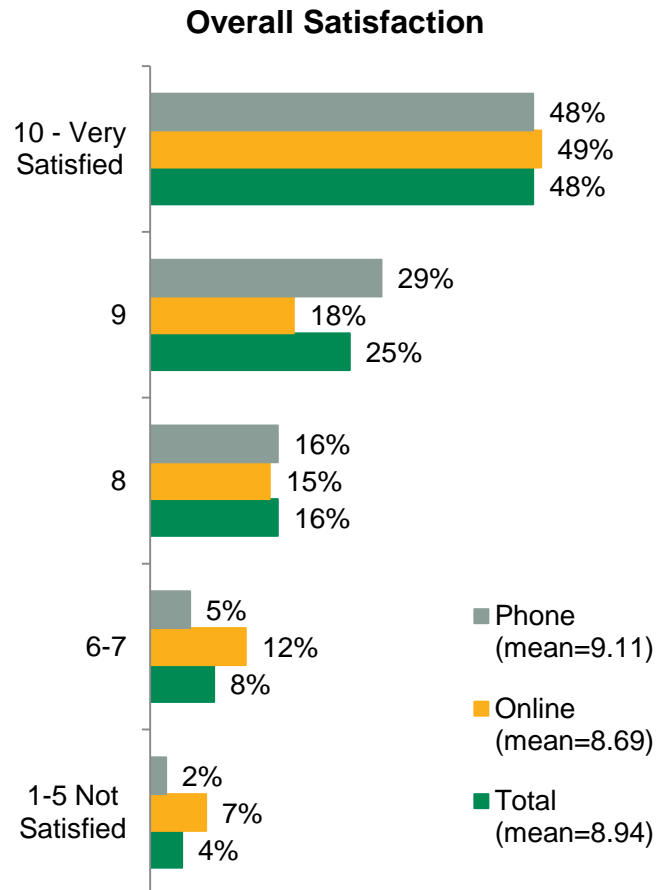
Overall Satisfaction

Overall satisfaction among Vermont Electric's C&I members is very good. The mean overall satisfaction rating is 8.94 and 73% give a top rating of "9" or "10".

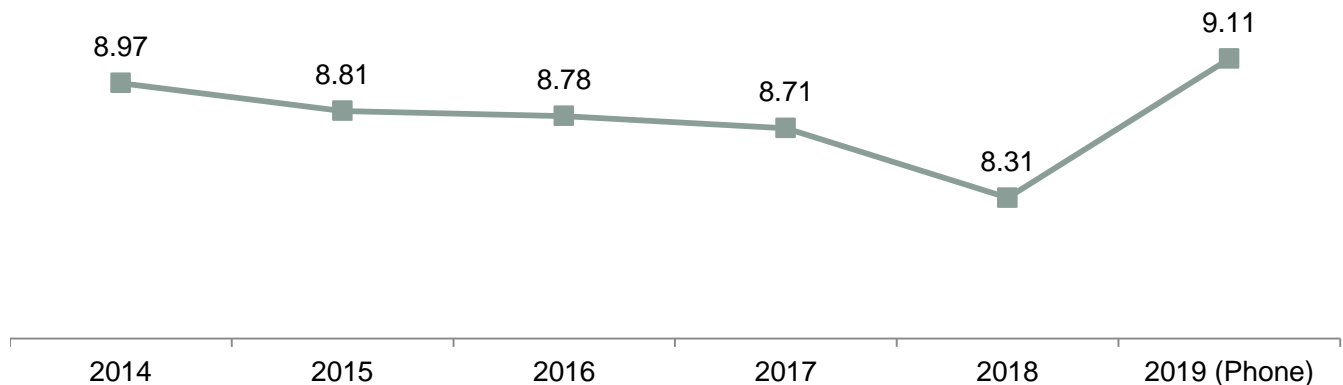
Among phone respondents, the mean rating of 9.11 is higher than it has been since surveying began in 2005 with differences being statistically significant higher than almost all of the previous studies, including 2017 and 2018.

Although satisfaction is very good among all types of businesses/organizations, the mean rating among government/non-profit organizations exceeds the 9.0 "excellent" threshold and is significantly higher than manufacturing/construction/wholesale/retail companies.

It is typical for phone respondents to give significantly higher ratings than online respondents, especially on 5- and 10-point scale questions. While this is the case among VEC's commercial/industrial members, the difference is not significant (9.11 among phone respondents and 8.69 among online respondents).



Overall Satisfaction Mean Ratings By Year



Performance Quality Attributes

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 above 4.00, a “good” rating on a 5-point scale.

Additionally, mean ratings for 13 attributes are approximately 4.50 or higher which is considered excellent. These include:

- Having professional employees (4.63)
- The overall customer service provided (4.63)
- Providing consistent voltage without surges or brownouts (4.61)
- The courtesy, understanding, helpfulness of employees to members’ inquiries or problems (4.60)
- Having convenient payment options (4.57)
- Resolving any issues or problems (4.55)
- Communicating with members and keeping them informed (4.54)
- The accuracy of meter reading and billing (4.53)
- The restoration of power after an outage (4.51)
- The reliability of service and frequency of interruptions (4.50)
- Operating with concern for the environment (4.49)
- Keeping blinks and momentary outages to a minimum (4.48)
- Keeping the number of longer outages to a minimum (4.48)

Conversely, the mean rating on four attributes fall below the “good” threshold of 4.00. These are areas that are often rated lower in member satisfaction research, but the good news is that mean ratings among phone respondents have increased significantly from the 2018 study.

- Helping members to be more efficient in their use of electricity (3.79)
- Charging reasonable rates (3.83)
- The monthly service fee (3.84)
- Helping customers keep bills as low as possible (3.87)

As mentioned previously, telephone respondents tend to give significantly higher ratings for scaled questions than do online respondents. As with overall satisfaction, this is not generally the case for the performance attributes. In fact, the only attribute for which the difference is statistically significant is *the accuracy of meter reading and billing* (4.65 among phone respondents and 4.38 among online respondents).

Performance Quality Trends

Ten of the performance attributes have changed significantly from the 2018 study. Additionally, all but one are significantly higher than in at least one study between 2005 and 2017. In fact, *charging reasonable rates* is significantly higher than in all but two of the previous studies.

In addition to the four attributes mentioned on the previous page, six attributes are evaluated significantly higher in 2019 than in 2018. These are:

- The overall customer service provided
- Delivering good value for the money
- Resolving any issues or problems
- Communicating with members and keeping them informed
- Having convenient payment options
- The accuracy of meter reading and billing

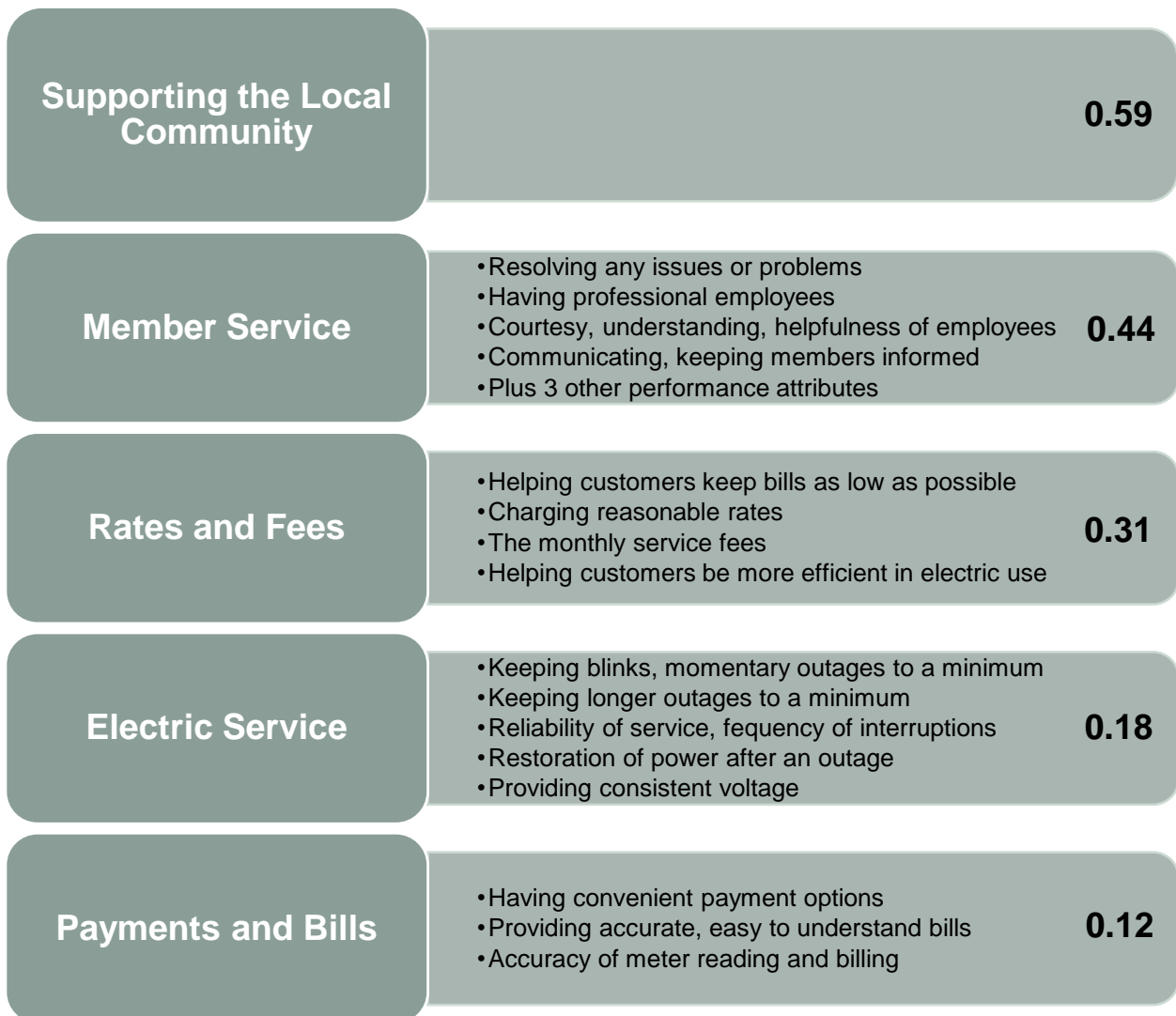
With the exception of 2015, none of the attributes have decreased significantly from any of the previous studies. The five that are significantly lower than in 2015 are:

- Keeping the number of longer outages to a minimum
- The reliability of service and frequency of interruptions
- Providing accurate and easy to understand bills
- Having convenient payment options
- Helping members to be more efficient in their use of electricity

Prioritizing Improvement and Maintenance Efforts

The key drivers of overall satisfaction among commercial/industrial members are: Community Support, Member Service, Rates and Fees, Electric Service, and Payments and Bills. Going forward, these are the areas that Vermont Electric Cooperative 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 *community support* has an importance score of 0.59 and *rates and fees* has a score of 0.31, we can say that C&I members' perceptions of the co-op's support of the local community has approximately twice the impact on overall satisfaction as their perceptions of their electric rates/fees. 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.



Overall Satisfaction

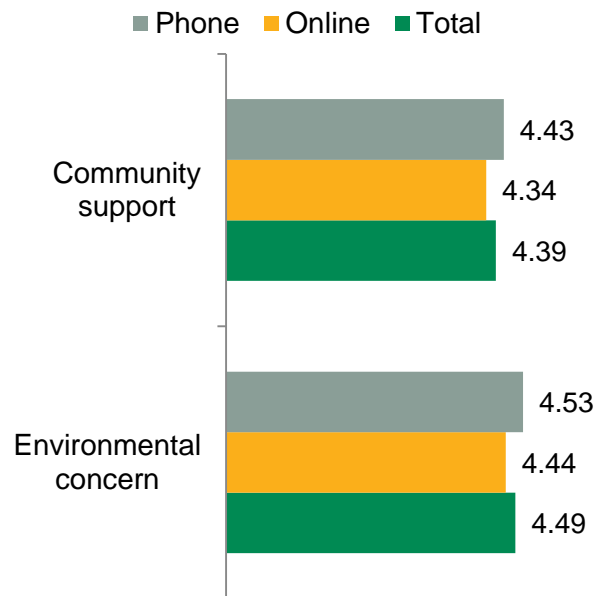
Community Support

Supporting the local community is the strongest key driver of overall satisfaction among commercial/ industrial members and is an area for which VEC receives very good ratings.

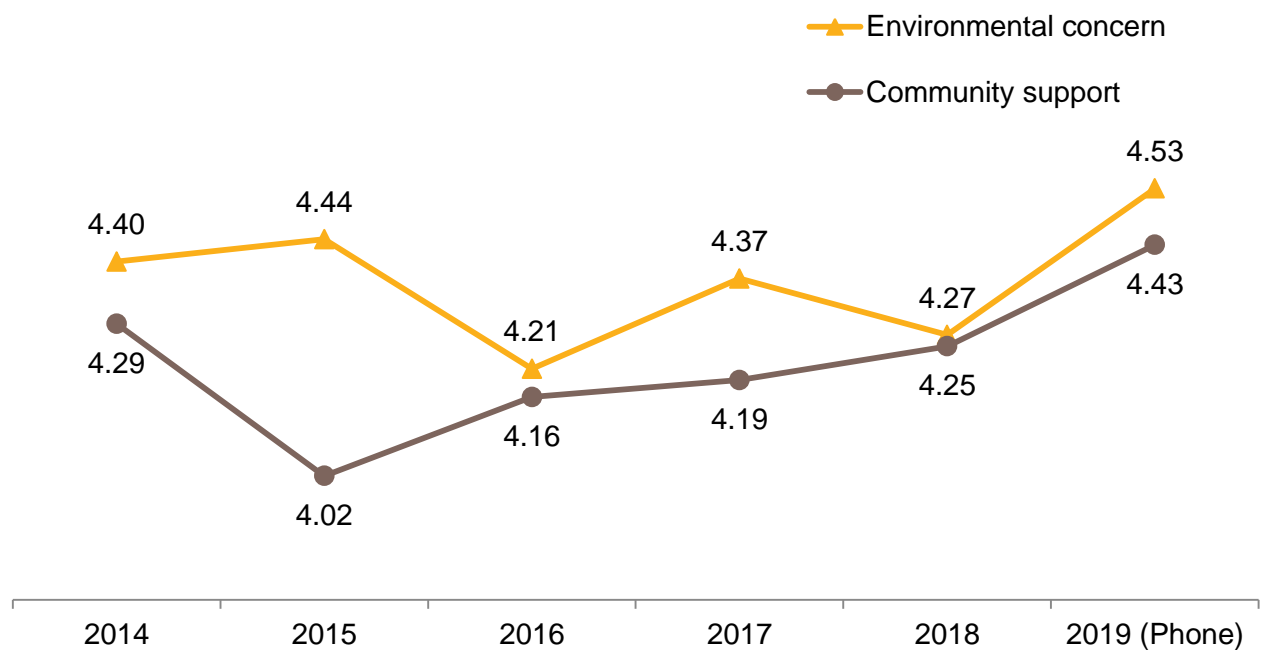
Additionally, the mean rating among phone respondents is significantly higher than most of the studies between 2005 and 2015.

Operating with concern for the environment is not a driver of satisfaction but is also evaluated very well and significantly higher than many of the previous studies, most recently 2016.

2019 Mean Ratings by Method



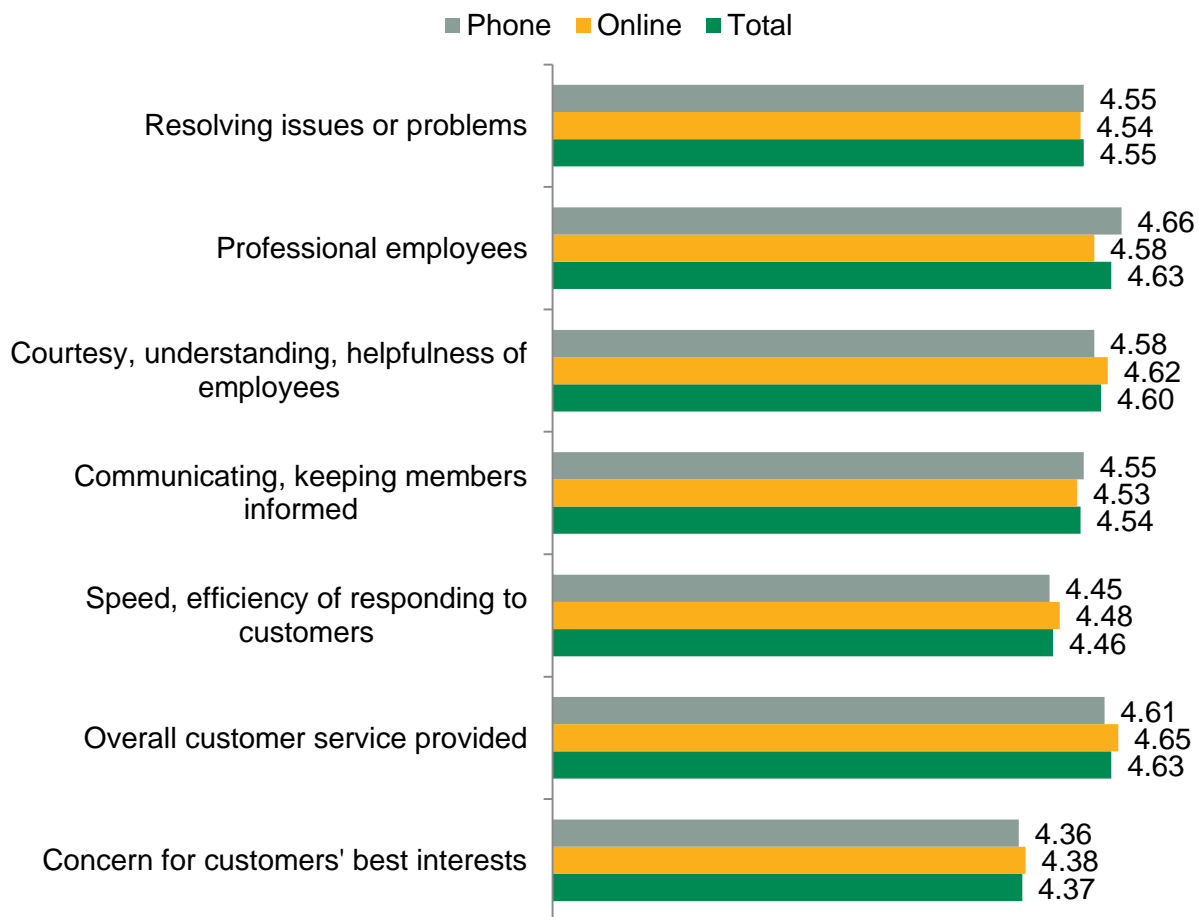
Mean Ratings by Year



Member Service

The second-strongest key driver of overall satisfaction is **Member Service**. This is another area where VEC is evaluated very well, with mean ratings for five of the seven attributes above 4.50. Additionally, the two attributes not evaluated in the “excellent” level – *the speed and efficiency of responding to customers* and *demonstrating concern for customers’ best interests* – are well above 4.0.

2019 Mean Ratings by Method



All seven attributes are significantly higher than at least one study between 2005 and 2017. Additionally, *the overall customer service provided, communicating with members and keeping them informed, and resolving any issues or problems* are significantly higher than in 2018.

Mean Ratings by Year

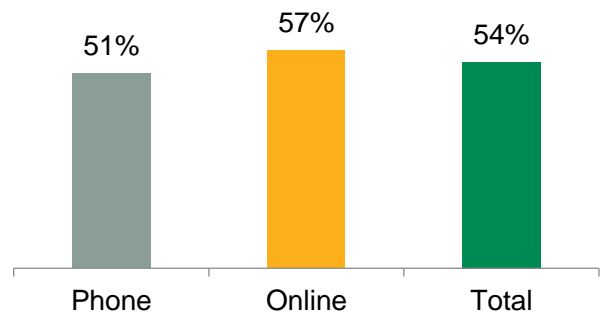


Fifty-four percent of the C&I members indicate they contacted Vermont Electric in the past year. This is consistent with recent studies. Almost all of those who contacted the co-op say their contact was at least what they expected and four in ten report it was somewhat or much better than they expected.

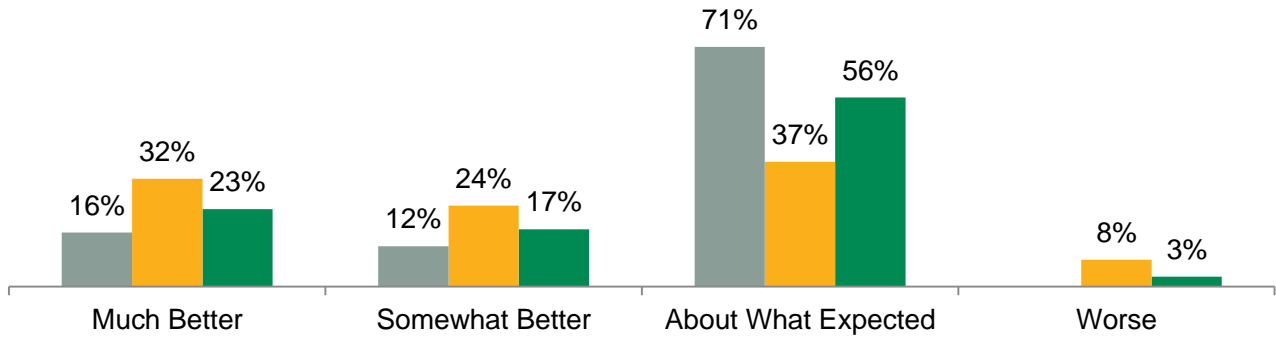
Those at organizations with revenue of \$200,000 or less are significantly more likely to have made contact in the past year than are those at higher revenue organizations.

There is no significant difference in overall satisfaction based on whether or not someone has contacted the co-op in the past year, but as contact evaluation goes down, satisfaction also goes down significantly.

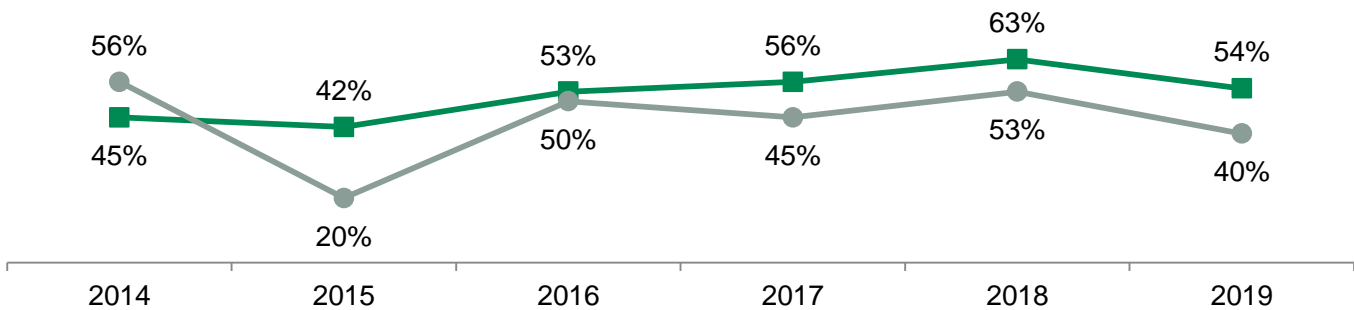
Had Contact With VEC in Past Year



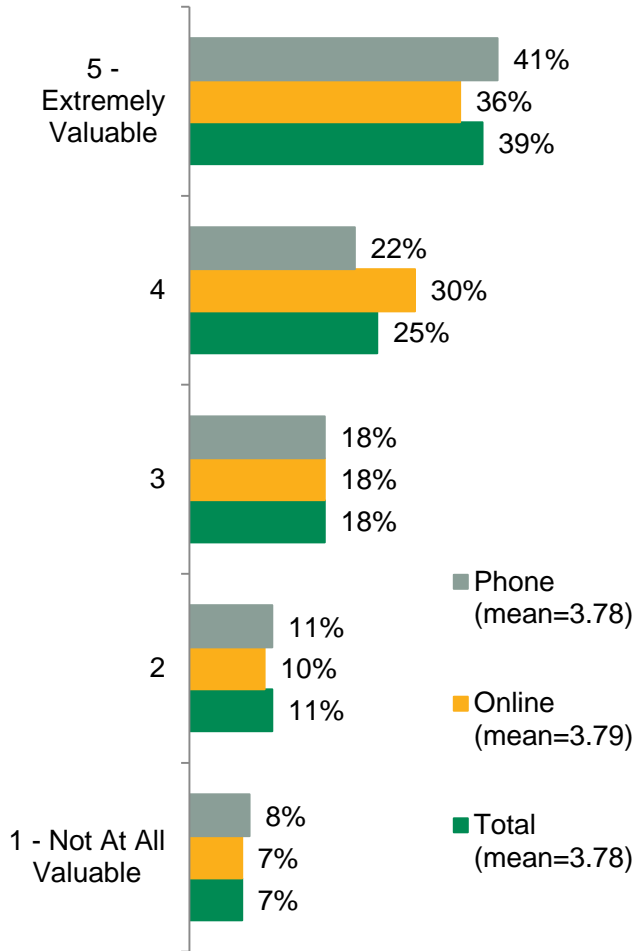
Contact Evaluation



■ Had Contact in Past Year
● Somewhat + Much Better



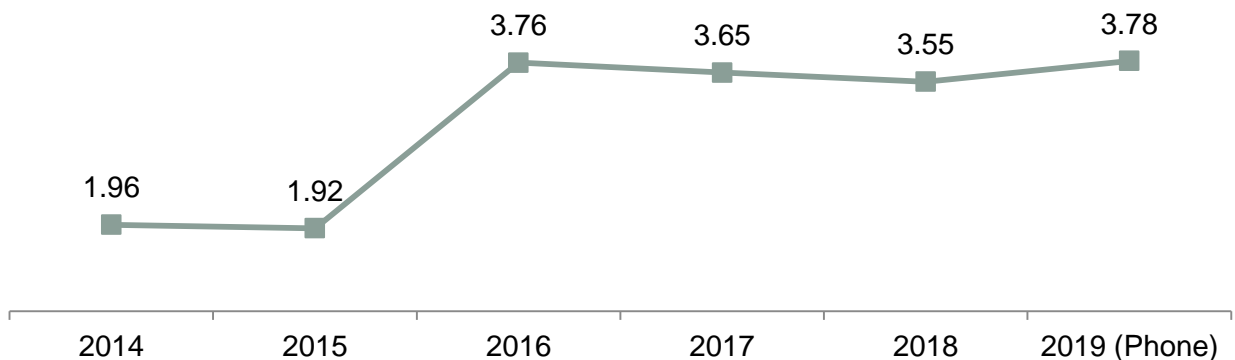
Value of Having VEC Account Rep



Approximately two-thirds feel that it is valuable to their business to have an account representative from VEC, giving a rating of “4” (25%) or “5 – extremely valuable” (39%).

This is consistent with the last three studies and significantly higher than most of the studies between 2008 and 2015.

Mean Rating By Year

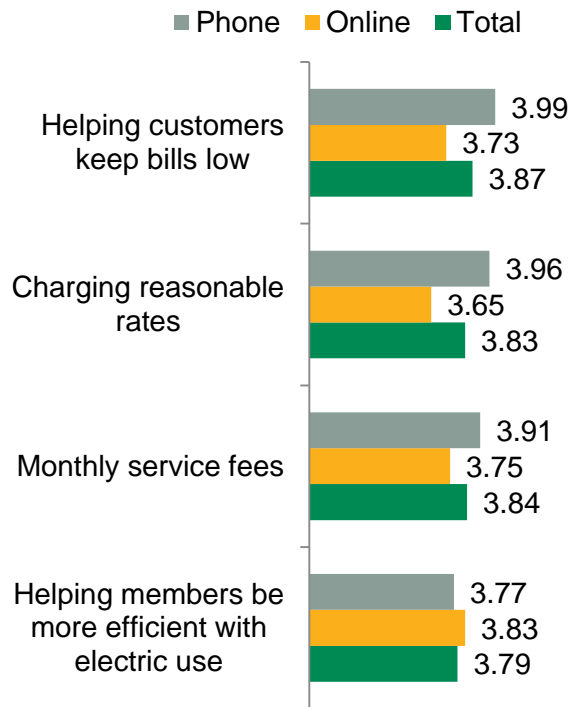


Rates and Fees

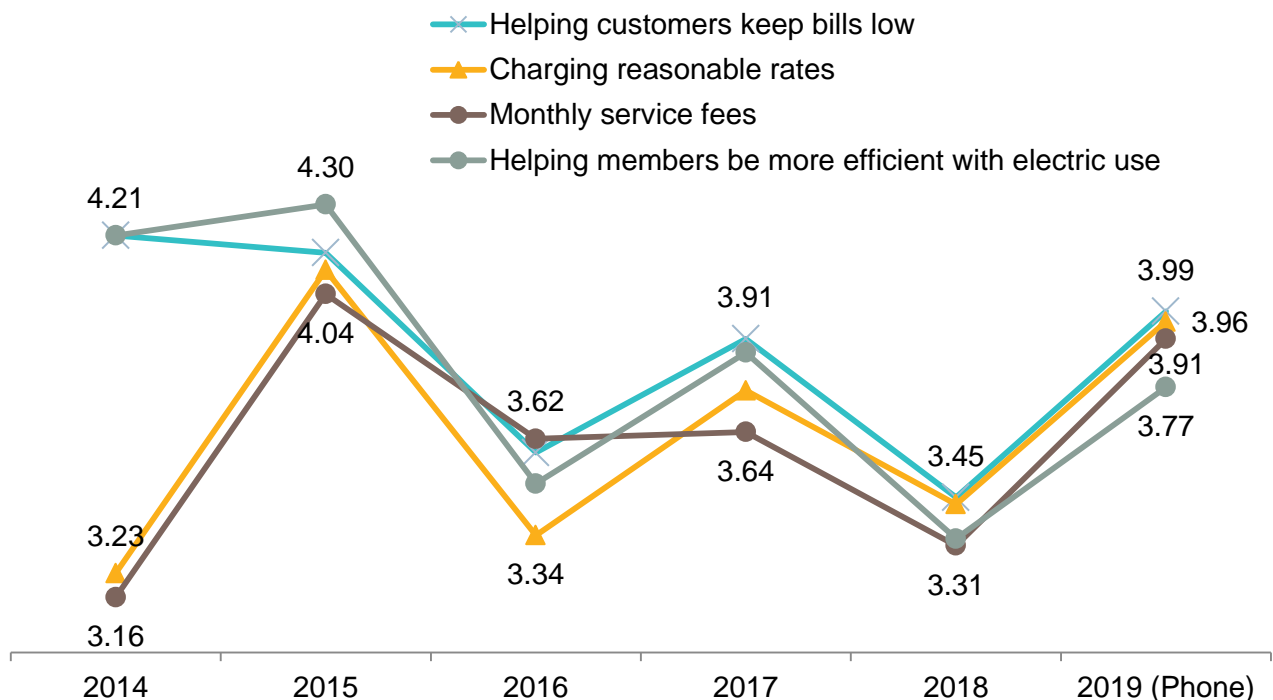
Rates and Fees is the next driver of overall satisfaction. This area includes the four attributes in the study whose mean ratings fall below 4.0 – *helping customers keep bills as low as possible, charging reasonable rates, the monthly service fees, and helping members to be more efficient in their use of electricity.*

However, those same four attributes are evaluated significantly higher than in 2018. As mentioned previously, *charging reasonable rates* is evaluated significantly higher than all but two of the previous studies.

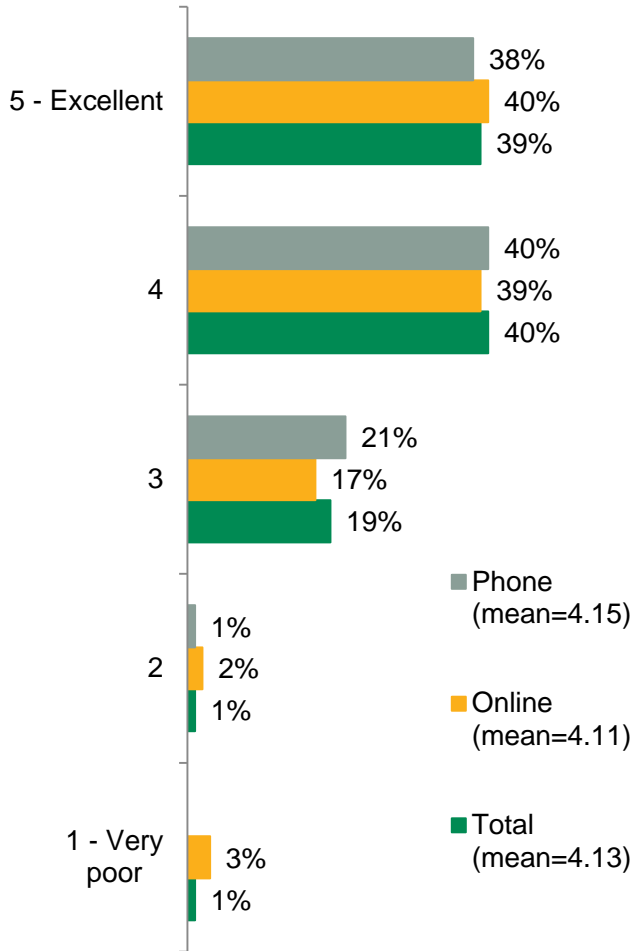
2019 Mean Ratings by Method



Mean Ratings by Year



Value for the Money

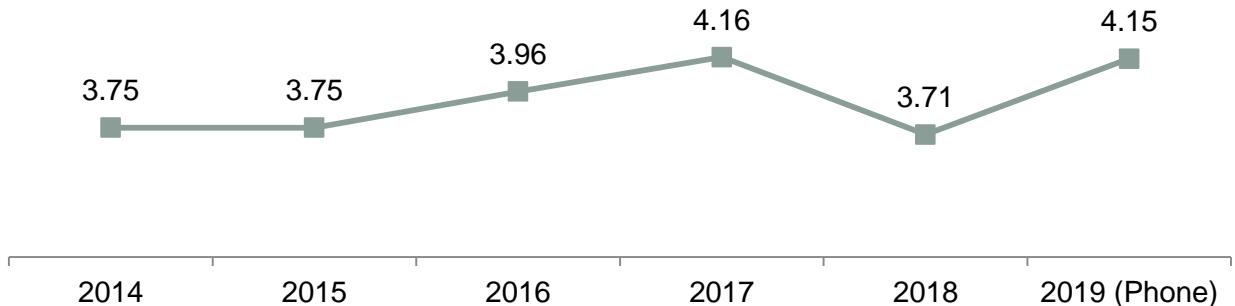


Members evaluate *the value they receive for their money* as good, with a mean rating of 4.13 on a 5-point scale. The mean rating among phone respondents (4.15) is significantly higher than almost all of the studies between 2005 and 2018.

A regression analysis was also conducted to determine the key drivers of *delivering good value for the money*. As can be seen in the table below, it was found that four factors are significant drivers of value. Although the perception of the co-op’s electric rates and fees has the strongest impact by far on the value members feel they receive, it is not the only factor that enters into the “value equation” among commercial/industrial members.

Key Drivers of Value	
Rates and Fees	0.62
Member Service	0.30
Electric Service	0.22
Payments and Bills	0.16

Mean Value Rating By Year



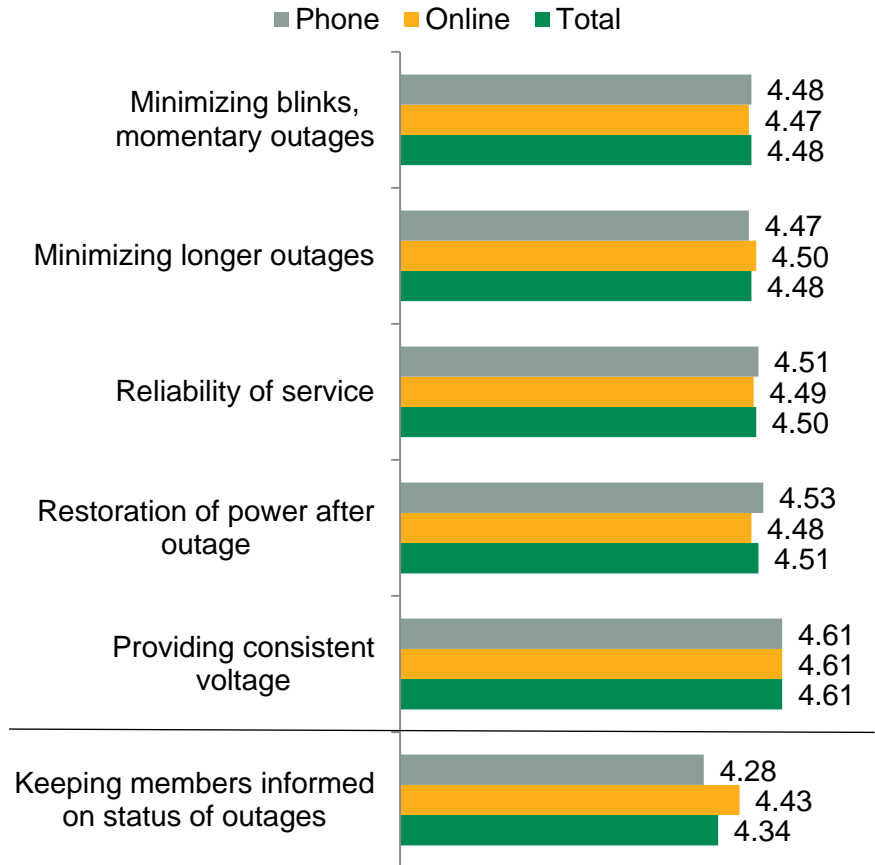
Electric Service

The next driver of overall satisfaction is **Electric Service**. This is an area for which VEC is evaluated very well, with all five attributes included in this driver having mean ratings close to or above 4.50.

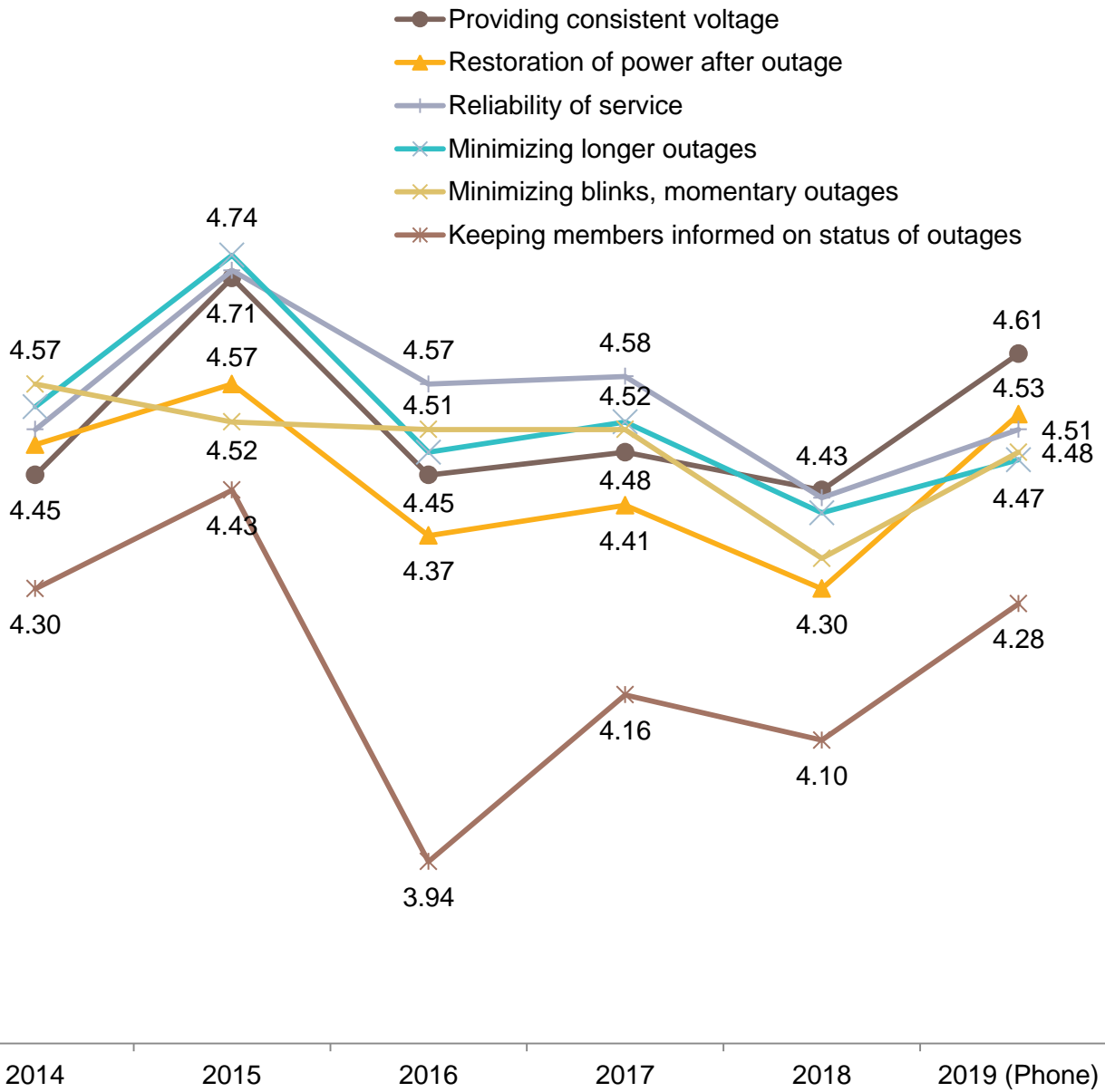
Although not a key driver of overall satisfaction, *keeping members informed on the status of outages* is rated lower than the other attributes, but still well above the 4.0 “good” threshold.

While all five attributes are evaluated significantly higher than in most/all of the early studies between 2005 and 2010, *keeping longer outages to a minimum* and *the reliability of service* are both significantly lower than in 2015. (Graph shown on next page.)

2019 Mean Ratings by Method



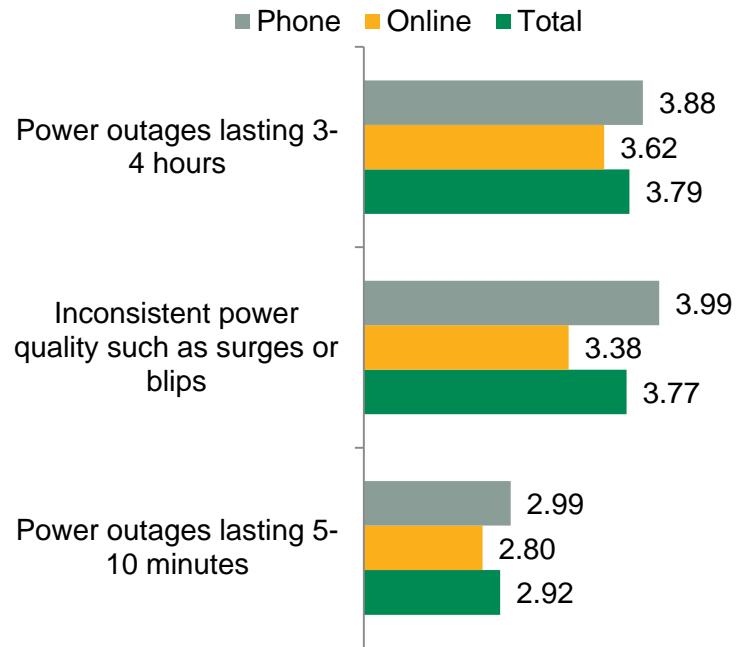
Mean Ratings by Year



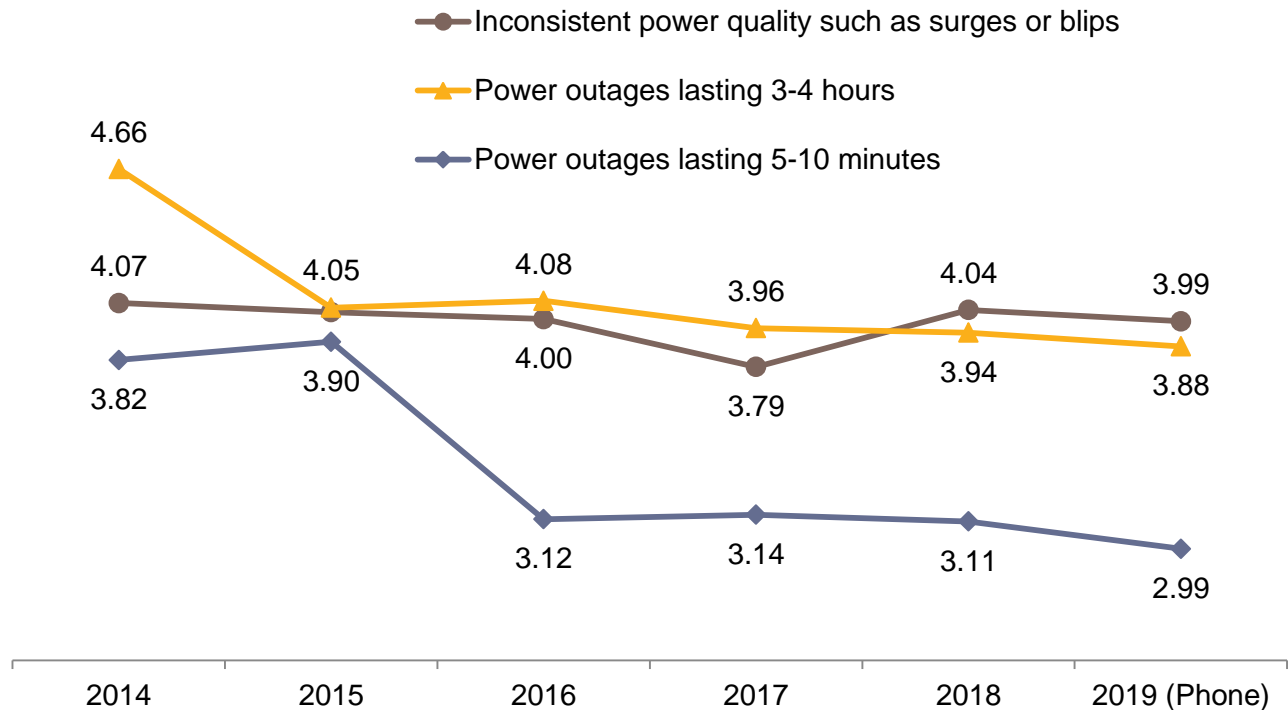
Three to four hour power outages and inconsistent power quality have the biggest impact on businesses. Ratings remain similar to recent studies and significantly lower than most of the studies between 2011 and 2014.

Five to ten minute power outages have less impact on businesses than do longer outages and inconsistent power quality. Again, the mean rating is similar to recent studies and significantly lower than all of the studies between 2011 and 2015.

2019 Mean Ratings by Method



Mean Ratings by Year

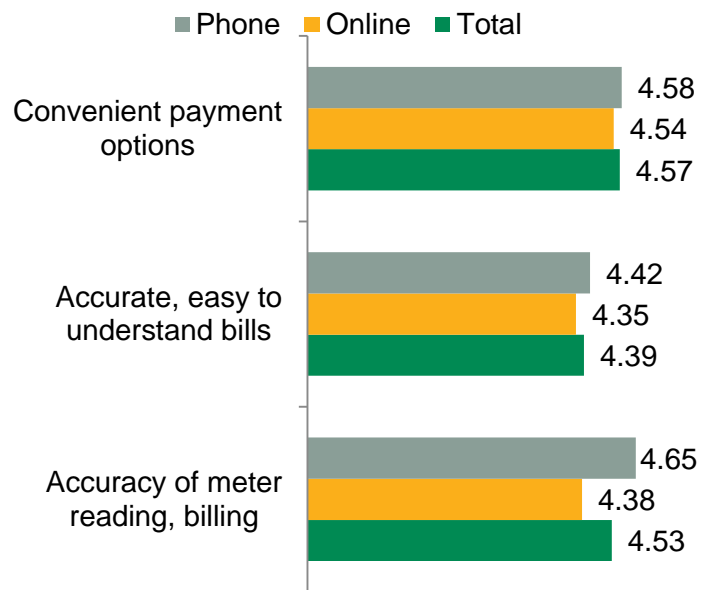


Payments and Bills

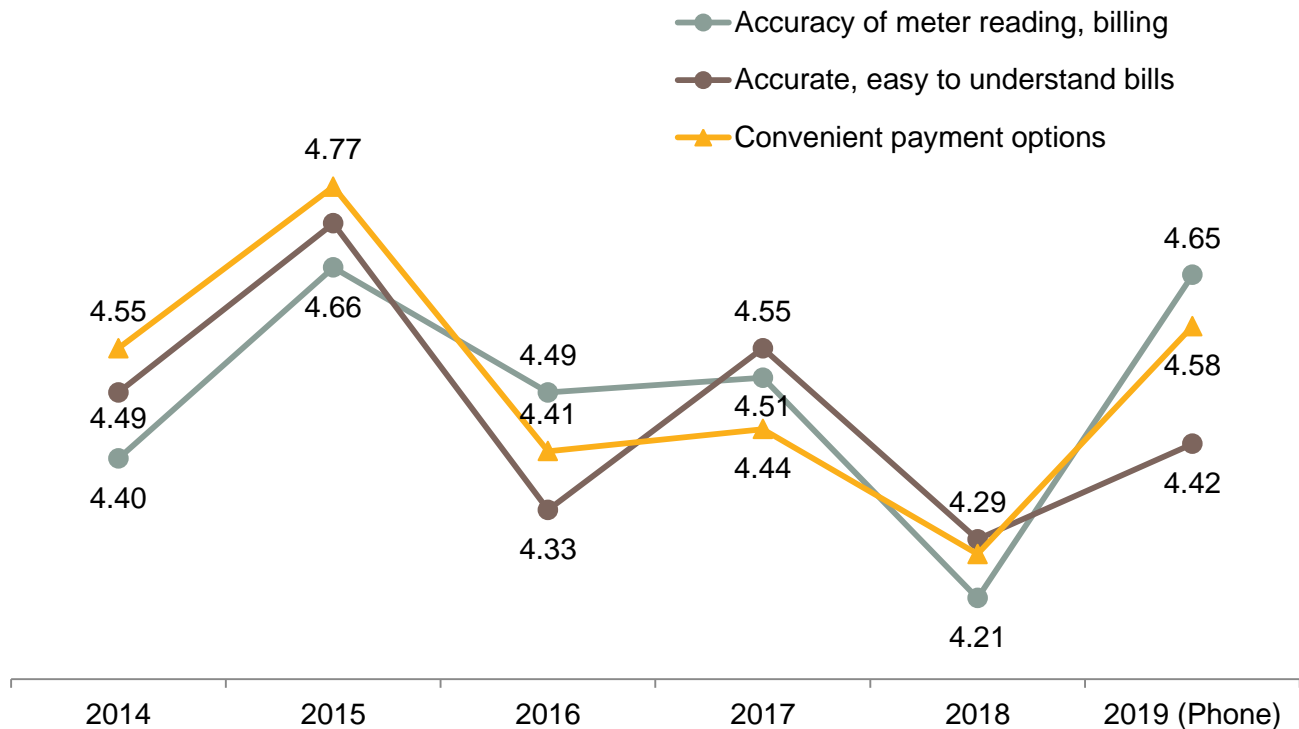
The final driver of overall satisfaction is **Payments and Bills**. This is another area for which VEC is evaluated very well, with all three attributes having mean ratings well above 4.0 and two above 4.50.

Although *the accuracy of meter reading and billing and having convenient payment options* are significantly higher than in the 2018 study, *having convenient payment options and providing accurate, easy to understand bills* are significantly lower than in 2015.

2019 Mean Ratings by Method



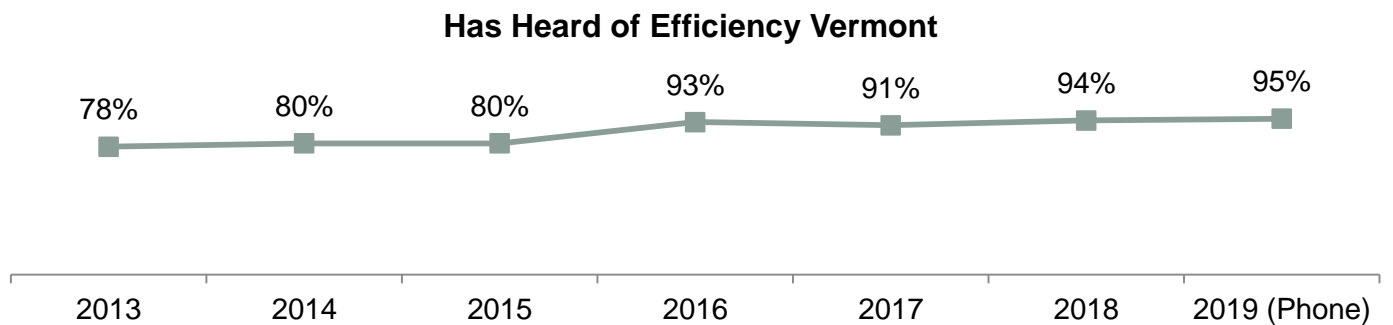
Mean Ratings by Year



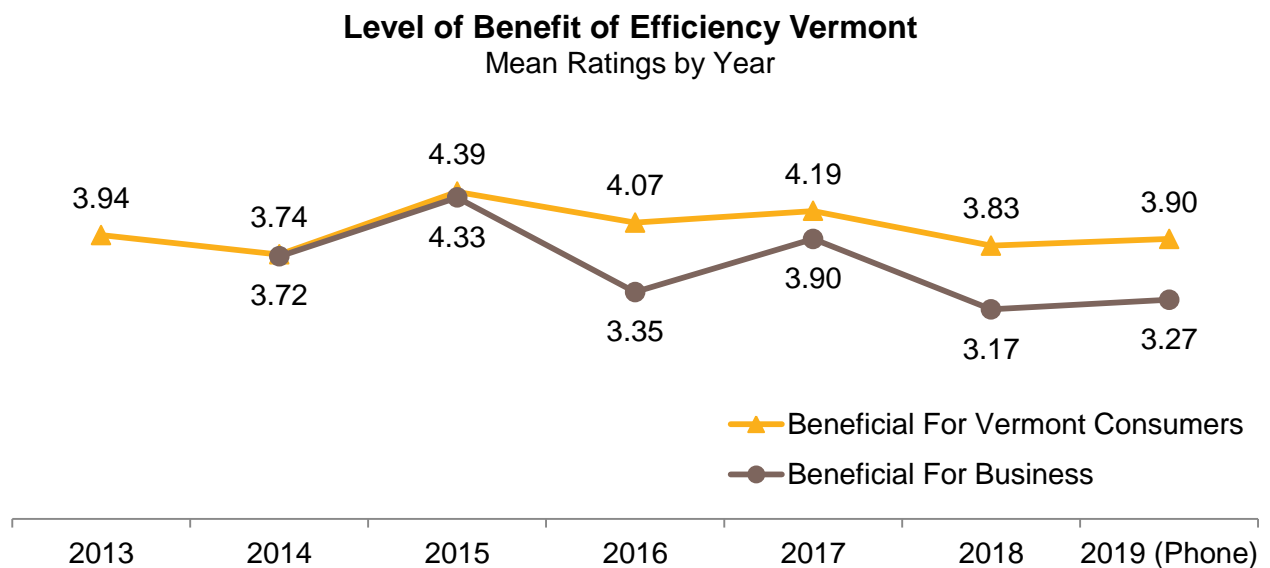
Energy Efficiency and Renewable Energy

As in recent studies, almost all of the commercial/industrial members have heard of the energy efficiency utility Efficiency Vermont. Awareness continues to be significantly higher than the 2013, 2014, and 2015 studies.

Phone respondents are significantly more likely than online respondents to have heard of Efficiency Vermont (95% versus 82%, respectively).



Among those aware of Efficiency Vermont, the perceived benefit for their own business remains significantly lower than the 2014, 2015, and 2017 studies. The perceived benefit for Vermont consumers is consistent with recent studies, but continues to be significantly lower than in 2015.

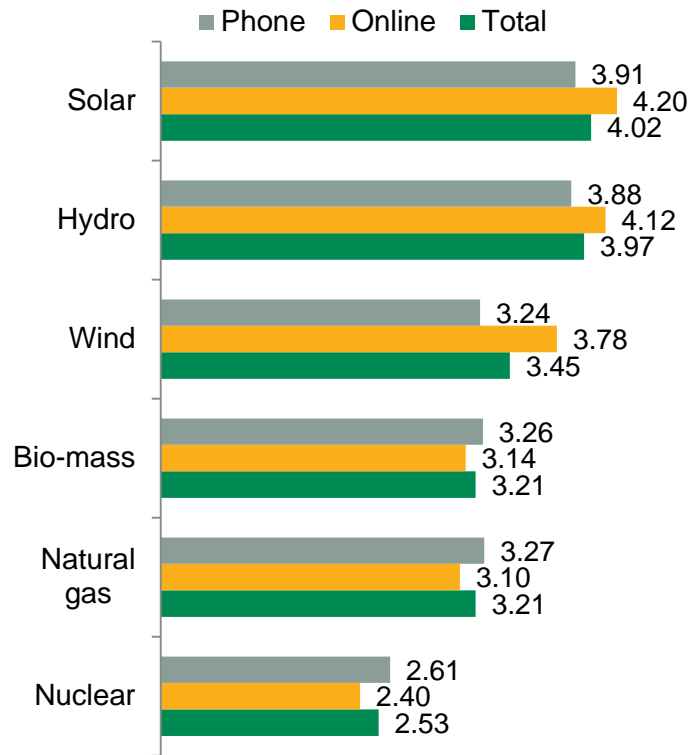


As in previous studies, members give the highest ratings for the importance of VEC providing green power from solar and hydro renewable sources. Importance ratings for all six renewable sources are similar to the 2018 study.

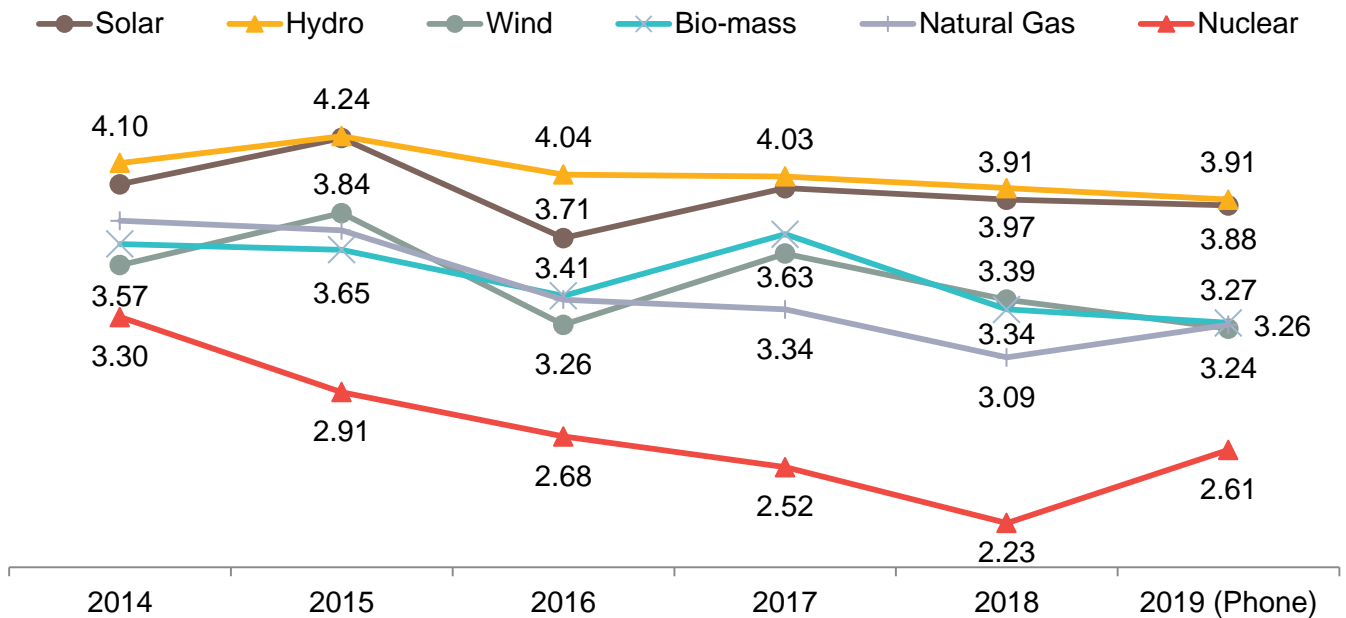
However, ratings for the importance of wind power are significantly lower than most of the studies between 2009 and 2017.

Additionally, the ratings for the importance of bio-mass have decreased significantly from 2017.

Importance of Power Sources
Mean Ratings by Method



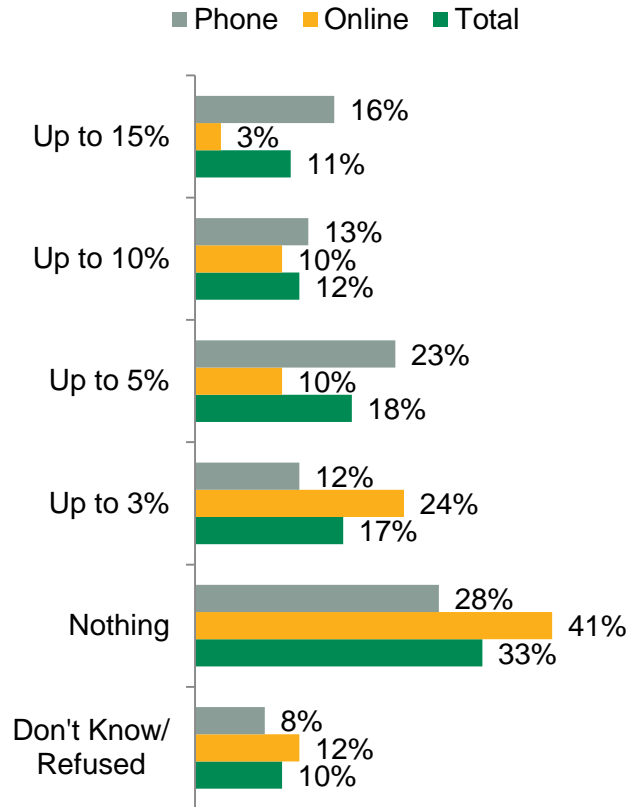
Mean Ratings by Year



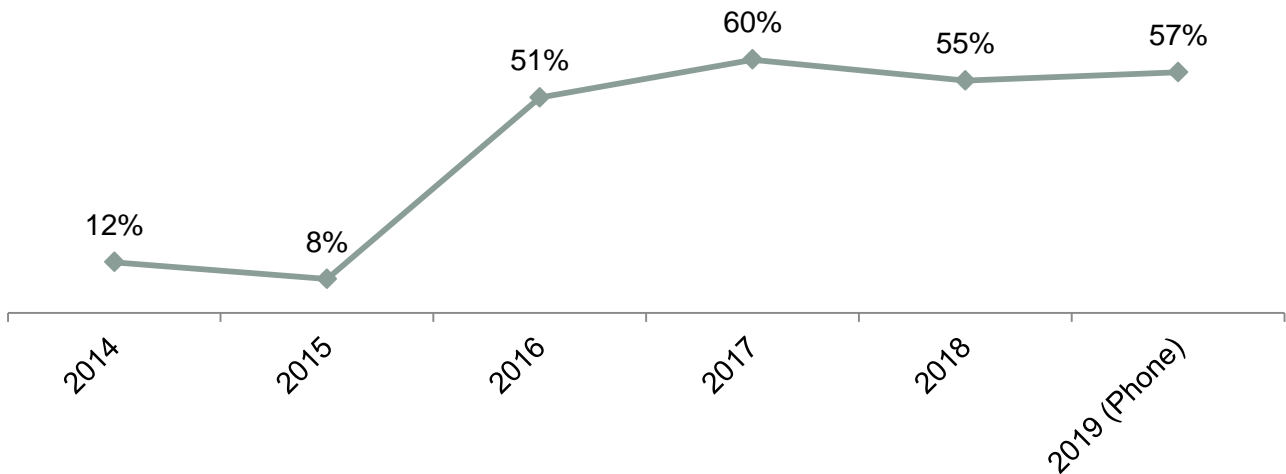
Fifty-seven percent indicate they would be willing to pay more each month to get electricity from renewable energy sources, including 23% who say they would pay 10% or more.

Commercial/industrial members in 2019 are significantly more likely to be willing to pay more to get electricity from renewable sources than in most of the studies between 2009 and 2015. Most notably, the proportion of members who are willing to pay up to 15% more each month has ranged between 15% and 20% in the 2016-2019 studies, compared to 5% or less in all of the studies between 2009 and 2015.

How Much More Willing to Pay Monthly to Get Renewable Power



Willing To Pay Additional Amount

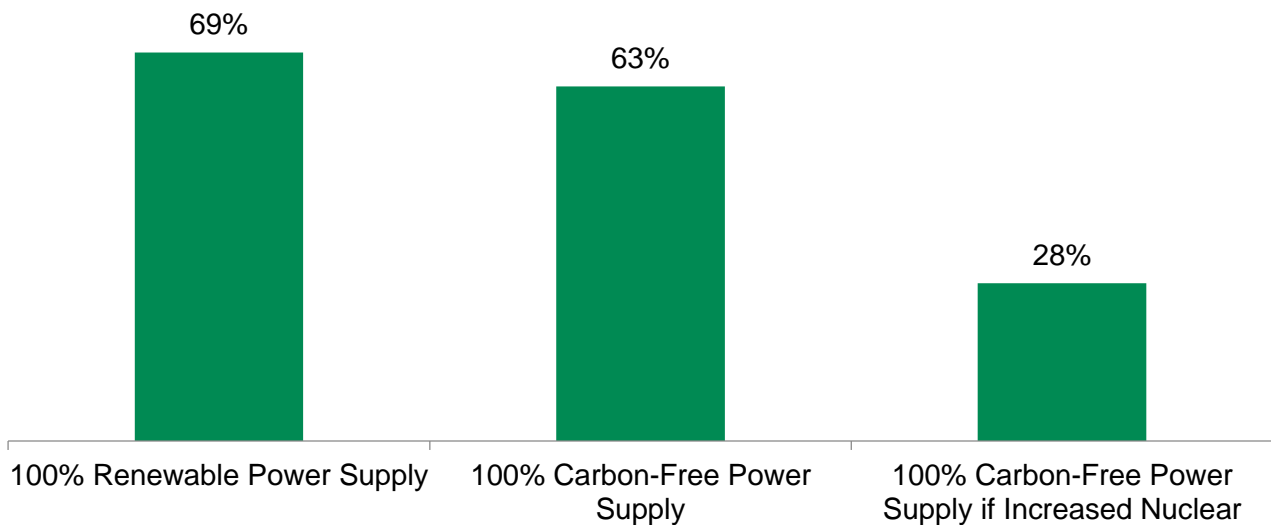


Approximately seven in ten members say they would recommend VEC move towards a power supply that is 100% renewable, even if it raised their rates an additional 2%.

Similarly, 63% say they would recommend VEC move towards a power supply that is 100% carbon-free, even if it cost ratepayers up to 1% more. However, support for a 100% carbon-free power supply falls greatly if that goal had to be achieved by increasing the percent of nuclear energy.

It is interesting to note that companies with annual revenue of \$200,000 or less are more likely to support these ideas than are those with higher revenue, with the difference being significant for moving to 100% renewable power supply and 100% carbon-free power supply (without considering increased nuclear).

Even With Increased Rates, Would Recommend VEC Moving Forward With:



Products and Services

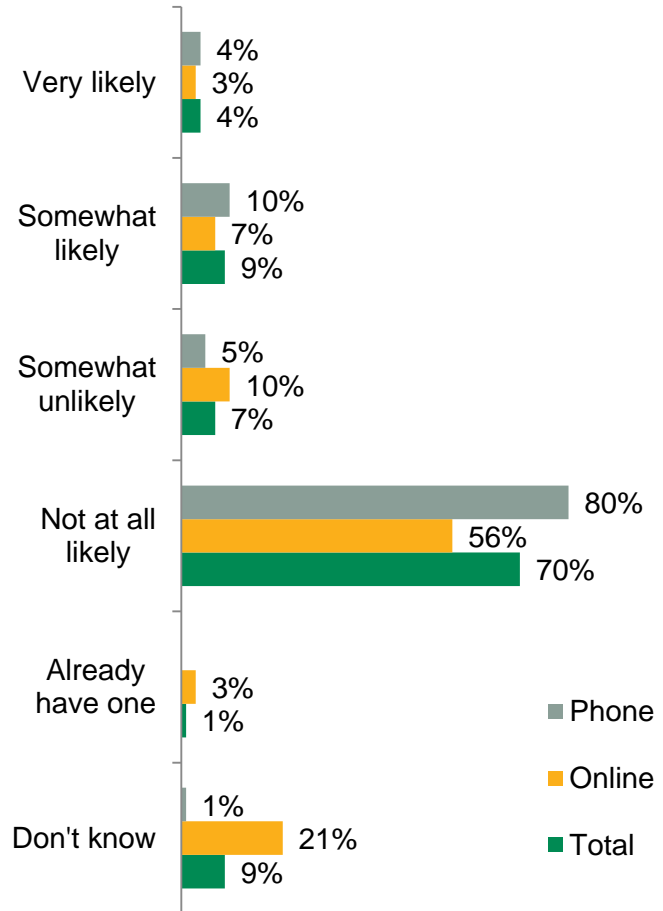
Just two C&I members indicate they currently own or lease a plug-in electric vehicle for their business. Fewer than one-fifth say they are very (4%) or somewhat (9%) likely to purchase or lease an electric vehicle in the next 5 years.

The top obstacles to purchasing/leasing an electric vehicle include the cost of the vehicle, not having a need or interest in an electric vehicle, and the cost (either the cost of the vehicle or cost of charging/maintaining the vehicle – it was not specified).

Most of the respondents do not know or did not have a response for what VEC should do to help more members transition to driving an electric vehicle. Of those able to provide an answer, having more charging stations or locating stations, education, cheaper electric rates, vehicle purchase incentives, and bringing down the cost are mentioned most often. One-tenth say that the co-op should not do anything.

A listing of responses can be found in Appendix B.

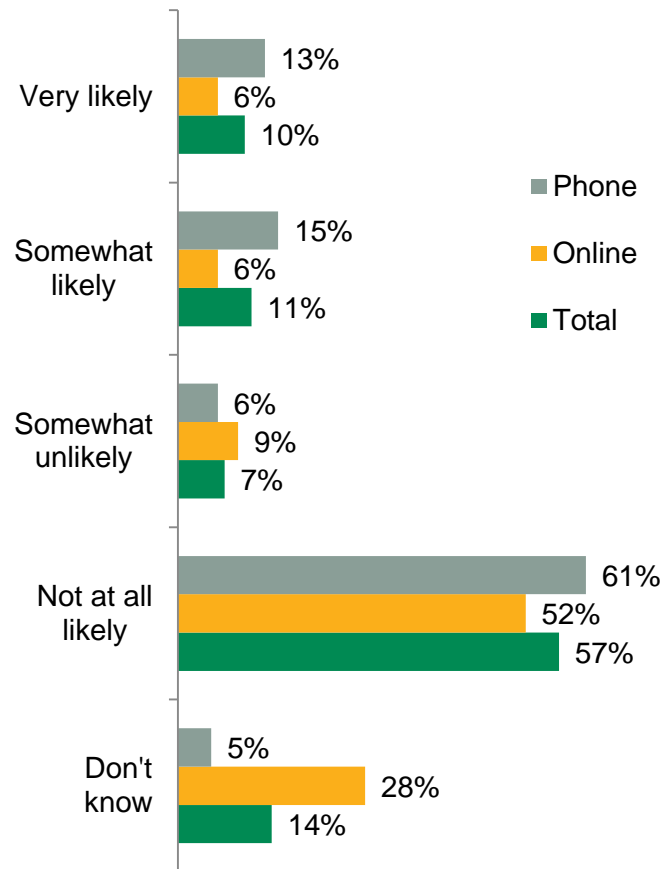
Likelihood of Owning/Leasing Plug-In Electric Vehicle in Next 5 Years



Sixteen respondents say they use a cold climate heat pump. Two use it for heating, one uses it for cooling, and 13 use it for both heating and cooling. Nearly all say they would recommend a cold climate heat pump to someone else.

One-fifth say they are very (10%) or somewhat (11%) likely to purchase or lease on-site back up battery storage for their business in the next 5 years.

Likelihood of Owning/Leasing On-Site Back Up Battery Storage For Home in Next 5 Years



Commercial/Industrial Member Characteristics

Similar to the last couple studies, one-quarter of the responding members are in the agriculture industry, 17% are in another service industry or business, and 13% are a wholesale or retail business.

Twenty-six percent report annual revenue of less than \$50,000 while 21% report revenue higher than \$1 million. Nineteen percent of the respondents did not answer this question.

As in most of the recent studies, the majority of members have been served by VEC for 20 years or longer.

Verbatim Comments

At the conclusion of the survey, members were given the opportunity to share any comments, concerns, or questions they had. Thirty-four 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
Overall Satisfaction	9	9	0	0
Operations/Engineering	9	7	1	1
Management/Board	9	3	2	4
Renewable Energy	9			
Member Service/Communications	8	5	2	1
Rates/Fees	6	2	4	0
Energy Efficiency/Efficiency Vermont	4	1	2	1
Co-op Membership/Member Identity	3	2	1	0
Billing/Finance	3	0	3	0
Newsletter/Electronic Media	1	0	0	1
Additional Services	1	0	1	0