

**Chugach Electric Association, Inc.**  
Anchorage, Alaska

July 21, 2010

Member Services Business Process Improvement  
Billing, Payment, and Service Option Strategy

Issue and Progress Report

We last updated the board on changing member payment behavior and associated costs earlier this year in April. Since then, our business process improvement in the lobby which included cashiering and the reception process, and the processing of electronic payments has further influenced member payment behavior and our associated costs.

On the positive side, the completed lobby remodel has improved member traffic flow and eased congestion, providing a professional and welcoming space for members to conduct their business with Chugach. The larger space now contains the increased foot traffic in comfort.

The changes in Electronic Funds Transfer (EFT) payment processing, which mostly involved automation, has decreased manual processing and effectively lowered the cost of handling these transactions. Office Mail payment volumes have dropped significantly and reflects our successful business process improvement efforts to re-route member payments to other lower cost payment methods.

As you can see from the table below, our walk-in transactions have the highest associated costs and we see continued opportunity to move members from higher cost payment options to lower cost ones, as well as to redirect the walk-in traffic, which is primarily payment driven to other payment methods. The increased cost has to do with the addition of a second FTE for cashiering.

This shows a comparison between the first six months of 2009 and 2010, reflecting these improvements, while also highlighting the need for further changes.

Payment Method	Payment Processing Cost to Chugach Per Item		Payment Type Volumes January - June	
	2009	2010	2009	2010
AutoPay by Checking	\$0.18	\$0.14	93,503	100,918
Remittance Processing (Lockbox)	\$0.20	\$0.20	136,051	139,341
Electronic Funds Transfer (EFT)	\$0.35	\$0.20	47,145	54,871
Office Mail (payment drops, direct mail )	\$0.58	\$0.53	54,424	42,524
Walk In – Cash/Check	\$1.13	\$1.59	41,556	39,126
Walk In – Debit Card	\$1.86	\$2.63	6,882	9,416

Our communication plan for the next six months shows the following three integrated strategies whose goal is to move members from high cost methods of payment to lower cost methods of payment, and to continue our commitment to cost control measures through continued business process innovations. Following an overview of each strategy and its purpose, we've included the communication plan for each effort. We plan to implement these strategies over the course of the next six months, beginning in August 2010.

### Strategies

Strategy #1 – Promote Off-Site Bill Payment options and locations for Chugach Members. Currently, Chugach members can make their monthly payments at any First National Bank Alaska location with their current bill stub.

Additionally, Walmart now has an option whereby they will also accept Chugach payments for a small fee to the member. This means members would be able to take care of their monthly electric bill while doing their normal shopping around Anchorage, statewide, and even nationwide for our “snow birds”. There is no cost to Chugach and only a small fee of 88 cents to the member for the service.

Our communication plan is to let members know about their existing and expanded Chugach electric bill payment locations through use of bill stuffers, the website, the Outlet, and flyers in our lobby.

Strategy #2 – This will be a co-promotion for “Go Green” Paperless billing through email notification and couple it with AutoPay by Checking to help members “keep their green”. However we will make it clear that you don't have to sign up for AutoPay by Checking to elect paperless billing.

To encourage members to enroll, our communication plan details an active promotional effort coupled with a one time credit of \$5.00 on their account. It costs \$6.12 annually to produce and mail paper bills to a Chugach member for printing and postage. Currently we have 4,758 members receiving the email notification instead of a paper bill. We are looking to double the number of members participating in paperless billing and feel confident that once they try paperless billing, they'll stay with it and not return to paper bills.

Furthermore, in addition to saving paper, envelopes, time, and postage by “going green”, members can further take advantage of the no-cost and hassle-free advantages of AutoPay by Checking for payment of their monthly bills.

AutoPay by Checking is the lowest cost to Chugach payment processing option we have at current cost of \$0.14 per transaction. Over 17,000 Chugach members utilize this payment option each month. For every member we convince to switch to AutoPay by Checking, from walking in with cash or check payments to our lobby, the savings per transaction is well over a dollar. Additionally, payments are received on time, which keeps our revenue stream consistent. With the increasing acceptance of automated payment programs and the rising concern from members to save resources, we feel this is a good time to promote and pair these two options.

As with the promotion of Walmart Payment Acceptance and FNBA payment acceptance, we intend to vigorously promote the “Go Green” and “Keep Your Green” payment pairing of paperless billing and automatic payments with the \$5.00 credit as an incentive to enroll. The communication elements will include billing stuffers, Outlet, lobby, and website placement and media buys on radio.

Strategy #3 – Improve our utilization of staff resources by having them available when member demand is highest, between the hours of 8:00 to 5:00 pm. Our data shows that member traffic falls off significantly after 5:00 pm, from an average of 61 per hour between 4-5 pm to an average of 37 between 5-6 pm. Of these, the bulk of the member traffic is here to make payments, while only 11% is here to see a service representative.

By promoting the available payment locations of First National Bank Alaska and the newly available payment locations of Walmart along with the “Go Green” payment options of paperless billing and AutoPay by Checking, we believe we can provide enough payment opportunities off-site that we can stop the overall growth in volume to our service center. We also feel we can then scale back our service hour from a closing time of 6:00 pm to 5:00 pm, which brings us in line with other utilities in town, while minimizing member impact. Our plan is to implement this change October 1, 2010, which allows ample time to communicate the change both internally and externally.

# Walmart Bill Pay Option First National Bank Alaska Bill Pay Option Communication Plan

## **Goal**

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The goal of this plan is to ensure that Chugach Electric members are informed of the opportunity to pay their electric bills at any neighborhood Walmart store or First National Bank Alaska branch.

## **Communication Strategy**

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### *External Communications*

#### **Audience**

Chugach Electric members

#### **Key Messages**

Chugach members may pay their current Chugach electric bills at any Walmart store (convenience fee) and any First National Bank Alaska branch (no fee).

#### **Communication Elements**

- Bill stuffer to members
- Billing statement
- Brief announcement in Outlet
- Announcement on Chugach Website
- Add Walmart option to Chugach website under *Payment Options > For Your Home*, ensure First National payment option is also listed.)
- Lobby poster or flyers

#### **Point of Contact**

Member Services

### *Internal Communications*

Ensure all CSRs are familiar with the Walmart option and refresh them with the payment option at all First National Bank Alaska branches with current bill.

### *Timeline*

*(This timeline can be adjusted or condensed)*

July 19	Coordinate bill stuffer for August
July 23	Coordinate announcement on August bills
July 23	Write/produce copy for each application
Aug. 2	Post to Website as announcement and under Payment Options
Aug. 2	Signage in Lobby
September	Announcement published in <i>Outlet</i>

**Chugach Electric Association**  
***Go Green Campaign***

Three integrated strategies have been developed to move members from high cost payment methods to lower cost methods. These strategies will be implemented over the course of six months, beginning in August 2010.

Strategy #1 – Promote Off-Site Bill Payment options and locations for Chugach members. Currently, Chugach members can make their monthly payments at any First National Bank Alaska location with their current bill stub. WalMart also accepts Chugach payments for a small fee to the member.

Strategy #2 – Promote e-billing through email notification and AutoPay by Checking. All communications will emphasize each is a stand-alone option. To encourage members to enroll in e-billing, participants will receive a one-time credit of \$5.00 on their account.

Members will also be encouraged to take advantage of the no-cost and hassle-free advantages of AutoPay by Checking for payment of their monthly bills.

Strategy #3 – Scale back service hours from 6 p.m. to 5 p.m. The expanded payment options are expected to reverse the growth in service center volume. This drop in volume will allow Chugach to scale back service hours in line with other local utilities, while minimizing member impact. This change will be implemented October 1, 2010.

# Go Green Bill Pay Communication Plan

## Goal

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The goal of this plan is to ensure that Chugach Electric members are informed of the cost, energy and time-saving options available to pay their electric bills.

## Communication Strategy

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### *External Communications*

All components will be wrapped under an over-arching campaign of “Go Green.” A common theme and design will be used across all collateral materials. As detailed below, different communication elements will be used to highlight the options as appropriate.

### **Audience**

Chugach Electric members

### **Key Messages**

- Go Green with Chugach’s new billing options: Save energy, save money, save time.
- Chugach members may pay their current Chugach electric bills at any WalMart store (convenience fee) and any First National Bank Alaska branch (no fee).
- Chugach members may receive their monthly billing statements in a paperless format by email notification. Members will receive a one-time credit of \$5.00 on their electric account for enrolling in e-billing.
- Chugach members can save time and money by enrolling in the no-cost AutoPay by Checking program.
- Beginning October 1, member office service hours will be 8 am to 5 pm, Monday through Friday.

### **Communication elements**

- Radio: Go Green with Chugach billing options (emphasis on e-billing)
- Bill stuffers:
  - WalMart
  - e-billing & AutoPay by Checking
  - TBD
- Billing statement (alternate months: e-bill & AutoPay one month; then pay off-site)
- Chugach & Smart Power AK websites
  - Add off-site and e-billing options under *Payment Options > For Your Home*
  - News blurb on Smart Power AK
- Lobby poster or flyers (new options, new hours)
- Press release
- Outlet – all options and hours change

## ***Internal Communications***

Ensure all CSRs:

- are familiar with all bill payment options;
- encourage members to take advantage of the options, with emphasis on e-billing and AutoPay by Checking.
- are familiar with the change in service hours effective Oct. 1.

## ***Timeline***

In progress	Coordinate WalMart bill stuffer for mid-August to mid-Sept.
In progress	Coordinate announcement on August bills (off-site pay options)
In progress	Informational filing to advise RCA of intent to promote paperless billing and \$5.00 credit to participating members
Aug. 2	45-day notice to CSR shift employees and union of intent to end shift
Aug. 4	Board approves lobby hours change
Aug. 5	Notice to RCA (informational filing) of new hours
Aug. 5	Creative theme and design approved
Aug. 5-19	Write/produce copy for each application
Aug. 12	Post to website as announcement and under Payment Options
Aug. 16	Coordinate bill stuffer for mid-September (e-bill & AutoPay)
Aug. 16	Coordinate announcement on September bills (e-bill & AutoPay)
Aug. 23	Coordinate announcement on October bills (off-site pay options)
Aug. 23	Coordinate bill stuffer for October (Go Green/TBD)
Aug. 23	Coordinate changes for all corporate communications channels, including bill stock, bill stuffers, IVR, recorded messages, Outlet, signage, and website and notify all internal divisions of upcoming changes.
Sept. 1	Lobby signs posted
Sept. 1	Post to all corporate communication channels as announcement
September	Announcement in <i>Outlet</i>
Oct. 1	Implement service hours change
October	Announcement in <i>Outlet</i>



# Service Hours Modification Communication Plan

## **Goal**

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The goal of this plan is to ensure that Chugach Electric members are informed of the change in service hours.

## **Communication Strategy**

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### *External Communications*

#### **Audience**

Chugach Electric members and employees

#### **Key Messages**

Chugach member service hours are available Monday through Friday from 8:00 am to 5:00 pm, for telephone and walk-in service. Self service, including bill payment is available 24/7 via the corporate website [www.chugachelectric.com](http://www.chugachelectric.com), and via our automated phone account access at 762-7803.

#### **Communication Elements**

- Bill stuffer to members in October, couple with “Ways to Pay” and Chugach contact information for self-service channels
- Billing statement message and change to bill stock on re-order
- Informational tariff filing with RCA
- Brief announcement in Outlet
- Announcement on Chugach Website (include note for using Bill Matrix service for web and IVR)
- Lobby Signage

#### **Point of Contact**

Member Services

### *Internal Communications*

Ensure all CSRs and Chugach staff is familiar with the change.

#### **Timeline**

*(This timeline can be adjusted or condensed)*

Aug. 2	Give 45-day notice to CSR shift employees and union of intent to end shift
Aug. 2	Provide notice to RCA through informational filing of new hours.
Aug. 18	Coordinate announcement on October bills
Aug. 18	Write/Produce copy for each application

Aug. 23 Coordinate changes for all corporate communications channels, including bill stock, bill stuffers, IVR, recorded messages, Outlet, signage, and website and notify all internal divisions of upcoming changes.

Sept. 1 Post to all corporate communication channels as announcement

Sept. 1 Post signage in lobby

Oct. 1 Implement service hours change