

Executive Summary of Chugach Research November 2, 2005



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Research Goals

Determine ways to:

- I. Improve member participation
- II. Improve communication with members
- III. Create awareness of co-op membership
- IV. Analyze relationship between
“costs” and “reliability”

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Methodology

Survey conducted July, 2005

Conducted by telephone (n=413)
among members-at-large, stratified

- ❖ 137 “Always” voters (3/3)
- ❖ 138 “Occasional” voters (1-2/3)
- ❖ 138 “Never” voters (0/3)

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Methodology

Survey conducted August, 2005

Conducted by telephone (n=260)
among members-at-large, non-stratified

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Methodology

Focus Groups conducted October, 2005

- ❖ Involving “costs” and “reliability” and the Outlet
- ❖ Groups held at DRC focus group facility
- ❖ Participants selected from July & August survey respondents
- ❖ Invited based on:
 - “always” voting or “never” voting status
 - whether they read almost every issue of the Outlet (5-6 times per year) or seldom/never read the Outlet

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I. Improve Member Participation

- ❖ Evaluate differences between “always” voters and “never” voters.
- ❖ How to move “never” voters towards “always”.

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I. Improve Member Participation

- ❖ Generally, there were major differences among Chugach members based on their voting history.

	<u>Definition</u>	<u>% of Membership</u>
<u>"Always" Voters</u>	Voted in the last 3 Chugach Board of Directors elections	5%
<u>"Occasional" Voters</u>	Voted in one or two of the last 3 Chugach Board of Directors elections	20%
<u>"Never" Voters</u>	Did <u>not</u> vote in any of the last 3 Chugach Board of Directors elections	75%

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I. Improve Member Participation

- ❖ The bottom line is that "Always" Voters show much more interest in Chugach -- beyond the fact that they vote, they are also much more likely to...
 - be aware that Chugach is a cooperative (89% vs. 67%)
 - have heard of "capital credits" (67% vs. 49%)
 - have seen and remember election info (59% vs. 21%)
 - read the Outlet (75% vs. 44%)
 - read the annual report (49% vs. 13%)

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I. Improve Member Participation

- ❖ Why do “Always” Voters feel more personally invested?
 - “Always” Voters tend to be older -- 53% are sixty or older, while 83% of “Never” Voters are under sixty.
 - A number of cases can be made as to why older members are more likely to vote: they may be more responsible, consider voting more important, have more leisure time, or have a better understanding of the issues involved.
 - Perhaps it is due to the length of time they have been members -- looking at the Chugach membership list, 47% of “Always” Voters have been members for more than 20 years! The average membership of “Always” Voters is 19.5 years. Compare this to “Never” Voters with an average membership of 8.8 years.

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I. Improve Member Participation

- ❖ Since we cannot age the Chugach membership or give them 20 years of history as a member, we must try to make them feel invested in and responsible for the cooperative.

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I. Improve Member Participation

- ❖ As part of honing and refining current communications, Chugach Electric should expand their electronic and online methods.
 - One out of four of this younger generation of “Never” Voters indicated they would prefer to receive the Outlet and the annual report electronically (26-28%) -- online, via email or on a CD.
 - In addition, when asked if they would like to receive consumer information from Chugach and provide an email address, only about one of six “Always” and “Occasional” Voters did so (15-17%), while twice as many “Never” Voters decided to take advantage of the opportunity (31%).

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I. Improve Member Participation

- ❖ Since “Never” Voters are the most likely to pay bills on-line (14%) or in-person (11%), consider posting election information at the point-of-sale (POS) at Chugach or online.

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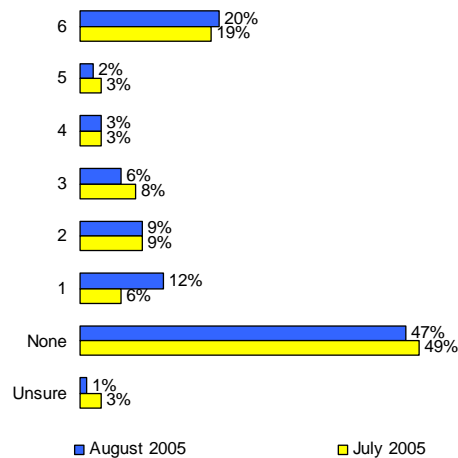
I. Improve Member Participation

- ❖ Increasing member participation in Board or Annual meetings is largely based on two elements:
 - Need justification – how will participation or vote make a difference
 - Provide personal benefit and enjoyment
 - One option could combine economics with entertainment. Host “Energy Day” at the Egan Center for members (similar to Boat or Home and Garden show). Present workshops and displays regarding energy efficiency, energy savings, winterization, and emergency products and preparedness.

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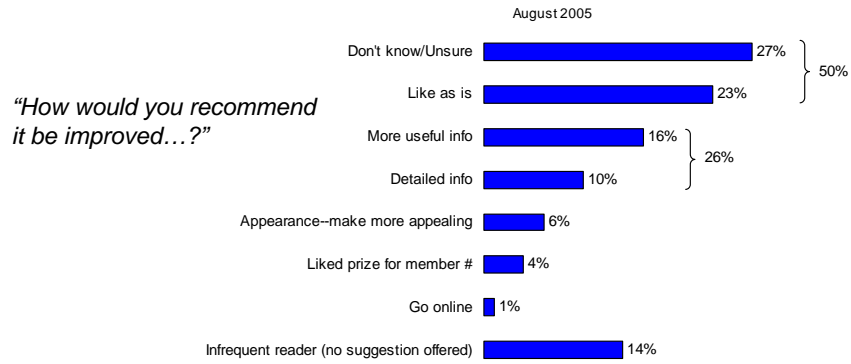
II. Improve Communication with Members

“How many times in the past year have you read the Outlet?”



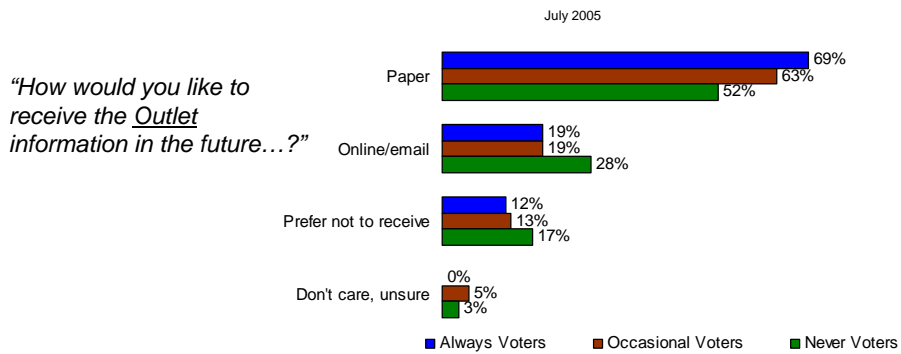
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II. Improve Communication with Members



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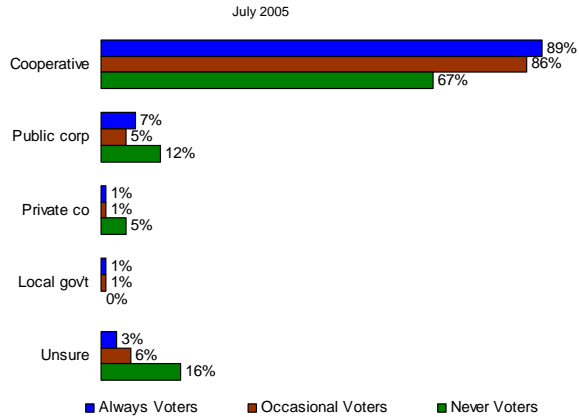
II. Improve Communication with Members



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III. Create Awareness of Co-op Membership

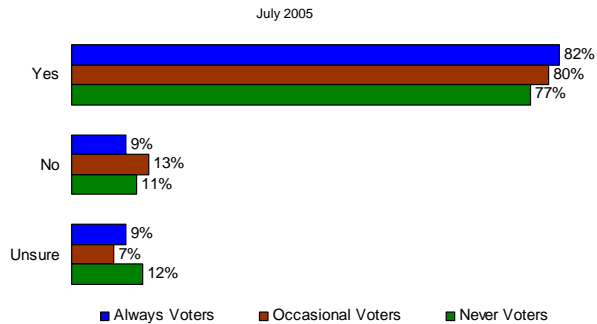
“As far as you know, who owns Chugach Electric – is Chugach Electric owned by local government; owned by a private company; a cooperative owned by members; or a public corporation owned by stockholders?”



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III. Create Awareness of Co-op Membership

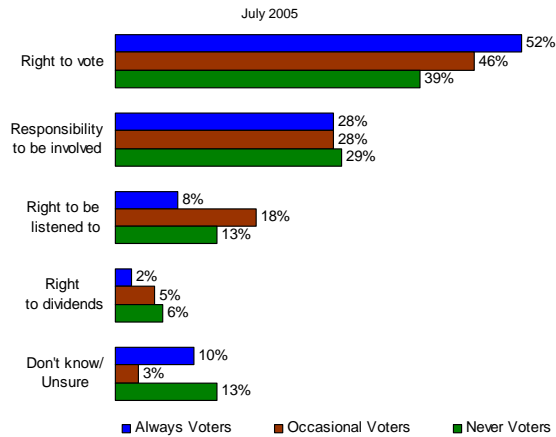
“When a person is a member of a cooperative, do they have different rights and responsibilities than they would have if they were just a customer of an investor-owned or for-profit utility?”



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III. Create Awareness of Co-op Membership

“What different rights or responsibilities do co-op members have?”



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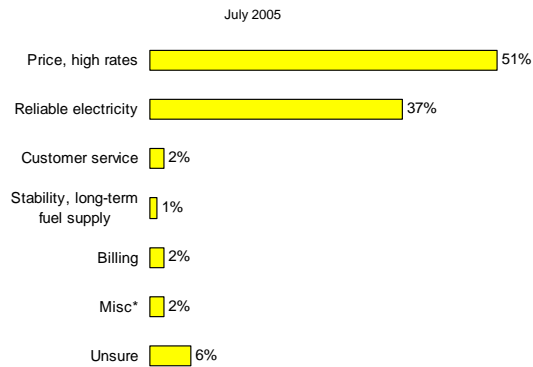
III. Create Awareness of Co-op Membership

- ❖ Focus Group participants generally felt well-informed about Chugach, but were basically unaware of the definition and differences between “investor-owned” and co-op. When each was described and considered, co-op was consistently higher valued.
- ❖ It’s important to describe and publicize the advantages of co-op membership, including “transparency of finances” and the ability to personally participate and serve as leadership.
- ❖ Still, it’s difficult to present co-op status in terms that will capture attention. Chugach should probably focus on economics. As noted previously, things seem to be going well as far as reliability is concerned. There seems to be a strong attitude of “Don’t wake me unless it’s important!”

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IV. Analyze Relationship between “Cost” and “Reliability”

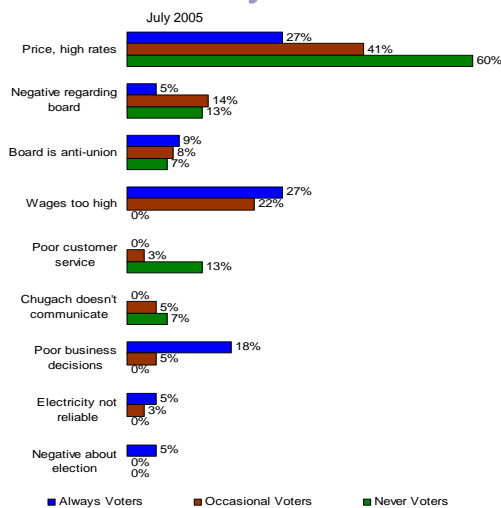
“If you could select one thing that was most important to you concerning your electric utility, what would that be?”
(open-ended)



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IV. Analyze Relationship between “Cost” and “Reliability”

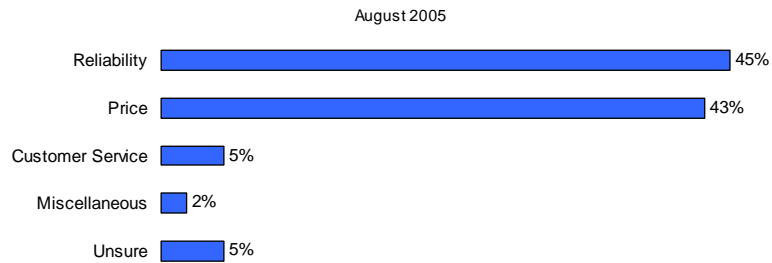
“...example of some things that seem to be off on the wrong track?”



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IV. Analyze Relationship between “Cost” and “Reliability”

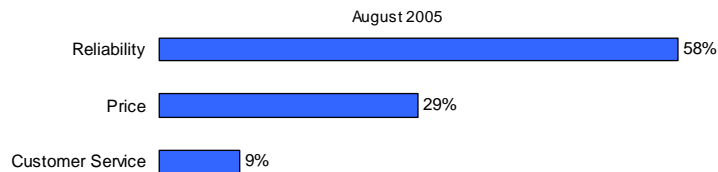
“If you could select one thing that was most important to you concerning your electric utility, what would that be?” (open-ended)



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IV. Analyze Relationship between “Cost” and “Reliability”

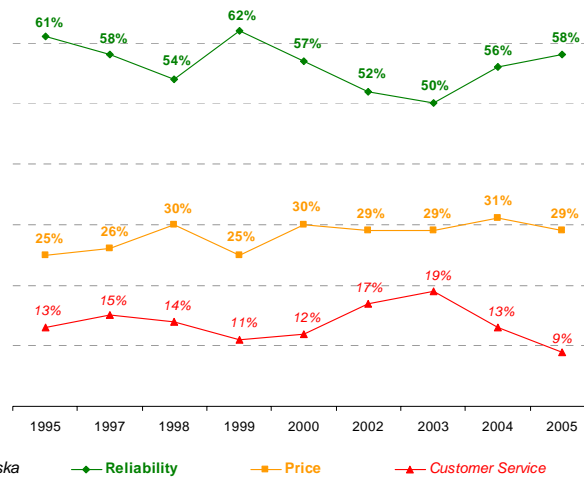
“...which is most important to you: price, reliability or customer service?” (closed-ended)



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IV. Analyze Relationship between “Cost” and “Reliability”

“...which is most important to you: price, reliability or customer service?”
(closed-ended)



IV. Analyze Relationship between “Cost” and “Reliability”

- ❖ So there's inconsistency – “cost/prices” seem to be the major concern in some cases, and then “reliability” in others.
- ❖ We probed for definitions and learned that “reliability” is not seen to be optional, while “costs/price” can include options.

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IV. Analyze Relationship between “Cost” and “Reliability”

- ❖ The importance of “*reliability*” is primarily based on necessity, vulnerability and lack of options
- ❖ Examples include: “*rely on it*”; “*can’t do without it*”; “*cold, dark and dangerous in winter*”; “*keep computer/freezer/furnace/medical equipment running*”

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IV. Analyze Relationship between “Cost” and “Reliability”

- ❖ The importance of “*cost*” is primarily based on a general desire to keep the price low, being on a budget or as a reaction to prior price increases
- ❖ Examples include: “*we’re retired and on a fixed income*”; “*the bottom line is your pocketbook*”, and “*my bill keeps going up and up*”.

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IV. Analyze Relationship between “Cost” and “Reliability”

- ❖ There doesn't seem to be a clear connection between costs and reliability in the minds of the participants. Again, reliability is more related to “accidents or nature”, while costs are related to prices of fuel and labor contracts.
- ❖ Costs related to maintenance or reducing vulnerability to nature or accidents are justified, but need to be explained that way.
- ❖ Brief, short-term outages in summer are ok; longer term or winter outages cause much more concern.

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V. Other Findings

- ❖ AutoPay by credit card costs Chugach Electric over \$600,000 per year
- ❖ If credit card fees are explained, members may accept revisions or termination of this payment option. This must be explained well and in advance -- no surprises. Include an explanation in the Outlet. Take advantage of the opportunity to describe the credit card fee situation in terms of how Chugach is committed to saving members money.

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VI. Summary

- ❖ Where do things stand?
- ❖ What do we do now?



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VI. Summary ~ where do things stand?

- ❖ Members like Chugach and trust its service – reliability is rated very high (92% A or B grade)
- ❖ Chugach is doing a good job of its most important responsibility (*reliability*) when all options are considered
- ❖ Threats to reliability are generally external

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VI. Summary ~ where do things stand?

- ❖ “Cost/Price” of electricity is rated lower (48% A or B grade)
- ❖ “Cost/Price” comes to mind first when options aren’t suggested – *“top of mind awareness”*
- ❖ Members deal with the “price” issue monthly, while reliability may be a factor only once or twice per year
- ❖ “Cost/Price” issues are more likely internal

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VI. Summary ~ where do things stand?

- ❖ This means “cost” issues will come to mind first, generally be rated “most important” and are something that the Board and management can do something about.
- ❖ But beware of “cost only” emphasis, reliability is ultimately the greatest concern.

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VI. Summary ~ what do we do now?

- ❖ Altogether this means that communications and descriptions of “cost/price” matters and should be consistently referenced in terms of maintaining or improving reliability

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VI. Summary ~ where do things stand?

- ❖ *“Communications”, “Improving member participation” and “Creating awareness of co-op membership” are all related*

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VI. Summary ~ what do we do now?

❖ Keep the Outlet...

- ...colorful
- ...non-technical – use layman language
- ...emphasize efficiencies and good management that will reduce member costs, while maintaining high reliability

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VI. Summary ~ what do we do now?

❖ Consistently describe Chugach's connection with members -- emphasize that Chugach is a member-owned not-for-profit cooperative

- Members have the power to vote to set the course of their co-op
- Begin to announce date and location of annual meeting months in advance

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VI. Summary ~

what do we do now?

- ❖ The consistent message should also emphasize that Chugach leadership is a true ally of members – focus on small stuff, like Chugach seeks to advise members of energy-saving tips and opportunities to economize and increase efficiency within their own household

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VI. Summary ~

what do we do now?

- ❖ Describe the fuel surcharge and its effect on base rates. Explain more than once – it may take two or three repetitions
- ❖ Include mystery member number in Outlet – maybe online as well

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VI. Summary ~ where do things stand?

- ❖ Member readership of the Outlet is approximately 50/50, with approximately one out of five (19%) reading each issue.
- ❖ With more frequent publication, and redesign to include seasonal energy-saving information, readership will most likely increase. But will take some time.

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VI. Summary ~ what do we do now?

- ❖ A good reputation is a priceless asset. Consider paid advertising to tell the Chugach story.

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