



San Luis Valley Rural Electric Cooperative Commercial & Agriculture/Irrigation Customer Survey



Report of Findings

31 July 2020

Confidential & Proprietary

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Harnessing the Power of Data to Help Clients Achieve Organizational Goals

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Solutions that are customized to provide a personalized approach of understanding organizational, employee, and customer needs allowing for more informed decisions.

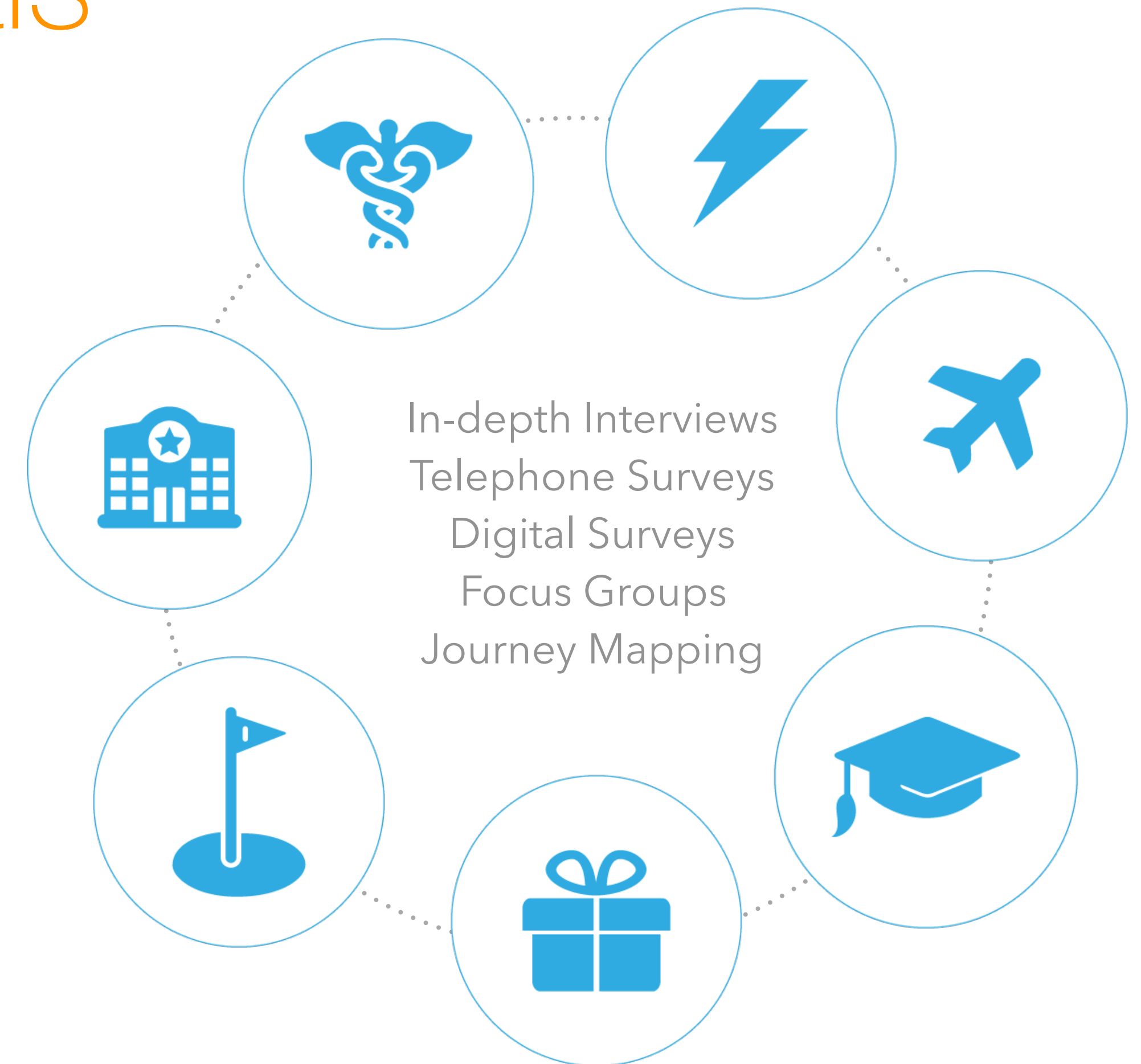


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Project Overview

- GreatBlue Research was commissioned by the San Luis Valley Rural Electric Cooperative (hereinafter “SLVREC”) to conduct a market research study to gain insight into the satisfaction levels of its commercial and agriculture/irrigation customers.
- The primary goals for this research study were to assess satisfaction levels of SLVREC’s commercial and agriculture/irrigation customers and highlight attitudes and awareness regarding various electric utility-related characteristics.
- In order to service these research goals, GreatBlue employed telephone and digital survey methodologies to capture the opinions of customers.
- The outcome of this research will enable SLVREC to a) more clearly understand, and ultimately set, customer expectations, b) act on near-term opportunities for improvement and, c) create a strategic roadmap to increase customer satisfaction.



Areas of Investigation

The 2020 San Luis Valley Rural Electric Cooperative Commercial and Agriculture/Irrigation Customer Satisfaction Study leveraged a quantitative research methodology to address the following areas of investigation:

- Overall satisfaction with SLVREC
- Satisfaction with various organizational characteristics
- Knowledge and sentiment of the current rate structure
- Importance and perceived benefits of renewable energy and net metering systems
- Current and preferred communication methods
- Firmographic profile of respondents

Research Methodology Snapshot

Methodology Telephone & Digital	No. of Completes 105	No. of Questions 40*	Incentive None	Sample Provided by SLVREC												
Target Commercial and Agriculture/Irrigation Customers	Quality Assurance Dual level**	Confidence Level 95%	Research Dates June 15 - July 22, 2020	<table><tr><th>Segment</th><th>Number of Completes</th><th>Margin of Error</th></tr><tr><td>Composite</td><td>105</td><td>+/- 9.10</td></tr><tr><td>Commercial (C&I)</td><td>50</td><td>+/- 13.40</td></tr><tr><td>Agriculture/ Irrigation</td><td>55</td><td>+/- 12.73</td></tr></table>	Segment	Number of Completes	Margin of Error	Composite	105	+/- 9.10	Commercial (C&I)	50	+/- 13.40	Agriculture/ Irrigation	55	+/- 12.73
Segment	Number of Completes	Margin of Error														
Composite	105	+/- 9.10														
Commercial (C&I)	50	+/- 13.40														
Agriculture/ Irrigation	55	+/- 12.73														

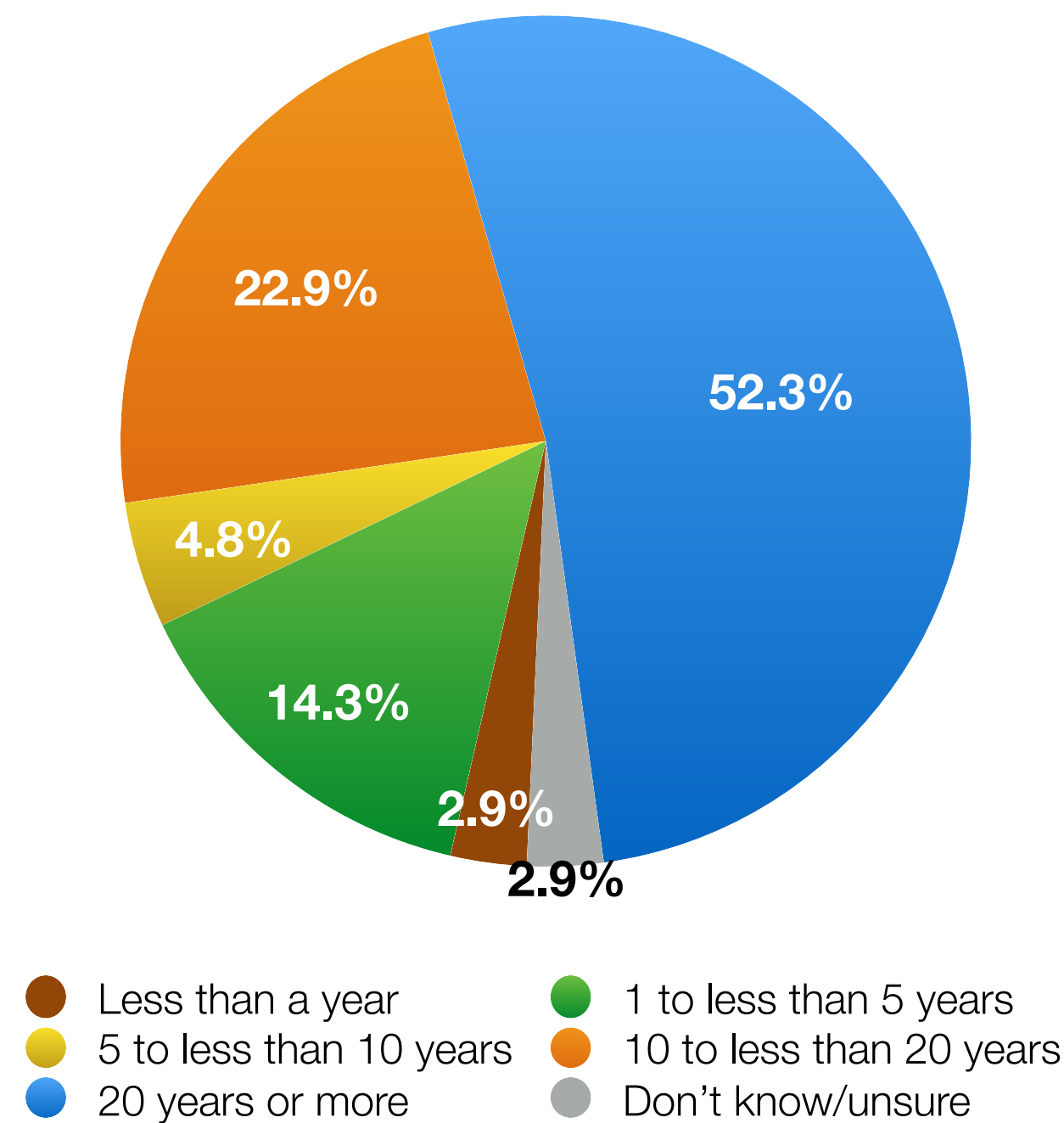
* This represents the total possible number of questions; not all respondents will answer all questions based on skip patterns and other instrument bias.

** Supervisory personnel, in addition to computer-aided interviewing platform, ensure the integrity of the data is accurate.

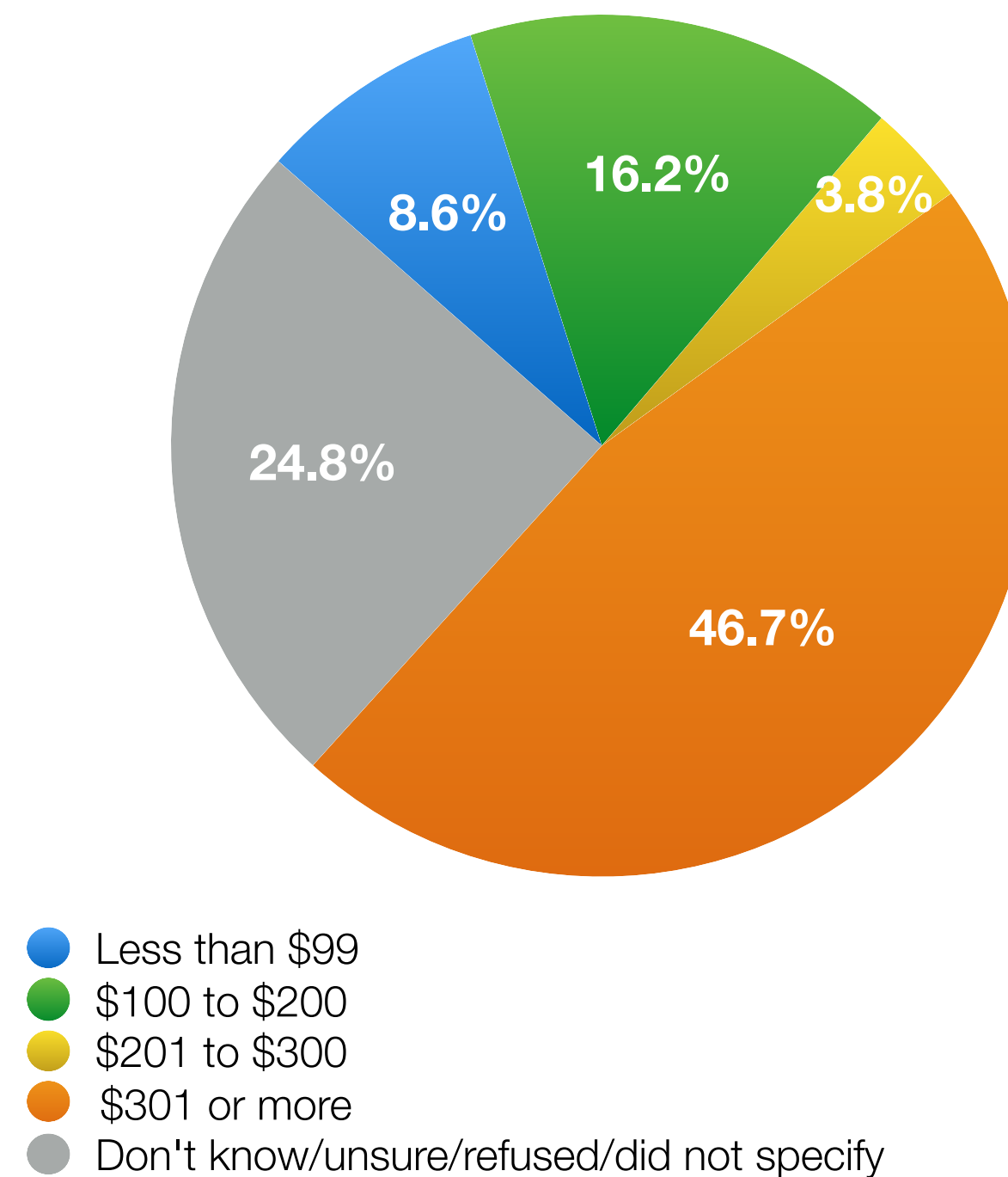
Respondent Snapshot

This slide quantifies select data points to provide context for this research study. The data is not meant to be statistically significant, rather to provide an empirical view into the demographic profile of the participants.

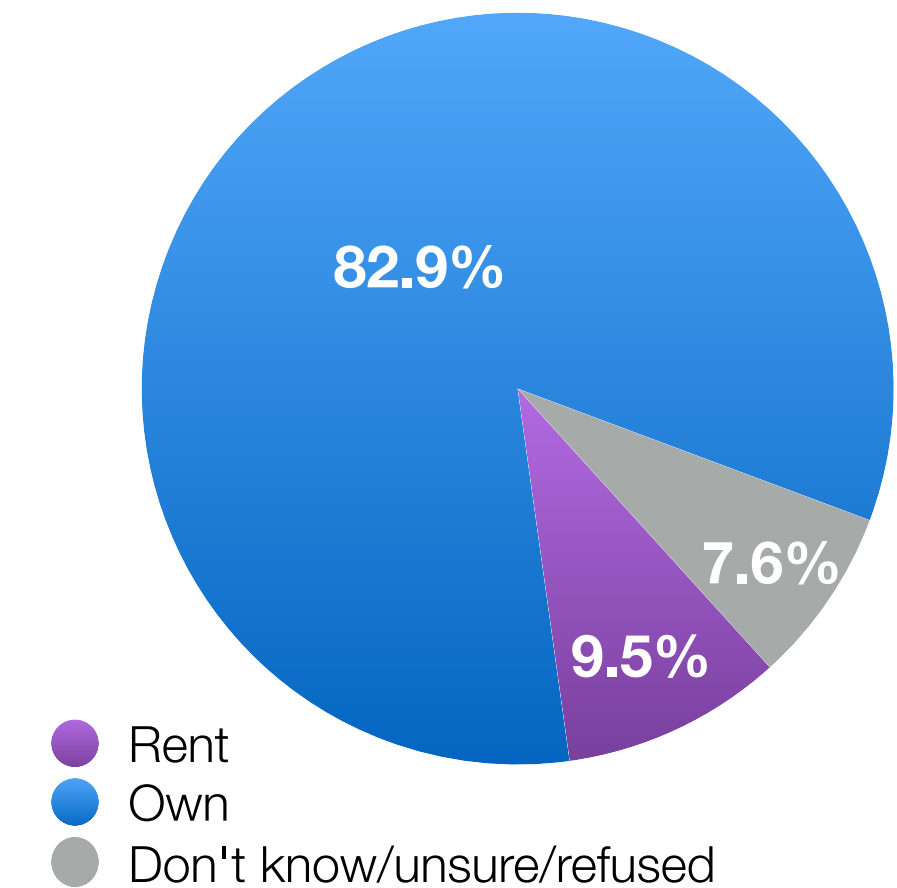
Length of Time as a Customer



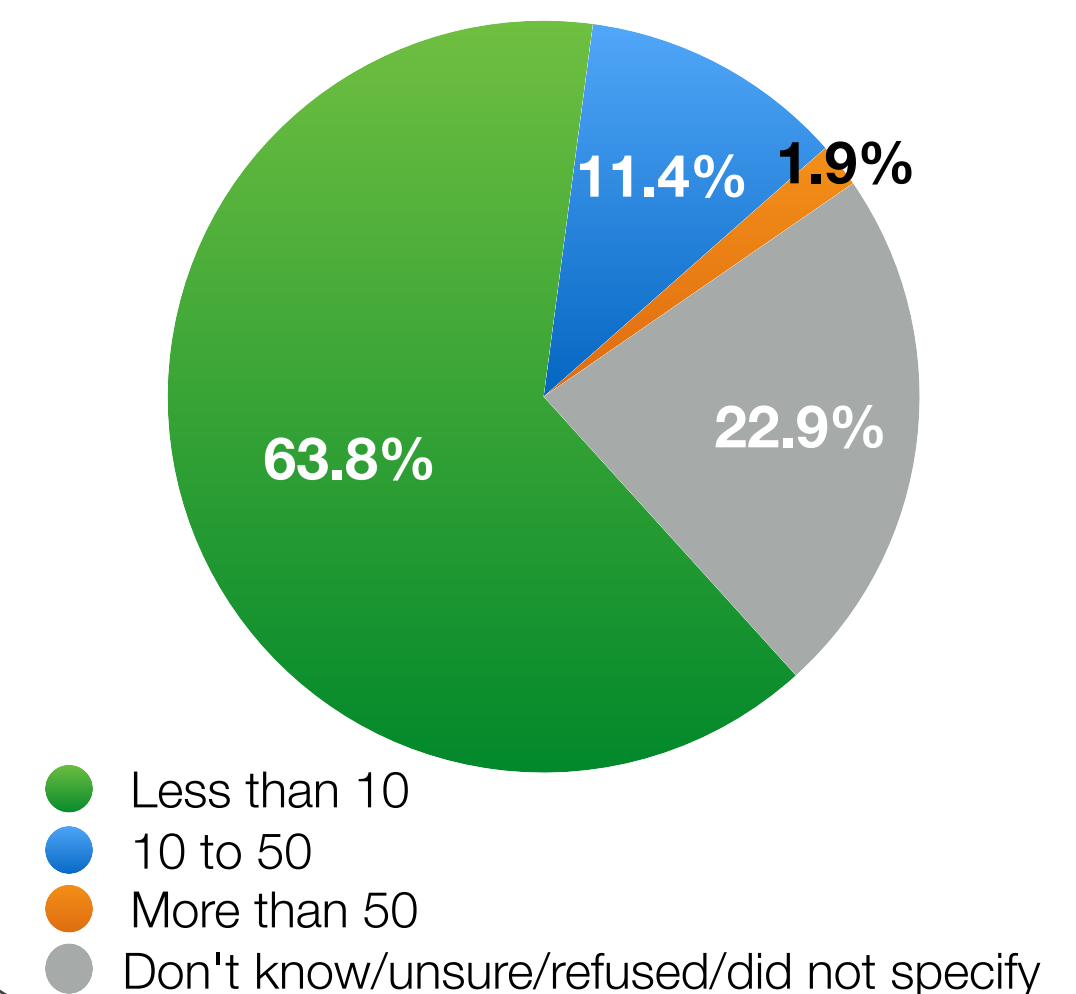
Average Monthly Electric Bill



Rent/Own



Number of Employees



Respondent Snapshot

This slide quantifies select data points to provide context for this research study. The data is not meant to be statistically significant, rather to provide an empirical view into the demographic profile of the participants.

Response...	Composite
Agriculture	40.0
Other	10.5
Prefer not to say	7.6
Irrigation	6.7
Farming	5.7
Retail trade	5.7
Real estate and rental/leasing	4.8
Construction	2.9
Water & sewer	2.9
Church/spiritual center	2.9
Lodging	2.9
Government	1.9
Mining, quarrying, oil and gas extraction	1.0
Utilities	1.0
Manufacturing	1.0
Wholesale trade	1.0
Arts, entertainment, and recreation	1.0
Public administration	1.0

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71.5%

would still purchase
at an increased
price point

5.4%

8.9%

2.8%

Negative Impact

Boomers

Key Study Findings

- In 2020, the frequency of positive ratings (ratings of 1-4) varied among the eight (8) organizational characteristics, with the highest positive ratings recorded for “community involvement” (76.8%), “maintaining modern and reliable infrastructure” (76.6%), and “responding promptly to customer questions and complaints” (74.3%).
 - The most notable variance between the commercial and agriculture/irrigation segments was recorded for “maintaining modern and reliable infrastructure” (67.4% commercial; 84.3% agriculture/irrigation), followed by “communicating with customers” (77.1% and 63.1%, respectively).
 - Of those who provided unsatisfactory ratings (ratings of 7-10) for at least one (1) organizational characteristic, the most frequent reason recorded was “unfair billing/high rates/poor rate structure” (40.0%).
- 80.0% of respondents indicated SLVREC meets their expectations and the most frequently reported expectation was “pricing/rates” (57.1%), followed by “reliable/consistent service/no interruptions” (50.5%).
- When asked to indicate the importance of reliability and cost, 63.8% indicated that reliability was more important than cost, while 26.7%, indicated cost was more important than reliability. Of note, 72.0% of commercial customers indicated reliability is more important than cost, in comparison to 56.3% of agriculture/irrigation customers.
- 70.5% of respondents indicated they were aware of the current SLVREC rate structure. When prompted to provide an explanation for their satisfaction rating with this rate structure, 17.1% of respondents indicated “too expensive/rates too high” and 12.4% indicated the “rate structure is confusing/difficult to understand.”

Key Study Findings, continued

- 52.3% of respondents reported being knowledgeable of the various types of utility rate structures, 56.2% reported being knowledgeable of fixed and variable costs and 58.1% reported they were knowledgeable about the allocation of customer, demand and energy charges.
 - On average, commercial customers were “very knowledgeable” about the three (3) current rate structure related questions 9.2 percentage points more frequently than agriculture/irrigation customers (commercial 21.3%; agriculture/irrigation 12.1%).
- 62.9% of surveyed customers indicated they believe that grouping rate classes by residential, commercial and industrial customers is a fair method of cost allocation. Additionally, 57.1% reported they were interested in information and education about how cost of service studies are performed.
- 81.9% of respondents reported the development and implementation of renewable energy is important, and there was a significant variance in the prioritization of renewable energy between the commercial segment (90.0%) and the agriculture/irrigation segment (74.5%).
 - 58.1% of respondents indicated they would not be willing to pay increased electric rates to support renewable energy initiatives (54.0% commercial; 61.8% agriculture/irrigation).
 - 36.0% of commercial respondents reported they would be willing to pay a 5% or greater increase to support renewable energy initiatives.

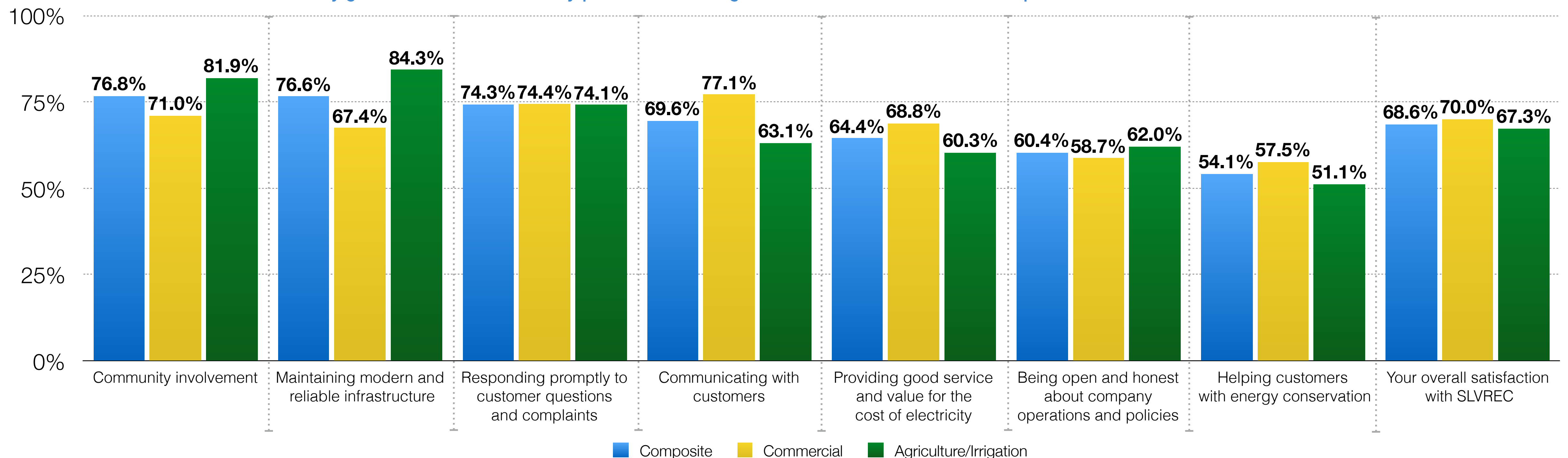
Key Study Findings, continued

- 75.2% of respondents indicated they did not have a net metering system installed at their business/workplace and 41.0% reported “don’t know/unsure” when asked if they believe net metering systems at other businesses/workplaces operating under SLVREC benefit them. There was a notable variance between the commercial and agriculture/irrigation segments regarding interest in net metering assistance programs (26.0% commercial; 49.1% agriculture/irrigation).
- 49.5% of respondents reported they currently receive information from SLVREC through “direct mail/contact,” 39.0% indicated through “newsletters” and 31.4% indicated “email.”
 - The most frequently indicated preferred method of communication was “email” (28.0%) for commercial customers and “direct mail/contact” (32.7%) among the agriculture/irrigation segment.
- 57.1% of respondents reported they had not visited the SLVREC website in the past six months. Of those who did visit the website, 90.7% were satisfied with the website’s content and 88.4% were satisfied with its ease of navigation/use.
- The highest frequency of both commercial and agriculture/irrigation respondents reported “US Postal Service” as both their current (40.0%) and their preferred (39.0%) electric bill payment method, followed by “online with a computer or tablet” (current 29.5%; preferred 25.7%).
- 66.0% of commercial respondents reported their electric utility bill payment process was the same as other utility bill payment options, while 43.6% of agriculture/irrigation customers indicated the same.
 - 34.6% of surveyed agriculture/irrigation customers indicated the bill pay process was either “much better” (29.1%) or “a little better” (5.5%) than their other utility bill payment options.

Varied Ratings for Organizational Characteristics

In 2020, the frequency of positive ratings (ratings of 1-4) varied among the eight (8) organizational characteristics, with the highest positive ratings recorded for “community involvement” (76.8%), “maintaining modern and reliable infrastructure” (76.6%), and “responding promptly to customer questions and complaints” (74.3%). The most notable variance between the commercial and agriculture/irrigation segments was recorded for “maintaining modern and reliable infrastructure” (67.4% commercial; 84.3% agriculture/irrigation), followed by “communicating with customers” (77.1% and 63.1%, respectively).

Now, I will read you a list of different organizational characteristics. For each one, please rate SLVREC on a scale of one to ten where one (1) is “very good” and ten (10) is “very poor.” (Total ratings of 1-4 without “don’t know” responses)



Rates and Rate Structure Cited Most Frequently as Reasons for Poor Ratings



Please tell me why you provided poor ratings for SLVREC. (N=30)

Of the 105 surveyed SLVREC commercial and agriculture/irrigation customers, 30 rated at least one (1) of the eight (8) organizational characteristics unsatisfactory (ratings of 7-10). When asked to indicate the reason for the low rating, the most frequent open-ended responses included “unfair billing/high rates/poor rate structure” (40.0%), followed by those who indicated “none/nothing” (16.7%), and those who “expressed multiple issues” (13.3%)*.

Response...	Composite	Commercial	Agriculture/ Irrigation
Unfair billing/high rates/poor rate structure	40.0	40.0	40.0
Expressed multiple issues*	13.3	0.0	26.7
Overall poor company/not happy	10.0	6.7	13.3
Issues not resolved	3.3	0.0	6.7
Should automatically credit account during service interruptions	3.3	6.7	0.0
Difficult process to get internet	3.3	0.0	6.7
Poor outage restoration/communication	3.3	6.7	0.0
Messages not returned	3.3	0.0	6.7
Need more professionalism from other sources	3.3	6.7	0.0
None/nothing	16.7	33.3	0.0

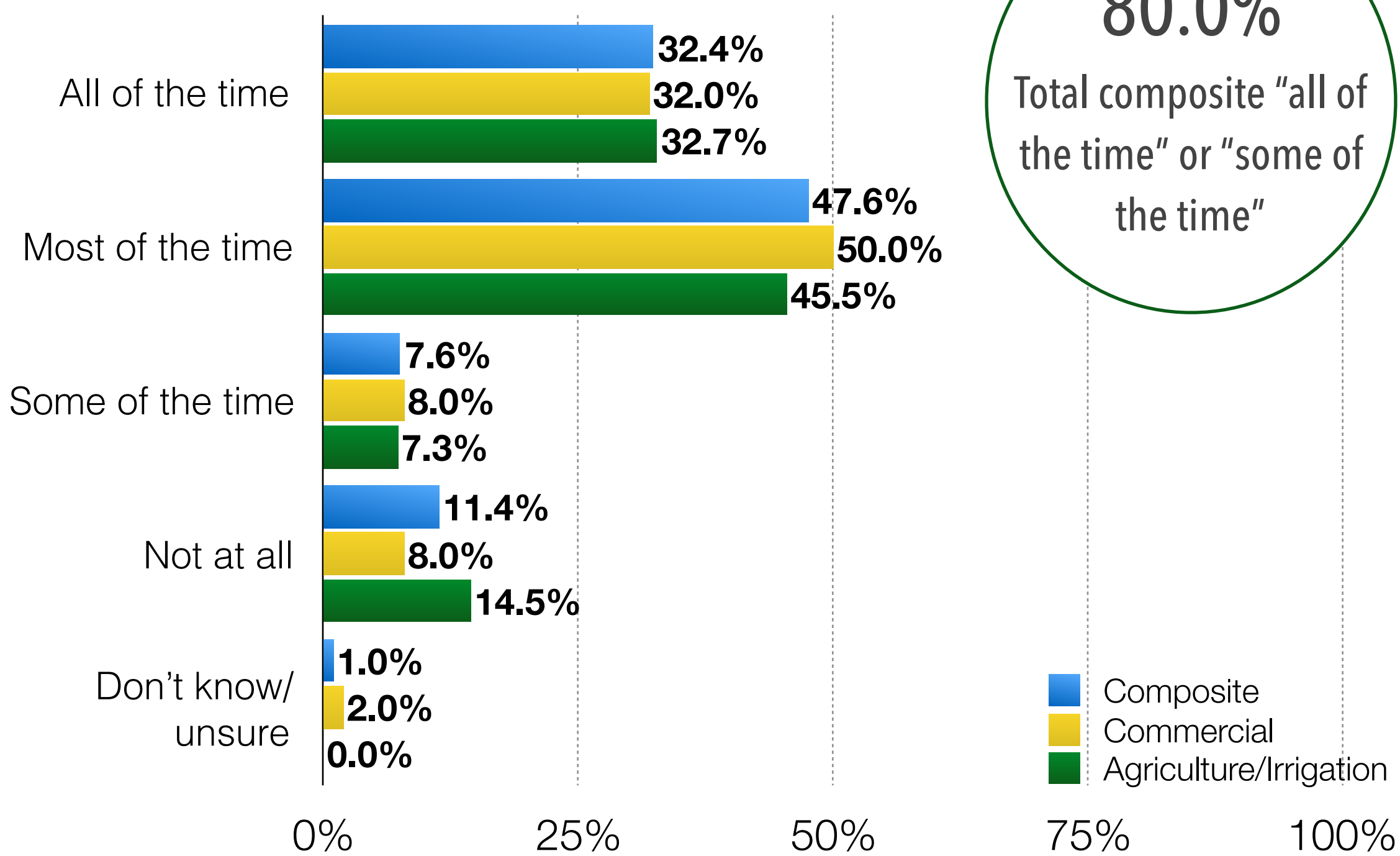
*Indicates open-end verbatim responses provided separately.

Expectations Met at a High Frequency

The majority of respondents, 80.0%, indicated SLVREC meets their expectations either “all of the time” (32.4%) or “most of the time” (47.6%) and the rate of expectations being met was relatively consistent among both segments (82.0% commercial; 78.2% agriculture/irrigation). The most frequently indicated expectation respondents reported they have regarding SLVREC was “pricing/rates” (57.1%), followed by “reliable /consistent service/no interruptions” (50.5%) and “good communication/prompt notification/provide updates” (20.0%).



Does your electric utility meet your expectations...



Please tell me your top three expectations regarding SLVREC?

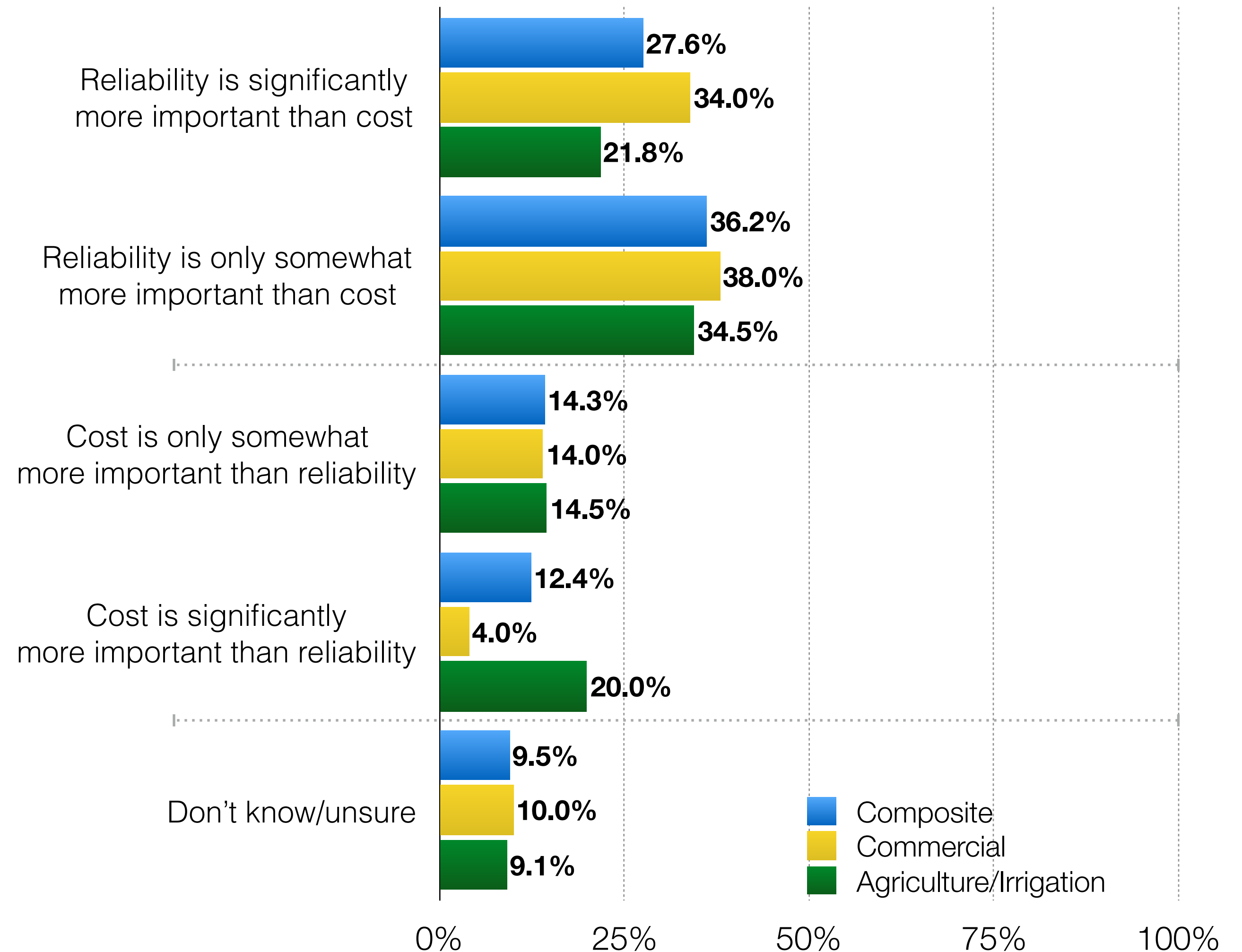
Expectation...	Composite	Commercial	Agriculture/Irrigation
Pricing/rates	57.1	54.0	60.0
Reliable /consistent service/no interruptions	50.5	48.0	52.7
Good communication/prompt notification/provide updates	20.0	28.0	12.7
Prompt response to outages/issues	14.3	10.0	18.2
None/nothing	9.5	14.0	5.5
Overall good service	8.6	8.0	9.1
Good customer service	7.6	4.0	10.9
Honesty/trustworthy/transparency	3.8	4.0	3.6
Community involvement/customer input	3.8	6.0	1.8
Other (various; each 2.9% or less)	40.0	52.0	28.9
Don't know/unsure	1.9	0.0	3.6

Varied Sentiments Regarding Reliability and Cost

When respondents were prompted to indicate their feelings about the importance of the reliability and cost of service, 63.8% indicated that reliability was either significantly (27.6%) or somewhat (36.2%) more important than cost. Conversely, 26.7%, indicated cost was significantly (12.4%) or somewhat (14.3%) more important than reliability.

Of note, 72.0% of commercial customers indicated reliability is more important than cost, in comparison to 56.3% of agriculture/irrigation customers. Additionally 20.0% of agriculture/irrigation customers indicated “cost is significantly more important than reliability.”

Which of the following statements best describes how you feel about the importance of reliability and cost?

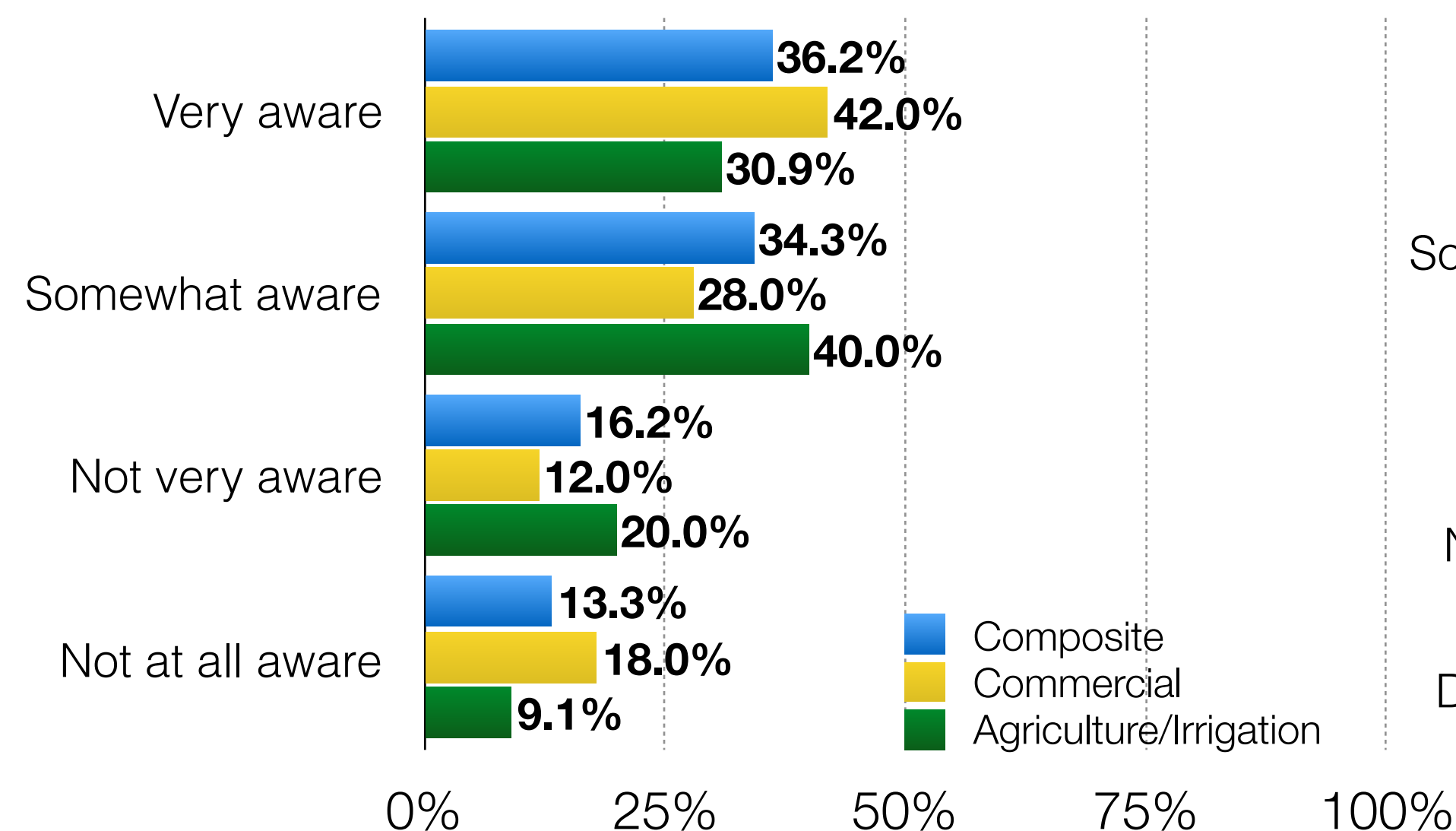


Varied Satisfaction with Rate Structure

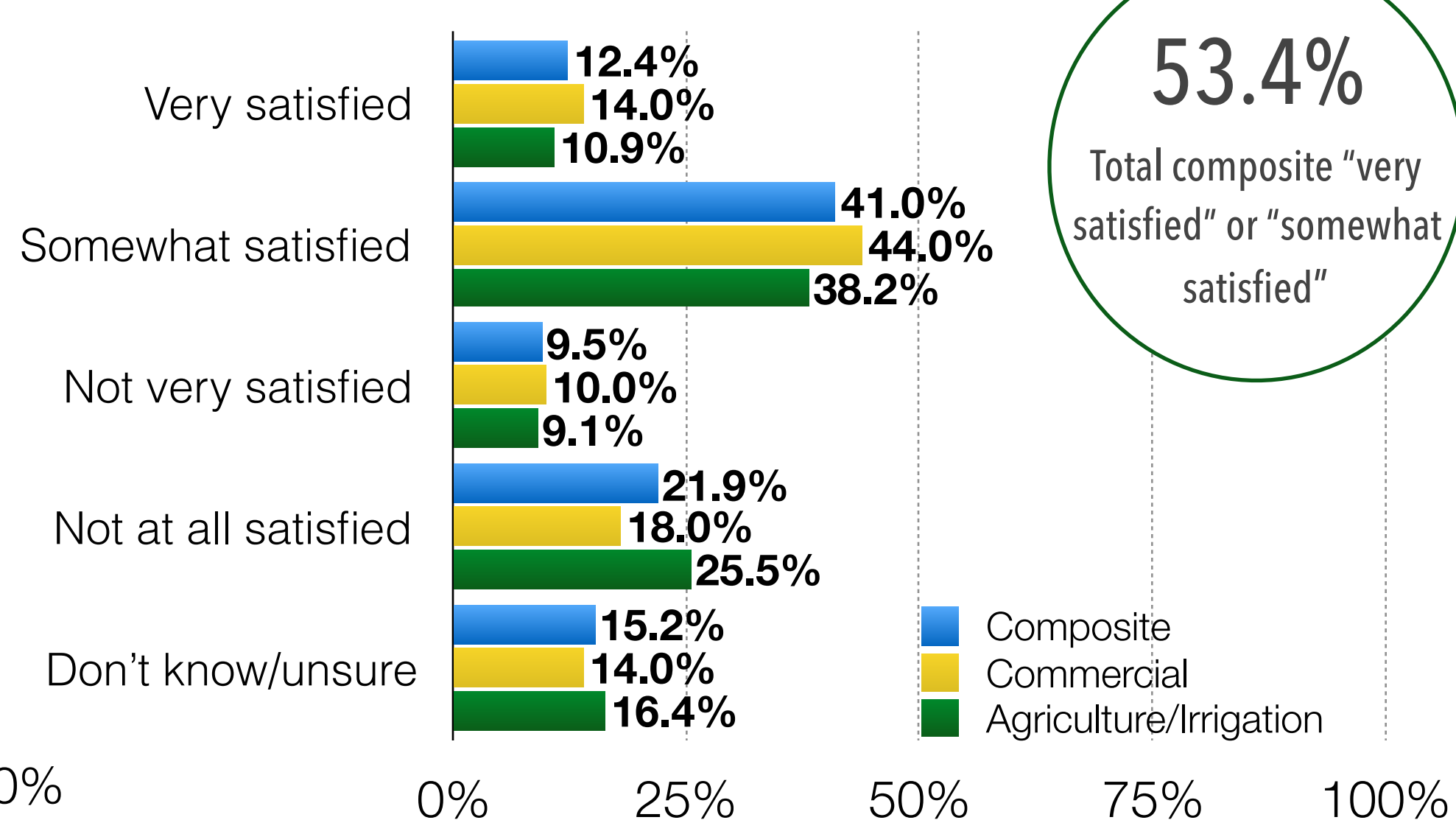
Roughly seven-out-of-ten respondents, 70.5%, indicated they were either “very aware” (36.2%) or “somewhat aware” (34.3%) of the current SLVREC rate structure. Of note, 58.0% of commercial customers reported being satisfied with the current rate structure, in comparison to 49.1% of agriculture/irrigation customers.

When prompted to provide an explanation for their satisfaction rating, 17.1% of respondents indicated “too expensive/rates too high,” 12.4% indicated “rate structure is confusing/difficult to understand,” 10.5% indicated “ok with rates/no issues” and 10.5% indicated “none/nothing.”

How aware would you say you are about the current rate structure SLVREC operates under? Would you say...



And how satisfied would you say you are with this rate structure?



Top 4 Reasons for Satisfaction Rating (Composite)

17.1%

Too expensive/
rates too high

12.4%

Rate structure is
confusing/difficult
to understand

10.5%

Ok with rates/
no issues

10.5%

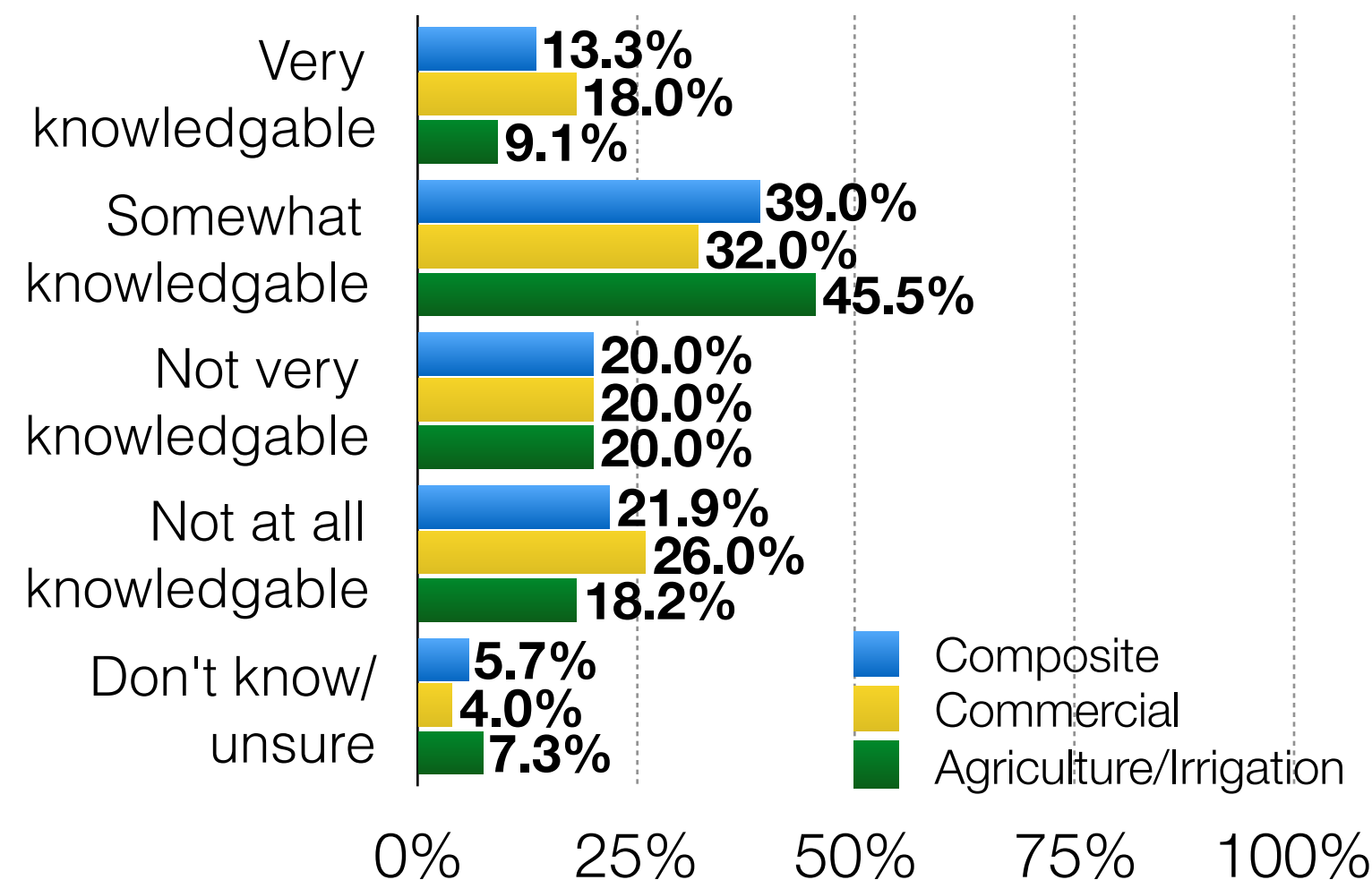
None/nothing

Consistent Awareness of Rate Structures

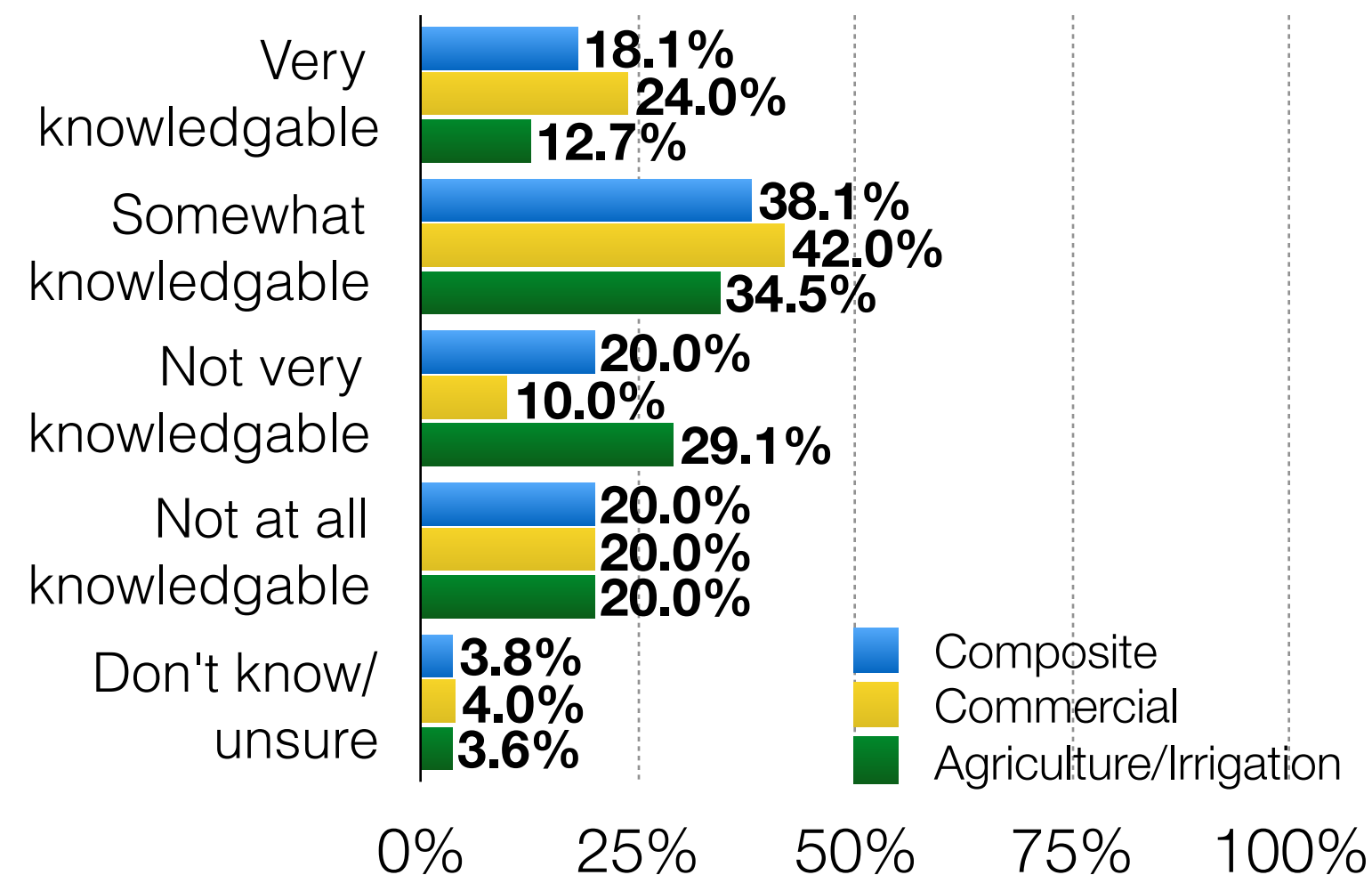
Over one-half of customers, 52.3%, reported being either “very knowledgeable” (13.3%) or “somewhat knowledgeable” (39.0%) about the various types of utility rate structures. When respondents were asked to indicate their knowledge with respect to fixed and variable costs, 56.2% reported being “very knowledgeable” (18.1%) or “somewhat knowledgeable” (38.1%). Additionally, 58.1% of respondents reported they were “very knowledgeable” (18.1%) or “somewhat knowledgeable” (40.0%) about the allocation of customer, demand and energy charges.

While overall reported knowledge (“very” and “somewhat knowledgeable” regarding the three (3) rate structure questions was relatively consistent among commercial and agriculture/irrigation customers, there was a notably greater frequency of commercial customers who reported to be “very knowledgeable” on average (21.3% commercial; 12.1% agriculture/irrigation).

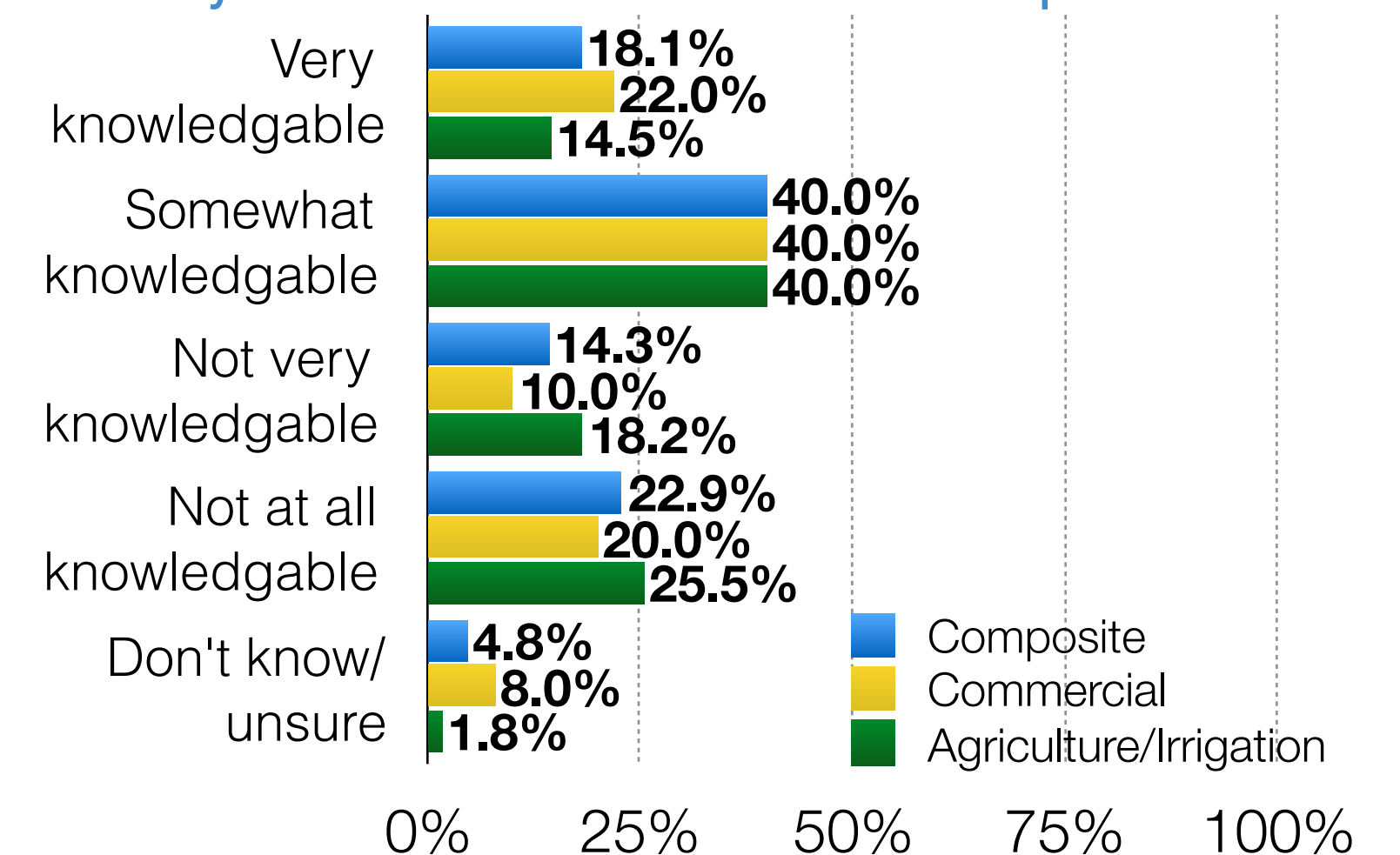
How knowledgeable would you say you are about the various types of rate structures utilities use?



Electric rates are designed to fairly allocate the cost of generating and delivering electricity to members. How knowledgeable are you about concepts of fixed costs and variable cost?



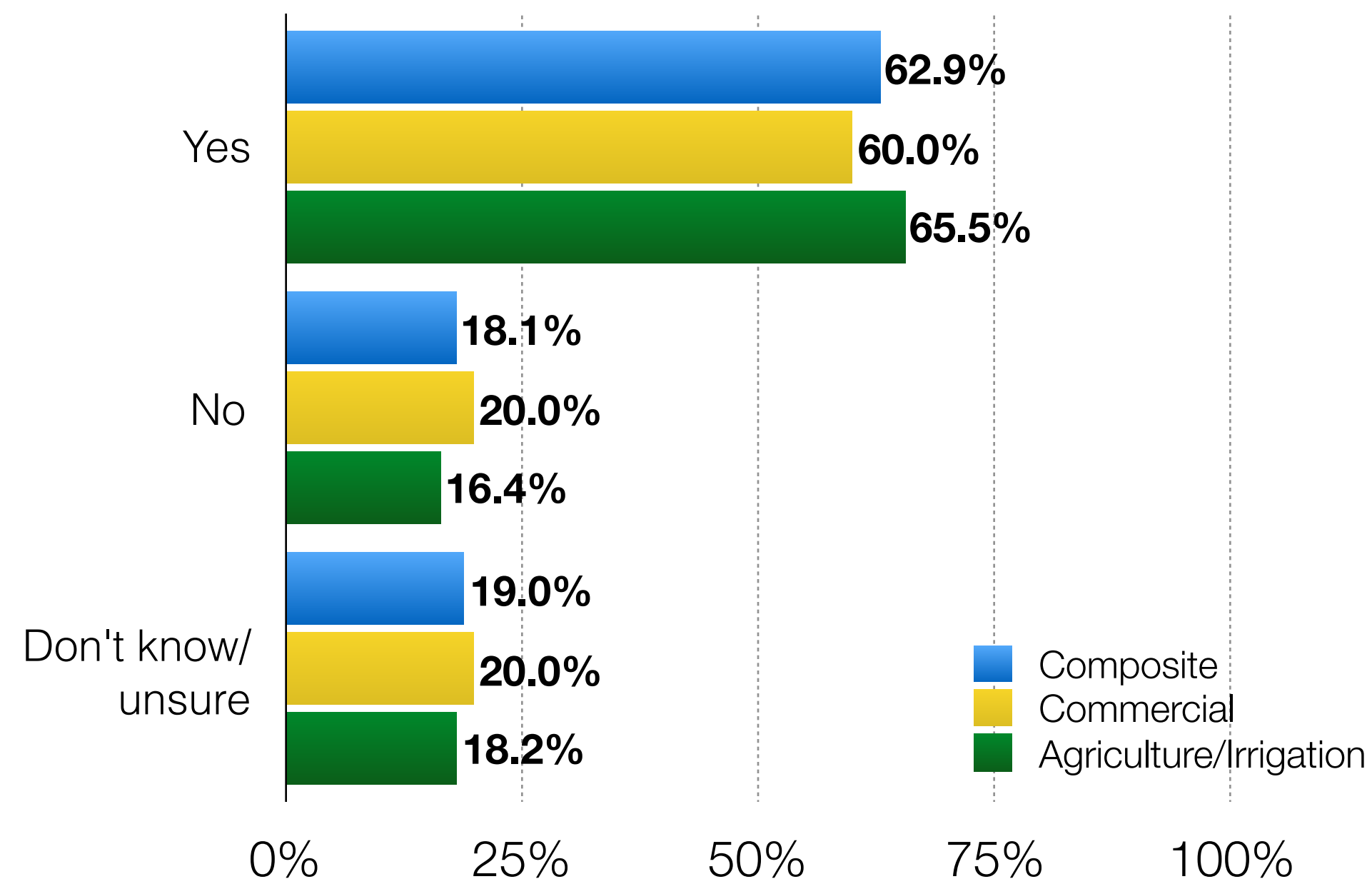
Current SLVREC rates all have three components – a customer charge, a demand charge and an energy charge. How familiar are you with how costs of providing electricity are allocated in each of these components?



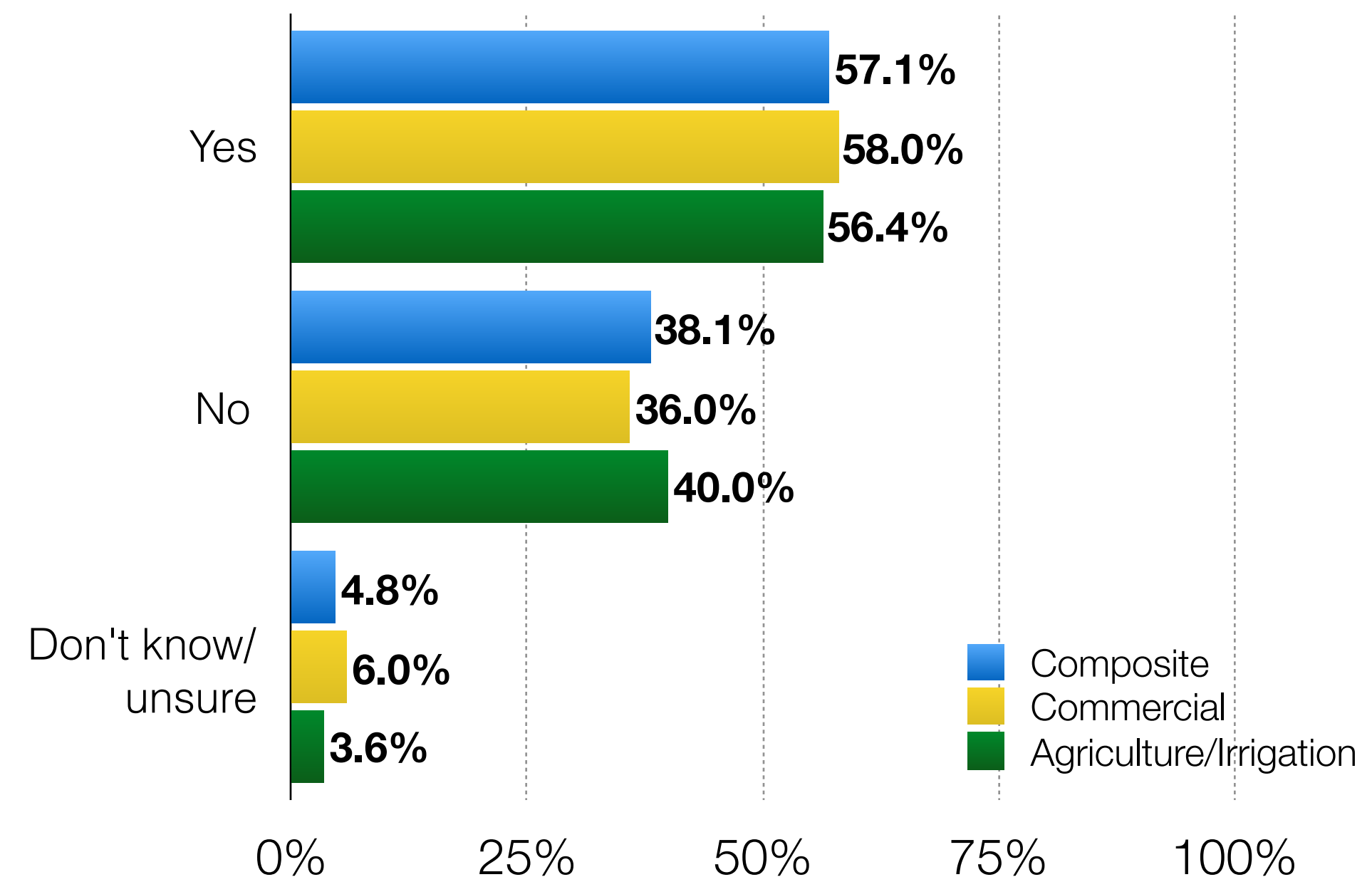
Notable Interest in Cost of Service Education

When commercial and agriculture/irrigation respondents were asked to indicate if they believe that grouping rate classes by residential, commercial and industrial customers is a fair method of allocation, more than three-fifths (62.9%) indicated “yes.” Additionally, 57.1% of respondents reported “yes” when asked if they were interested in information and education on how cost of service studies are performed (58.0% commercial; 56.4% agriculture/irrigation).

SLVREC rates are grouped into classes such as residential, commercial and industrial because of their various usage characteristics. Do you think this grouping is a fair method of allocating the cost of providing electricity?

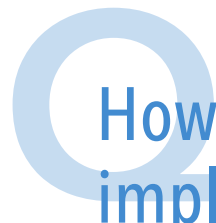


Every three years, SLVREC performs a cost of service study to ensure costs are allocated correctly in the electric rates. Would you be interested in information and/or education on how cost of service studies are performed?

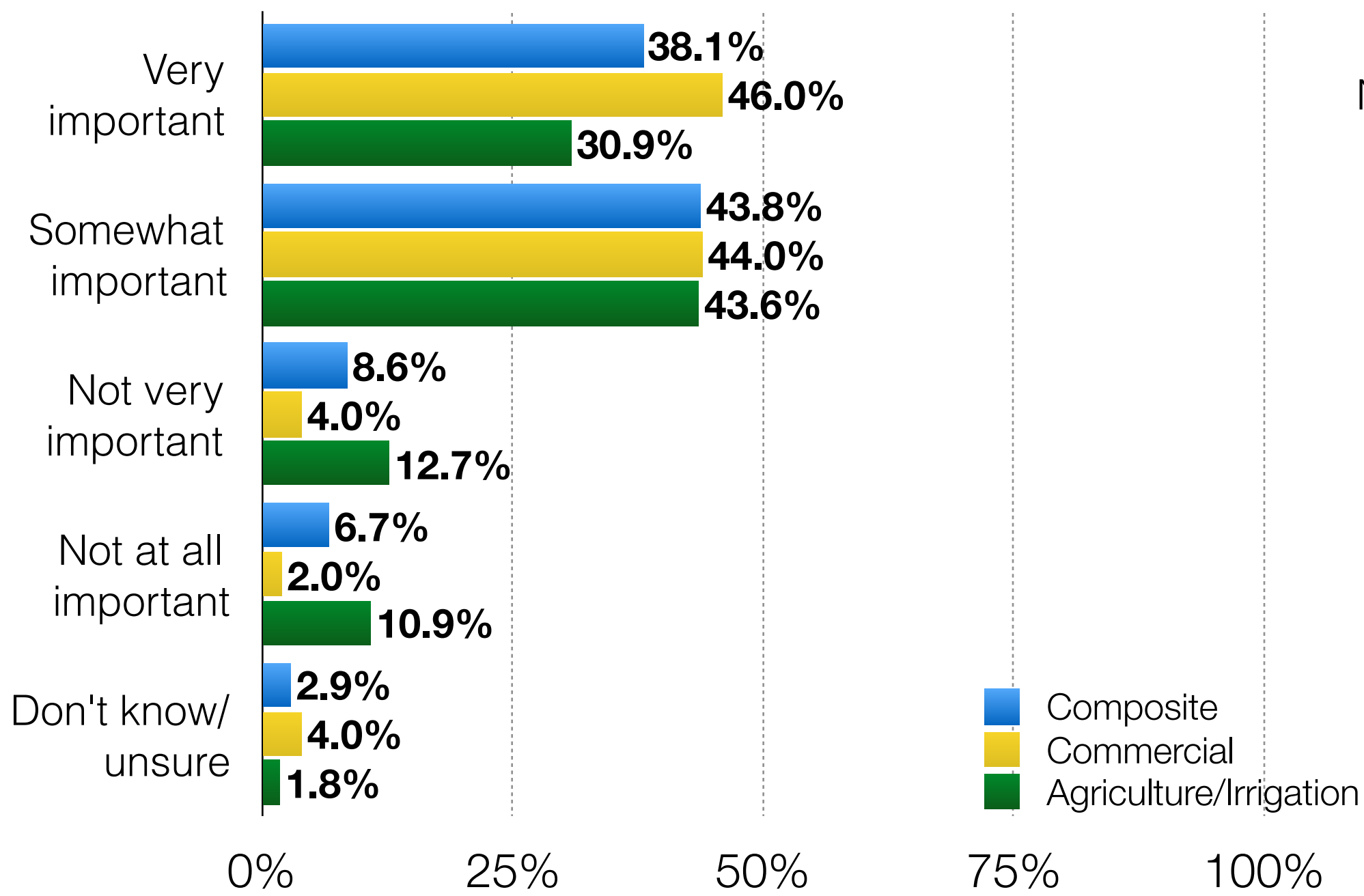


Varied Sentiment Toward Renewable Energy

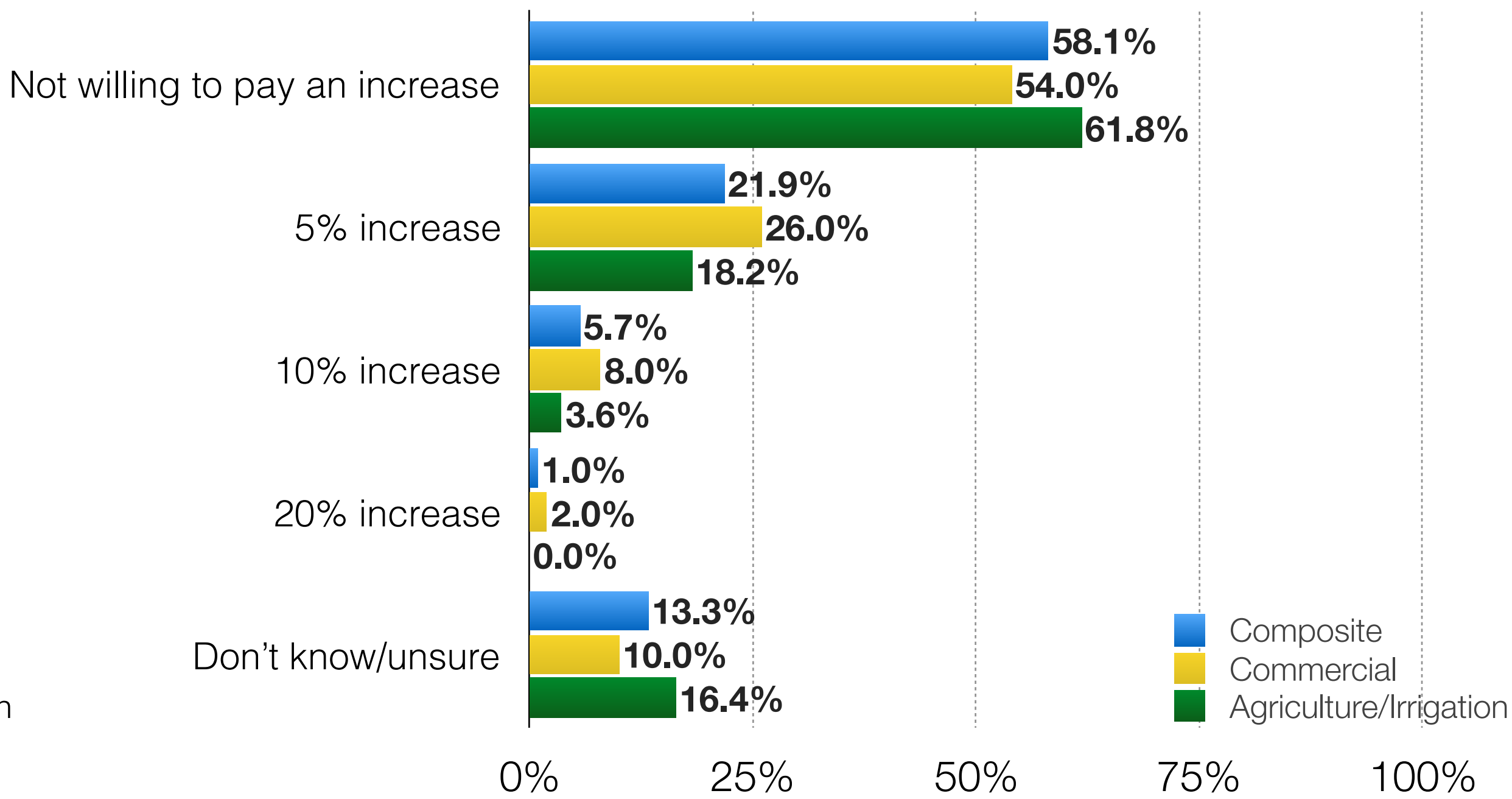
While the strong majority of respondents, 81.9%, reported the development and implementation of renewable energy is either “very important” (38.1%) or “somewhat important” (43.8%), there was a significant variance in prioritization of renewable energy between the commercial segment (90.0%) and the agriculture/irrigation segment (74.5%). Additionally, roughly three-fifths (58.1%) of respondents indicated they would not be willing to pay increased electric rates to support renewable energy initiatives (54.0% commercial; 61.8% agriculture/irrigation). Of note, over one-third of commercial respondents (36.0%) reported they would be willing to pay a 5% or greater increase to support renewable energy initiatives. Of note, over one-third of commercial respondents (36.0%) reported they would be willing to pay a 5% or greater increase to support renewable energy initiatives.



How important would you say the development and implementation of renewable energy is?



What percent more would you be willing for your electric rates to increase to support renewable energy initiatives?

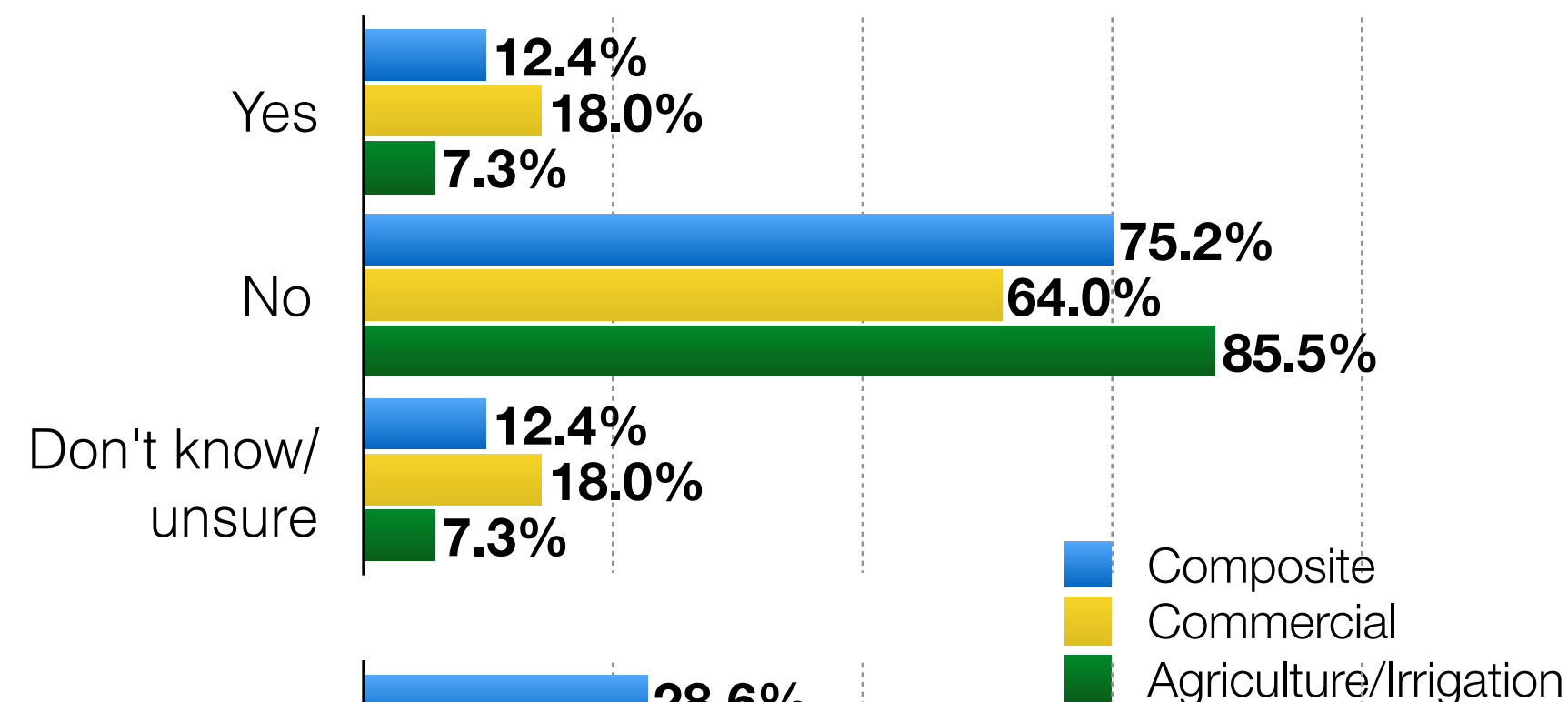


Varied Interest in Net Metering Programs

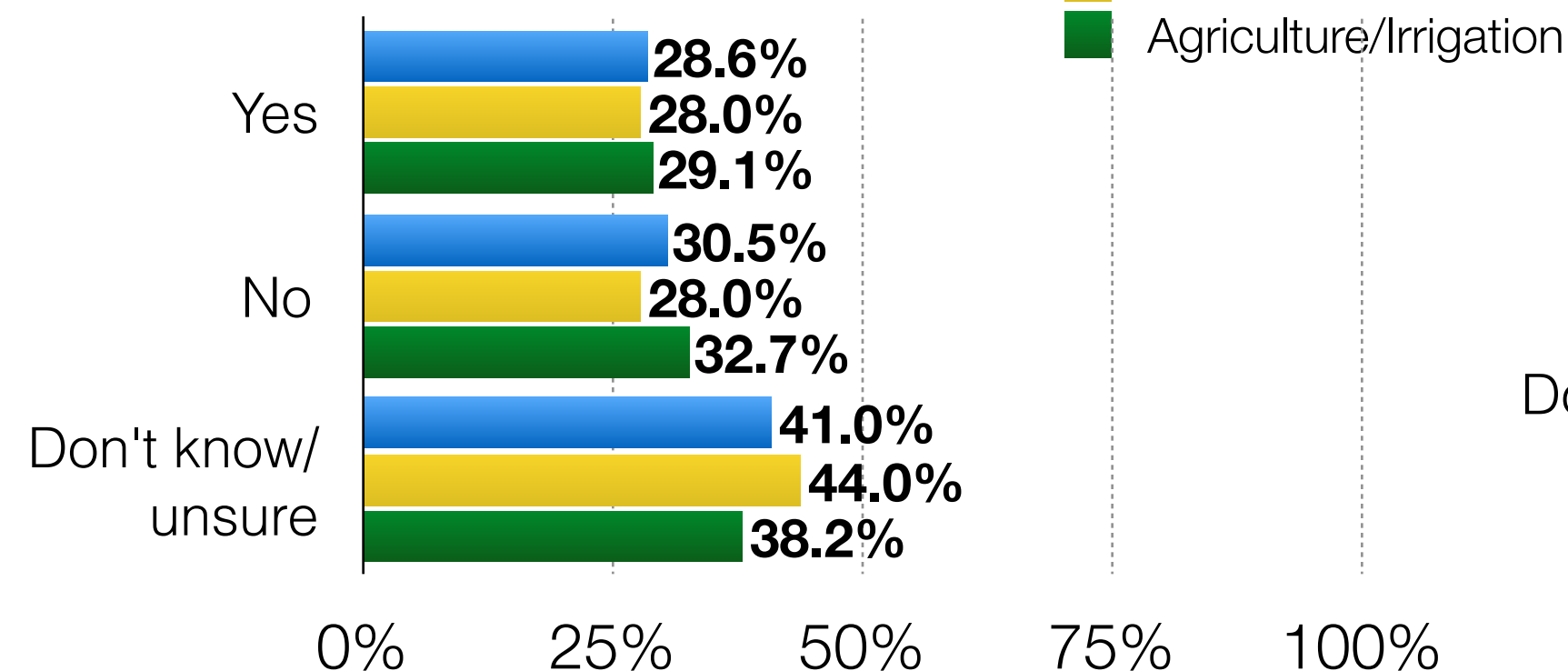
Roughly three-quarters of respondents (75.2%) indicated they did not have a net metering system installed at their business or workplace and a large frequency of customers (41.0%) reported “don’t know/unsure” when asked if they believe net metering systems at other business/workplaces operating under SLVREC benefit them. There was a notable variance between the frequency of commercial respondents interested in net metering assistance programs in comparison to the agriculture/irrigation segment (26.0% commercial; 49.1% agriculture/irrigation).

Net metering is a system that allows electric utility customers to install renewable energy generators, typically solar panels, while remaining connected to the grid. Surplus power is transferred onto the grid, which the electric utility purchases at the average wholesale rate.

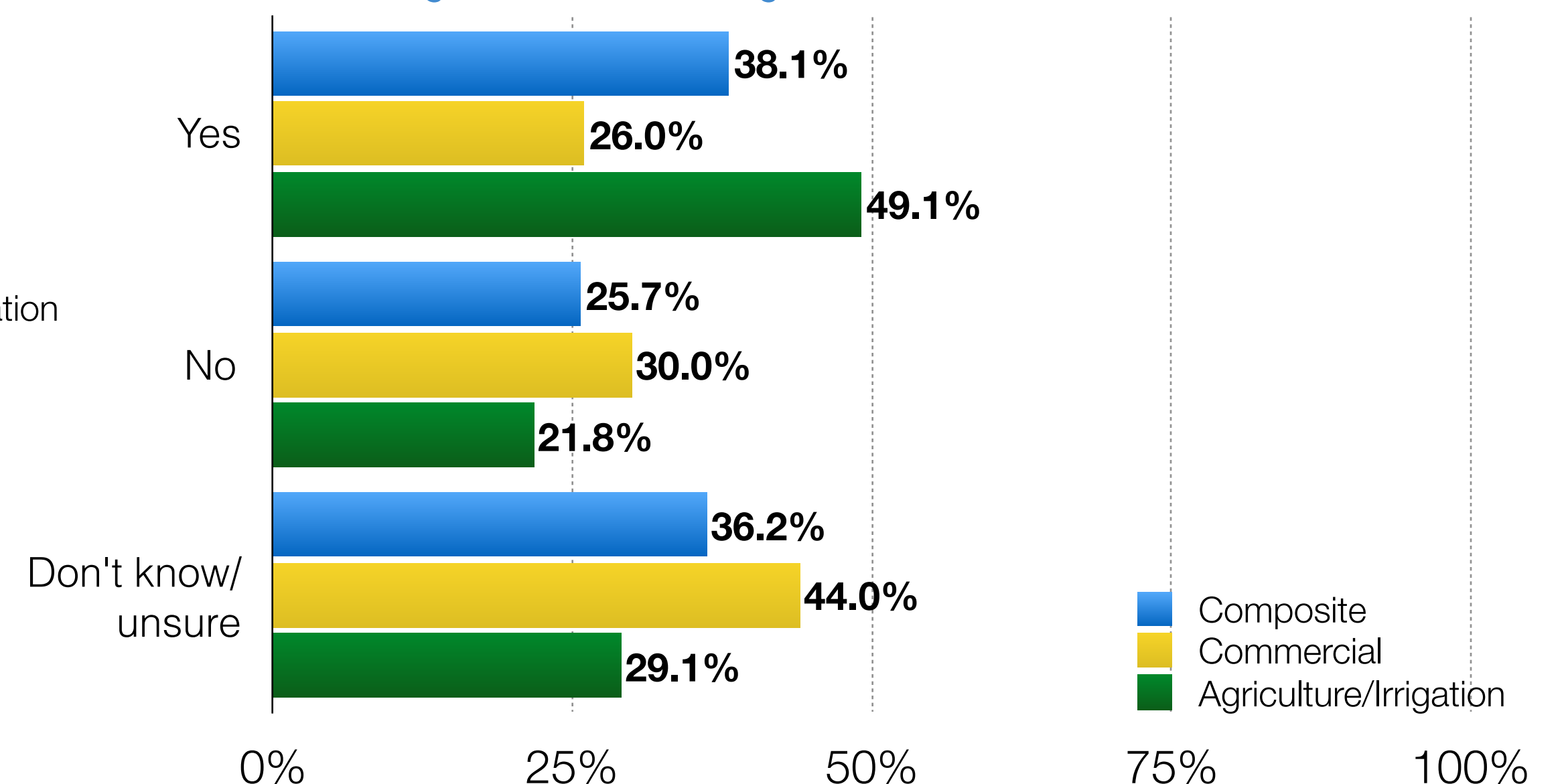
Do you have a net metering system installed at your business/workplaces?



Do you believe that net metering systems installed at other business/workplaces operating under SLVREC benefit you?



Would you like SLVREC to offer a program assisting with net metering installations?

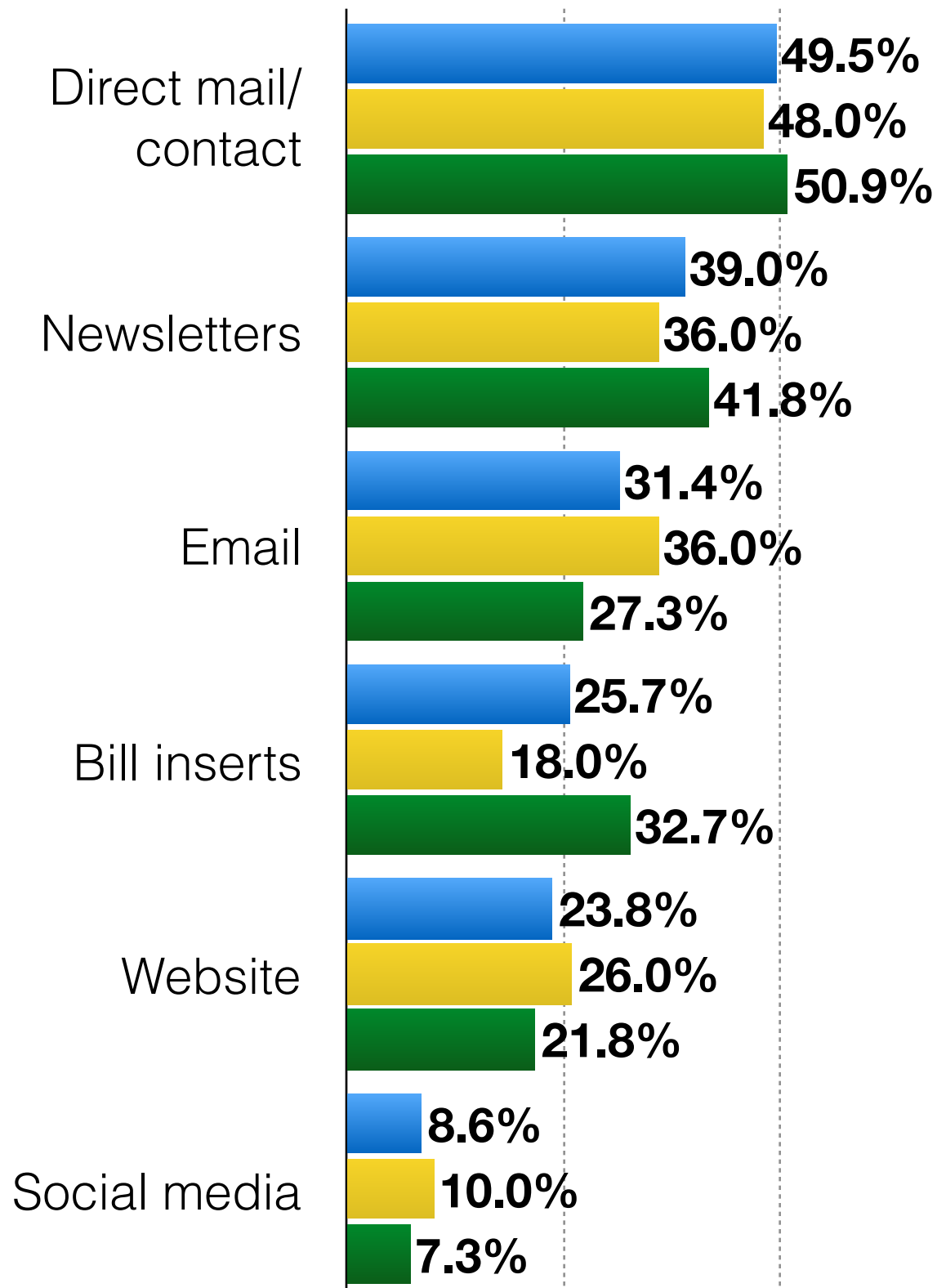


Marked Preference for ‘Direct Mail’ and ‘Email’ Communication Methods

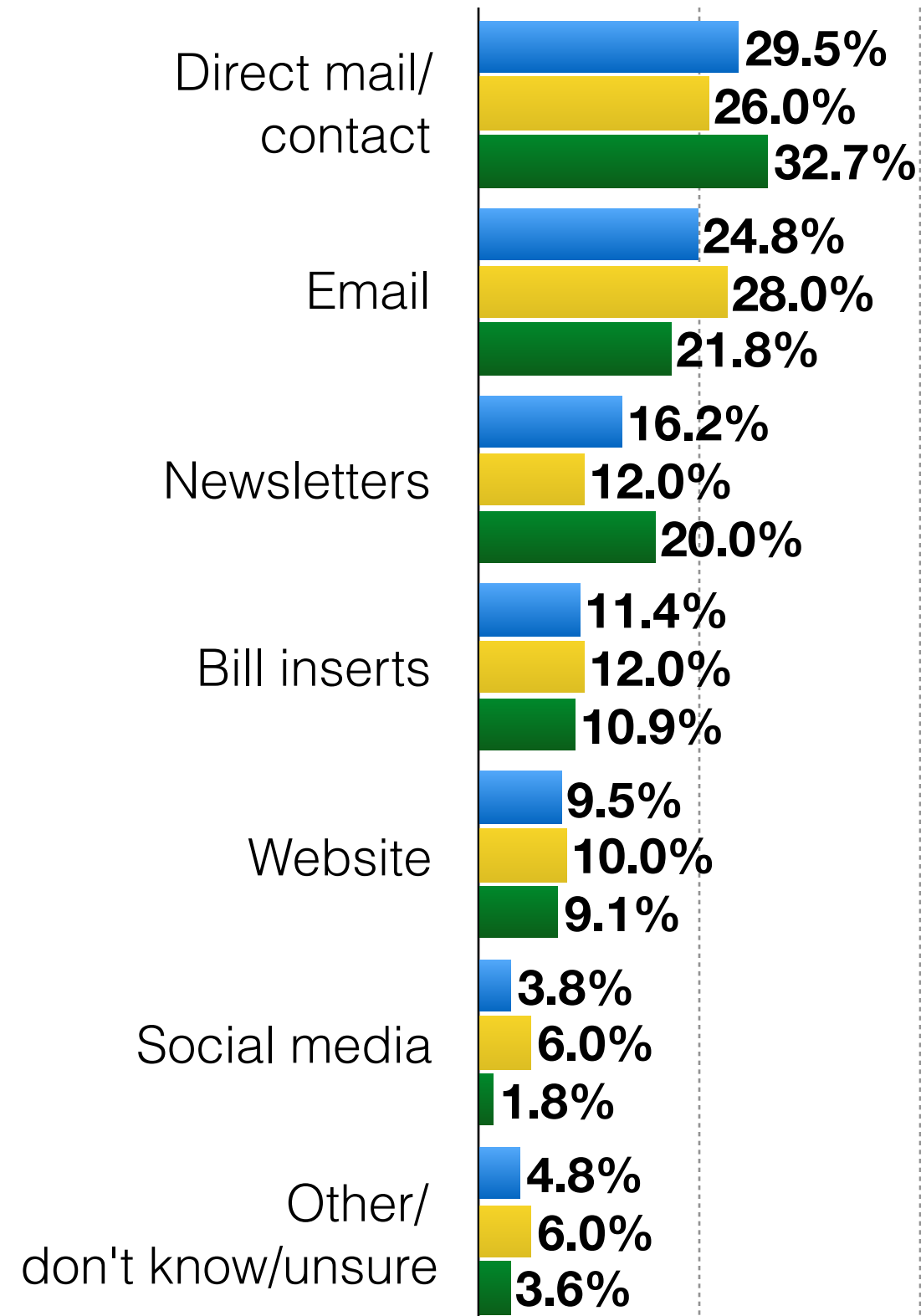
Roughly one-half of respondents (49.5%) reported they currently receive information from SLVREC through “direct mail/contact,” while another 39.0% indicated receiving information through “newsletters” and 31.4% indicated “email.”

Among commercial respondents, the most frequently indicated preferred method of communication was recorded for “email” (28.0%), in comparison to “direct mail/contact” (32.7%) as the most preferred among the agriculture/irrigation segment.

Which of the following do you currently use to receive information from SLVREC?



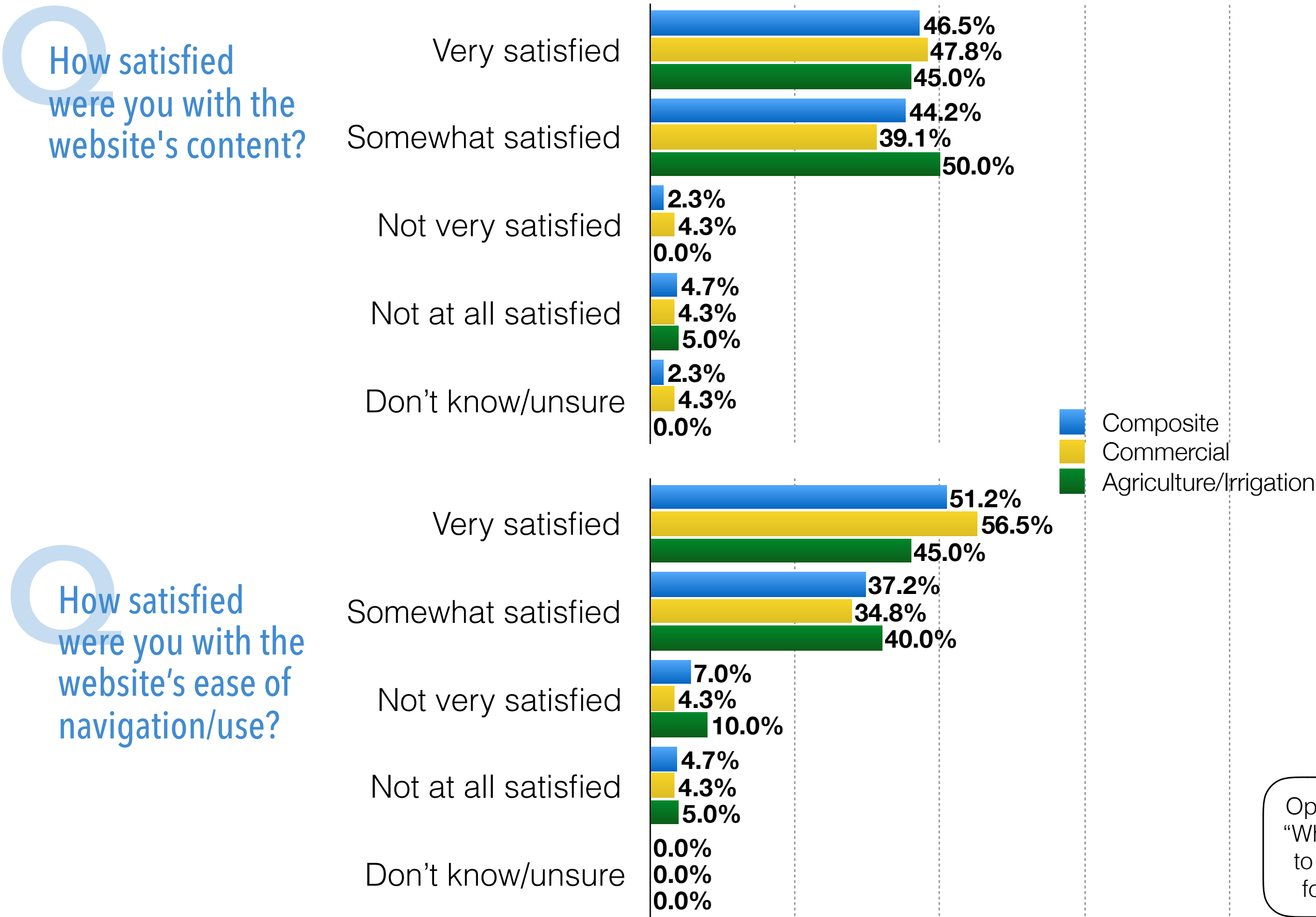
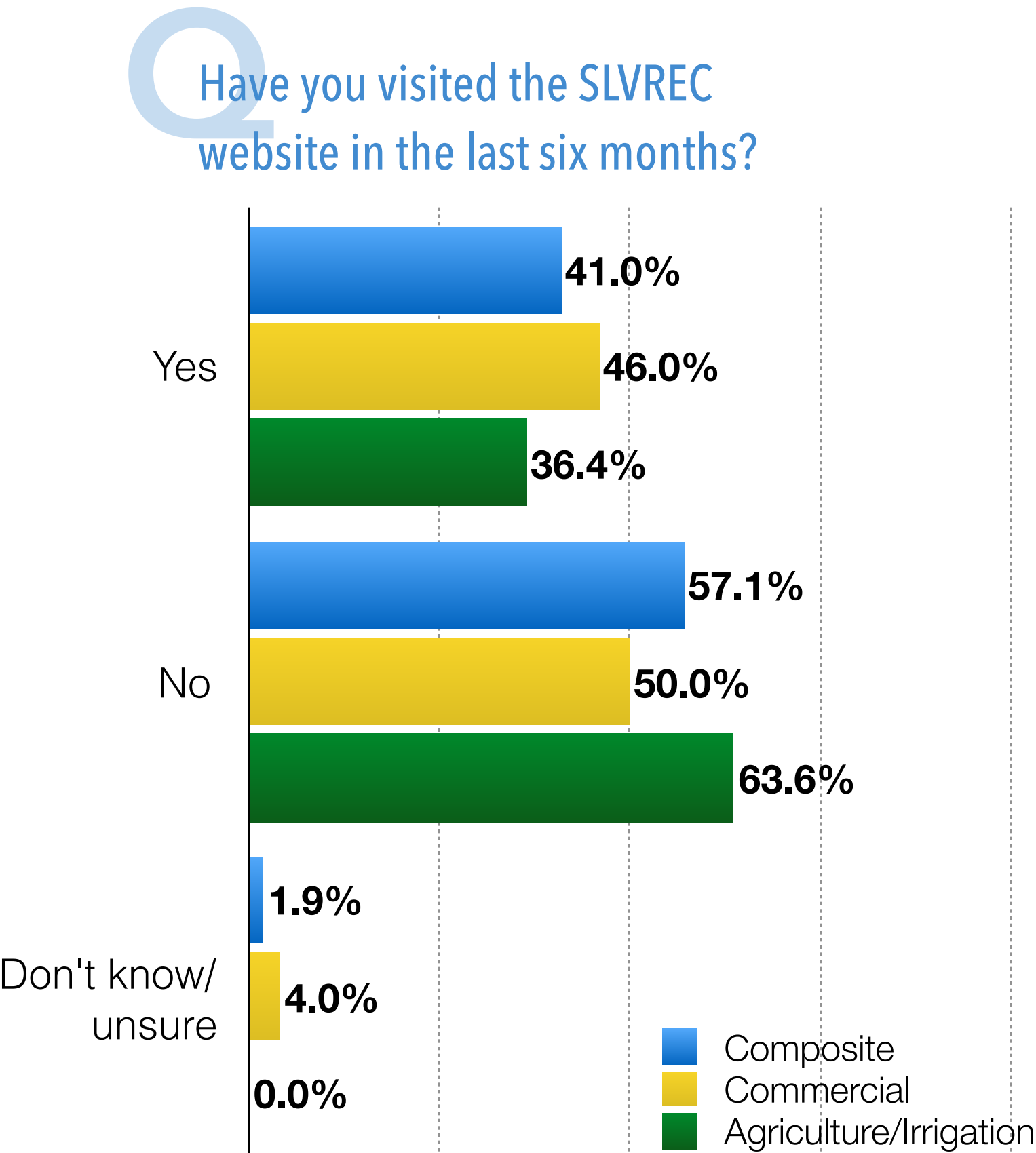
And which of the following do you prefer to receive information from SLVREC?



Composite Commercial Agriculture/Irrigation

High Satisfaction with SLVREC Website

Nearly three-fifths of customers (57.1%) reported they had not visited the SLVREC website in the past six months. Of those who did visit the website, 90.7% were either “very satisfied” (46.5%) or “somewhat satisfied” (44.2%) with the content and 88.4% were either “very satisfied” (51.2%) or “somewhat satisfied” (37.2%) with the ease of navigation/use.

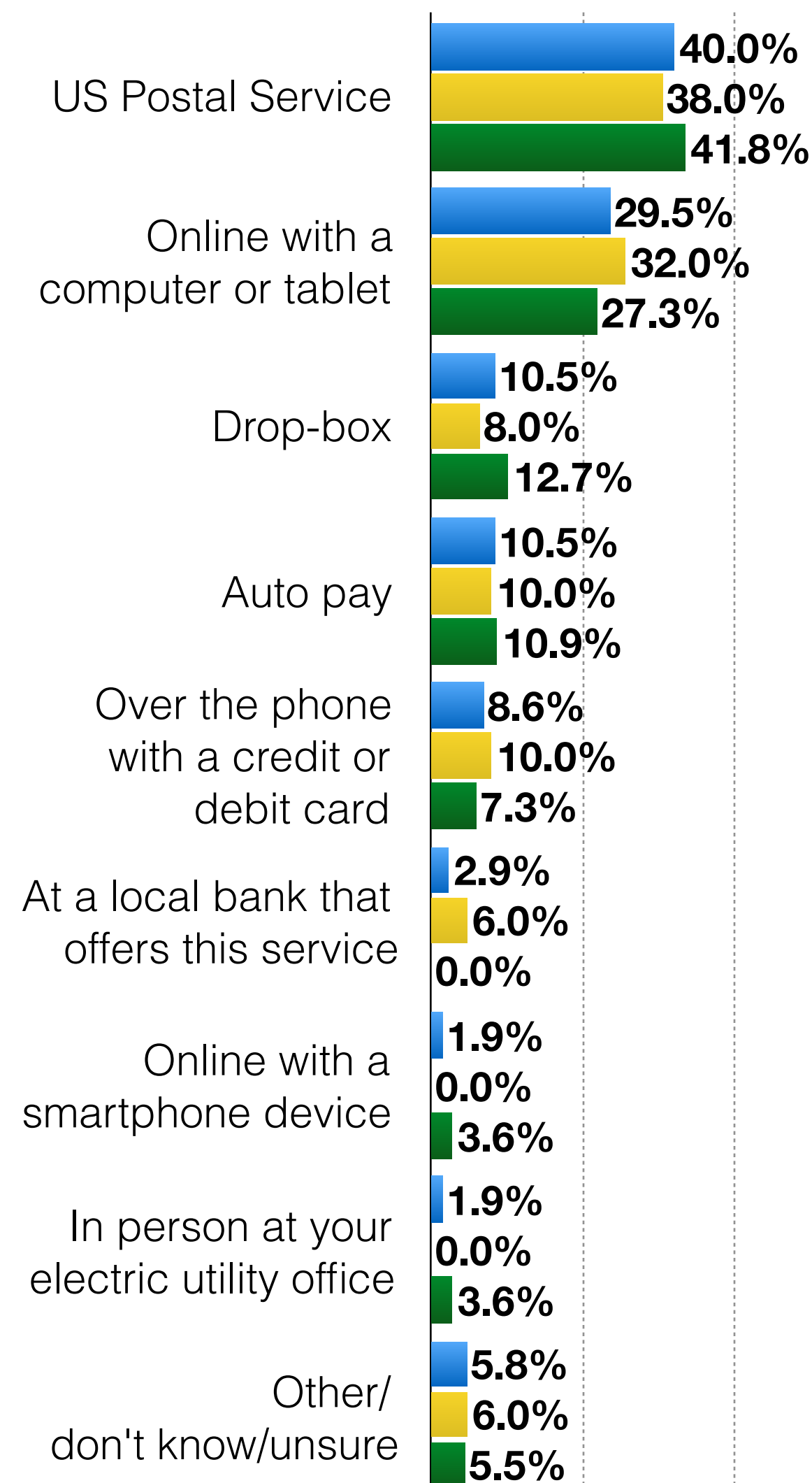


Open-end verbatim responses for “What one thing could SLVREC do to improve the website?” can be found in a separate document.

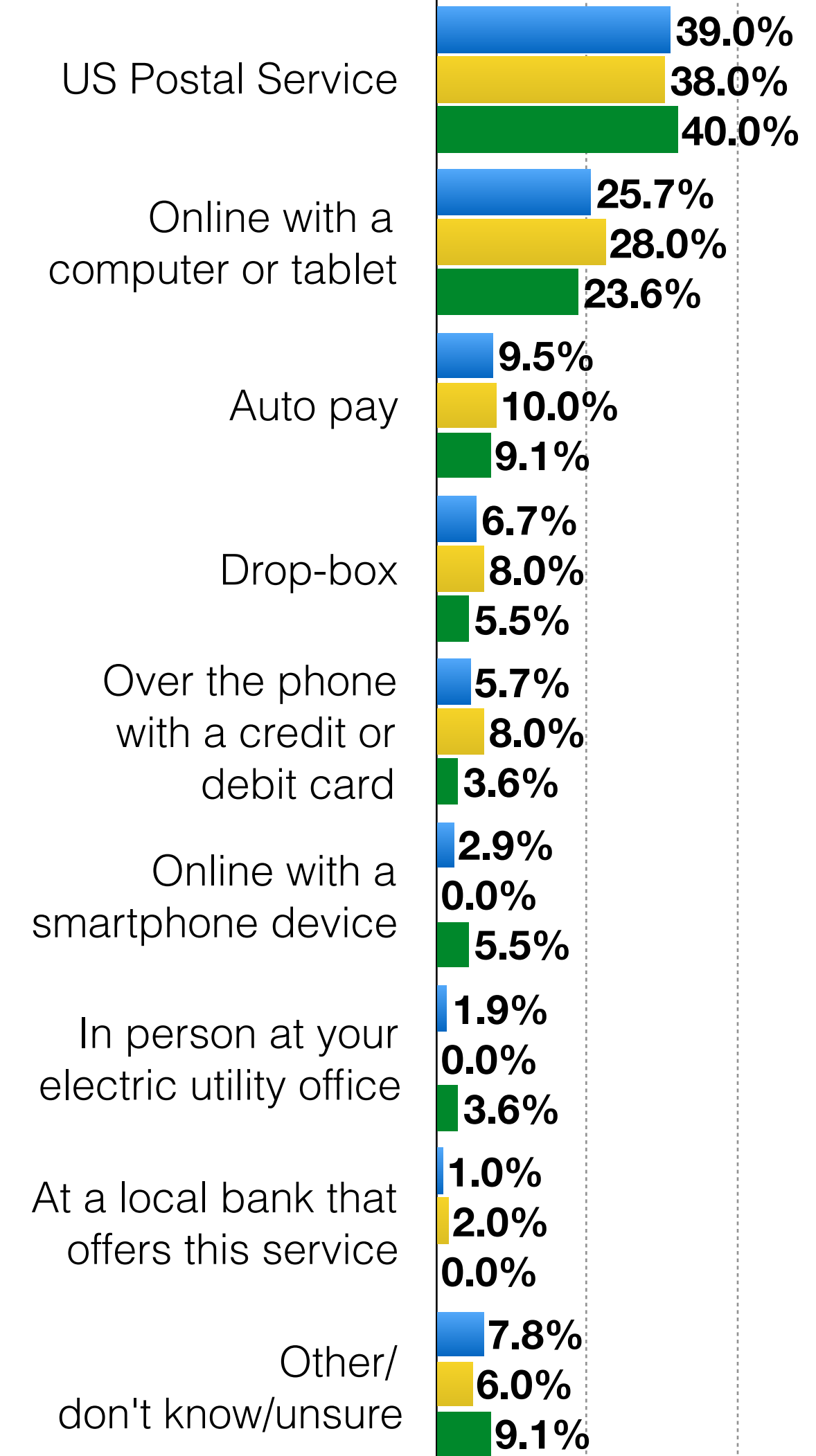
Consistent Current and Preferred Bill Payment

The highest frequency of both commercial and agriculture/irrigation respondents reported “US Postal Service” as both their current (40.0%) and their preferred (39.0%) electric bill payment method, followed by “online with a computer or tablet” (current 29.5%; preferred 25.7%).

Which of the following methods do you currently use to pay your electric bill?



Which of these bill payment methods do you prefer most?

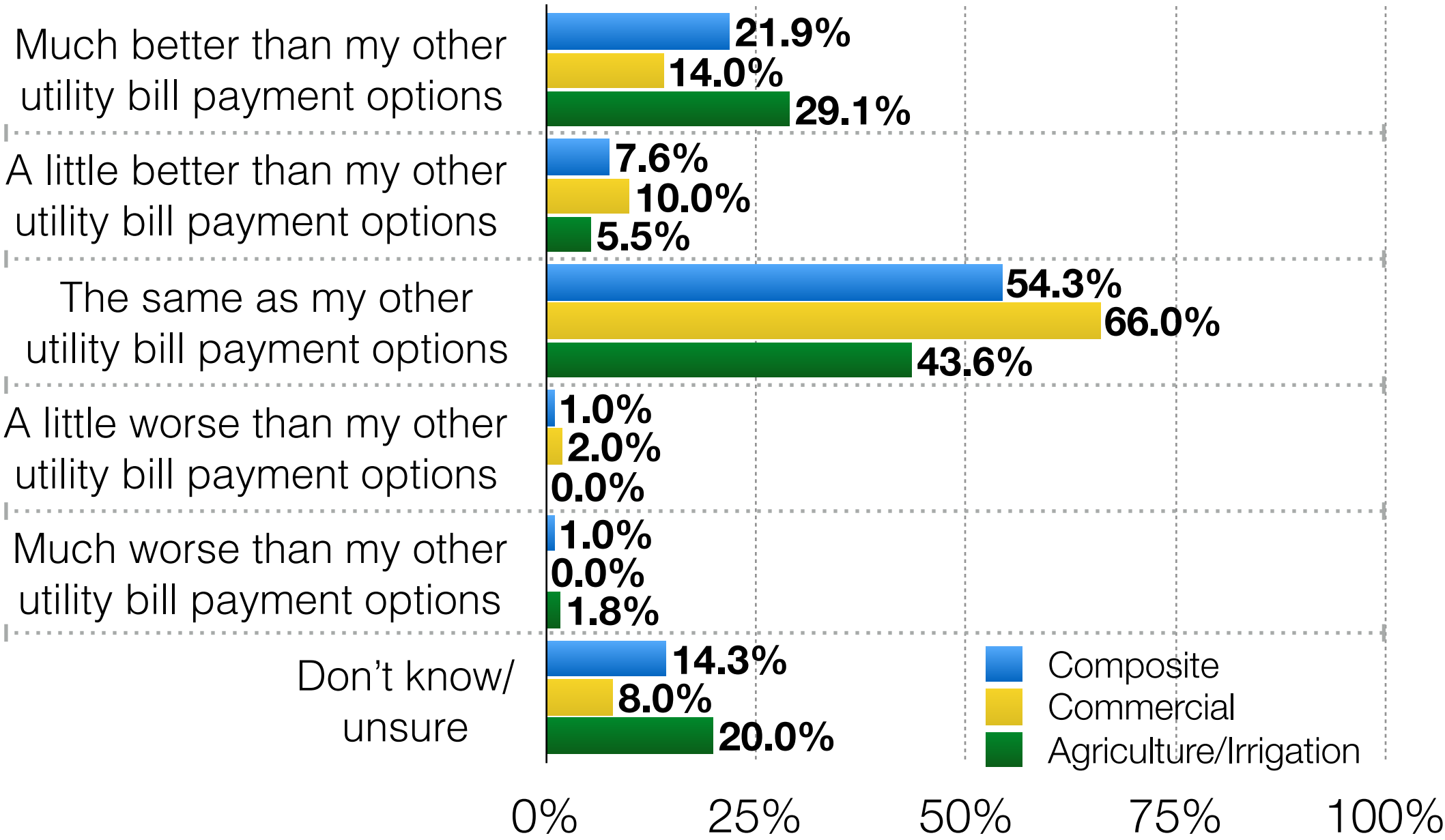


Composite Commercial Agriculture/Irrigation

Majority Indicate Electric Utility Bill Pay is ‘the Same’ as Other Utilities

While 66.0% of commercial respondents reported their electric utility bill payment process was the same as other utility bill payment options, only 43.6% of agriculture/irrigation indicated the same. Of note, roughly one-third (34.6%) of surveyed agriculture/irrigation customers indicated the bill pay process was either “much better” (29.1%) or “a little better” (5.5%) than other utilities. When respondents were prompted to indicate what one thing SLVREC could do to improve the bill payment process, 75.2% indicated either “none/nothing,” (63.8%) or “happy with the process/no issues” (11.4%).

Which of the following best describes your SLVREC bill payment process?



What one thing other than rates could SLVREC do to improve the bill payment process?

Response...	Composite	Commercial	Agriculture/Irrigation
None/nothing	63.8	68.0	60.0
Happy with process/no issues	11.4	12.0	10.9
Better billing cycle/more lead time/flexible billing dates	2.9	2.0	3.6
Only rates/too expensive	1.9	2.0	1.8
Other (various, each less 1.0%)	11.4	10.0	12.8
Don't know/refused	8.6	6.0	10.9

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Considerations

- **Educate agriculture/irrigation customers about rate structure.** While roughly one-half of the agriculture/irrigation segment indicated they were not satisfied with the current SLVREC rate structure, a marked frequency of this customer base also demonstrated a lack of knowledge with respect to rate structures and fixed/variable costs. Further, the majority of agriculture/irrigation customers indicated they were interested in education on how cost of service studies are performed. Consistent with the residential customer base, improving and expanding the understanding of rate structures and how SLVREC allocates rates would likely give foundation to how rates are established, eliminating confusion and reducing the idea that rates are too high. This may thereby increase satisfaction levels with respect to both rates and overall satisfaction.
- **Gauge commercial interest in renewable energy initiatives.** The strong majority of the commercial customer base indicated the development of renewable energy is important, and although over one-half indicated they would not pay an increase on their bill to support renewable initiatives, over one-third reported they would be willing to pay a 5% or greater increase. This frequency is markedly higher than the agriculture/irrigation segment. It is recommended that SLVREC further communicate with the commercial segment in order to gauge interest, and better understand needs, as well as drivers and barriers to the installation of renewable energy sources. It is also recommended that SLVREC communicate with agriculture/irrigation customers to determine the factors that influence their decisions in this matter.
- **Consider net-metering assistance.** Roughly one-half of surveyed agriculture/irrigation customers indicated they were interested in a program assisting with net metering installations and three-out-of-ten indicated “don’t know/unsure.” It is recommended that SLVREC develop net metering assistance programs and educational resources, specifically targeting this customer base, as results showed a significant interest, and the strong majority of these customers do not currently utilize net metering. Traditional communication methods such as direct mail or newsletters could be utilized. However, at a time when it is safe and responsible, it is recommended that SLVREC consider holding an in-person event among these customers.

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