

THE COUNCIL OF RURAL ELECTRIC COMMUNICATORS (CREC) is pleased to offer this series of easily digestible tips from decades of experience in critical communication. Electric rates are a critical component of the cooperative business model, and any changes in rate policy must go hand in hand with a strong communications plan. If a rate change is communicated well, it creates opportunity to enhance member education and strengthen trust in the cooperative. If a rate change is communicated poorly, it can lead to lower member satisfaction and sow distrust among members.

FOLLOW THESE THREE STEPS TO HELP ENSURE SUCCESS IN COMMUNICATING RATE CHANGES.

STEP ONE

FOSTER INTERNAL UNDERSTANDING

- Before a rate change is publicly announced, all cooperative staff and directors must fully understand it.
- Prepare your communications plan while rates are under construction. Do not wait to see the final results to begin planning.
- Create three “must-says” on the rate change. These messages should communicate empathy and action, and can be summarized on a wallet card for internal audiences.
- Back up your “must-says” with a comprehensive Question and Answer document.
- A rate calculator tool can be developed to allow employees to enter electric use data for specific members or member groups to quickly determine bill impacts.
- Educate your board members and employees on how to answer questions, including how the change will impact different member classes. Let them know what to expect and how to respond. Everyone wants to say the right thing, but you need to help them learn the words.
- Send the formal rate change announcement to board members and employees before it goes public.
- Stress that employees should not get defensive about the rate change. Becoming combative with a member means you have already lost the battle.
- Acknowledge that not every member will agree with the rate change; however, confident delivery of real information can earn a member’s trust.
- Encourage board members and employees to share specific member concerns they know of so they can be addressed in updated materials.

This Quick Read applies broadly to rate changes, although new technologies affecting rate structures may raise other considerations. Watch for future Quick Reads exploring this topic further.

STEP TWO

DEVELOP GOALS & OBJECTIVES

Objectives for external rate change communications should include:

- Regularly educating consumer-members about rates and the costs of doing business.
- Educating, empowering and building awareness among consumer-members about any upcoming rate change; the process by which it will be implemented; the effect it will have on electric bills; and what action is needed on their part, if any.
- Maintaining a positive level of member satisfaction when the rate change goes into effect.
- Building awareness of your cooperative’s mission.
- Fostering member and public understanding of how the new rates will lead to a more reliable power supply and lower costs on a long-term basis.

STEP THREE

DEPLOY STRATEGIES

PLANNED AND UNPLANNED RATE CHANGES

PLANNED RATE CHANGES offer the ability to control the intervals at which materials are communicated to target audiences and may allow flexibility in determining when the adjustment will take place.

- Think strategically when to implement a rate rollout. Effective dates of April 1/May 1 and October 1 are always best because electric use will generally be lower those months.
- Communicate early and often. Communication should begin at least six months before an increase, but ideally closer to a year.
- Always allow time to mention the increase in a newsletter and/or statewide magazine, which may have a 45- to 60-day turnaround. Be sure you are knowledgeable about any policies, procedures or bylaws that might be related to rate changes.
- Discuss what the cooperative has done to mitigate the increase and what consumers can do to reduce electric bills. This offers a critical opportunity to add value to the broad services you provide, such as energy audits and efficiency programs, and grid improvements.
- Deploy a wide range of communications tactics and a variety of media to reach all affected audiences. Create opportunities for in-person, in-depth discussion for consumer-members who want to know more.

UNPLANNED RATE CHANGES are often driven by external factors beyond your cooperative's control, although cooperatives should not appear to simply be shifting blame. Be proactive in anticipating these potential situations. Doing so will ease consumer-members' concerns as well as keep you positioned as a strategic partner in meeting their energy needs.

- Regularly work with the communications team at your wholesale power supplier. They likely will have communications tools available to highlight the company's accomplishments (reliability improvements), challenges, savings and investments that impact their wholesale energy prices
- Do your research. Stay abreast of industry news, inflation rates and historical data relevant to the cost of power.
- Apply the same communication principles as you would for a planned increase. A shorter time frame of notice requires even more concise, easily understood messages for consumer-members. Having regularly communicated on cost pressures and rate issues will help you in such an unplanned situation.

Before any external rate change communications begin, communicators must understand the basics of rates and ratemaking. Additional resources supporting rate change communications are available from NRECA at [cooperative.com/ratecomms](https://www.cooperative.com/ratecomms). Becoming familiar with your cooperative's finances also will help you better understand revenue requirements, cost drivers and lender-mandated financial ratios. These directly feed into and help explain the need for rate changes.