APS DSM Program Update

1. Current Status of EE Programs
2. Cross-Program Initiatives
3. Proposed 2013 Budget and Savings
Current DSM Program Status

• Goal for 2012
  – ~$60 million EE program spending
  – 472,000 MWh of EE savings
  – Total DSM savings equivalent to 1.75% of Retail Sales

• Expected Year-End Results
  – Program spending of approximately $60 million
  – EE savings of >472,000 MWh (or 524,000 MWh including DR savings)

→ On target to slightly exceed savings goal; while being very close to budget
Cross Program Initiatives

- Sweepstakes
- Business Offices
- Call Center
- Marketing Information System
What/Why of Cross Program Initiatives

- Mature program portfolio; focusing on getting deeper savings per program
- Pool multiple program resources into a bigger overall campaign
- Coordinate market research and other initiatives where multiple programs benefit
- Reduce acquisition costs by promoting more than one program at a time
- Improve cost effectiveness by generating more savings at a lower cost
Business Office Outreach Project
Business Offices – EE Opportunity

• Over 1.3 million customer transactions per year at APS business offices

• Low EE program awareness among these customers

- Want more info on:
  - Tips: 25%
  - Rebates: 25%
  - Rates: 25%

- Didn't Recall Messaging in Office: 76%

- No Program Awareness: 53%
Current Condition

Customer’s waiting in line have little or no awareness of energy efficiency messaging.

Not Engaging customers at the time they are focused on energy use.

Brochure Defect since they are stored behind the counter out of reach to customers or in an overwhelming manner.

DOWNTIME ASSESMENT
What Did We Do?

• New signs  
  – Entrance, waiting lines, window closed signs  
  – In “customer’s voice”  
  – Bi-lingual with simple icons

• Series of Mini-Brochures  
  – Energy saving tips  
  – APS rebate programs  
  – Rates

• At Window  
  – Trained associates  
  – “Ask Me About” buttons  
  – Brochure holders

• New Video Content
Partnership with Associates

“Speed Dating”

1. Engaged business office associates in call center extensive trainings

2. Marketing brochures were updated and House of Rebates Signs were developed to be hung in offices

“Associate Trainings”

1. Speed Dating – January
2. Continue education – invitation to monthly call center trainings and business office training in May
3. Business Office Tour – June/July, confirmed donation of CFLS

Learning about EE Lighting

Associates meet APS EE Program Managers

Learning about EE Lighting
Entrance Signage

BEFORE

AFTER

Save energy.
Save green.
Ask us how we can help.
Waiting in Line

BEFORE

AFTER
Associate’s Window

BEFORE

AFTER
Results

- Significantly higher recall of EE messaging in offices
- Higher program awareness among business office customers
- Associates are answering more customer questions about EE
- Offices are handing out more customer brochures
APS Energy All Star Sweepstakes
Campaign Objectives

• Increase customer awareness and participation in energy efficiency programs.
• Leverage existing partnerships to achieve business results.
• Engage customers through a fun, interactive format to learn more about APS customer programs.
• Leverage social media to further customer knowledge of APS programs and offerings.
Spring 2012 Energy All Star Campaign with Arizona Highways

- Timeline: February 8-March 25
- Goal: Increase awareness and participation in APS energy efficiency programs.
  - Enter to Win! A once-in-a-lifetime Arizona Highways Adventure
  - Entrants must complete an Energy All Star challenge Customers could enter online, via Facebook or at events

| Contest Entries |
|-----------------|-----------------|
| **Method**      | **Total Entries** |
| Facebook        | 218             |
| Web page        | 2,126           |
| Paper (events)  | 772             |
| Invalid         | 1066            |
| **Total**       | **4180**        |
Events

• Centennial Best Fest
  – Friday, Feb 10 (Phoenix)
  – Robin Sewell attended and created videos with customers

• Tale of Two Cities
  – Saturday, Feb 25 (Goodyear)

• Home Show
  – March 2 – 4 (Glendale)

• Tres Rios Nature Festival
  – March 10 – 11 (Avondale)
  – Robin Sewell attended and encouraged viewers to attend
# Campaign Media

<table>
<thead>
<tr>
<th>How did you hear about the contest?*</th>
<th>Website entries</th>
<th>Facebook entries</th>
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<tr>
<td>APS employee</td>
<td>33</td>
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<td>Event</td>
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<td>0</td>
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<tr>
<td>Facebook</td>
<td>138</td>
<td>65</td>
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<tr>
<td>Friend/family</td>
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<td>7</td>
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<tr>
<td>Other/Blank</td>
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<td><strong>Total</strong></td>
<td><strong>2,126</strong></td>
<td><strong>218</strong></td>
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</table>

*Note: many respondents had multiple answers

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[Print ad]

*Picture yourself on an Arizona Adventure with the AZ Highways Television crew*

Take the Arizona Energy All-Star Challenge for a chance to win this once-in-a-lifetime opportunity! Learn more at [aps.com/energyallstar]
Summer Energy All Star Campaign

Win a Diamondbacks VIP Fan Experience!

- Green Series
  - In game messaging (Baxter Videos, LED Ring, Video Monitors)
- Green Street
- Social Media
- Fans
- Website Ads
- D-Backs Insider
Marketing Collateral

Fan

Poster

Trading Card

Banner Ad
Energy All-Star Webpage

Attention Energy All-Stars: Win a D-backs VIP Experience!

What’s your energy-saving play? Do you turn off the lights when you leave a room? Have more than one CFL installed in your home? Have you had a Home Energy Checkup? Then you’ve got what it takes to be on the APS Energy All-Star Team!

Take the APS Energy All-Star Challenge and test what you know about saving energy in your home. Learn more about the programs APS offers to help you save energy and money, then enter for a chance to win a D-backs VIP Experience.

**PRIZE INCLUDES A VIP EXPERIENCE FOR 4 FANS!**
- Dugout box tickets
- Win D-backs batting practice on the field
- VIP tour of Chase Field
- $100 D-backs for merchandise or food
- D-backs gift bags
- Photo with Baxter in the D-backs dugout

**THREE WAYS TO ENTER:**

1. **Energy Challenge**
   - Take the Challenge and be entered for a chance to win.

2. **Share Your Energy Plays**
   - Join other efficiency fans on Facebook, where you can take the Challenge and

3. **Event Schedule**
   - Get personal advice from our energy experts, take the Challenge at no event and
## Results Overview

### Quick Facts

<table>
<thead>
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<th>D-Backs 2012</th>
<th>AZ-HWY 2012</th>
<th>D-Backs 2011</th>
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<tr>
<td>Total entries</td>
<td>5,884</td>
<td>4,100</td>
<td>3,139</td>
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<td>Employee referrals</td>
<td>178</td>
<td>157</td>
<td>763</td>
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<tr>
<td>New Facebook fans/likes</td>
<td>307</td>
<td>235</td>
<td>217</td>
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</table>

### Percent of Goal

<p>| | |</p>
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<tbody>
<tr>
<td>Total entries</td>
<td>144%</td>
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<td>New Facebook fans/likes</td>
<td>307%</td>
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### Facebook Results

<table>
<thead>
<tr>
<th>Likes at start:</th>
<th>455</th>
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<tbody>
<tr>
<td>Likes at end:</td>
<td>762</td>
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<tr>
<td>Total New Likes:</td>
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<tr>
<td>Total Reach</td>
<td>13,070</td>
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<tr>
<td># of People Talking about this</td>
<td>431</td>
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</tbody>
</table>

**Bud Lord**
I was able to increase the efficiency of my AC and decrease my APS bill by programming my thermostats to match up with peak and non-peak hours. I simply turned up the temp from 12-7 and increased my efficiency by 3% - big savings. From 12-7 my home is set to 79 degrees and 76 degrees during the non-peak. With the addition of ceiling fans throughout the house - we’re cool and saving money as well.

**Joan Dart**
i already have CFL’S in all my fixtures. my computer is an energy star and i have triple pane windows with micro-mini blinds inside them and i also have an energy efficient air airconditioner that i got a rebate on. i volunteer for spring training a the goodyear ballpark
Qualtrics Stats

Survey Duration

Mean = 12 minutes
Trimmed Mean = 8 minutes
Click-throughs

Click-throughs for each program

*496 total click-throughs
Better Targeted EE Marketing Through Better Customer Segmentation
The challenges we face in today’s market

• Increasingly rigorous EE goals
• Reduced budgets for programs/incentives
• Need for greater efficiency in marketing efforts
• Need for better information about customers
• “Shotgun approach” vs precise targeting
Why market segmentation matters

“It’s safe to say our customers fall into different categories. Identifying the key categories is critical to our success.”

We don’t really know much about our customers. You can’t ask about age, education, and income when someone requests electrical service.

We know that one-size fits all messaging doesn’t work. But it’s hard to know which messages fit which customers.

Target marketing is getting the right message to the right customer at the right time through the right channel. In order to do that, you need to know what resonates and what motivates as well as when it is most likely to be successful and through what channel – for each customer segment.
Behaviors

Focus on actual behaviors as opposed to attitudes

– Provides greater predictability
Segments as Percentage of Customers

- Thoughtful Spenders: 8%
- Impact Seekers: 18%
- Rebate Opportunists: 6%
- Energy Idle: 5%
- Untapped Greens: 5%
- Time-Rich Conservers: 4%
- Complacent Consumers: 3%
- Recession-Hit: 9%
- Renters: 22%
- Simple Savers: 15%
- Resigned Retirees: 5%
- Highest past participation
- Medium past participation
- Lowest past participation
Traditional market segmentation does not go far enough

- It’s not enough to know which key categories your customers fall into and the size of those segments in your market.

- For successful direct marketing, you have to know the segment that describes each individual customer.
Internal data used to segment

Analyze customer base using internal data

- Call center contact
- Website usage
- Plan Type
- Transformer/Feeder
- Payment Type
- Current program participation
- Bill amount summer/winter
- IVR contact
- Energy Usage (kWh)
- Address
- Pilot participants
- Website registration (Opt-in)
Integrating data sources

CIS
- Billing/usage
- Rate plan
- Payment mode
- Location/contact info
- Program participation

Claritas Prizm Segments
- Social Group
- Lifestage

County Assessor data
- Dwelling type
- Age
- Characteristics

JDP Segmentation Profile

Customer Surveys
- Satisfaction
- Demographics
- Barriers to participation
- Aids to participation

Segmentation Data Set
Analysis and predictive modeling

• Developed specific profiles of those most likely to participate in each key DSM and Renewable energy program

• Developed a separate “propensity score” for each residential customer household for each key program group

<table>
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<th>Appl. Recycling</th>
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Direct marketing

- Improve efficiency by targeting those most likely to participate in each program
- Identify opportunities for:
  - Program participation
  - Bundling
  - Communication across programs
Results

• Calibrated model – better than 80% accuracy in predicting likeliest participants
• Direct mail response rates
  – Without segmentation = 1-2%
  – With segmentation = 3-6%
• MKIS database – track and benchmark promotions and results over time
• Better ability to predict and plan for savings generated per campaign
Proposed 2013 DSM Plan

• Savings
  – Total DSM = 549,000 MWh
    • DR = 54,000 MWh
    • EE = 495,000 MWh
      – 49% Residential
      – 51% Non-Residential

• Spending
  – $77,000,000 Total DSM
  – $69,000,000 EE Programs

→ Moderate increase in budget and savings compared to 2012
Summary

• Expect to meet 2012 goals
• Focusing on achieving higher savings and cost effectiveness
• Key challenges ahead:
  – Approval of 2013 DSM Plan
  – DSM Performance Incentives
  – Debate over methods to use to determine cost effectiveness of measures