

PGE2013 STATEWIDE MARKETING AND INFORMATION

1. Projected Program Budget

PG&E's portion of the statewide budget is listed in the following tab. Statewide budgets for each year are included in each description.

<u>1. Projected Program Budget</u>	<u>\$26,948,382</u>
<u>2. Projected Net Program Impacts</u> <u>This is an information only program</u>	
<u>3. Program Cost Effectiveness</u> <u>This is an information only program</u>	

The IOUs will outsource the entire Statewide Marketing and Outreach Program to the three agencies presently responsible for Statewide Marketing and Outreach: Efficiency Partnership (Flex Your Power), Runyon Saltzman & Einhorn; (the *Flex Your Power* rural marketing campaign formerly called Reach for the Stars), and Staples Marketing (Univision Television).

Detailed descriptions of each agency's activities follow.

Statewide Marketing & Outreach - Flex Your Power

<u>1. Projected Program Budget</u>	<u>\$21,851,743</u>
<u>2. Projected Net Program Impacts</u> <u>This is an information only program</u>	
<u>3. Program Cost Effectiveness</u> <u>This is an information only program</u>	

Note – The budget amount shown reflects only the funding associated with SCE’s service area for this statewide program. The overall statewide program budget is \$45,000,000 which does not include SCE administrative budget to support this program activity.

4. Program Descriptors

Market Sector: Residential/Nonresidential - All sectors (Commercial, industrial, Government, agricultural and residential)
Program Classification: Statewide
Program Status: Existing

5. Program Statement

The Flex Your Power statewide energy efficiency marketing and outreach program is an extension of the innovative and historically successful *Flex Your Power* public education and outreach effort initiated by the State of California in 2001. The program works in partnership with the investor-owned utilities (IOUs), third parties and businesses, local governments, water agencies, non-profits and others including the state and federal government agencies with responsibility for energy and water efficiency.

The campaign is designed to educate Californians on the energy, financial and environmental benefits of energy efficiency and to support the energy efficiency programs of the Investor Owned Utilities (IOUs), third-party program providers and other organizations. The campaign does so through a full and synergistic range of marketing and outreach strategies including television; radio and newspaper ads; earned media; printed educational materials; events; a website resource; a biweekly electronic newsletter; and cooperative marketing and outreach efforts with businesses, government and nonprofit organizations.

The campaign will continue to coordinate with IOUs, municipal utilities, water agencies, non-utility program providers, manufacturers, retailers of energy-efficient products, and other energy efficiency service providers. The campaign also coordinates closely with demand response and renewable energy generation marketing and outreach programs including a combined energy efficiency/demand response Flex Your Power campaign (the CPUC-approved Flex Your Power NOW! campaign).

California’s economy and population are expected to grow over the next three years, which means that, without action, so will the state’s demand for electricity. In fact, energy consumption

is projected to grow by as much as 2% annually over the next 10 years.

The lessons learned during the 2001-02 energy crisis as well as Energy Star sales data showing increased sales of energy-efficient equipment and products over the last five years demonstrate that Californians can be motivated to reduce energy use.

- *Continuity in marketing and outreach.* To be effective, statewide marketing and outreach programs need long-term planning cycles to build and maintain lasting relationships, cost-effectively take advantage of mass media strategies and leverage additional public and private resources to make the most of the limited funding available.
- *Constant information.* Consumers must have constant and consistent messages to take action.
- *Compelling information.* To effectively communicate to consumers through mass media, the Internet and other forms, the messages conveyed must be clear, compelling and concise.
- *Consistency and coordination across the state.* In order to avoid confusing customers and amply compelling messages, California should coordinate messages and timing with the myriad of programs offered by program providers in the state – IOUs, municipal utilities, water agencies, manufacturers, retailers, third parties and contractors.
- *Leverage resources to promote energy efficiency.* Given their limited funding, energy efficiency marketing and outreach programs need to leverage private sector and other resources.

6. Program Rationale

Continuity. The Flex Your Power campaign will:

- Build on the existing momentum, structure, relationships, materials, and strategies.
- Continue to work with existing and build new relationships with sector leaders across the state.
- Maintain the equity of the campaign’s “call to action” brand, Flex Your Power.

Constant information. The Flex Your Power campaign will:

- Continue to employ a wide range of message delivery vehicles, including paid and free media, outreach and partnerships, to reach targeted audience within each sector.
- Continue to utilize a variety of marketing and outreach tools to support energy efficiency programs.

Compelling information. The Flex Your Power campaign will:

- Convey the energy, financial and environmental savings potential of energy efficiency measures.

- Utilize market, focus group and other research to develop and test compelling messages for all sectors.

Consistency and coordination across the state. The Flex Your Power campaign will:

- Serve as a statewide umbrella for energy efficiency marketing and outreach and communicate across service areas, private sector market territories and media markets.
- Provide opportunities for regional and local educational efforts to benefit from identification with the Flex Your Power umbrella campaign in a way that would be cost prohibitive for them to undertake individually.
- Continue to coordinate with programs and partners to reduce confusion, eliminate duplication, and amplify each program's messages.
- Work with stakeholders and participants in the coordinated campaign through regular meetings and calls, the Flex Your Power website and e-NewsWire.

Leveraged resources. The Flex Your Power campaign will:

- Continue to develop cooperative marketing and outreach programs with municipal utilities, water agencies, government and the private sector.
- Pending approval of the Flex Your Power NOW! campaign from the CPUC, provide integrated marketing and outreach of energy efficiency and demand response.

7. Program Outcomes

The campaign seeks to:

- Educate its target audiences on the economic, environmental and system reliability benefits of energy efficiency;
- Support the energy efficiency programs of the Investor Owned Utilities (IOUs), third-party program providers and other organizations; and
- Coordinate with the marketing and outreach efforts of other program providers, other energy industry stakeholders and customers from all sectors.

8. Program Strategy

The 2006-08 Flex Your Power statewide energy efficiency marketing and outreach program will use a full and synergistic range of marketing and outreach strategies including television; radio and newspaper ads; earned media; printed educational materials; events; a website resource; an electronic newsletter; and cooperative marketing and outreach programs with businesses, government and nonprofit organizations. The program works in cooperation with the investor-owned utilities (IOUs), third parties and businesses, local governments, water agencies, non-profits and others including the state and federal government agencies with responsibility for energy and water efficiency.

When appropriate, Flex Your Power will coordinate closely with all the abovementioned entities. The campaign will also coordinate with demand response and renewable energy generation marketing and outreach programs such as Flex Your Power NOW!, which is an existing partnership between the IOUs, the ISO, CEC the administration and Flex Your Power.

The campaign design is intentionally flexible to allow Flex Your Power to take advantage of new opportunities over the course of the three years. In 2004-05, for example, this flexibility allowed Flex Your Power to take advantage of the Administration's request to host regional energy summits statewide to educate business and government leaders about energy efficiency. The summits drew more than 900 business and government leaders together with state officials and the utilities.

Another reason for flexibility is California's changing energy needs. In both 2004 and 2005, Flex Your Power was able to respond to requests from the CPUC, ISO Governor's office and the utilities to integrate peak energy use reduction messaging during the summers. Also, when natural gas prices began to skyrocket in late 2005, Flex Your Power was able, once again, to respond to a request from the CPUC, Governor's office and utilities to redirect media and outreach messaging and strategies to educate the general and ethnic markets about reducing natural gas use.

Finally, flexibility allows Flex Your Power to develop cooperative marketing and outreach strategies with manufacturers and retailers. These cooperative partnerships, which cannot be anticipated ahead of time and respond to the private sector's view of opportunities, augment the state's energy efficiency marketing and outreach.

9. Program Objectives

As an information-only program, Flex Your Power's efforts are not currently tied to direct energy savings goals. Flex Your Power's objectives include maximizing targeted reach and frequency of our general energy efficiency communications through paid advertising, continuing to build the subscriber base of the e-Newswire; continuing to drive traffic to Flex Your Power's website; and building new, and expanding existing, cooperative marketing and outreach programs.

Another objective is to support IOU and third party programs. Once the IOUs select these programs and the final plans are approved by the CPUC, EP will work with program providers on specific strategies.

10. Program Implementation

10.1 Mass-Media Advertising

EP will continue to produce and place television, radio and newspapers ads to educate California residents about the energy, financial and environmental benefits of energy efficiency.

The development of these ads will be informed by the results from a baseline (benchmark poll) in early 2006 measuring the awareness, education, propensity to act, motivators, messengers, sources of information, and tone. Before finalizing the ads, EP will test the ad concepts and messages, targeted to different audiences, in focus groups and gather feedback from the integrated campaign steering committee (comprised of members from the other marketing and

outreach firms and the IOUs). All technical data in the ads will be vetted with the CEC and Energy Star when appropriate.

As it did in the past, EP will continue to refine media buys to ensure broadcast messages have the greatest impact on targeted markets. For instance, the general market media buy will reflect a targeted approach to reach those residents that are most likely to purchase energy-efficient products and appliances.

The media buy will also be run seasonally to help ease strain on the grid during seasons with high peak demand (e.g., during the summer months to keep energy at the top of residents' minds), and during winter when natural gas usage is high.

The Flex Your Power campaign will explore other mass-media opportunities, including online, direct mail and outdoor. As mentioned above, EP will also incorporate and coordinate where appropriate or as requested by the CPUC demand response and renewable energy generation messages into the overall efficiency messages.

10.2 Ethnic media partnerships

The Flex Your Power campaign will continue to work with its existing relationships with ethnic media publications to reach non-English speaking residents. EP will continue to place advertising for a wide range of cultural groups and work with the papers to run editorial content in support of energy efficiency.

The Flex Your Power campaign will continue to coordinate advertising with partner publications to outreach to their readers, which represent 16 different ethnicities and 13 different languages. Advertising, co-developed with the ethnic press, will follow the overarching themes of the general market campaign and be culturally relevant to the audience. Potential joint outreach strategies between Flex Your Power and partner publications include educating residents and businesses through editorial content (press releases, op-eds or articles); creating web links between media's and Flex Your Power's websites; and communicating with ethnic community leaders.

10.3 Educational Materials

EP will continue to produce written educational materials. The design and content of the materials will be targeted to the audience. All materials contain consistent messages and have data and facts checked by the CEC and Energy Star when appropriate. Past and potentially future, examples of informational materials include energy saving tip cards, grocery store flyers, appliance stickers, bill inserts and payroll stuffers. All materials will be presented to the integrated campaign steering committee for input and coordination of delivery channels (e.g., retailers).

EP will also continue to write and disseminate industry-specific case studies and best practice guides of successful projects to provide guidance on investment in energy efficiency. EP will work with program providers and partners to identify successful projects. The materials will be

displayed on the Flex Your Power website and promoted via e-News wire and through Flex Your Power campaign partner organizations.

10.4 Earned Media

The earned media will be a mix of opportunistic and planned events. For 2006, the press events will most likely include:

- An annual summer energy assessment press conference, held jointly with the Flex Your Power NOW! campaign, IOUs, ISO and Governor's office.
 - An announcement of Flex Your Power Awards, both the call for applications and winners.
- EP will participate in other opportunities in support of the IOUs, administration, and 3rd parties (e.g., ethnic small business gatherings with newspapers).

10.5 Events

EP will continue to convene and participate in events throughout 2006-08. In these events, EP will provide attendees access to information and resources to help them understand the benefits of energy efficiency and the state's long-term goals and needs (e.g., meeting the goals of the Governor's Green Building Initiative), as well as learn about successful programs from peers in their sector. At these events, EP will facilitate these organizations interaction with utilities, third parties, state agencies and other stakeholders.

While participation in many 2006-08 events will be opportunistic and cannot be described at this point (e.g., fairs, ethnic festivals), there are certain proposed events. For example EP will work with business and government associations to introduce Flex Your Power's Best Practice Guides and other resources that the utilities, third parties and others offer.

EP will disseminate materials at events and promote important energy efficient events through e-News wire and website.

10.6 Flex Your Power Website

EP will continue to host and expand the Flex Your Power website. The Flex Your Power campaign will keep the web content timely, useful and relevant through regular communication and coordination with energy efficiency program providers and other stakeholders. The web address will be published in ads and materials and promoted through online outreach and link exchanges.

The website will continue to provide:

- Energy efficiency, demand response, and water efficiency programs (including rebates, grants, loans, technical assistance, classes, and audits offered by utilities, 3rd parties, water agencies, municipal utilities, and other relevant providers).
- Energy efficiency product guides describing the benefits and savings potential of high-efficiency products/equipment.
- Links to relevant information, program providers and other sites.
- Additional tools, such as Best Practice Guides.

- Information in Spanish and Chinese.

10.7 Direct Mail and Newsletters

EP will continue use of direct and electronic mail in support of programs and general awareness and education. Additionally, EP will continue to pursue cooperative mailings with manufacturers and retailers.

EP will also continue to communicate regularly with subscribers of the Flex Your Power e-Newsire. Through this medium, EP will bring timely information to Californian's desktops and link them to more in-depth information on the Flex Your Power website and the websites of program providers. EP will publish success stories to demonstrate what can be done and show that energy efficiency measures have many benefits.

10.8 Flex Your Power Awards

EP will recognize the successful energy efficiency efforts of entities statewide – businesses, governments, organizations, manufacturers, retailers, new home builders and water agencies through the Fifth (2006), Sixth (2007) and Seventh (2008) Annual Flex Your Power Awards. The winners will be acknowledged for their achievements through Flex Your Power-developed case studies, the Flex Your Power website and the e-Newsire. Their leadership and energy savings measures will be highlighted in congratulatory newspapers ads.

10.9 Joint Marketing and Outreach

- Retailers and manufacturers: (e.g., cooperative marketing and outreach promotions).
- State agencies and administration (e.g., marketing and outreach with the governor's office and state agencies to develop to promote the Green Building Initiative).
- Associations (e.g., CUWCC, League of Cities, BOMA, Sustainable Silicon Valley, Climate Registry, etc.).
- National and regional organizations (e.g., energy efficiency promotions of Energy Star, utilities and third parties).
- Water agencies (e.g., leverage the numerous synergies between water and energy efficiency strategies).

11. Customer Description

EP targets a range of customers and market segments and actors across the state, including hard-to-reach. Customers include:

- Residents: English-speaking, non-English speaking residents.
- Commercial: large commercial facilities (e.g., office buildings) and small commercial (e.g., small retail and restaurants).
- Industrial: fabrication, process, heavy industrial manufacturing, hi-tech facilities and wineries.
- Government: state government facilities, local government facilities and water agencies.
- Institutional
- Agriculture: irrigation and processing (integrated into industrial outreach)

12. Customer Interface

EP will work and coordinate with IOUs, third parties and other program providers to develop materials, events, the Flex Your Power website and other outreach strategies that provide program information using consistent and compelling messages.

13. Energy Measures and Program Activities ¹

13.5. Quality Assurance and Evaluation Activities

EP will conduct ongoing quality assurance activities to ensure the program runs efficiently and cost-effectively. EP will continue to work with groups such as BOMA and Flex Your Power Silicon Valley, to improve and coordinate energy efficiency marketing and outreach. EP will also meet regularly with the integrated steering committee to find the most effective ways to promote programs to help the utilities and third parties meet their goals.

EP will also conduct ongoing quality assurance activities of each marketing tool. The proposed tracking includes:

Mass-media advertising

- Vetting all technical data with the CEC and Energy Star when appropriate
- Running pre-production focus groups
- Compiling tear sheets and confirming run of each ad, reconciling any credits
- Confirming reach and frequency with consultant

Ethnic-media newspaper advertising

- Vetting all technical data with the CEC and Energy Star when appropriate
- Compiling tear sheets and confirming run of each ad, reconciling any credits
- Collecting editorial content and tracking publication dates

Educational materials

- Vetting all technical data with the CEC and Energy Star when appropriate
- Running pre-production focus groups
- Tracking the number materials distributed, by whom, to who, where and when

Events

- Providing sign-in sheets for events when appropriate
- Distributing, where permitted, attendee survey to participants

Flex Your Power Website

- Tracking web usage data (e.g., page hits and downloads). Activity patterns will be compared before and after any major changes.
- Posting an online website appraisal questionnaire

¹ Not all of the categories in the Program Plans template applied to Statewide Marketing and Outreach Programs.

Direct mail and e-News wire

- Verifying distribution from mail house
- Tracking subscriber usage data (e.g., page hits and downloads). Activity patterns will be compared before and after any major changes.
- Sending a subscriber survey

Joint Marketing & Outreach

- Monitoring whether the partners are successfully fulfilling joint work plans
- Gathering assessment from partners about the joint promotions

The three statewide marketing and outreach programs and the IOUs jointly suggested principles and methods to evaluate overall marketing and outreach for the coordinated campaign. These recommendations were given to the statewide PRG and CPUC. EM&V is the subject of a separate proceeding at the CPUC. It goes without saying that EP will follow the CPUC's guidance and facilitate a thorough evaluation.

Statewide Marketing & Outreach - Univision Television Energy Efficiency Marketing

<u>1. Projected Program Budget</u>	<u>\$4,429,988</u>
<u>2. Projected Net Program Impacts</u> <u>This is an information only program</u>	
<u>3. Program Cost Effectiveness</u> <u>This is an information only program</u>	

Note – The budget amount shown reflects only the funding associated with SCE’s service territory for this statewide program. The overall statewide program budget is \$9,000,000 which does not include SCE administrative budget to support this program activity.

4. Program Descriptors

Market Sector: Residential Crosscutting
Program Classification: Statewide
Program Status: Existing

5. Program Statement

Hispanics represent one-third of California’s population. According to the state’s IOUs, Hispanics have been underrepresented in residential energy efficiency programs. Barriers to participation have included language, income, and location. In addition, Hispanics do not have the level of access to the web that the population in general enjoys.

6. Program Rationale

Despite the fact that Hispanics are responsible for the majority of the population growth in California and make-up one-third of the population, this audience is underserved by Spanish-language media. In fact, there is only one Spanish-language daily newspaper in the state. Growth in the Spanish market has been better realized in the broadcast media.

According to a recent study in Adweek, ethnic media fills the emotional, cultural and credibility gap link that is crucial to marketers building brand loyalty in ethnic communities. Research into the Spanish-speaking market, both in California and the rest of the nation, consistently identifies television as the number one preferred source for news and information.

Between 1990 and 2000 the Hispanic population grew more than four times as fast as the population as a whole (57.9% vs. 13.2%). Hispanic consumers are now driving forces in most of the largest markets in the country, including Los Angeles. Despite its importance, the Hispanic market is still underserved by many consumer-products companies and continues to offer significant opportunities for growth.

According to research by Yankelovich, 2000, *Hispanic Monitor*:

Latinos tend to "adopt and adapt" to customs and habits in the U.S. without shedding traditions and value systems. Along that line, marketers, and those trying to tap into the Hispanic segment, cannot simply transfer directly to the U.S. Latino market the conceptualizations or marketing strategies that work with more traditional, general market consumers. Latinos are assimilating to prevalent U.S. culture, but they are not, and probably never will be, fully assimilated. Instead, theirs is a path of acculturation. It is a process of integration of native and traditional immigrant cultural values with dominant cultural ones.

Language is one of the most obvious examples of this, with studies predicting that Spanish is likely to remain the language of preference among U.S. Latinos. In fact, Univision is now the #5 network in the United States, behind ABC, NBC, CBS and Fox. Univision reaches over 97% of all Hispanic households.

Television is, in virtually all studies, the primary source of news and information for California's Hispanics. Research shows that Spanish language television commercials are 40% more effective at increasing awareness levels and twice as persuasive as English language commercials for the Hispanic audience.* The visual confirmations provided in television advertising are extremely important, especially so for Spanish-dominant Hispanics.

Univision often considered the fifth full time broadcast network in the US, is also the nation's fastest growing network, broadcast or cable, among the most highly prized audience segments, viewers aged 18-34 and 18-49. It is important to note that, whereas the prized demographic for the population at large is 25-54, Hispanics trend younger in terms of marrying and having families.

The UTEEM statewide marketing and outreach program was specifically designed to take advantage of this powerhouse medium – Spanish language television --in reaching California's Hispanic population with energy efficiency messages.

This program proposes to build on past success in reaching California's Hispanic population with information about and access to statewide energy efficiency programs. UTEEM utilizes a statewide network of Hispanic television stations to provide energy efficiency messages in Spanish, generating in-depth editorial coverage of energy efficiency subjects; deploying an aggressive program of outreach activities in Hispanic communities and distributing bilingual informational materials to Hispanic audiences. The program has encouraged audience acceptance of the messages by using well-known Hispanic media personalities as spokespersons.

7. Program Outcomes

This is an information-only program designed to increase participation in residential energy efficiency programs by Hispanic customers.

8. Program Strategy

Since 2001, this program has used the Univision Television Group as the sole media subcontractor. Univision has 11 stations strategically located throughout the state of California which reach up to 98% of the IOUs customers with their broadcast signals.

The primary component of the program is an annual 20-week schedule of 30-second commercials promoting energy efficiency programs and initiatives. By focusing the advertising campaign in a single media, we have been able to effectively negotiate value-added opportunities worth over \$1 million.

Delivered at no charge to the program, these bonus components include interviews on locally produced talk shows and news programming, distribution of program materials and information at Hispanic-oriented outreach activities throughout the state, and a bonus 10-second schedule worth 50% of the 30-second schedule.

To ensure that we are effectively reaching the statewide Hispanic audience and achieving the highest value for the available budget, Staples Marketing will investigate other statewide Hispanic media outlets that could be used alone or in combination with other media. At the time this program plan was submitted, Staples Marketing was reviewing a proposal from Telemundo television network.

For example, Univision has proposed to include its “sister” Telefutura network for the 2006-2008 program cycle. TeleFutura is the first 24-hour national broadcast network to premiere with network programming in every day part. TeleFutura is the first 24-hour national broadcast network to premiere with network programming in every daypart. TeleFutura counter programs existing Spanish-language television networks, airing alternative genres during nearly every daypart. For example, TeleFutura broadcasts hit movies against primetime novelas, first-run talk shows against daytime novelas, and original novelas against news and talk shows. TeleFutura also features original news briefs, original Latin American talk shows, first-run and encore novelas for all members of the family and a weekend morning kids block. In addition, TeleFutura broadcasts teen-related hit programming, and blockbuster sports programming.

A sister station to Univision, Telefutura serves nine major media markets in California.

Spanish-language television stations have a special commitment to their communities, including aggressive public service activities that lend stations credibility with the public. Over the years, Univision has been interested in increasing home ownership among California’s Hispanics. California Energy Efficiency Programs are relevant because Hispanics can decrease the total cost of home ownership by reducing their utility bills each month.

9. Program Objectives

This is an information only program and, therefore, is not tied to energy savings goals.

Staples Marketing has a goal of achieving 161,418,000 gross impressions in the Hispanic market per year. This translates to reaching 5,380,600 Hispanic consumers per year at least three times with energy efficiency messages.

The program also proposes to accomplish at least 14 talk show/public affairs programming/news interviews with IOU, CPUC, local government partnership or other relevant spokesperson each year among the statewide network of stations.

In addition, the program has a goal of at least two special events per station per year during which the public is provided with program information and materials.

Finally, the ultimate goal of the UTEEM program is to increase the number of Hispanics who are aware of and participate in the energy efficiency programs provided through the IOUs.

10. Program Implementation

Staples Marketing will investigate, plan and place an integrated advertising schedule designed to reach the statewide audience of Spanish-speaking Californians with market-specific information about energy efficiency programs available through SCE and the other IOUs.

Staples Marketing will augment the advertising campaign with outreach activities in the Hispanic community, providing outreach staff with training and orientation, as well as supplies of informational materials and handouts.

Handouts include a program-specific brochure developed for statewide marketing and outreach, as well as materials from the IOUs and third-party program implementers.

To provide Hispanic customers with more in-depth information regarding energy efficiency and statewide and local programs, Staples Marketing will work with the subcontracted media to identify opportunities for editorial coverage, such as interview shows or news programming, depending on availability. In addition, Staples Marketing will coordinate with all IOUs, CPUC and other stakeholders to identify bilingual representatives willing to be interviewed by the media subcontractor.

On a quarterly and as-needed basis, Staples Marketing will meet with the Marketing and Outreach Steering Committee to ensure program coordination.

11. Customer Description

The program targets California's Hispanic population, ages 18-54, with a primary focus on customers who speak Spanish as their first or second language. The majority of customers reached are moderate and middle income, with a large proportion of renters in certain SCE markets where there the economy is dependent on agriculture.

12. Customer Interface

The goal of this program is help Hispanic customers understand the value of and provide access to energy efficiency programs. Specifically, the advertising and marketing materials will provide phone and web contacts that allow them to access information about residential and small business energy efficiency programs in Spanish.

For the 2006-2008 program cycle, Staples Marketing will coordinate with Runyon Saltzman & Einhorn and Efficiency Partnership to offer a new toll-free phone number. The number will be provided, along with the Flex Your Power website, on all UTEEM materials. When an energy customer dials the number, he will have the opportunity to choose either English or Spanish language. The phone company offers a product, Call Navigator, which will ask the customer which utility he belongs to and then directly connect him to the correct utility. For example, a caller from the Sacramento area code will have the choice of being connected to PG&E or SMUD. The phone line will allow us to more closely coordinate the efforts of UTEEM with Flex Your Power and the RS&E program, 2) avoid boundary confusion among IOUs and muni's and 3) facilitate more frequent tracking of activity generated by the marketing efforts.

13. Energy Measures and Program Activities

Staples Marketing will not be installing any energy measures.

13.1. Measures Information

This does not apply.

13.2. Energy Savings and Demand Reduction Level Data

This is an information-only program and, therefore, does not have energy savings and demand reduction level data attached to it.

13.3. Non-energy Activities (Audits, Trainings, etc.)

All activities associated with this program involve marketing and the distribution of information.

13.4. Subcontractor Activities

The media subcontractor will broadcast the advertising campaign; schedule, sponsor and staff outreach activities; and provide vehicles for editorial coverage and facilitate interviews with SCE representatives.

UTEEM is unusual in its level of commitment to the program and the value added to the paid media schedule in terms of bonus spots, editorial opportunities on talk shows and public affairs programming, and outreach at special events.

Staples Marketing continues to invite proposals from Spanish language television other than Univision, with a requirement that any new media partner provide the same level of reach into

California's Hispanic market for the budget dollars. For example, in 2005, Univision provided Staples Marketing a schedule at a cost per thousand that was under \$15.

13.5. Quality Assurance and Evaluation Activities

For quality assurance, Staples Marketing will monitor advertising schedules and review monthly reports from the media subcontractor. Any advertising that doesn't appear as ordered will be compensated for in the form of a no-charge "make good." Monthly media reports will update progress toward the program goals in terms of number of paid and no-charge ads realized on all media outlets and approximate audience reached.

Prior to the production of advertising, Staples Marketing will facilitate message testing on the previous year's marketing materials. An independent third-party research firm will use focus group(s) to review and comment on previous messages and creative approaches. The results of this message testing will drive the development and production of all future advertising and marketing materials for greatest effectiveness.

Staples Marketing will monitor outreach activities and editorial coverage on a monthly basis.

As in the past, Staples Marketing will provide all draft materials to the program administrator for review and approval. In addition, Staples Marketing will make the program administrator aware of each upcoming commercial flight, make any necessary adjustments, and identify and pursue new opportunities.

Marketing is, by its very nature, opportunistic. The UTEEM program schedule and budget will be designed with adequate flexibility to take advantage of opportunities that arise as a result of extreme weather or market conditions not that were not originally anticipated by the marketing plan.

The evaluation project will be three-pronged in its approach:

Tier I will involve verification of program activities, including the commercial schedule, outreach activities and talk show opportunities. It is expected that the program tracking database of information will be available for use within the verification portion of this evaluation as well as any other information gathered by the program implementer.

Univision uses NHSI (Nielsen Hispanic Service Index),

Nielsen Media Research (U.S.), an independently owned broadcast research firm, provides audience estimates for all national program sources, including broadcast networks, cable networks, Spanish language networks, and national syndicators. Local ratings estimates are produced for television stations, regional cable networks, MSOs, cable interconnects, and Spanish language stations in each of the 210 television markets, including electronic metered service in 56 markets.

To be responsive to customer needs, Nielsen Media Research is organized vertically by customer segments and aligned by the different sources of data.

Tier II will involve a combination of qualitative and quantitative research. Staples Marketing will subcontract with an independent third-party research firm to conduct focus groups of Spanish-speaking consumers. These groups will be used to test message effectiveness and identify issues that will guide a more extensive and statistically meaningful survey into the target market.

The survey will address impacts (effects) of the marketing on awareness, knowledge, attitudes and stated intentions to take energy efficiency purchase actions. The EM&V subcontractor will determine the best method to field the survey and locate a database of phone numbers or addresses of the targeted market (depending on the type of survey to be fielded). The survey will be statistically representative of Spanish-speaking population and enable 90/10 certainty that the results represent the population for the areas being analyzed.

Tier III will involve quarterly tracking of activity on the Spanish-language toll-free phone line to identify the immediate impact of marketing efforts in generating response to the call for action.

13.5.1. Expected Number/Percent of Inspections (planned percent of projects)

This does not apply.

13.6. Marketing Activities

This is an information only program and, therefore, entirely a marketing effort

Production of Marketing/Outreach Materials

Based on the results of the previous year's message testing, accomplished through focus groups, Staples Marketing will script and produce a series of 30-second, Spanish-language commercials. They will be designed to deliver important energy efficiency messages to California's Hispanic population and motivate them to action.

Specifically, the call to action will direct viewers to the new toll-free phone line or Flex Your Power website. Whichever route of access the viewer chooses, he or she will be connected to the appropriate utility for access to rebate applications, online home or business energy surveys, appliance recycling instructions, and so on.

As in previous years, Staples Market will use on-air (television or radio) talent provided through the media contractor. Use of well-known personalities increases the memorability and credibility of the message among Hispanic viewers.

Staples Marketing will also produce compatible 10-second messages to compliment and enhance the 30-second spots. These 10-second spots will be used in the bonus schedule.

Staples Marketing is working with Efficiency Partnership and Runyon Saltzman & Einhorn to investigate either coordinating the graphics and messages of our respective program brochures or creating one brochure that can be used by all three statewide marketing and outreach programs.

Schedule of 30-Second Television Commercials

Staples Marketing will coordinate the Spanish-language television schedule with the statewide marketing and outreach programs of Efficiency Partnership, Runyon Saltzman & Einhorn and the four IOUs to present a more seamless program of energy efficiency messages to the public.

Commercials will be aired in a series of flights – totaling 20 weeks -- that coordinate with the program roll-outs of Efficiency Partnership and Runyon Saltzman & Einhorn:

January-February:	Natural Gas Demand Reduction
May-June:	Energy Efficient Appliances
July-August:	Energy Efficient Cooling Equipment
September:	Lighting

Marketing is, by its very nature, opportunistic. The UTEEM program schedule and budget will be designed with adequate flexibility to take advantage of opportunities that arise as a result of extreme weather or market conditions not that were not originally anticipated by the marketing plan.

Messages will be designed to promote the goals of the 2006-2008 portfolio. For example, the lighting promotion in August will focus on hardwired fixtures, as opposed to CFLs. We might also include a message about installation quality in any central air conditioning commercials prepared for the 2006-2008 program cycle. In other words, the messages will relate directly to key issues identified as priorities for the portfolio.

Because 2006 is an election year, Staples Marketing will avoid placing television schedules during September-November when availabilities are low and rates are high. The same will hold true in 2008.

The inclusion of the natural gas focus in the late fall-early winter is a result of a request from Sempra Utilities that the statewide marketing and outreach programs help customers reduce their demand for natural gas in light of rising prices.

In 2005, Staples Marketing prepared four 10-second commercials on the topics of energy efficient water heaters, programmable thermostats, furnaces and insulation. It is anticipated that compatible 30-second commercials will be produced on the same topics for 2006-2008 to take further advantage of this opportunity for savings.

The 30-second commercial schedule will be augmented by a concurrent schedule of 10-second bonus spots to be provided at no charge to the program by the media subcontractor. Staples

Marketing will negotiate a bonus schedule that has the value of approximately 50% of the paid media schedule. The 10-second messages will reinforce the 30-second messages or repeat the call to action.

Staples Marketing places the media schedules on a quarterly basis to allow for as much flexibility as possible.

As noted previously, Staples Marketing is entertaining proposals from other television stations. Should Univision remain the primary media for this program, the commercial schedules will air on the following stations:

- KABE-TV -- Bakersfield
- KOFZ-TV -- Chico/Redding
- KFTV-TV -- Fresno
- KMEX-TV-- Los Angeles
- KVER-TV – Palm Springs
- KUVS-TV -- Sacramento
- KSMS-TV—Salinas/Monterey
- KBNT-TV – San Diego
- KDTV-TV – San Francisco
- KPMR-TV – Santa Barbara
- KVYE-TV – Yuma/El Central

The current plan is to air 5,928 30-second commercials and 2,632 10-second commercials over the 11 stations for an estimated total of 8,560 spots per year. These totals may or may not be changed, should Staples Marketing utilize a television subcontractor other than Univision Television Group.

Earned Media

Staples Marketing will work with producers of local talk shows, public affairs and news programming on the subcontracted television station(s) to arrange interviews of CPUC, IOU and stakeholder spokespersons. These interviews allow for the distribution of more in-depth information regarding energy efficiency programs. These programs also offer the UTEEM effort third-party credibility, since the information is coming from a valued news source. Though the content of specific interviews are left to the talk show producers and interviewees, Staples Marketing suggests topic ideas and lines of questioning that reinforce and augment and commercial schedule.

Staples Marketing is also working to offer these earned media opportunities to third-party program facilitators, local government partners and other stakeholders. For example, one of the first such talk shows during the 2006-2008 program cycle would feature a representative from the City of San Francisco on KDTV-TV discussing that city's partnerships for energy efficiency.

During the 2006-2008 program cycle, Staples Marketing will coordinate more closely with the public relations staffs of the IOUs to ensure that the news departments of the Univision or other television station subcontractor receives frequent information about energy efficiency programs and opportunities.

Outreach

Since the Univision program began in 2002, Staples Marketing has reached around 800,000 individuals through special events throughout the state. During the 2006-2008 program cycle, Staples Marketing will work with the television subcontractor to develop and facilitate a UTEEM outreach effort at Hispanic cultural events, festivals, fairs and other community events.

Specifically, the UTEEM program takes advantage of subcontractor booths and staffs for community outreach by training staff to incorporate energy efficiency information and materials into their usual activities. This includes a program brochure, relevant IOU materials and handouts imprinted with the contact phone number and web site.

Prior to the start of “festival season,” Staples Marketing will orient station staffs to program policies and procedures, use of display, brochure and giveaways, and sources for additional information. Stations will be provided an Orientation Manual to serve as a resource for staff in the booth.

As in past years, Staples Marketing will send a broadcast email to all third-party program implementers, offering them the opportunity to provide outreach materials to the subcontractor television station(s) serving their target markets. We will also contact the muni's and local government partnerships with a similar offer.

Staples Marketing will also provide each of the subcontractor television stations with some type of interactive game that will motivate people who stop at the booth to make sure they obtain information regarding energy efficiency.

Imprinted giveaways provided by Staples Marketing will feature the toll-free phone number and web site to further encourage Hispanic consumers to take action.

Branding

Staples Marketing has never branded its marketing and outreach program to avoid any potential confusion with the IOUs and other statewide marketing and outreach efforts.

Though Staples Marketing has utilized the Flex Your Power brand on all print materials during previous program years, the FYP brand will be applied to all marketing materials, including television commercials, in the 2006-2008 program cycle. This will further coordinate the statewide marketing and outreach programs for a more seamless approach.

Consistent use of the new toll-free phone number and FYP website will enhance the coordination of the programs.

Partnering

Staples Marketing has partnered with California's HUD offices in the past to reach moderate-middle income homebuyers with energy efficiency information. For the 2006-2008 program cycle, Staples Marketing will investigate mutually beneficial outreach opportunities with the HUD regional office in Santa Ana and branches throughout the state. Possibilities may include the inclusion of energy efficiency information in first-time homebuyer classes as well as distribution of energy efficiency materials at HUD sponsored homebuyer fairs and neighborhood events.

Summary

By its very nature marketing is not an end in itself, but a means to an end. The role of UTEEM is to help support and promote the total portfolio by increasing the target market's awareness of and receptivity to the benefits of energy efficiency and providing the target market with easy access to energy efficiency programs.

During the 2006-2008 program cycle, Staples Marketing Communications will build on UTEEM's past successes and enhance its impact through improved coordination with all other statewide marketing and outreach programs.

Specifically, statewide branding and employment of a toll-free phone number will help prevent confusion among the marketing and outreach programs, while allowing for ongoing tracking of public response to our efforts.

All UTEEM elements, though coordinated with the other programs, will also address the unique language and cultural characteristics of the Hispanic market to ensure their effectiveness.

Statewide Marketing & Outreach - Flex Your Power Rural Program

<u>1. Projected Program Budget</u>	<u>\$3,666,651</u>
<u>2. Projected Net Program Impacts</u> <u>This is an information only program</u>	
<u>3. Program Cost Effectiveness</u> <u>This is an information only program</u>	

Note – The budget amount shown reflects only the funding associated with SCE’s service territory for this statewide program. The overall statewide program budget is \$7,500,000 which does not include SCE administrative budget to support this program activity.

4. Program Descriptors

Market Sector: Rural
Program Classification: Statewide
Program Status: Existing

5. Program Statement

The *Flex Your Power* rural marketing campaign, formerly called *Reach for the Stars*, is a comprehensive statewide energy efficiency communications effort designed to encourage residential energy users in rural areas to make permanent upgrades to their homes and to participate in statewide gas and electric energy efficiency activities.

In California, a typical homeowner is spending more on electricity than necessary. In fact, the average household could cut up to one-third of its current energy bill by switching to energy-efficient appliances, equipment and lighting, which use less energy than standard products. For rural communities, this issue is especially critical, given they are often situated in remote areas with extreme summer and/or winter climates and significantly greater electricity and/or natural gas requirements. They also historically have been underrepresented in energy efficiency programs. The rural campaign exposure is critical to the overall effectiveness of the California Public Utilities Commission’s (CPUC) energy efficiency effort because many California communities are under-reached by traditional mass-market media.

6. Program Rationale

By extending RS&E’s contract to implement one of three statewide energy efficiency marketing and outreach programs through 2008, we will be able to maintain the momentum built during the last three years. Since RS&E was awarded this contract in April 2003, we have made notable headway within the rural communities of California. However, ongoing education is imperative in changing people’s attitudes and purchasing behaviors and creating social norms where communities and individuals understand and act responsibly when it comes to saving energy.

Our program's advertising, public relations and grass roots outreach components, which have a synergistic effect in the rural communities, are intended to teach consumers about ways to reduce their energy consumption, while emphasizing long-term residential improvements.

As noted above, this program has been extremely successful in reaching the rural consumers in IOU territories and delivering energy efficiency messages. Some highlights of our 2004 campaign include:

- Generation of more than 85 million advertising impressions via radio.
- Outreach through ads in newspapers that had a total readership of almost 52 million.
- Outreach to more than 1.5 million Hispanic rural California residents throughout the state through media relations activities and radio and print partnerships.
- Dissemination of more than 111,000 pieces of collateral, including informational brochures and branding items at conferences, fairs and community events in rural areas statewide.
- Outreach to more than 100 community-based organizations (CBOs) and state organizations in recruitment of 15 grassroots organizations as partners.

7. Program Outcomes

RS&E has identified (through research) two key outcomes of its marketing and outreach activities:

Rural consumers have learned about ways to reduce their energy consumption and lower their utility bills, with emphasis on long-term residential improvements.

Rural residential energy users have made permanent upgrades to their homes and participated in statewide gas and electric energy efficiency activities.

8. Program Strategy

RS&E will maintain the key components of its current effort, recognizing the importance of grass roots outreach and the necessity of targeting rural communities through local media outlets. RS&E will also maintain flexibility in its program structure in order to accommodate for opportunities that present themselves over the course of the campaign, i.e. spikes in energy costs or weather related. To reach the target audience and achieve its program objectives, RS&E intends to:

- Continue placing newspaper ads and radio commercials in rural markets throughout California.
- Expand the activities of the CBO network to facilitate direct access to rural consumers in need of energy efficiency information by coordinating more closely with other statewide marketing and outreach programs.
- Participating in a bi-weekly conference call between M&O contractors, as well as the IOUs and representatives of the CPUC.
- Sharing information, including a monthly report of marketing activities as well as collateral and advertising creative, in order to avoid duplication of marketing efforts.
- Continue providing consumers with an easy-to-access point of contact through the 24-hour toll-free phone line that provides information for energy efficiency programs.

Additionally, RS&E will add messaging regarding the Flex Your Power marketing program to the introductory information on the toll-free phone line.

- Produce advertising and outreach messages with energy efficiency information that is relevant to all rural customers.

9. Program Objectives

RS&E's statewide program will provide information about IOU and third-party energy-efficiency programs and the related energy saving benefits to the target group of all households in rural areas in order to ultimately reduce energy consumption by the target audience. Rural areas of California are based upon zip code data provided by the IOUs.

To reach these program objectives, our team will:

- Place newspaper ads in rural markets throughout the state.
- Develop a radio campaign to air in rural markets statewide.
- Augment the network of CBOs that will provide outreach to rural consumers seeking energy efficiency information.
- Continue the toll-free phone line service to provide energy efficiency program contact information and support throughout the contract.
- Implement a Spanish-language public relations effort throughout rural California.
- Evaluate messaging and awareness levels related to energy efficiency.

10. Program Implementation

RS&E firmly believes in the importance of coordination between marketing and outreach implementers. Coordination and consistency can only enhance results achieved by everyone. Since all marketing and outreach efforts support the IOU and statewide energy efficiency programs, we believe it is vitally important that the contractors work closely with each other and continually share information to avoid duplication. To that end, RS&E will coordinate its campaign efforts with those of both other marketing and outreach programs:

- Efficiency Partnership/McGuire & Co., Inc.'s (EP) statewide general market media campaign.
- Univision Television Group and Staples/Hutchinson and Associates' (Univision) Spanish-language media and outreach campaign.

RS&E will participate in regular conference calls and meetings between the M&O contractors listed above, as well as the IOUs and representatives of the CPUC. Additionally, all marketing and outreach materials will be accessible to these groups so information can be shared and the duplication of efforts can be avoided.

In order to implement a successful program, it will be imperative that we begin planning for the 2006 – 2008 program during the end of the 2005 campaign. We will coordinate the messaging and the timing of that messaging with the other statewide marketing and outreach contractors. In addition we will send out requests for proposal to CBOs, research vendors and suppliers to ensure that the 2006-2008 program is as cost efficient as possible. Additionally, our media

planning work will also begin early in order to negotiate the most beneficial rates for this program.

11. Customer Description

The population targets for our 2006-2008 extended energy efficiency advertising component are rural “hard-to-reach” IOU customers who do not have easy access to information or generally do not participate in energy efficiency programs.

We will utilize zip code data provided by the IOUs to guide our media and marketing planning. Only those zip codes categorized by the utilities as “rural” and where the majority of households receive service from a participating IOU will be considered for advertising coverage. This is the same strategy RS&E used in identifying and targeting the appropriate customers in the past.

12 Customer Interface

In order to ensure that energy efficiency program information is accessible, RS&E will continue to direct consumers to the existing toll-free phone line, as well as to the Flex Your Power Web site. The toll-free phone number and the Web site address will be displayed on all our advertising and outreach materials. Additionally, RS&E added a Spanish-language option to the phone line in 2004 in an effort to support the Spanish-language collateral and Spanish language PR efforts, which will continue in the 2006 – 2008 contract term.

13. Energy Measures and Program Activities

13.1. Measures Information

Not applicable.

13.2. Energy Savings and Demand Reduction Level Data

Not applicable.

13.3. Non-energy Activities

All of the activities of the *Flex Your Power* rural campaign fall under the category of “non-energy activities” since the entire program is focused on marketing and outreach. That said, below is an outline of projected activities and tactics proposed for the 2006 – 2008 campaign. We should note that these are estimated projections that will be more clearly defined as development of the program implementation plan gets underway.

Advertising

RS&E will produce between 4 and 6 radio spots to air statewide each year. We will run more than 30,000 radio spots in 12 California metro markets and nine remote counties, including:

Metro Markets include:

- Bakersfield
- Chico
- Fresno

- Merced
- Modesto
- Palm Springs
- Redding
- Riverside/San Bernardino
- Sacramento
- San Luis Obispo
- Santa Maria
- Visalia/Tulare

Non-rated remote counties include:

- Humboldt
- Inyo
- Kern
- Lake
- Mendocino
- Plumas
- Riverside East
- San Bernardino West
- Tuolumne

RS&E will produce between 4 and 6 print ads per year to support the three seasonally appropriate messages (i.e. appliance replacement, cooling and heating and lighting). Print media will run in rural communities throughout the state. RS&E will place between 10 and 15 insertions per year in approximately 120 newspapers statewide.

CBO Outreach

RS&E's program will include the recruitment of between 16 and 18 CBOs strategically located in IOU rural territories throughout the state. These CBOs will be trained and monitored to disseminate materials and garner public relations locally to promote the energy efficiency messages associated with the *Reach for the Stars* program.

In order to ensure proper messaging is delivered in a quality manner, RS&E will also offer media training opportunities and host an annual gathering where best practices and ideas can be shared between grassroots organizations.

Each CBO will be required under contract to annually:

- Staff the campaign portable exhibit and distribute campaign materials at no less than three community events.
- Conduct a minimum of three presentations for local organizations or groups appropriate to the energy efficiency message (e.g., business groups, PTAs, etc.).
- Develop events or products themselves to further extend campaign messages (e.g., poster contests, public service announcements, etc.).

- Distribute press releases to local print media outlets and place campaign advertisements in local venues such as newspapers, newsletters or movie slides.

Hispanic Marketing and Public Relations

Through our Hispanic marketing and public relations efforts, RS&E will distribute press releases to more than 140 media outlets statewide. Additionally, we will secure radio partnerships with two radio networks covering the following markets:

- Placerville
- Grass Valley
- Auburn
- Palm Desert
- Hemet
- Moreno Valley
- Murrieta Hot Springs
- Temecula
- Sun City
- Tracy
- Bakersfield
- Tehachapi
- Hanford
- Atascadero
- Paso Robles
- Porterville
- Visalia

These radio partners will distribute promotional items at various community events, conduct live remotes, air 60-second spots and promote press coverage in the Hispanic markets. RS&E will also secure several print partners to run ads and place stories that support the energy efficiency messages directed at the Hispanic market.

13.4. Subcontractor Activities

RS&E plans to retain SG Henderson Consulting (SGH) to coordinate CBO activities acceptable for the 2006 – 2008 cycle. SGH, led by Suzane Henderson, has been actively involved in the *Reach for the Stars* program since RS&E was awarded the contract in 2003. For the next three years, these efforts will include:

- Implementing a request for proposal process to secure 18 CBOs throughout the state for a one-year term. (We will seek new participants as part of this process.)
- Conducting a two-day training session for all CBOs upon award of their contracts to educate them on the program.
- Coordinating CBO marketing activities in partnership with RS&E.
- Providing a final report of all CBO marketing activities each year of the contract.

RS&E will review proposals and select a research vendor to perform focus groups, the results of which will be used to guide creative development of the campaign. We will secure this vendor in 2006 for a three-year term to ensure continuity.

13.5. Quality Assurance and Evaluation Activities

While the evaluation and verification of marketing activities will be conducted by the California Public Utilities Commission, RS&E will conduct quality assurance and evaluation activities including:

- Tracking of incoming phone calls to toll-free line.
- Measuring the number of advertisements and media placements.
- Measuring the quantity of information distributed by participants in the grass roots outreach component.
- Conducting focus groups that help guide the messaging.

RS&E's focus groups will be conducted by a research firm based in California that has experience with energy related issues and marketing techniques.

13.5.1. Expected Number/Percent of Inspections

In order to ensure work is performed in a quality and timely manner as stated in agreements secured with vendors, RS&E will conduct a review process for each CBO under contract each fiscal year. This review will consist of a monthly report submitted by contractors to detail their marketing activities, as well as a monthly follow up call conducted by RS&E staff. Additionally, RS&E will conduct random inspections of marketing and outreach activities performed by all subcontractors. These inspections will be conducted, at a minimum, on a monthly basis and will include random site visits to events and trainings hosted by grassroots organizations.

13.6. Marketing Activities

Our experience tells us that the sole use of a traditional medium, such as television, will not be successful in breaking down the barriers faced by this campaign's target audiences. As a result, we propose continuing with a multi-tiered, synergistic marketing approach, utilizing the following tactics:

- Placement of media specifically geared to consumers in the IOU rural service territories, using radio and local newspapers as primary mediums.
- A strong community connection in which CBOs will be encouraged and rewarded for spreading the word about these energy-saving programs within their communities.
- Hispanic/general market rural public relations (PR) activities to secure maximum interest in energy efficiency programs through the engagement of the news media, community leaders, etc.
- A toll-free telephone line to provide information in several languages for people who are confused about energy efficiency products or hesitant about taking advantage of IOU or local programs.