

**Orange & Rockland
REV Demonstration Project: Customer Engagement
Marketplace Platform**

Q3 2017 REPORT

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Q3 2017 Report

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Q3 2017 Report

1.0 Executive Summary

Orange and Rockland Utilities, Inc. (O&R or Company) submits this quarterly report on the progress of the demonstration project it is implementing as part of the Reforming the Energy Vision (REV) proceeding, as required by the Order Adopting Regulatory Policy Framework and Implementation Plan, issued by the New York State Public Service Commission (NYPSC or the Commission) on February 26, 2015.

This demonstration project, known as the Customer Engagement Marketplace Platform (CEMP), was designed to build partnerships with a network of third-party product and service providers to help increase customer awareness and education of energy consumption, motivate customers to participate in O&R programs, increase distribution and adoption of Distributed Energy Resources (DER) and develop new revenue streams for O&R and its partners.

The beginning of 2016 was the official launch of the My ORU Store offering a selection of Wi-Fi thermostats. Since then additional energy savings products have been added to the store ranging from LED lights, advanced power strips, connected home and water-energy saving devices. By mid-year, the offerings expanded beyond the sale of products to include no cost in-home energy assessments, as well as a variety of fixed-priced services provided by local contractors in the community. Weekly messaging highlighted new product introductions, seasonal promotions and limited time offers (LTO). Efforts to build awareness of the My ORU Store continued throughout the year and in Q4 the team included media buys in radio and digital advertising in preparation for the upcoming holiday shopping season.

By the first quarter of 2017, the focus shifted beyond building the assortment and brand awareness, to furthering customer engagement through more targeted messaging. A new campaign was launched comprised of a four week journey where timing, content and the number of emails sent to a customer were based on the customer's engagement, actions and purchase decisions. Initiatives continue in an effort to expand the product line, offer more LTOs, increase traffic and stimulate sales. Post-transaction engagement strategies were designed and implemented to solicit feedback and provide additional messaging that was highly customized and relevant to the recipient.

The second quarter of 2017 capitalized on a number of holidays to promote specific product and service offers on the My ORU Store. Many of the new product styles featuring connected home capabilities were launched, as well as an entirely new outdoor living category. A variety of LTOs and a summer sales campaign generated interest, increased site visits and stimulated purchases. June marked the beginning of a unique collaboration with O&R and Suez Water NY (Suez) designed to help customers save water and energy while lowering their utility bills. Mutual customers are now offered additional instant rebates on a number of products available on the My ORU Store.

The My ORU Advisor also incorporated many of these seasonal themes to engage customers with relatable content and interesting summer tips. Since the official launch last June, there have been consistent increases in customer engagement with the online portal. The team surveyed hundreds of activated engagers who were willing to share feedback about the platform and provide suggestions for future enhancements.

By the third quarter of 2017, the My ORU Store introduced additional products across multiple categories and layered on promotional discounts on many items during various holiday and summer focused sale events. Large appliances made their debut and home services were marketed to customers with comfort and cost-savings in mind. The My ORU Advisor launched several campaigns to encourage active high users to complete tips and redeem their rewards. A home profile promotion email was sent encouraging customers to start or complete their home profiles online in an effort to increase engagement and earn additional reward points.

1.1 Cybersecurity and Personally-Identifiable Information Protection

Consistent with corporate instructions and Commission policy related to cybersecurity and the protection of personally-identifiable information (PII), each partner agreement executed for the implementation of the REV demonstration projects includes specific protections related to cybersecurity and PII. Assurance of this protection is critical in encouraging customers to sign up for new and innovative services offered by utilities.

2.0 Demonstration Highlights

2.1 Major Tasks Completed

Launch of Additional Products

- Connected home
- Water saving devices
- Advanced power strips
- LED lighting
- Wi-Fi thermostats

Seasonal promotions/Limited time offers

- July 4th offers
- Solar eclipse flash sale
- Seasonal messages

My ORU Advisor

- “Tips Logic” campaign
- Home profile promotion

Suez Water

- Additional Products
- Marketing
- Referral traffic

Marketing Strategies

- Seasonal messaging
 - Engagement initiatives
 - Outreach and education
 - Employee communications
- Customer Insights
- Demographic data

2.2 Activities Overview

Launch of Additional Products and Services

Throughout Q3, new products were launched in nearly all categories including connected home, water saving, Wi-Fi thermostats, advanced power strips (APS), and LED lighting, in addition to the introduction of large appliances. This expanded the My ORU Store assortment to more than 100 products in nine categories, representing a 20% growth from the previous quarter.

In the connected home category, two new Google products were released: Google Home and Google Wi-Fi. These devices provide stronger and more consistent internet coverage as well as voice activated controls to other smart devices. The new iDevice Socket Wi-Fi light bulb adapter can transform any dimmable bulb into a connected light by adjusting the brightness remotely from a mobile device, tablet or voice command.

A new smart sprinkler controller was added to the water saving product category in time for the peak summer season. This device allows customers to control their sprinkler and their watering bill from their smartphone. It incorporates local forecasts, soil, plant types, and sun exposure, to develop a customized watering schedule. In collaboration with Suez, several large appliances that conserve water and/or energy were launched including Energy Star® clothes washers and WaterSense certified toilets.

In July, new colors of the popular Nest 3rd Generation learning thermostat were available to customers appealing to a variety of home styles and decor. In August, a new version of the Wi-Fi thermostat called the Nest E was introduced with a simple, more subtle, frosted display. (Appendix A) It has the same smart features as the Nest 3rd Generation, but at a significantly lower price point. The Nest E supports Alexa and Google Home voice commands and is Energy Star® rated.

New styles were introduced in the top selling APS product category from the well-known brand Emberstrip®. These APS devices are suitable for all audio visual components and can provide substantial energy and money savings for equipment not in use. With Bluetooth smart-sensing technology this device receives signals from any remote control and recognizes when a user is interacting with other devices. Additional features of the Bluetooth sensor allow a customer to set timers for an Active Powerdown®. As customers learn more about the unique benefits of these devices, there will be a growing need to provide a wider variety of styles and options. The

newly redesigned power buyer guide can help customers navigate through all the product choices to find one that best meets their needs. (Appendix E)

In lighting, two styles were recently added to the assortment. The new editions are vintage, Edison-style LEDs. The energy-efficient dimmable LED globe and filament lamps are designed to reproduce the elegant ambient effect of incandescent lamps, but with the efficiency of an LED. These bulbs not only provide efficient illumination with low wattage, but have extended life, contain no mercury and emit virtually no UV/IR light.

Seasonal Promotions/Limited Time Offers

There were two key promotional campaigns in the third quarter that drove both increased traffic and higher conversions. Beginning with the Fourth of July sale, the My ORU Store offered deeper discounts on the very popular Nest Wi-Fi thermostat and select LED bulbs. During the solar eclipse in August, the team experimented with a one day flash sale in lighting, connected home devices and smart thermostats. (Appendix B) The purpose was to quickly stimulate sales and test the effectiveness of a one day promotion. Results indicate that by shortening the sale period, customers exhibit a heightened sense of urgency to purchase. Traffic to the My ORU Store during this flash sale accounted for 34% of the month's overall site visits.

Beat the heat and summer vacation themes dominated the third quarter with targeted email messages promoting connected home devices and Wi-Fi thermostats. (Appendix B and D) Seasonal messages were sent to promote home services such as the central air conditioning tune-ups and no cost in home energy assessments. Customers continue to express interest in affordable whole home solutions that can make their house more efficient and comfortable.

My ORU Advisor

The My ORU Advisor continues to drive increased engagement among high electric users through home energy reports and personalized saving tips. Since the launch in June 2016, more than 19,000 people have logged in and interacted with the online portal. To date, more than 21,000 energy saving tips and 2,600 home profiles have been completed. In July, a "Tips Logic" campaign targeted users with customized recommendations based on past tip completions. This campaign drove 386 logins, 58 new users and nearly 500 completed tips. In August, customers were sent personalized messages acknowledging their progress towards a reward and encouraging them to redeem eligible points. (Appendix J) A home profile promotion email was sent in September which inspired customers to either start or complete their home profile online to earn reward points. This campaign resulted in almost 1,270 logins, 95 new users and 1,255 tips completed. In Q3, there was also a significant increase in My ORU Store traffic directly driven by the My ORU Advisor paper reports, which contain a unique web address or URL. Product sales increased and conversion rates grew by 162% from prior period.

Suez Water

As the collaboration continues between O&R and Suez, additional products were added this quarter that conserve water and/or energy. Some of these offer significant rebates such as the highly efficient clothes washers and toilets. Expanded marketing efforts also helped drive increased engagement with customers. Emails were sent specifically marketing showerheads and adapters. (Appendix F) There was also a banner ad on the landing page of the My ORU Store that highlighted water saving products. (Appendix A) Team members from both utilities meet quarterly and share updates in bi-weekly strategy sessions.

Suez also heavily promoted their new conservation program and made customers aware of the instant rebates available on the My ORU Store. Referral traffic from the Suez company website drove nearly 300 site visits and 130 new customers to O&R's marketplace. A new lifestyle catalog featuring water saving products was developed in-house by the O&R project team. Plans are in progress to design a new tri-fold bill insert that will promote many of these styles during the upcoming holiday season.

Marketing Strategies

A holistic marketing methodology was implemented for the MY ORU Store in Q3 with a multi-channel media approach including email, social media, radio, print and outreach events. This strategy allows O&R to reach diverse customers based on their demographics in an effort to increase awareness for the marketplace and drive purchase intent. Listed below are some of the specific strategies implemented within each medium during this specific time period and the measured results.

Email

Email is the highest revenue and website traffic channel for the store. Compelling messages and unique offers in weekly emails are used to drive customers to the store. In Q3, many of the marketing strategies for the My ORU Store centered on logic-based messaging to use purchase data, including personalization and retargeting, to increase engagement. By utilizing customer demographics and engagement data, such as past purchases, page views, and abandoned carts, the team has been able to more appropriately target high value customers. Reminder emails have been used to reengage customers based on past interactions and buying patterns. Another segmentation approach was used to identify customers who have never purchased, in an effort to send relevant product offers designed to persuade them to make their first purchase.

Another primary focus of the Q3 marketing strategy was to experiment with email frequency to drive increased engagement. As a test, personalization based on demographic, engagement and purchase data were incorporated in the analysis to determine customers with a higher propensity to purchase. These efforts contributed to a 10% increase in visits and an 11% growth in both users and page views. Emails were sent at different times throughout the day as a test to determine optimal hours for effective messaging.

Paid Media

In an effort to increase general awareness of the My ORU Store, a radio spot promoting the store aired in September on WCBS-AM news radio station. WCBS reaches millions of listeners each week and boasts one of the largest, most experienced local news teams on radio in America. Posters promoting the store were up at the Pearl River and Nanuet train stations this summer. The posters were up for 8 weeks beginning in mid-June. (Appendix H)

Internal and External Communications

The team uses internal communications when possible to share what is new on the My ORU Store with the expectation that employees will become ambassadors and help build awareness. Some of these efforts include internal emails, onsite e-boards, and Company newsletters. (Appendix I)

To reach a broad base of customers, particularly those without email, O&R utilizes several external direct mail and social media channels including bill inserts, marketing brochures, customer newsletters, and Facebook.

During Q3, there were two dedicated bill inserts focused solely on promoting the marketplace. The theme in July centered on making summer more fun, carefree and efficient by featuring new outdoor living products including solar-powered speakers, wet-rated LEDS, and other tech products for outdoor summer enjoyment. (Appendix G)

The September bill insert focused on making customers aware of the no cost energy assessment offered through O&R's partnership with SEALED. The free in-home consultation identifies areas in the home where owners can reduce energy waste and improve comfort. Specifically, this bill insert stimulated customer interest in receiving a free home audit and contributed to a 150% increase in leads compared to the prior month.

O&R produced a new lifestyle themed catalog featuring products sold on the My ORU Store that can be incorporated in customers' everyday lives. These catalogs are distributed at various outreach events throughout the Orange and Rockland service territory.

Outreach Events

O&R participated in eighteen community events designed to educate customers on energy efficiency and build awareness of the products and services offered on the My ORU Store. In the month of July, representatives from the Customer Energy Services Department attended the Nyack Famous Street Fair, which draws over 20,000 attendees. The team also participated in the South Orange Family YMCA 5K Color Run & Kid's Color Dash, a family-friendly event which provided an opportunity for O&R to increase awareness of the programs and the marketplace to Orange County parents and other local residents. In August, O&R attended the "Night Out Against Crime" sponsored by the City of Port Jervis Police Department aimed at crime

prevention, public safety awareness and community building. Throughout September, there were six outreach events including, Nyack Chamber Septemberfest, Hudson Valley Fiesta Latina, Suffern Chamber Street Festival, Congers Rotary Street Festival, Town of Orangetown Police Department Open House, and the 100th Anniversary of the Cornell Cooperative Extension. These events had a high volume of attendees and allowed O&R employees the opportunity to interact with customers in the community and explain ways to save energy at home by incorporating products from the My ORU Store and participating in O&R's energy efficiency, retail access and demand response programs. Also held in September was O&R's Municipal Information Exchange. This event was designed to strengthen and build relationships between O&R and its municipal partners and provides the opportunity to exchange information with elected officials and first responders.

Customer Insights

Looking at customer traffic to the My ORU Store, site visits can be tracked by city with the majority coming from towns like Spring Valley, New City and Middletown. The city with the highest number of website sessions is Manhattan. Data indicates that the most common hours to shop on the My ORU store are between 10 am and 12 pm. This correlates directly to the time of day that email messages are distributed on a weekly basis. It also reinforces the notion that many O&R customers are commuters working in Manhattan. Site traffic from this demographic increased by 7% from Q2. This appears to be due in part to a radio ad the team ran on WCBS-AM in September during the morning commuter traffic times.

There were no significant changes in demographic trends in terms of gender or age from Q2 to Q3. Customers of the MY ORU Store are predominately male, accounting for 62% of total site sessions. They also spend more time browsing the site with more page views and more time spent on site than their female counterparts. Transactions from male customers equates to 66% of the total number of completed purchases and 72% of revenue for the quarter. Men also convert at a higher rate with 2.3% of sessions resulting in an e-commerce transaction, while females generally have a 1.9% e-commerce conversion rate.

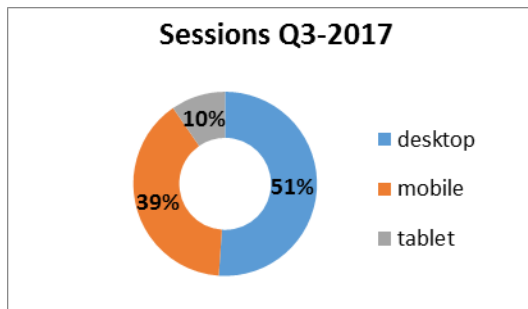
In terms of age, the 55-64 year old group visits the My ORU Store most often, complete the most transactions, and spend the most in dollars, as a whole, on the store. Revenue from this age group in Q3 was 38% of total sales. The 25-34 age group spent the most time browsing the site, with an average session lasting more than two minutes.

In terms of in-market segments, travel resonates with our customers, whether hotel accommodations or air travel, the customers in these segments are more likely to purchase products or services that relate in some way. Using behavioral data, the team continues to segment these customers and market specific offerings to their particular interests. In Q3, emails were sent referencing vacations and travel during the summer season to draw interest and attention from this target group. (Appendix B)

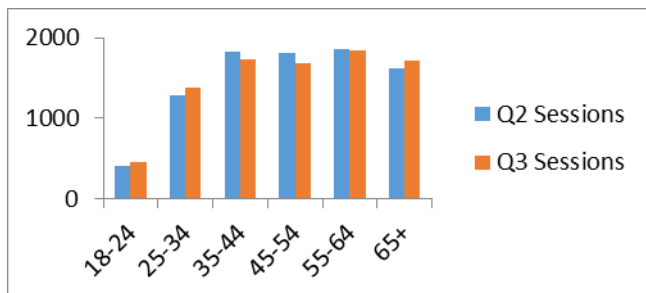
While the most common hours to visit the My ORU Store are between the hours of 10 am and 12 pm, customers are converting at a higher rate during the evening, between 5 and 8 pm. Although traffic to the store is driven mostly by email messages and direct search (typing the URL directly), the highest conversion comes from organic search methods, or visitors coming from a search engine such as Google and Bing. Referral traffic is one of the highest traffic drivers, ranking in third place, contributing to 13% of overall site visits. The oru.com site continues to be the number one referral source with 62% of those customers coming from the Company website. Following is the mysuezwater.com website with more than 15% of all referral traffic. When browsing, Suez customers spend over four minutes on the website and view more than four pages per session. Customers referred to the store from oru.com spent at least two and a half minutes on the site, visiting on average four pages per session.

Through data analytics, the team can better understand the website traffic patterns and the fundamental role it plays in interpreting which marketing methods are effective and which ones are not. The data collected is being used to turn insights into action with the goal of delivering a more relevant message and customer experience. Varying content depending on the source of the traffic can play a critical role in developing key messages that lead ultimately to transactions. The team is looking to layer on specific data obtained from past participants of O&R’s energy efficiency programs in order to create more targeted messages to a seemingly energy conscious consumer.

Engagement Levels by Computer Device



Sessions by Age (comparison Q2 and Q3)



High Traffic Hours of Day (Sessions per Hour)



3.0 Key Metrics

In comparison to the second quarter, Q3 results had significant increases with regard to traffic, number of visitors, and overall page views on the My ORU Store. Compelling weekly email messages, new products and enticing promotional sales contributed to a 10% increase in visits and an 11% growth in both users and page views. Although there was a 20% decline in units sold, retail sales dollars remained nearly flat as the average order value this quarter rose by 9%.

Looking at last year’s results however, site visits, page views and transactions this quarter were lower than Q3 of 2016. Much of the variance from prior year can be attributed to the high level of interest and strong sales generated from the first LED lighting promotion which offered, for a limited time, a 6 pack of LED bulbs for \$6. The short sale period transitioned from the last few days in July to early August and generated the second highest quarter sales. Strong interest for this product continued throughout the quarter with many customers reaching their two 6-pack annual quantity limit for rebate allotment. In September of 2017, the heavily marketed free home energy audit captured customers’ attention and resulted in twice as many completed home assessments than in the previous month.

As O&R continued to adjust messaging and product offerings throughout the quarter, email open rates continued to align near industry benchmarks. Email was the dominant source of site visits, however, organic and referral traffic channels have increased as well. Total sales of home services rose dramatically this quarter, from 9% to 43%, fueled by both the bill insert and weekly email. Strong sales in smart thermostats generated from the flash sale and the launch of a new lower priced Nest E thermostat, yielded Wi-Fi thermostats as the second highest product category in both units and retail dollars this quarter.

By the third quarter, high usage customers participating in the My ORU Advisor behavioral pilot, account for more than 19,000 logins to the portal. These customers completed almost 22,000 tips and more than 2,800 home profiles. Click to open rates trended slightly above industry benchmarks, demonstrating that consumers are actively seeking more information about energy efficiency and saving money. Campaigns launched each month focused on driving customer engagement by encouraging them to complete tips, home profiles and redeem available

rewards. Results from these efforts proved successful as more than 4,400 tips were completed and nearly 200 rewards were redeemed in Q3.

3.1 My ORU Store Metrics

My ORU Store		
Ecommerce Metrics	Q3	% Var LY
Sessions	15,312	-7.82%
Users	10,069	-4.68%
New Users	57%	1.11%
Page Views	41,906	-23.40%
Ecommerce Conversion Rate	1.86%	-77.01%
Transactions	285	-78.81%
Units Sales	408	-86.95%

My ORU Store		
Email Performance	Q3	IA*
Email Open Rates	15.3%	19.7%
Email Click Rates	1.0%	1.4%
Email Click to Open Rates	6.2%	6.9%
<i>* Industry average (IA) -2016 Epsilon Email Benchmarks - Retail Specialty</i>		

My ORU Store	
Visits by Channel	Q3
Email	58.40%
Direct	19.10%
Referral	12.70%
Organic Search	6.60%
Paid	1.40%
Advisor	1.40%
Social	0.50%

My ORU Store		
Product Categories	Q3 % Tot Sales Units	Q3 % Tot Sales Dollars
Home Services	43.10%	18.10%
Wi-Fi Thermostats	34.60%	19.60%
LED Lighting	13.30%	40.00%
Water saving Devices	3.60%	13.20%
Connected Home	3.10%	1.50%
Advanced Power Strips	1.20%	5.60%

3.2 My ORU Advisor Metrics

My ORU Advisor		
Ecommerce Metrics	Q3	Total LY
Logins	19,251	8,247
New Users	5,537	3,594
Tips Completed	21,818	9,333
Badges Earned	11,138	6,485
Home Profile Completed	2837	1,707
Reward Redemption	402	7

My ORU Advisor		
Email Performance %	Q3	IA*
Email Open Rates	21%	18%
Email Click Rates	2%	1%
Email Click to Open Rates	10%	5%

* Industry average (IA) -2016 Epsilon Email Benchmarks - Retail Specialty

My ORU Advisor	
Visits by Channel	Q3
Email	79.10%
Direct	9.30%
(Other)	7.80%
Organic Search	3.30%
Referral	0.50%

3.3 Demand Response Metrics

To date, smart thermostats purchased from the MY ORU Store represent 12% of the total enrollments in O&R’s Bring Your Own Thermostat Program (BYOT), with 219 customers connecting 268 smart thermostats. The energy savings from these Wi-Fi thermostats represent up to 219 kW of demand reduction when a load reduction event is called.

Demand Response/BYOT		
Metrics	Q3	YTD
# Customers Enrolled	12	219
# of Connected Devices	14	268
kW Savings	12	219

4.0 Strategic Objectives for 2017

As the final quarter of 2017 approaches, the project team continues to explore new opportunities that will drive growth of the My ORU Store. Initiatives include expanding the assortment by introducing new products and categories at varying price points, including the latest tech gadgets that will keep the offerings relevant and interesting to customers. The team is also exploring additional rebate measures, including smart plugs and energy usage monitors, incentive levels and quantity limits to provide for easy adoption of many energy efficient products and services.

With the upcoming holiday selling season, the team is working with vendors and third party partners to execute a robust retail and promotional strategy for Black Friday and Cyber Monday. There are plans to offer substantial discounts and the framework of a special holiday collection is in development, which by design should provide something appealing for everyone. To optimize engagement and minimize risks associated with heavy spikes in traffic, the team plans to send emails in batches and stagger the messaging as needed. This will help with the order fulfillment process as well as any customer order support that may be needed. Additionally various A/B messaging and conversion rate optimization tests will be conducted to see what works and adjustments will be made as needed. Lessons learned from last season will be taken into consideration, along with any needed enhancements to website aesthetics and functionality. The team will work with Simple Energy’s to enhance warehouse preparation and operational plans in the coming months to meet seasonal demand.

The messaging plan and multi-channel retargeting approach will also be complemented by a robust social media/Facebook campaign that will be tested during the upcoming 2017 holiday season. This plan will deliver on micro-targeting based on demographics and behavior, and new landing pages with unique URLs will be created to lead engaged customers directly to product pages that may be of interest to them. This new marketing initiative is a collaboration of O&R and the new advertising agency. An updated tri-fold holiday catalog will replace the traditional

bill insert in November and Google Ad words will include search, retargeting, and display ads as part of larger campaign that will begin in early November.

Both Simple Energy and O&R’s project teams are working together on a new solar platform and an expanded offering of services. The long term vision of the My ORU Store includes expansion beyond residential in to the small business and commercial sectors by fulfilling high volume product orders with rebated energy efficient products. O&R has already worked with some non-profit organizations to fulfill large orders of LED lighting.

Cadmus was retained as the impact evaluator for the Customer Engagement Marketplace Platform (CEMP), including both the My ORU Store and My ORU Advisor. As part of the contract, Cadmus is in the process of conducting participant and non-participant surveys to provide guidance and suggestions for process improvements, measures additions, etc. based on the results of the study. More information will be provided in the next quarterly report when specific findings can be evaluated.

In Q3, O&R completed an audience segmentation study that divided customers into one of five psychosocial consumer segments as it relates to energy usage. Two specific goals of the study are to increase awareness and participation from energy efficiency programs to purchasing efficient products online. With the study, the team was able to identify each segment’s propensities for future energy-related actions. The profiles consist of True Believers, Cautious Conservatives, Concerned Parents, Working Class Realists and General Audience. These profiles are based on psychosocial and demographic characteristics, media consumption, and other lifestyle characteristics. The study results will help us to identify opportunities to reach and engage these segments through current marketing initiatives in the months to come. Valuable information gathered from segmentation data will be used to drive engagement, stimulate conversion and enhance the customer’s overall experience.

Automatic data feeds are in the development process with O&R’s internal technology group to ensure that active and inactive accounts are updated for both the My ORU Store and My ORU Advisor customer lists.

5.0 Checkpoints/Milestone Progress

Checkpoint *	Projected Date	Completion Date	Progress Status
Marketplace Launch	1/15/2016	2/2/2016	
Add Additional Products	2/5/2016	3/30/2016	
Add Fixed Price Services	2/5/2016	6/29/2016	
Marketplace Quarterly Check in	3/22/2016	5/1/2016	
Launch HERs and Engagement Platform	5/7/2016	6/12/2016	
Add Variable Priced Services	4/1/2016	In Progress	
* These timelines are pending and subject to change as the program evolves			
Complete	In Progress	Delayed	

6.0 Work Plan & Budget Review

The project team continues to evaluate customer and contractor interest with variable priced home services. The work flow process on the My ORU Store is still in development as is a need for an enhanced web platform to accommodate additional third party providers and non-fixed priced services is necessary for launch.

6.1 Expected Changes

Phase	2015		2016												2017												2018					
	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	
Phase 0: Implementation - Design and develop program components	█	█																														
Phase 1: Launch – Implement marketplace with limited offerings			█	█	█																											
Phase 2: Category Expansion – integrate data analytics and implement complete line of product and offerings.			█	█	█	█	█	█	█	█	█	█	█	█																		
Phase 3: Decision on Project Expansion – evaluate program performance to determine next steps.															█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
Phase 4: Revenue Optimization – streamline product and service line to maximize revenue opportunities.															█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
Phase 5: AMI Integration – upon implementation of AMI evaluate rate design plans for peak time rebates, TOU analytics, integrate TOU enrollment.																																
Project Schedule Completed	█	█																														

The rollout of AMI in Rockland County is in progress and to date 17,629 gas and electric smart meters have been installed in the O&R service territory. Data will be available for integration into the marketplace at a later date. Current estimates suggest early 2018.

6.2 Challenges

Despite previous challenges with offering larger sized appliances on the My ORU Store, two new Energy Star® clothes washers and WaterSense certified toilets have launched in Q3 as a pilot. Fulfillment is being managed directly by Simple Energy and a network of local retailers. The specific appliances chosen provide a significant amount of water savings and are generously rebated by Suez through our collaborative efforts. Given this small scale launch, there is opportunity to test the fulfillment process and customer experience before expanding to other efficient appliances.

With a new advertising agency onboarding, the project team is working diligently with the corporate communications department to ensure a seamless transition and the creation of a robust media plan that will take the My ORU Store through its busiest selling season. A comprehensive social media marketing plan is being tested on Facebook during the peak holiday selling season to test the strategy of segmenting the O&R customer base into targeted groups based on demographics, interest levels and shopping behaviors. Once the agency is fully on boarded, a comprehensive advertising and media plan will be launched.

Increasing the Company contact list remains a challenge for both the Company and for the My ORU Store, which relies heavily on email and digital messaging as the primary method to reach its target audience. Given the numerous advantages of email messaging, such as low cost,

timeliness, and accessibility, O&R has embarked on a corporate initiative to enhance its contact list. The project team continues to work on synching the Company records with various program email lists to ensure that records remain current. Additionally, gift baskets have been raffled off at community events after customer's sign-up on a contact list. With many provisions in place to ensure customer choice in providing their contact information, information has been provided on how to unsubscribe from mailing lists and official rules approved by O&R's legal department have been provided at events including language around what customer's contact information will be used for before signing up.

The acquisition of additional third party local contractors has been slower than expected but the project team has collaborated with the other groups within the Company who have established direct relationships with some of these third party service installers to gain insight and develop more qualified leads. With the initial goal to obtain contact information of the decision makers and establish an introductory meeting, the team is working at scheduling meetings to present this unique business opportunity. Currently there are three very well reputed contractors on the My ORU Store but sales within the past year have been less than impressive. Although the fixed-priced service model works well transacting on an ecommerce website, it does not appear to be a key revenue driver for most contractors and therefore has not gained a lot of enthusiasm. The team has reached out to a number of other businesses and will continue to partner with the advertised contractors to ensure mutual business goals are met and customers are well served.

Simple Energy has been in the process of developing a new solar platform that will provide customers with timely project estimates and solar providers with highly qualified leads. The O&R project team has met with various solar providers to gain feedback and has worked with internal departments to discuss the interconnection process in order to streamline steps and ensure a seamless customer experience.

The recent corporate redesign of O&R's website has temporarily limited the opportunity to make enhancements that could potentially increase referral traffic to the My ORU Store. An audit has been performed by Simple Energy of oru.com and the team is planning how to implement its recommendations as the website redesign finishes. The statistics below are based on information from Simple Energy when comparing the oru.com website to other utility websites that also have marketplaces. Based on this data, the project team will coordinate internal efforts to ensure enhancements are in progress when permitted.

- 8% of store traffic comes from O&R website compared to 16% from some of Simple Energy's top performing marketplaces
- 13% of revenue comes from O&R website compared to 40% from some of Simple Energy's top performing marketplaces

7.0 Work Plan & Budget Review

Actual costs to date will be filed confidentially with the NYPSC concurrently with the filing of this document.

7.1 Phase Review

The program has met key milestones described in the work plan exhibited in previous reports.

7.2 Updated Budget

The program is still currently running under budget at this time due to lower than projected payroll expenses resulting from two positions remaining open for longer than anticipated in 2016. The position vacancy has been filled with a permanent employee as of August 2017.

7.3 Lessons Learned

The project team continues to use sales promotions, limited time offers, and added rebate incentives to drive customer interest. Key learnings since the launch last year continue to prove that O&R customers react strongly to sales, and price is often a key factor in their decision to purchase. Also, limiting promotional time periods stimulates a call-to-action and marketing focused around price can be very effective if that price is perceived as attractive to the customer. Customers have a strong desire for exclusivity and, with a captivating message, can exhibit a higher sense of urgency to act. The project team has tested price sensitivity by rewording the \$6-6 pack message to a “\$1 a bulb” with a minimum quantity of 6. It is still the same offer, but has attracted new customers. (Appendix D) The Fourth of July sale performed stronger in terms of revenue and e-commerce conversion rates compared to sales for the Father’s Day promotion in the previous month. The team determined that a July 4th sale is more familiar and in line with consumer expectations for a traditional sales period, particularly when marketing consumer household products.

With the continual developments in technology, some customers are hesitant to purchase some of the MY ORU Store’s latest tech gadgets without further research. Metrics have found that customers who better understand the features and benefits of a product are more inclined to make a purchase. When examining customer page views, conversion rates were significantly higher for customers who visited the buyer’s guide before making a purchase, 7% vs 4%. (Appendix E)

Leveraging weather conditions and seasonal time periods are effective in promoting home energy assessments. Focused messages on comfort and bill savings are the key drivers to increase the number of customers enrolling in an in-home audit. Using direct mail messaging through bill inserts, the team is able to significantly increase the number of enrollments and increase the number of new customers visiting the My ORU Store.

Quantity limits on rebated energy efficient products are necessary to ensure adequate installation rates and appropriate cost effectiveness of a measure, but it also presents some challenges when it comes to driving higher sales for a typical ecommerce website. Currently O&R offers rebates on individual measures and imposes quantity limits at the item level. The team intends to try a new formulation where, rather than limit customers to a smaller quantity of every style, the store will allow customers to buy more lights of a particular style of their choosing, while still maintaining overall quantity limits. The team expects to test this methodology in 2018 when annual quantity limits will be reset. By resetting these quantity limits at the overall lighting category level, customers are given the choice of the style of light they prefer to purchase and will be less restricted when applying the instant rebates. Customers would not be allowed to receive any more rebates than current limits, just given the option of purchasing their individual style preference. For example, a customer who uses flood lights for recessed lighting may prefer to purchase more than two six packs of these bulbs and none of the candelabra style, or vice versa. O&R is working with Simple Energy's technical team to reset these limits as soon as possible while ensuring compliance with standard program guidelines. Cadmus, O&R's evaluation contractor was consulted and has helped to provide guidance as to the appropriate category level limits.

The My ORU Advisor campaign focused on alerting customers to complete tips and claim gift rewards waiting for them. This message increased customer engagement and even encouraged customers to log on for the first time to the online portal. The team has recognized the value of rewards in the messaging and will continue to send alerts throughout the year to increase engagement.

After having conducted both individual meetings with contractors and solar providers, as well as focus group discussions, the team has determined that these third party providers are more comfortable with one-on-one discussions and have shared more honest and open feedback when not in a typical group setting, particularly among their competitors. The team will elicit future group discussions only when appropriate and will direct questions and content accordingly. The team is reaching out individually to discuss future enhancements to the website including a more interactive contractor portal.

The team recently launched a contest at a small outreach event in an effort to expand its customer contact list. Those O&R customers who joined the contact list were entered into a drawing to win a basket of energy efficient products from the My ORU Store. After feedback from colleagues who attended the event and reviewing the number of addresses acquired, the team feels strongly that this pilot was successful in not only expanding the customer contact list but building awareness and excitement around the My ORU Store.

7.4 Recommendations

The project team suggests the following recommendations:

- 1) Utilize the market data compiled by Fiveworx to deliver more meaningful, personalized messages to target groups of O&R customers defined by the segmentation study.
- 2) Continue to develop specific marketing materials promoting the My ORU Store; include a lifestyle themed holiday catalog in the November bill insert; collaborate with other internal departments when possible to include website references (i.e., AMI deployment welcome packet and any new customers information sent out by the Customer Assistance Department).
- 3) Schedule a follow-up training seminar in Q4 for the customer assistance team providing a comprehensive overview of the My ORU Store and the My ORU Advisor. Provide a list of FAQs to help them answer common customer inquiries; design a one page newsletter to distribute monthly/quarterly to all Customer Service Representatives (CSRs) with the latest news from the store - include upcoming deals, instant rebates, new energy-saving products- so that CSRs can share with customers, specifically when discussing high bill complaints.
- 4) Include a new on hold message that promotes the My ORU Store and includes a prompt for inquiries that will take customers directly to store support.
- 5) Participate in outreach events to build awareness of the My ORU Store; select unique opportunities to launch a similar raffle contest if appropriate.
- 6) Pursue opportunities to edit the O&R website; make recommendations for cross promotion of the My ORU Store when appropriate and add information/links to the online audit tool.
- 7) Support Suez's conservation efforts and define new strategies to promote water-energy saving products on the store; continue to cross-promote when possible on O&R specific marketing materials and collaborate with other third parties when possible.

8.0 Appendices

Appendix A: My ORU Store: Homepage Banner Ads

Appendix B: My ORU Store: Marketing Email – Seasonal Focus

Appendix C: My ORU Store: Marketing Email – Home Services

Appendix D: My ORU Store: Marketing Email – New Products & LTOs

Appendix E: My ORU Store: Buyer Guides

Appendix F: My ORU Store – Marketing Email - Suez and Water Saving Emails

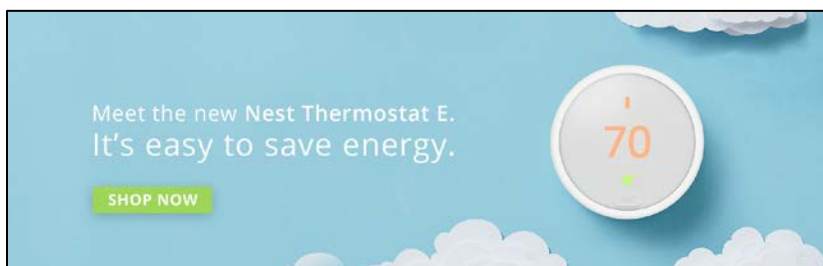
Appendix G: My ORU Store – Newsletters/Bill Inserts/Catalogs

Appendix H: My ORU Store – Out of Home Advertising

Appendix I: My ORU Store: Internal Communications


Appendix J: My ORU Advisor: Sample Email

Appendix A: My ORU Store: Homepage Banner Ads



Appendix B: My ORU Store: Marketing Email – Seasonal Focus

Orange & Rockland | STORE



OUT OF THIS WORLD DEALS

Act fast, they won't last long


Today, the moon will totally cover the sun for the first time since 1979. To celebrate we are knocking down the prices on some of our most popular energy efficiency and connected home products.

Solar Eclipse Sale One Day Only

*Sale ending 11:59pm on 27 August 2017. Not valid on prior purchases. Instant rebate available exclusively to qualified Orange & Rockland residential customers.

Orange & Rockland | STORE

FREE SHIPPING (ON ALL ORDERS OVER \$49)



Leave Your Home in Good Hands

Pack your bags and jet off this summer without thinking twice about the safety and security of your home. Pick up a few devices from My ORU Store that will give you peace of mind while you're away.

You'll find it's easy to travel right when you travel (and vice versa).

Next Cam Indoor Security Camera
See, hear and record the inside of your home while you're on vacation.
Price: \$119

Show Next Cam


Next Protect Smoke + Carbon Monoxide Detector
Get alerts straight to your smartphone in the event of an emergency.
Price: \$119

Show Next Protect

Shogled Shop LED Security Camera LED Floodlight
Keep an eye on your home even when it's in the dark with a camera and a powerful spotlight.
Price: \$149

Show Security LEDs

Orange & Rockland | STORE



Are You Losing Your Cool?

Is your house hot and stuffy, despite the AC running all day? Does it seem the entire roof just isn't following you inside?


Sealed will help you take control over your home temperature by figuring out why your home is heated, the cool air and helping you install the controls your home needs at an affordable cost.

To get started, My ORU Store has partnered with Sealed to offer you a **no-cost initial consultation** after a \$250 instant rebate.*

[Sign Up Now](#)


What Would Your Free Consultation Look Like?

- Identify the sources of your summer energy problems
- Solve your issues through a custom whole-home solution
- Affordable your home comfort, health, and value



Personalized Care

Get paired with a Home Energy Pro for a personal consultation of your home. All of the Sealed Pros are licensed, insured, and have a long record of high-quality installations.



Appendix C: My ORU Store: Marketing Email - Home Services

Discover a more comfortable home. No images? Click here


Orange & Rockland | STORE

Is Your Home too Hot?

Is your home hot and stuffy despite the AC running all day?

Does it seem like pollen and dust are following you inside?


Sealed will help you take control of your comfort by determining why your home is losing cool air and by helping you install the upgrades your home needs at an affordable cost.



[Schedule Your Free Consultation*](#)

Get Started

My ORU Store has partnered with Sealed to offer a **no-cost initial consultation** after a \$250 instant rebate.*




Appendix D: My ORU Store: Marketing Email – New Products and LTOs

Check out the new Nest Thermostat E. No image? Click here

Orange & Rockland STORE

You've received this email because you're eligible to participate in My ORU Store, Orange & Rockland's online energy efficiency store.



Meet the new Nest Thermostat E. It's easy to save energy.

My ORU Store is among the first to offer Nest's newest Wi-Fi thermostat. For just \$134 after your instant rebate, this affordable new model makes saving energy easier than ever.


[Get the New Nest](#)

Now in Session: Energy Efficiency

The start to a new school year is a great time to up your home's energy savings. Prepare your home for an A+ in energy efficiency and comfort with handy products from My ORU Store.

[Earn Your A+](#)

Orange & Rockland STORE



... don't let the end of the sale come as a shock.

It's your last chance to take advantage of reduced prices on the Nest Learning Thermostat™, dimmable and smart LEDs, and more.


Deals end tomorrow – act today.

[Get Discounts Today](#)

*Sale pricing is valid through 11:59 p.m. ET July 6, 2017. Not valid on prior purchases.

Orange & Rockland STORE

Free Shipping on orders over \$49




Swing Into Savings
Claim Your Instant Rebates

Updating your home with LED lighting is one of the easiest ways to save energy without a big investment.

Now is the time to take advantage of Orange & Rockland's instant rebates! Available exclusively through My ORU Store.


Featured Offers



Save Big - Only \$1 Per Bulb
\$6 for a six-pack of MaxLife LEDs, after a \$24 instant rebate.

[Claim Your Rebate](#)


Appendix E: Buyers Guides



Advanced Power Strips
As computers and printers get more use, connect them to an advanced power strip to save energy on these appliances while they are idle. Not sure which one best fits your tech needs? Check out our buyer's guide.

[See Buyer's Guide](#)

[Shop All Power Strips](#)



LED Lighting
Be sure to have proper lighting with more reading. LEDs use less energy and have many options for brightness. Find out what would work best for your home in our LED buyer's guide.

[See Buyer's Guide](#)

[Shop All Lighting](#)

The link provided will take you to the website of our authorized program implementer, Single Energy. The Terms of Service and Privacy Policy for that website, <http://www.MYORUStore.com>, will apply.

[Like](#)
[Follow](#)
[Join](#)

Plug into Savings

Advanced power strips power the things that need to stay on (like modems) and turn off the the things that don't (like your TV or game console).

Plus, they offer surge protection that can prevent costly damage to your electronics in the event of a storm or other unforeseen event.

Save energy and money without having to worry about unplugging.

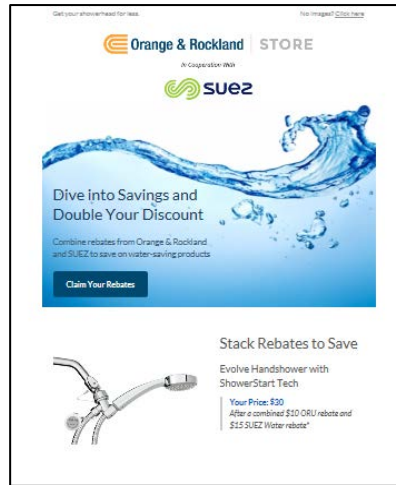
[Shop Advanced Power Strips](#)

[Get Help with Our Buyer's Guide](#)

[Shop Smart Thermostats](#) [Shop Water Saving Products](#)

[Shop Lighting](#) [Shop Connected Home](#)

Appendix F: My ORU Store: Suez and Water Saving Emails



Appendix G: My ORU Store: Newsletters/Bill Inserts/Catalogs





Outreach Materials

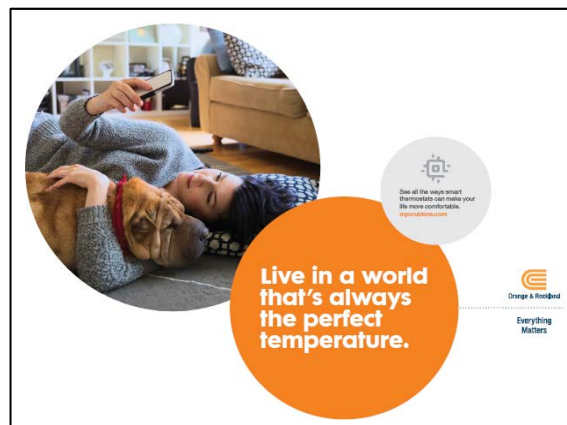


Appendix H: My ORU Store: Out of Home Advertising

Train Station Poster (Nanuet and Pearl River towns)



Train Station Poster Creative



Appendix I: My ORU Store: Internal Communications

Employee Email

This Columbus Day, Navigate a New World of Convenience and Efficiency
 O&R Employee Communications <O&REmployeeCommunications@coned.com>
 Sent: Fri 10/6/2017 11:01 AM
 To: Selfie, Dana

STORE

Save \$35 on top-rated ecobee4



With your instant rebate + bonus savings
Your Price: \$214

- Built in Amazon Alexa voice service
- Additional room sensor included to monitor temps in more than one room

***Free shipping on all orders over \$49**

The ecobee4 thermostat lets you monitor and control the temperature in your home anytime, anywhere – from your smartphone, tablet or computer.

With the Amazon Alexa voice service, you can now speak directly to your ecobee4. You can ask it to set the temperature, read the news, tell you the weather, etc.

Visit [My ORU Store](#) this Columbus Day to take advantage of the \$214 sale price. This price is valid only on Monday, October 9.


Appendix J: My ORU Advisor: Sample Email

ADVISOR [View as Webpage](#)
[Log In](#)

Greetings
 Here are your Energy Insights.

A Reward Is in Reach

You've earned [points] points! When you reach 5,000, we'll reward you with a gift card to a popular merchant like Amazon, Target and Best Buy.



Tackle one or more of these tips today to earn more points.

- **Not too Frigid, Not too Warm:** Set your refrigerator temperature between 35 and 38 degrees and your freezer to 0. **40 points**
- **Spin to Win:** Activate the high spin setting on your washing machine to remove moisture from your clothes, reducing the amount of time and energy it takes to dry them. **40 points**
- **Heat It Up:** Heat up leftovers with a microwave, rather than an oven, to use up to 50% less energy. **40 points**

Visit the My ORU Advisor Tips page for more ways to work up to a reward.

[Earn Your Reward](#)