

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

Q4 2017 REPORT

**Submitted:
1/31/2018**

Q4 2017 Report

Contents

1.0	Executive Summary	1
1.1	Cybersecurity and Personally-Identifiable Information Protection	2
2.0	Demonstration Highlights	2
2.1	Major Tasks Completed	2
2.2	Activities Overview	3
3.0	Key Metrics	11
3.1	My ORU Store Metrics	13
3.2	My ORU Advisor Metrics.....	14
3.3	Demand Response Metrics	15
4.0	Strategic Objectives for 2017	15
5.0	Checkpoints/Milestone Progress	17
6.0	Work Plan & Budget Review	17
6.1	Expected Changes	17
6.2	Challenges	17
7.0	Work Plan & Budget Review	19
7.1	Phase Review	19
7.2	Updated Budget	19
7.3	Lessons Learned	19
7.4	Recommendations	20
8.0	Appendices.....	21
Appendix A: My ORU Store: Homepage Banner Ads.....		18
Appendix B: My ORU Store: Marketing Email – Seasonal Focus		22
Appendix C: My ORU Store: Marketing Email – Home Services.....		19
Appendix D: My ORU Store: Marketing Email – New Products.....		23
Appendix E: My ORU Store: Marketing Email – Limited Time Offers		19
Appendix F: My ORU Store: Suez and Water Saving Emails.....		25
Appendix G: My ORU Store: External Communications		26
Appendix H: My ORU Store: Paid Advertising		26
Appendix I: My ORU Store: Corporate Communications		22
Appendix J: My ORU Advisor: Sample Emails.....		22

Q4 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 product assortment and brand awareness, to furthering customer engagement through more targeted messaging. A new campaign was launched comprised of a four week customer 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 is 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 seasonal themes to engage customers with related content and interesting summer tips. Since the official launch last June, there has been a consistent increase in customer engagement with the Advisor portal. The team surveyed hundreds of participants 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 were introduced and home services were marketed to customers with comfort and cost-savings in mind. The My ORU Advisor launched several campaigns to encourage active users to complete tips and redeem 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.

The fourth quarter of 2017 was My ORU Store's busiest holiday selling season since program launch. Dozens of new products in a variety of categories were introduced to customers along with numerous promotions and manufacturer discounts. Extensive marketing campaigns including email, digital, social, print and radio drove customers to the My ORU Store. While the My ORU Advisor messaging continued to generate interest with customers looking for ways to save energy and money, campaigns concentrated on holiday themes. Message optimization tests were frequently conducted to determine the best option with regard to subject lines, images and content.

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 and Services

- Portable power
- Connected home
- LED lighting
- Home services

Seasonal promotions/Limited time offers

- Black Friday
- Cyber Monday

- Seasonal messages
- My ORU Advisor
 - Message optimization testing
- Suez Water
 - Marketing
 - Referral traffic
- Marketing Strategies
 - Co-branded advertising
 - Multi-media channels
 - Internal and external communications
 - Outreach events
- Customer Insights
 - Marketplace and behavior evaluation

2.2 Activities Overview

Launch of Additional Products and Services

During Q4 of 2017, the project team expanded the assortment of offerings on the My ORU Store to more than 150 products and services, representing a 57% increase over prior quarter. A new category entitled Portable Power launched in November along with the expansion of the Sealed HomeAdvance service. In addition, a variety of items were added to existing product offerings including Connected Home, LED Lighting and Smart Thermostats.

The new Portable Power category includes a variety of rechargeable and solar powered devices that can provide customers with the convenience of power on-the-go. Several of the new products were featured at slightly discounted prices to attract interest. Many LED lighting options such as lanterns, flashlights and headlamps not only promote safety, but position the My ORU Store as a place to find the latest tech gadgets. (Appendix D)

Eleven more items were added to the Connected Home product category including voice-activated technology, energy monitors, smart plugs and air vents. These devices allow customers to monitor energy consumption and control electronic devices from a phone or tablet. A new manufacturer, Keen, introduced a smart home vent system which allows customers to adjust airflow through air vents to maximize comfort and efficiency in rooms that need it the most. A homeowner can wirelessly control these “Smart Vents” using the smartphone app, and integrate their heating/cooling system directly with select Wi-Fi thermostats, such as Nest or ecobee. (Appendix D)

For the first time, a variety of lights were offered in purple and orange strands for customers looking to decorate their homes for Halloween. Another new addition to the LED category was Mylight Strip Kits, available for closets, under beds or cribs, or in any area of the home requiring lighting without the need for switches. The timer controlled motion-activated sensors provide practicality, comfort and safety in the home. (Appendix D)

One of the top performing services on the marketplace is the free in-home energy audit conducted by Sealed. Building on its steady success, a new offering was added that combined many of the more popular installs and upgrades into one bundled offering. The new HomeAdvance Comfort Package was introduced allowing qualified customers to pay for smart upgrades through monthly bill savings, with no money down. Some of the proposed upgrades include air sealing, insulation, and the installation of LEDs and some wireless technology. Even if a customer's monthly bill remains the same, their home is made safer, greener, and more comfortable. (Appendix C)

Seasonal Promotions/Limited Time Offers

The project team worked closely with Simple Energy to execute a robust retail and promotional strategy for the holidays. Included in the plan were initiatives to offer manufacturer discounts, increased rebates, free shipping, loyalty rewards and gifts with select purchases.

A seasonal promotion and a LTO on furnace tune-ups were the key focuses during the month of October. Aligned with the traditional Columbus Day weekend sale period, pricing of the ecobee3 smart thermostat was reduced to commemorate the start of the upcoming heating season. The emails not only highlighted the limited time sale price, but also promoted unique product features such as the built-in Amazon Alexa voice service and room temperature sensors. At the same time, customers were encouraged through email messaging to “act fast to save big” and take advantage of a new LTO on furnace tune-ups. Customers could save up to \$75 on a service tune-up if they were one of the first 50 to schedule an appointment. Early results were positive with a high level of customer interest on the first day of the offer. Nearly 18% of these service offers were redeemed the day the email was sent out, indicating that LTOs drives a sense of urgency with O&R customers. (Appendix E)

In November, two popular thermostat vendors, Nest and ecobee, offered a \$50 discount on particular styles of their Wi-Fi thermostats. In addition, energy efficiency rebates were increased for these items, causing sales in this category to increase during the month due to the highly attractive price points. Smart thermostats contributed to more than 63% of the retail sales and 27% of the units sold and drove up the average cost per transaction when compared to last year. (Appendix E)

One feature offered in December was a limited time, giveaway promotion sponsored by Nest, Google and Simple Energy. During the month, customers who purchased a Nest product received a Google Home Mini at no extra charge. This gift with purchase (GWP) campaign was promoted through email and digital marketing efforts. Specific email messages were designed to retarget prior smart thermostat purchasers and encourage them to purchase other Nest connected home products. This unique GWP helped stimulate sales of Nest, resulting in 64 Nest products sold during the month. (Appendix A)

To entice customers to purchase, free shipping was offered at various times throughout the quarter. This LTO was also available during Black Friday and Cyber Monday, as well as in mid-December as part of the National Free Shipping Day promotion. Offering no cost shipping during this busy selling season, allowed the My ORU Store to remain competitive with many other online retailers who regularly offer free shipping. Another one day Cyber Monday promotion included a GWP to any customer who bought a Nest 3rd Gen Wi-Fi Thermostat. Every customer would later receive \$25 in “December Dollars” to be spent on purchases on the marketplace before the end of the year. This LTO led to sales of 34 qualified thermostats and additional incremental business. (Appendices A & E)

My ORU Advisor

The My ORU Advisor continues to drive increased engagement among high electric users through home energy reports and personalized savings tips. Since the launch in June 2016, there have been more than 21,000 logins to the online portal. To date, customers have completed more than 24,000 energy saving tips and 2,900 home profiles.

As part of web analytics, optimization tests were conducted to gauge customer response. This included A/B testing, which is a method of comparing two versions of an email to determine which one performs better. Both emails are essentially identical except for one variation, which by design may affect a customer’s behavior. Specifically, subject line and content testing were conducted to determine if customers respond more to certain phrases or prefer a particular product image as opposed to an illustration. Subject lines that focused on savings were the strongest performers. For example, “Save more with efficient lighting” won over “Light the way to a brighter home,” and “Ways to save while you’re away” outperformed “Your vacation checklist.” The project team also experimented with email frequency by sending multiple messages to the engaged customers and sending those less interested only the most compelling content. As a result, email open rates increased by 5% from last quarter. (Appendix J)

Seasonal messages included Halloween, Daylight savings time, winter prep and energy efficient entertaining. These communications were used to promote the My ORU Store and relevant products available for purchase. For example, specific messages focused on “vampire energy”, tied into the Halloween theme and explained how advanced power strips (APS) can be used to reduce energy when devices are not actively in use. This email directly promoted APS rebates available on the store. Open rates were highest for emails focused on holiday lighting and winter prep and accounted for 10% of store visits or more than 1,100 site sessions. (Appendix J)

Throughout December, marketing emails encouraged customers to complete tips and earn points in order to redeem a gift card in time for the holidays. Within a three week period, there were 34 new user logins, 344 tips completed and 9 rewards redeemed for gift cards.

Suez Water

As the collaboration continued with Suez Water NY, My ORU Store emails were sent specifically marketing water-energy saving devices such as showerheads and adapters. Images of these products were included in a tri-fold holiday bill insert sent to customers in November. In the last two months of 2017, O&R offered increased energy efficiency rebates on showerheads in order to drive incremental savings before the program year ended. As a result, there was a 409% increase in units sold over last year. (Appendices F & G)

Team members from both utilities conduct bi-weekly strategy sessions to discuss initiatives on the My ORU Store as well as the progress of the Suez Conserve program. Mutual efforts are coordinated to achieve water-energy savings goals and increase the sales and adoption of these measures. Suez heavily promotes their own conservation program through television ads, bill inserts and newsworthy press releases. While on the Suez Conserve website, customers interested in purchasing cross-marketed products can be redirected to the My ORU Store to receive rebates from both utilities. In Q4, referral traffic from the Suez website drove 75 site sessions to O&R's marketplace.

Marketing Strategies

Data gathered from website traffic by city confirmed that many O&R customers are commuters working in Manhattan. Based on this information, the My ORU Store implemented dual-advertising efforts in conjunction with the Consolidated Edison (ConEd) marketplace in Q4. Through these shared efficiencies, the marketplace was promoted in several large New York markets. Print ads were placed in newspapers including *New York Times*, *New York Post* and *Newsday*. A new 30 second radio spot could be heard on stations such as WCBS-FM, WPLJ-FM and WFAN-FM and commuters using mass transit could see digital ads on Vistar screens in New York City subways. (Appendix H)

Additionally, a more holistic marketing approach was implemented for the My ORU Store in Q4. This multi-channel media plan also included email, a Facebook ad campaign, digital banner ads and multiple outreach events. This comprehensive strategy allowed O&R to reach diverse customers in an effort to increase awareness of the marketplace and drive higher conversion rates. Listed below are some of the specific strategies implemented within each medium and some of the measured results.

Email

While testing new avenues of advertising this quarter, email continued to be the most successful acquisition channel. For the store, email had the highest contribution in revenue at 37% and the most transactions at 66%. Over the past year, more than 2.3 million email messages were sent to customers providing targeted and relevant messages about the My ORU Store.

Simple Energy developed a measured approach that optimized sales and engagement, while mitigating risks associated with increased traffic. Emails were sent in waves to minimize load on systems and to ensure quality customer service could be provided to all customers. The project team closely tracked open, click, unsubscribe, and conversion rates to ensure a healthy email audience and strategy to attain program goals. Prior to the holiday season, over 16,000 new email addresses were added to the current subscriber list. An “onboarding” series of emails designed to welcome customers to the My ORU Store were distributed in the weeks before Black Friday/Cyber Monday. This approach allowed customers to become familiar with marketplace communications before being immersed with holiday messaging.

Facebook Ad Campaign

Through Facebook advertising, O&R customers were segmented into four groups: the tech savvy, eco-minded, budget conscious and holiday shoppers, and served targeted ads containing products that aligned with their Facebook interests and likes. This campaign was launched during the key holiday shopping season. Links to specific product collections were created to provide customers with appealing options of popular connected home devices, a variety of energy efficient products, and a unique collection of gifts under \$50. Social media marketing directly contributed to 2,758 new users visiting the store for the first time. Given this success, the project team will continue to leverage Facebook ad campaigns to promote the store on this platform throughout 2018. (Appendix H)

Internal Communications

The project team continues to utilize our internal communication channels to keep employees updated on marketplace activities. Within the organization, promotions are run to inform our employees of new product launches, LTOs and upcoming sales. These initiatives keep our employees, particularly the customer services representatives, aware of all activities involving the My ORU Store. O&R employees are not only brand ambassadors helping to promote the store, but many reside in the service territory and are potential customers of the marketplace as well.

In our employee newsletter, the store was highlighted in two editions during the month of November. In one issue, a LTO on furnace tune-ups was featured enticing the first 50 customers with an enhanced rebate while supplies lasted. In a separate publication, Black Friday and Cyber Monday deals were the main focus alerting employees to exclusive early access on a number of pre-sale items. Many of these holiday promotions were additionally marketed through other employee communications, including email blasts and e-boards. (Appendix I)

In addition, the project team developed its own newsletter entitled *Savings in Store* which was distributed to customer service representatives (CSRs) in Q4. The quarterly newspaper is designed to educate CSRs about the latest My ORU Store offerings. This information allows CSRs

to better field customer inquiries and promote the store when speaking to customers. As part of an initiative to better keep the lines of communication open between Customer Energy Services and Customer Support, members of the project team were on hand to give presentations to CSRs and answer their most commonly asked questions. Along with *Savings in Store* and ongoing updates, the project team continues to evaluate ways to utilize customer service to help increase awareness and drive customers to the My ORU Store.

External Communications

In the month of October, the My ORU Store was featured on the front cover of *@ Home*, O&R's semi-annual publication included with monthly customer billing statements. The article promoted the benefits of smart thermostats and their availability on the marketplace. The following month the store was featured again in a dedicated customer bill insert as part of a winter prep themed message. A new trifold holiday catalog promoted the marketplace as a one stop shop for deals on energy-efficient products for the holidays. Many of the featured product categories were LED lighting, connected home products, smart thermostats and water-saving devices. The second November buck slip featured tips on ways customers should prepare their home for cold winter weather. One of the tips referenced the furnace tune-up service available on the My ORU Store as a way to ensure home heating equipment is running safely and efficiently. (Appendix G)

In December, our corporate communications department sent out a holiday LED lighting email to the company's list of 97,667 customers, of which 24.42% who received the email opened it. The email focused on the benefits of LEDs, specifically that they reduce the risk of fire hazards, and are more durable and typically last longer than traditional CFL bulbs. Results indicate that there were over 2,600 clicks, with 92% of those originating from the "Shop Now" button. This email was also forwarded by customers to other recipients at least 100 times, indicating that many found the content valuable enough to share with others. (Appendix I)

Outreach Events

Ongoing education and outreach events provide an in-person opportunity to inform and engage customers by building awareness of the products and services offered on the My ORU Store. In Q4 alone, O&R employees participated in more than a dozen community events ranging from school outreach and marathons, to expos and fairs. Listed below are some highlights of these events.

In October, O&R sponsored the Green Meadow Waldorf School Fall Fair where energy efficient program information was shared with teachers and parents, as well as the broader community. A gift basket was raffled off containing products from the My ORU Store in an effort to promote the marketplace.

In November, Customer Energy Services, in collaboration with the My ORU Store, donated 60 LED lightbulbs to Troop 789 of the Woodbury Girl Scout Community. The scouts did a bulb swap at two events; one in Highland Mills at the Community Center and the other at the Tuxedo Train Station. They asked scout families to bring an incandescent bulb from their home in order to swap it for an efficient LED bulb. In addition to the LED exchange, the scouts passed out promotional materials promoting the residential energy efficiency programs and the online marketplace.

The My ORU Store participated in the 2017 New Business Contractor forum in December in conjunction with the New Business department. The goal of the forum was to have an informative event that strengthens our relationships with a target audience of contractors, plumbers and electricians. The event allowed the project team to share information about rebates available to customers on the store and through the energy efficiency programs. Additionally, there was an opportunity to engage one on one with these contractors to gauge their interest level in becoming a participating vendor on the marketplace.

Customer Insights

The Cadmus Group was retained to complete an impact and process evaluation analysis of the project. In Q4 the project team received the results of the marketplace and behavior evaluation. The objectives of this evaluation were to provide O&R with savings estimates and recommendations for reporting savings from purchased products and services; to better understand Marketplace participants and nonparticipants; and to benchmark the Marketplace against similar programs by other utilities. Through these surveys, information was collected about purchase patterns, installation rates, customer satisfaction, behaviors, and demographics.

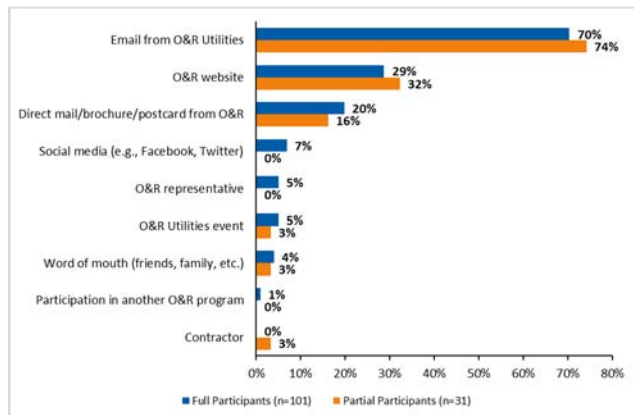
As part of this evaluation, Cadmus conducted a process evaluation of the online Marketplace, focused primarily on customers who purchased products or services from, or had access to, the site in the fourth quarter of 2016 and the first quarter of 2017. Cadmus evaluated the results of surveys administered to full participants (respondents who visited the site and made a purchase) and, separately, with partial participants (respondents who visited the site but did not make a purchase) and nonparticipants (respondents who did not visit the site).

Respondents that made purchases visited the store website more often to learn about energy efficiency, had better attitudes about their ability to save energy, knew what kinds of products they wanted to buy before visiting the Marketplace, and were more likely to purchase additional products upon visiting the site. Partial and nonparticipants were more likely to learn about energy efficiency from traditional media sources, friends and relatives.

Reasons for Visiting the Marketplace

Cadmus asked participants how they learned about the Marketplace. Figure 1 below shows that most respondents learned about it via an email from O&R, others heard about it from O&R's website or via direct mail from O&R.

Figure 1: How Respondents Learned about the Marketplace



Marketplace Net Promoter Score

A net promoter score (NPS) is a metric of brand loyalty that measures how likely customers are to recommend a program (or product) to others. Respondents rated their likelihood to recommend the program on a 10-point scale where 1 means not at all likely and 10 means extremely likely. Respondents giving a rating of 9-10 are known as promoters, respondents giving a rating of 7-8 are known as passives, and respondents giving a 1- 6 rating are known as detractors. The NPS is expressed as a number between -100 and +100 that represents the difference between the percentage of promoters and the percentage of detractors (passives are excluded). An excellent NPS is +50 and above.

Figure 2 below shows that full participants are net promoters, while partial participants are net detractors. Survey results show full participants were twice as likely as partial participants to promote the Marketplace.

Figure 2: Net Promoter Score

Group	Percentage of Respondents	
	Full Participants	Partial Participants
Detractor (1-6)	9.2%	57.1%
Passive (7-8)	39.8%	17.9%
Promoter (9-10)	51.0%	25.0%
Net Promoter Score	+41.8	-32.1

Purchasing Decisions

Fifty-nine percent of full participants accessed the Marketplace looking for a particular product such as LEDs (72%) and smart thermostats (23%). Almost all the respondents purchased the products they initially intended to buy; the remainder could not find the product they wanted. Upon visiting the Marketplace, 65% of full participants considered purchasing more products in addition to the product they initially sought; these additional products included LEDs (45%), advanced power strips (38%), smart thermostats (24%), and Sealed home energy assessments (24%).

Overall, almost half of full participants who considered buying additional products did not do so because the products were too expensive, while 22% decided they did not need the products, and 16% decided to buy the products elsewhere.

Demographics

Ninety-nine percent of full participants own their home compared to 76% of partial participants and nonparticipants. Similarly, 97% of full participants live in a single-family home compared to 68% of partial participants and nonparticipants. Sixty-eight percent of all respondents heat their home using natural gas, and another 6% use electricity. Three-fourths of full participants cool their home with central air conditioning compared to half of nonparticipants.

Eighty percent of full participant households earn at least \$75,000 annually compared to 69% of partial participants and 59% of nonparticipants. Also, 23% of partial participants and nonparticipants were 34 years or younger compared to 11% of full participants, and 25% of full participants were 65 years or older compared to 17% of partial participants and nonparticipants.

3.0 Key Metrics

In comparison to last year's holiday season, fourth quarter of 2017 demonstrated a significant increase in site visits, page views and new customers to the My ORU Store. Record level growth included an 85% rise in traffic driven by a robust targeted media campaign and price offers. Uniquely crafted weekly email messages along with a vast number of new product introductions drove users to the site and kept their interest long enough to view nearly 100,000 product pages. Overall transactions rose by 33% and unit sales grew by 10%. Due to the large number of thermostat sales, the average order value increased by eleven dollars, as compared to last year where sales were driven mainly by lower price point LEDs. Stronger than expected traffic in December contributed to three times as many transactions and more than twice as many units sold when compared to last year. During the cold winter months when customers are concerned with comfort and high heating costs, the free in home energy audits captured their interest and lead generation was at an all-time high.

A number of early promotions and flash sales were executed prior to Black Friday in an effort to stimulate preliminary interest and drive initial sales. There were nearly 2,000 site visits and 1,500 customers who browsed the latest deals and took advantage of the pre-holiday specials. More than 50% of all traffic came from new customers and over 500 units were sold during the Black Friday through Cyber Monday weekend. Although there was an 87% increase in unit sales on Black Friday, Cyber Monday experienced a 48% decline. Overall the month of November had a slight decrease in both transactions and units sold, however, sales revenue increased along with the average order value.

Key product categories driving sales this quarter were smart thermostats and connected home products. The two top selling smart thermostat styles were the Nest and ecobee. Enhanced energy efficiency incentives and additional manufacturer rebates drove purchase prices down and increased adoption of this Wi-Fi technology. LED lighting sales declined as many customers reached their quantity limits by year-end and were not eligible for additional energy efficiency rebate incentives. Sales in advanced power strips also struggled due to lowered rebate incentives, which caused the cost of these entry price point products to rise significantly. In early November a new service offering from Sealed called the HomeAdvance Comfort Package generated a significant number of leads and home projects. One single email marketing campaign in December generated one hundred and fourteen leads on the My ORU Store.

Email messaging continued to be the primary driver of customer traffic, accounting for more than 66% of the site visits and over 75% of the purchase transactions. Paid search (Google AdWords), and direct search (typing in web address), were other top performing channels leading to considerable retail sales and site sessions. When compared to Q3, paid search increased from 1% to nearly 12%, whereas traffic from social media rose from less than 1% to more than 9%. Expanded marketing campaigns in the fourth quarter focused on Google AdWords, Facebook retargeting ads, and a paid advertising campaign in conjunction with ConEd which helped promote both company marketplaces.

As O&R continued to adjust email messaging and product offerings throughout the quarter, open and click rates hovered above industry benchmarks. Customer engagement was strong but click to open rates (CTOR) struggled slightly. Various A/B subject line tests were conducted to assess customer response indicating specific campaigns resonated more with some customers than others. In particular, messages regarding additional incentives, free shipping, last chance deals, and select gift with purchase offers seemed to draw the most interest. The project team was mindful of the frequency of emails during the holiday, as the abundance of messages during this time of year from other online retailers can cause email fatigue and loss of interest among customers. The focus remained on highlighting the most compelling promotions and new introductions.

By Q4 2017, high usage residential customers participating in the My ORU Advisor behavioral pilot were responsible for more than 21,000 logins to the online Advisor portal since the launch

last year. Email engagement remained strong as click, open and CTOR trended above industry benchmarks, demonstrating that consumers continue to actively seek out information about energy efficiency and saving money. Campaigns launched this quarter focused on winter prep tips, efficient holiday entertaining, and upcoming New Year's resolutions. Interesting information was presented in a clever and concise way designed to encourage customers to easily complete tips, home profiles and redeem rewards. To date, customers completed almost 24,000 tips, redeemed 451 rewards and completed nearly 3,000 home profiles.

3.1 My ORU Store Metrics

My ORU Store					
Email Performance	Q1	Q2	Q3	Q4	IA*
Email Open Rates	21.5%	21.1%	15.3%	20.3%	19.7%
Email Click Rates	1.4%	1.2%	1.0%	1.3%	1.4%
Email Click to Open Rates	6.5%	6.9%	6.2%	6.4%	6.9%
* Industry average (IA) -2016 Epsilon Email Benchmarks - Retail Specialty Category					

My ORU Store						
Ecommerce Metrics	Q1	Q2	Q3	Q4	2017 Total	% Var LY
Sessions	13,260	13,884	15,312	35,645	78,101	24.3%
Users	9,242	10,021	11,089	22,797	53,149	27.8%
New Users	56.2%	58.5%	57.6%	80.1%	61.1%	37.8%
Page Views	40,655	37,738	41,906	97,936	218,235	24.7%
Transactions	552	305	285	975	2,117	-18.5%
Units Sold	1,083	508	408	1,595	3,594	-33.1%
Conversion Rate	4.2%	2.2%	1.9%	2.7%	2.7%	-32.3%

My ORU Store				
Savings Metrics	Q1	Q2	Q3	2017 YTD
kWh	158,614	63,594	47,411	269,619
kW	19	21	14	54
Therms	932	3,972	3,283	8,187
Rebate dollars paid	18,716	8,529	4,967	32,212
Total # of Rebates paid	853	488	309	1,650
* Q4 savings are pending review and will be reported in the following quarter				

My ORU Store				
Product Categories	% TTL Sales Units Q4	% TTL Sales Revenue Q4	% TTL Sales Units 2017 Total	% TTL Sales Revenue 2017 Total
Advanced Power Strips	6%	3%	11%	4%
Connected Home	3%	3%	2%	3%
Lighting	50%	20%	54%	24%
Outdoor Living/Portable Power	1%	0%	1%	0%
Services	15%	22%	12%	28%
Thermostat	21%	51%	15%	39%
Water Saving	4%	1%	5%	2%

My ORU Store					
Visits by Channel %	Q1	Q2	Q3	Q4	2017 Total
Email	61.9%	58.2%	58.4%	45.6%	53.1%
Direct	17.7%	14.7%	19.1%	18.3%	17.7%
Referral	10.0%	11.4%	12.7%	9.8%	10.7%
Organic Search	8.5%	9.0%	6.6%	4.4%	6.4%
Paid	0.0%	6.0%	1.4%	11.8%	6.7%
Social	0.6%	0.5%	0.5%	9.2%	4.5%
Other/Display	1.3%	0.3%	1.4%	0.9%	1.0%

3.2 My ORU Advisor Metrics

My ORU Advisor			
Behavioral Metrics	2016*	2017	PTD
Logins	8,247	12,906	21,153
New Users	3,594	2,102	5,696
Tips	9,333	14,546	23,879
Badges Earned	6,485	5,115	11,600
Home Profile Completed	1,707	1,229	2,936
Reward Redemption	7	444	451
Unsubscribes	1,101	1,160	2,261

* My ORU Advisor pilot launched mid-year 2016.

My ORU Advisor					
Visits by Channel %	Q1	Q2	Q3	Q4	% YTD
Email	88.2%	86.3%	79.1%	82.1%	84.4%
Direct	5.9%	8.0%	9.3%	9.8%	7.9%
Referral	0.4%	0.5%	0.6%	1.0%	0.5%
Organic Search	1.0%	1.0%	3.3%	2.0%	1.8%
Other	4.5%	4.3%	7.8%	5.2%	5.4%

My ORU Advisor					
Email Performance	Q1	Q2	Q3	Q4	IA*
Email Open Rates	22.7%	21.1%	21.3%	19.1%	18.2%
Email Click Rates	2.1%	1.2%	2.2%	1.4%	0.9%
Email Click to Open Rates	9.4%	6.3%	10.1%	7.1%	4.8%
* Industry average (IA) -2016 Epsilon Email Benchmarks - Retail Specialty Category					

3.3 Demand Response Metrics

To date, smart thermostats purchased from the MY ORU Store represent 11% of the total enrollments in O&R's Bring Your Own Thermostat Program (BYOT), with 231 customers connecting 281 smart thermostats. The energy savings from these Wi-Fi thermostats represent up to 231 kW of demand reduction when a load reduction event is called.

Demand Response/BYOT					
Metrics	Q1	Q2	Q3	Q4	PTD*
# of Customers Enrolled	27	21	12	12	231
# of Connected Devices	41	26	14	13	281
kW Savings	27	21	12	12	231
* Program to Date (original launch October 2015)					

4.0 Strategic Objectives for 2017

Strategic initiatives this quarter for the My ORU Store focused on expanded product and service offerings by introducing a new and exciting portable power category, additional connected home devices, and other seasonal items such as holiday lighting. Many of these offerings generated interest, attracted new customers, drove increased traffic and stimulated sales.

Marketing campaigns were expanded to include cooperative paid advertising with O&R and ConEd to promote both company marketplaces in print and radio advertising. Targeted social media campaigns using Facebook, digital ads, Google AdWords, Visitor digital displays in subway stations, a newly designed holiday catalog and consecutive monthly bill inserts enhanced customer awareness and drove traffic. The project team worked closely and swiftly with the recently on boarded advertising agency to design a unique campaign this quarter that was more micro-targeted as compared to the broad based awareness initiatives of the prior year.

Specifically the social media plan on Facebook tested a new marketing strategy by segmenting the O&R residential customer base into targeted affinity groups based on demographics, interest levels and shopping behaviors. This method proved successful as it drove increased traffic from this channel to specific landing pages with unique product offerings. Google Ad words included search, retargeting, and display ads as part of larger campaign that began in early November and continued throughout the holiday season.

The project team continued to promote the My ORU Store internally with focused efforts through various employee communications including newsletters, corporate emails and eBoards. The first quarterly newsletter was distributed to all CSRs informing them of the upcoming new products, holiday sales and promotional offers that could be shared with customers as easy low cost solutions to high bill concerns.

Over 14,000 new email addresses were added to the subscriber list in Q4, which resulted in more than 180 new customers transacting during the Black Friday/Cyber Monday weekend.

Outreach events remained a priority as a hands-on, personalized approach to engage customers and share the many benefits of the marketplace. With the recent AMI rollout, customer communication included information about the My ORU Store.

Plans to increase referral traffic from the O&R company website included additional placement on the home page. This allows customers another easy way to find the store if interested in shopping for energy efficient products and services.

Energy efficiency rebates were increased on all Wi-Fi thermostats as well as several water saving devices to promote adoption of these technologies and achieve energy savings. Additional manufacturer rebates were negotiated to promote increased sales and stimulate enrollment in the residential demand response program.

In an effort to accelerate sales earlier in the holiday selling season, several promotional offers were marketed ahead of Black Friday/Cyber Monday, allowing for a smoother fulfillment of orders and a better overall customer experience. Email messages were more targeted to select audiences, and past transaction information was incorporated into the logic of who would receive specific offers. This tactic improved click, open and click to open rates from the prior quarter.






















System testing, including transaction volume testing was performed before the holiday season to ensure that spikes in traffic would not impact website functionality. Site pages were audited to capture any points of failure and image optimization was conducted to reduce load time for both desktop and mobile devices. Rebate processing rate limits were increased so that instant rebate processing did not fail during peaks of high volume orders. Additionally, there were some front-end enhancements made to the backorder messaging, cart refresh functionality, and updated sale price displays.

Cadmus was retained as the evaluator for the Customer Engagement Marketplace Platform and has provided a preliminary report with findings from participant and non-participant surveys. The data is being reviewed and will be used to provide guidance and suggestions for project improvements and measures additions.

Both Simple Energy and O&R's project teams are working together on a new solar platform and an expanded offering of services. The recent initiative to support non-profit organizations with

energy saving product offerings has been identified as a unique opportunity to drive sales volume while supporting customer's energy efficiency needs.

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 for integrating this on the My ORU Store is still in development. The team is working to find an enhanced web platform to accommodate additional third party providers and non-fixed priced services.

6.1 Expected Changes

	2015	2016												2017												2018				
Phase	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, 55,609 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 2018.

6.2 Challenges

Product Sales

Slower than expected sales on large appliances indicate the need to develop a more robust product assortment, as well as an enhanced user-friendly platform. Additionally, increased marketing efforts specifically promoting these products would help to heighten awareness among customers. The newly launched portable power category exhibited less than projected sales results due to the seasonality of these outdoor products, the timing of the launch and the minimal marketing focus given during the Black Friday/Cyber Monday promotions. Sales declined dramatically in LED lighting and advanced power strips, the two top product categories in unit sales as a result of the decrease in energy efficiency rebate levels.

Additionally, for the past two years lighting and smart thermostats were heavily promoted as key sales drivers, however, challenges remain sustaining engagement and revenue over time unless new equally popular offers are quickly launched on the My ORU Store.

Services

Although the team was successful in renewing current contractor participation at increased listings rates for the 2018 year, the attainment of additional third party local contractors has been more challenging than expected. Some concerns communicated to the project team from existing contractors include that the threat of additional business listings could potentially reduce their share of the overall service orders, as business would be spread out by more installers. Additionally, there was concern that adding new partners would result in an increase in order volume that would be difficult for their businesses to operationally manage. The project team participated in contractor forums to educate these providers on the benefits of energy efficiency and the opportunity to market their services to O&R customers. The project team retained Cadmus, an impact and evaluation vendor to survey the participating and non-participating service providers to gain valuable feedback to be used to develop more mutually beneficial offerings. Results are currently being evaluated to determine next steps.

Communication

The project team continues to align its communications with other corporate initiatives so that customers are not overloaded with messages from different areas of the Company. With the launch of AMI, O&R customers have received a large number of email and direct mail communications. The risk of not monitoring the volume of messages can inevitably cause unsubscribe rates to increase. The project team plans to keep Simple Energy apprised of these initiatives to ensure that email fatigue does not develop among the My ORU Store customers. Currently, there are many provisions in place to ensure customer choice in providing their contact information and information is clearly provided on how to unsubscribe from mailing lists.

Future Platforms

Simple Energy has been in the process of developing a new solar platform that will provide customers with timely project estimates and solar installers 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 complex interconnection process in order to streamline steps and ensure a seamless customer experience. The development of this platform has been slower than originally anticipated, but the project team expects the launch of solar products/services in early 2018.

Market Studies

In Q3, O&R completed an audience segmentation study that divided customers into one of five psychosocial consumer segments based on energy usage. Two specific goals of the study were to increase interest in the purchase of energy efficient products on the My ORU Store and build awareness and participation in the existing energy efficiency programs. Based on results from the study, the team was able to identify each segment's propensities for future energy-related actions. Customer profiles were created based on psychosocial and demographic information, energy consumption, and lifestyle characteristics. The information gathered is expected to be used to drive future engagement, stimulate conversion and enhance the customer's overall experience on the My ORU Store and My ORU Advisor.

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

- 1) Customers are very price sensitive; they take time to understand and adopt the latest technologies; many of our offerings are niche products that drive interest, but are slow to stimulate customer purchases; a stronger need for more volume and margin drivers in the product assortment.
- 2) Opportunity to build a more robust loyalty program and/or reward programs for repeat customers – evaluate statistics on gift card redemption to determine additional opportunities for this type of promotion long term.
- 3) Sealed no cost in-home audit leads soared in December when multiple marketing efforts were implemented – the project team recognized a need to provide multiple avenues for

enrollment and dedicated a specific O&R phone number that connects customers directly to Sealed for signup.

- 4) Targeted messaging has proven to be successful when reaching customers and driving purchases; personalized messages resonate well and the project team recognizes an opportunity to utilize customer data, from internal and external sources, to customize communications.
- 5) Holiday Planning key takeaways - earlier communication about offers and new products; continue to build in more lead time when possible to allow for unforeseen issues and sufficient time to promote.
- 6) Educating CSRs about the latest store offerings increases awareness among customers – the project team plans to provide regular updates through presentations and newsletters.
- 7) Quantity limits provide challenges as many customers do not fully understand the reasons they are implemented – the project team is in the process of revising the rebate quantity limit structure from product to category levels – this change will allow customers more freedom to choose the type of styles that best meet their needs – this conversion requires review by the energy services department and IT support and planned implementation is early 2018.
- 8) Launch more campaigns for Advisor to excite and encourage customers to participate/ educate CSRs and provide them with information, help them better manage their energy usage and their bills – several campaigns to promote completing the online home audit were successful in increasing engagement.
- 9) Continue to solicit feedback from contractors on the design of an expanded services platform to ensure that needs are met.
- 10) Expand customer outreach events in O&R service territory as these are crucial opportunities to build awareness and promote the My ORU Store.
- 11) Continue to partner with Suez as they enhance their conservation program - expand rebates and introduce new water-energy saving product bundles to customers.

7.4 Recommendations

The project team suggests the following recommendations:

- 1) Develop the My ORU Store into a one stop shop for all energy efficiency needs by adding more educational materials and online home audit tools.

- 2) Utilize the market data compiled by the consultant to deliver more meaningful, personalized messages to targeted customer groups defined by this segmentation study.
- 3) Complete implementation of a new customer service line “on hold” message that promotes the My ORU Store and includes a prompt for inquiries that will take customers directly to a phone number for store support.
- 4) Participate in outreach events to build awareness of the My ORU Store; select unique opportunities to launch a raffle contest, when appropriate, to increase customer interest.
- 5) Pursue enhancements to the O&R website; make recommendations for cross promotion of the My ORU Store, when appropriate, and continually add information/links to the online audit tool.
- 6) Utilize the OR YOU Exchange, a new online community for future surveys about the MY ORU Store and My ORU Advisor to gain valuable customer feedback.
- 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) Further introduce the My ORU Store to new customers through corporate communications such as a welcome letter.

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

Appendix E: My ORU Store: Marketing Email – Limited Time Offers

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

Appendix G: My ORU Store – External Communications

Appendix H: My ORU Store – Paid Advertising

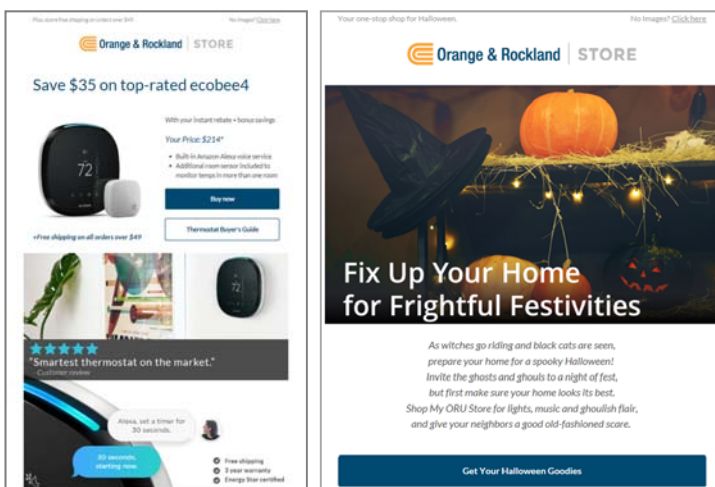
Appendix I: My ORU Store: Corporate Communications

Appendix J: My ORU Advisor: Sample Emails

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

Check out Sealed's new home energy package. No images? Click here.

Orange & Rockland | STORE



Upgrade Your Home at No Upfront Cost

If your home is feeling drafty, it's a sign that you're wasting energy – and money. Put that money to better use with HomeAdvance.

- Get up to \$6,500 in home comfort and energy upgrades, like insulating and air sealing your home with little to no upfront costs or change to your monthly budget.
- The money you save on energy each month will cover these upgrades and program costs.

You'll improve the comfort, safety and value of your home at no added expense. Genius, right?

[Get Started](#)

What's Included in the Comfort Package?

- Air sealing
- Insulation
- Smart thermostats
- LED light bulbs and more

How Does it Work?

- HomeAdvance looks at your past energy bills to calculate how much you would've spent each month before making the upgrades. The difference between your old bill and your new bill covers the project costs.
- If the upgrades don't work, HomeAdvance doesn't make money. So they're tied to your success.
- Simply sign up to learn more by adding the no-cost HomeAdvance Comfort Package to your cart.
- No interest payment. No risk. No catch.

[Sign up at No Cost!](#)

Check out Sealed's new home energy package. No images? Click here.

Orange & Rockland | STORE

Fix drafts and cold floors at NO COST to you!



Learn how HomeAdvance pre-pays for up to \$6,500 in upgrades, like insulation and air sealing. Up to 30% of the money you are spending on heat could be flying right out of your attic.

Ready to start living in the comfort you deserve? Sign up with no obligation to get qualified for the program.

[Get Qualified Today](#)

What's Included in the Comfort Package?

- Air sealing
- Insulation
- Smart thermostats
- LED light bulbs and more

Seal sources of air leakage to stop drafts


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

Your second chance to save. No images? Click here.

Orange & Rockland | STORE

Black Friday Deals Extended

Shop Before We Sell Out!



Lowest Price Anywhere on WiFi thermostats*

Markdowns on Connected Home

New Solar and Lighting Products

[View Black Friday Offers](#)

Happy Thanksgiving. No images? 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.

OH MY! Should I?

You don't want to miss out on these Black Friday deals!

Don't Delay, Some Offers Expire Today

[Continue Shopping](#)

NEW OFFERS!

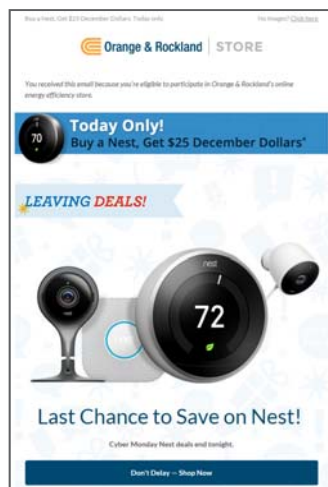
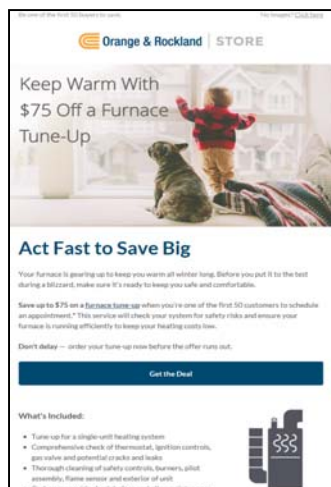
New Product Alert

Goal Zero Solar Power

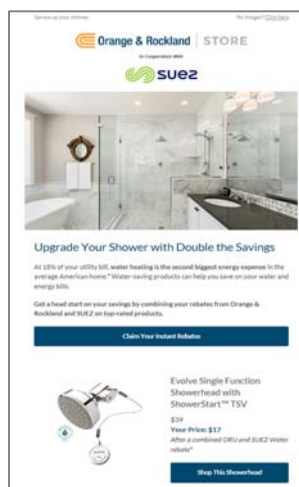
From solar panels to portable batteries and solar powered speakers, Goal Zero has everything you need to stay charged.

[See Offers on Goal Zero](#)

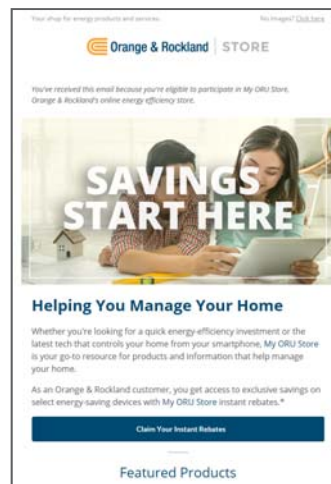
Appendix E: My ORU Store: Marketing Email – Limited Time Offers



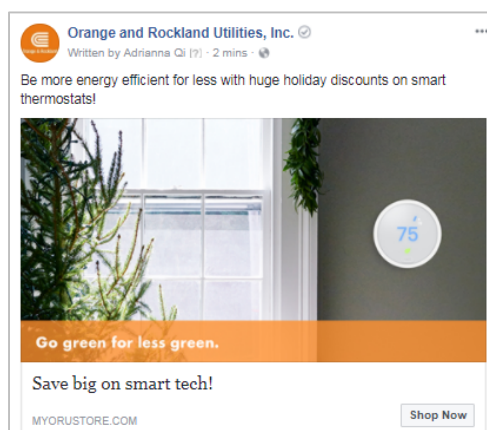
Appendix F: My ORU Store: Suez and Water Saving Emails



Appendix G: My ORU Store: External Communications



Appendix H: My ORU Store: Paid Advertising



Facebook Ad (1 of 4)



Print Ad

Appendix I: My ORU Store: Corporate Communications



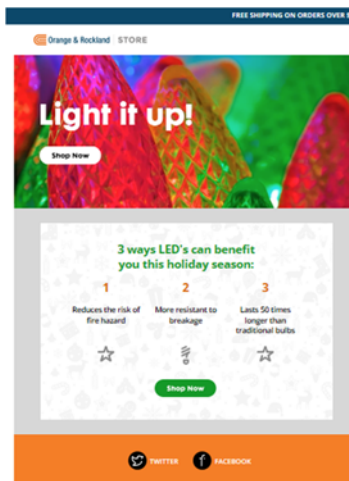
Employee Email



Employee E-Boards



AMI Customer Welcome Letter



O&R Customer Email

Appendix J: My ORU Advisor: Sample Emails

