

Utility Innovations in Green Power Marketing

Techniques and Lessons Learned

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Tuesday, October 28th 2008



Energy for Tomorrow[®] to date

- One of the first green pricing programs – introduced in 1996
- Over 18,000 residential customers enrolled – about 2%
 - Premium of 1.37 cents/kWh
 - Option of 25%, 50% or 100% participation level – an average of \$5.14/month at the 50% level.
- Over 797 business customers including:

Neenah Paper

MATC

FedEx Kinko's

GE Healthcare

REI

QuadGraphics

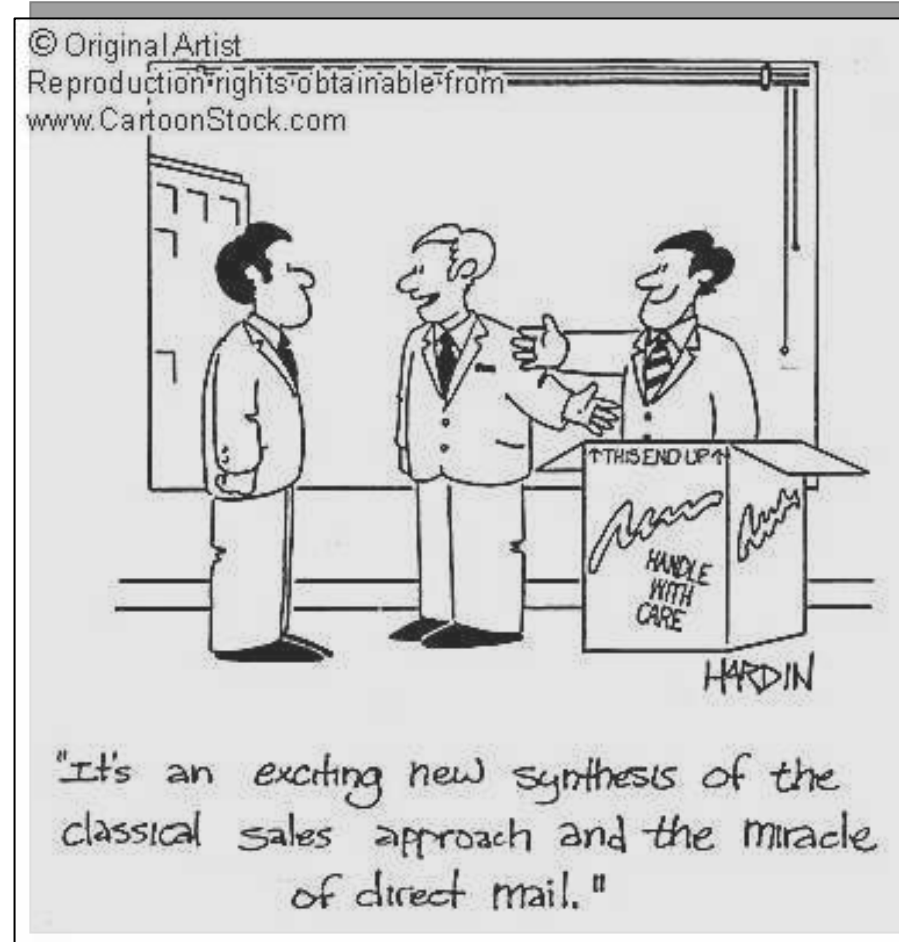
Paying bulk rate @ 1.00 cents/kWh



Energy For Tomorrow – Marketing Strategy

■ Direct Mail

- Cost effective - \$30 to \$35 per enrollment
- Low administrative cost
- Effective
 - 2006 - 2007 enrolled 3,840 customers with our Problem Solver message
 - Average response rate of 1.89%



Direct Mail Tools

■ Messaging

- E Source Utility Communicators Service



■ Segmentation

■ Claritas PRIZM NE

- Segmentation data identified by numbers with clever names...01 – Upper Crust
 - 66 different customer groups
- Customers grouped by zip code
- Allows targeting based on any purchase and media behavior



2006 – 2007 DM Problem Solver Message

You solve problems every day. Now you....

WE Energy
1234 Main St.
Anytown, CA 90210
www.weenergy.com

Problem Solver

You solve a problem every day. Now you can help make a difference in the environment every day, too.

You have that feeling of "what do you get when you solve a problem. The answer is the problem you are most concerned about seems out of your control - it's hanging over the horizon. That's it, nothing. You end it there up your hands, but that's not you. You don't let it go. When it comes to improving the environment, you want to choose how the electric city you connect are generated.

How you can. Switching to WE Energy for Tomorrow renewable energy program, you may not realize it, but you do have a positive impact on the environment today - and every day.

You have a choice to make. You can choose to generate it. When you need it. Energy for Tomorrow, we generate it for you. We generate it from renewable resources such as wind, biomass and solar, and add it to the overall power supply. Take a look at the chart on the back of this letter to see how WE Energy for Tomorrow 2008 projected power supply mix.

Renewable energy is here today and it's working. The renewable energy used for Energy for Tomorrow is generated in Wisconsin and Iowa. Increasing the amount of renewable energy produced will reduce emissions in our communities.

When you solve a problem, you don't want to see the amount of the problem that you've solved. You want to see the amount of the problem that you've solved. When you solve a problem, you don't want to see the amount of the problem that you've solved. You want to see the amount of the problem that you've solved.

WE Energy for Tomorrow 2008 projected power supply mix

Source	Percentage
Wind	67%
Landfill gas	42%
Solar	<1%

WE Energy for Tomorrow 2008 projected power supply mix

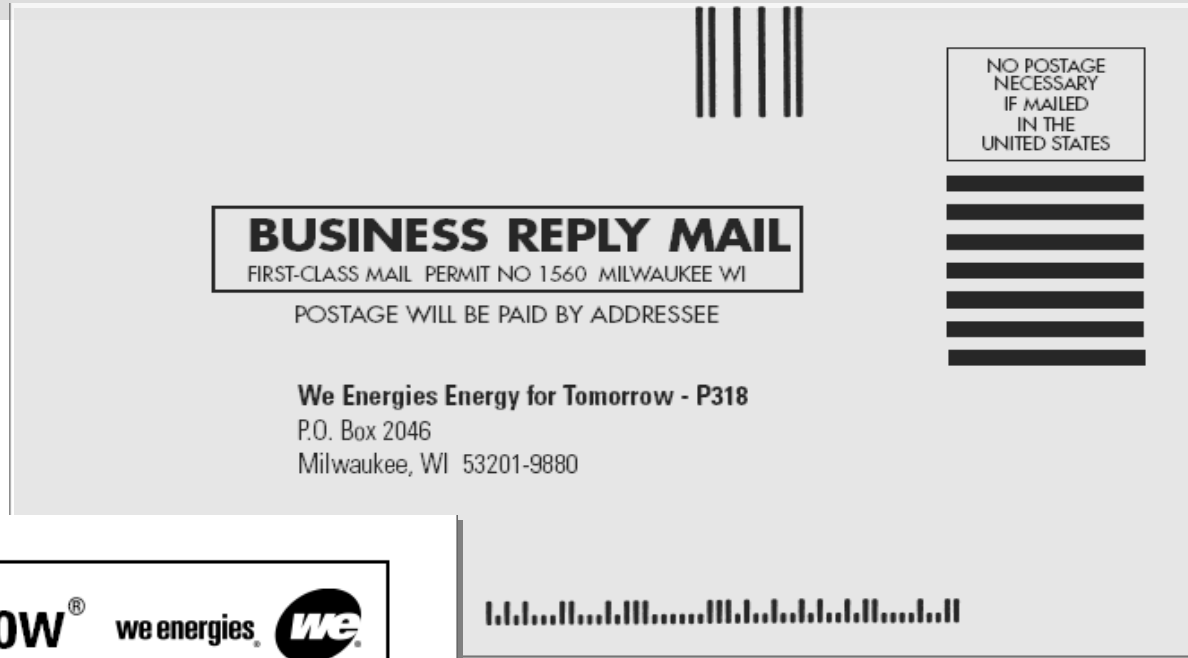
- Call to action
- Simple message
- Simple enrollment

- Trusted by the customer
- Used segmentation – Clarita's PRIZM NE Segments

- Low hanging fruit – targeted the best performers
- Focused on “Social groups”



Problem Solver Message – enrollment card



Yes, please sign me up for the We Energies Energy for Tomorrow program.
I want to support increased production of renewable energy.

Sign me up to participate at a level of: 25% 50% 100%

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Signature: _____

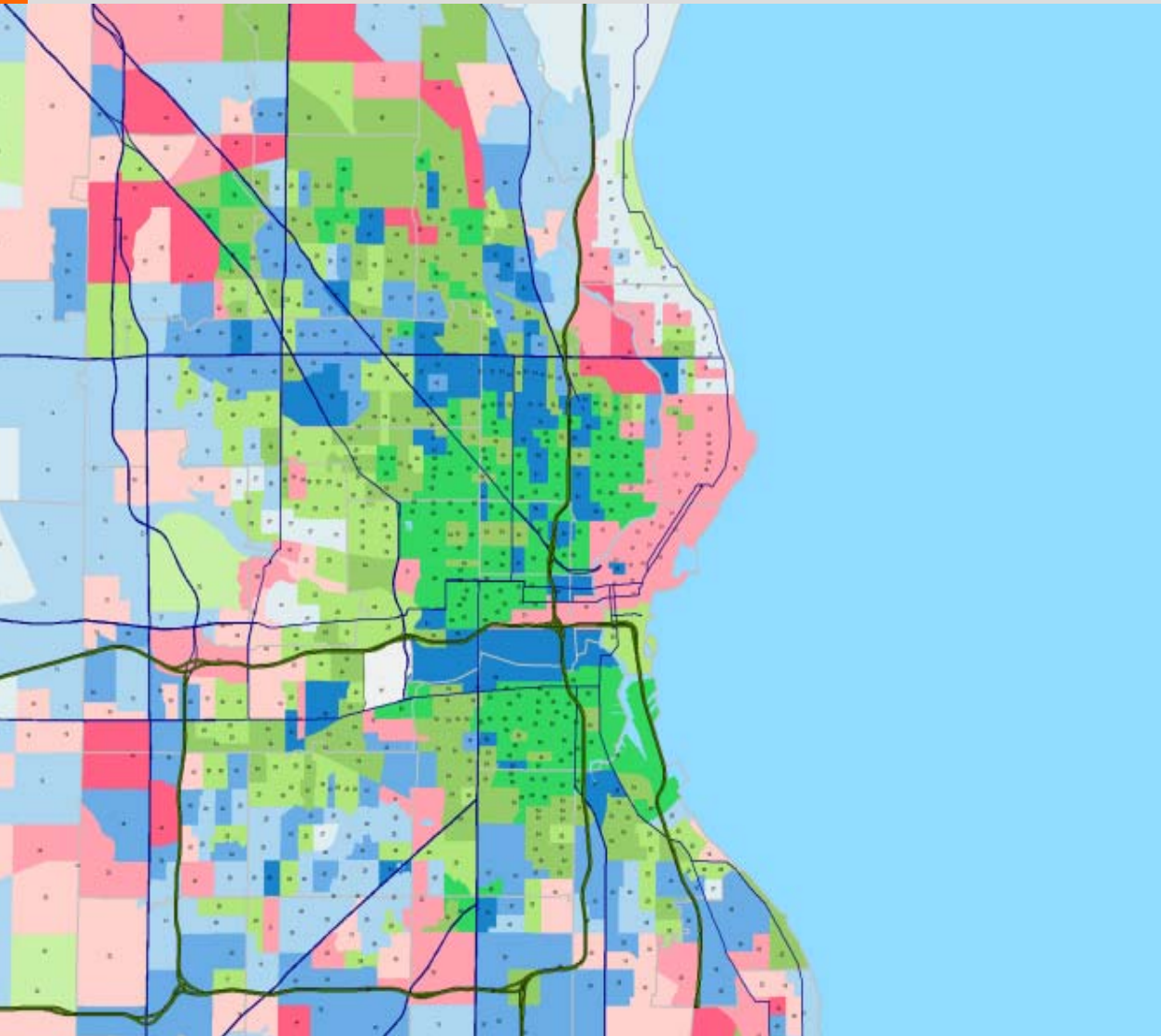


2008 Campaign – 1,2,3 Message

- First things first – Who is our audience?
 - Exhausted the early adopters – now what!
 - Focused on next group of likely adopters
 - Focused on “Lifestage Group” instead of “Social Group”
 - “Younger Years”, “Family Life” and “Mature Years”
 - Wanted to target consumers who were interested in purchasing renewable energy, but who had not yet acted on their interest.



Milwaukee by PRIZM Lifestage Groups





<p>F1 ACCUMULATED WEALTH</p> <ul style="list-style-type: none"> 02 Blue Blood Estates 05 Country Squires 06 Winner's Circle 	<p>Y1 MIDLIFE SUCCESS</p> <ul style="list-style-type: none"> 03 Movers & Shakers 08 Executive Suites 11 God's Country 12 Brite Lites, LIT City 19 Home Sweet Home 25 Country Casuals 30 Suburban Sprawl 37 Mayberryville 	<p>F2 YOUNG ACCUMULATORS</p> <ul style="list-style-type: none"> 13 Upward Bound 17 Beltway Boomers 18 Kids & Cul-de-Sacs 20 Fast-Track Families 29 American Dreams 	<p>Y2 YOUNG ACHIEVERS</p> <ul style="list-style-type: none"> 04 Young Digerati 16 Bohemian Mix 22 Young Influentials 23 Greenbelt Sports 24 Up-and-Comers 31 Urban Achievers 35 Boomtown Singles 	<p>Y3 STRIVING SINGLES</p> <ul style="list-style-type: none"> 42 Red, White & Blues 44 New Beginnings 45 Blue Highways 47 City Startups 48 Young & Rustic 53 Mobility Blues 56 Crossroads Villagers 	<p>F3 MAINSTREAM FAMILIES</p> <ul style="list-style-type: none"> 32 New Homesteaders 33 Big Sky Families 34 White Picket Fences 36 Blue-Chip Blues 50 Kid Country, USA 51 Shotguns & Pickups 52 Suburban Pioneers 54 Multi-Culti Mosaic 	<p>F4 SUSTAINING FAMILIES</p> <ul style="list-style-type: none"> 03 Family Thrifts 04 Backrock America 05 Big City Blues 06 Low-Rise Living 	<p>M1 AFFLUENT EMPTY NESTS</p> <ul style="list-style-type: none"> 01 Upper Crust 07 Money & Brains 09 Big Fish, Small Pond 10 Second City Elite 	<p>M2 CONSERVATIVE CLASSICS</p> <ul style="list-style-type: none"> 14 New Empty Nests 15 Pools & Patios 21 Gray Power 26 The Cosmopolitans 27 Middleburg Managers 28 Traditional Times 	<p>M3 CAUTIOUS COUPLES</p> <ul style="list-style-type: none"> 38 Simple Pleasures 39 Domestic Duos 40 Close-In Couples 41 Sunset City Blues 43 Heartlanders 46 Old Glories 49 American Classics 	<p>M4 SUSTAINING SENIORS</p> <ul style="list-style-type: none"> 05 Golden Ponds 07 Old Milltowns 08 Back Country Folks 09 Urban Elders 10 Park Bench Seniors 11 City Roots 12 Hometown Retired
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Younger Years



Family Life



Mature Years



We Energies' EFT targets: who are they?

PRIZM Segments	We Energies Territory		EFT Participants			
	Count	% Comp	Count	% Comp	Users/100 HHs	Index
Upward Bound	11,843	0.76	241	1.46	2.03	192
Beltway Boomers	13,263	0.85	371	2.25	2.80	265
Kids & Cul-de-sacs	20,806	1.33	223	1.35	1.07	101
White Picket Fences	14,777	0.95	160	0.97	1.08	102
Blue-Chip Blues	18,974	1.22	145	0.88	0.76	72
EFT Targets	79,663	5.11	1,140	6.91	1.43	135

Of the segments chosen to target for the EFT program, 1,140 households are currently signed up – just over one percent. This leaves approximately 78,523 households to target.



Target Segments

- Used PRIZM segments 13, 17, 18, 34, 36
 - Upward Bound – 13 (LG Young Accumulators)



13 Upward Bound

Upscale, Middle Age w/ Kids

More than any other segment, Upward Bound appears to be the home of those legendary Soccer Moms and Dads. In these small satellite cities, upscale families boast dual incomes, college degrees, and new split-levels and colonials. Residents of Upward Bound tend to be kid-obsessed, with heavy purchases of computers, action figures, dolls, board games, bicycles, and camping equipment.

- Beltway Boomers – 17 (LG Young Accumulators)



17 Beltway Boomers

Upper-Mid, Older w/ Kids

The members of the postwar Baby Boom are all grown up. One segment of this huge cohort—college-educated, upper-middle class, and home-owning—is found in Beltway Boomers. Like many of their peers who married late, these Boomers are still raising children in comfortable suburban subdivisions, and they're pursuing kid-centered lifestyles.



Target Segments

■ Kids & Cul-de-Sacs – 18 (LG Young Accumulators)



18 Kids & Cul-de-Sacs

Upper-Mid, Younger w/ Kids

Upper-middle class, suburban, married couples with children—that's the skinny on Kids & Cul-de-Sacs, an enviable lifestyle of large families in recently built subdivisions. With a high rate of Hispanic and Asian Americans, this segment is a refuge for college-educated, white-collar professionals with administrative jobs and upper-middle-class incomes. Their nexus of education, affluence, and children translates into large outlays for child-centered products and services.

■ Blue-Chip Blues – 36 (LG Mainstream Families)



36 Blue-Chip Blues

Midscale, Younger w/ Kids

Blue-Chip Blues is known as a comfortable lifestyle for ethnically-diverse, young, sprawling families with well-paying blue-collar jobs. The segment's aging neighborhoods feature compact, modestly priced homes surrounded by commercial centers that cater to child-filled households.

■ White Picket Fences – 34 (Mainstream Families)



34 White Picket Fences

Midscale, Younger w/ Kids

Midpoint on the socioeconomic ladder, residents in White Picket Fences look a lot like the stereotypical American household of a generation ago: young, middle-class, and married with children. But the current version is characterized by modest homes and ethnic diversity, including a disproportionate number of Hispanics and African-Americans.



We Energies' EFT targets: who are they...

- Second City and Suburban homeowners
- Midscale to upscale incomes
- Predominantly aged 25-44
- Children present in the household
- At least some college education
- Both white and blue collar workers

Busy!

Family!

Concerned!

But unsure of how they can help without a sacrifice.



Too busy to save the environment?
Now it's as easy as 1-2-3.

we energies
231 W. Michigan St.
Milwaukee, WI 53203
www.we-energies.com



**Too busy to save the environment?
Now it's as easy as 1-2-3.**

In less than five minutes you can join more than 17,000 Wisconsin residents who are making a positive difference in the environment every time they turn on a light.

When you enroll in our Energy for Tomorrow program, we match up to 100 percent of your electric needs by producing and purchasing additional amounts of electricity generated from wind power, biomass and solar energy. Energy for Tomorrow helps you have a positive impact on the environment every day. Joining the program is as easy as 1-2-3.

1. Choose your participation level.

- **100%** – For about 35¢ more a day (about \$10 more per month), we will match 100 percent of your electricity use with purchases of renewable energy.
- **50%** – For about 17¢ more a day (about \$5 more per month), we will match 50 percent of your electricity use with purchases of renewable energy.
- **25%** – For about 8¢ more a day (about \$2.50 more per month), we will match 25 percent of your electricity use with purchases of renewable energy.

(Note: estimated costs are based on average We Energies customer consumption of 750 kilowatt-hours per month)

2. Enroll using one of three easy methods.

- **Mail:** Sign the tear-off form at the bottom of this letter and return it in the enclosed envelope.
- **Online:** Visit www.we-energies.com/ef
- **Phone:** Call 800-242-9137 to speak to one of our helpful customer service representatives.

(over)

You can make a difference in the environment today.

- Energy for Tomorrow has more than 17,000 residential participants just like you.
- More than 700 Wisconsin businesses are powered by renewable energy purchased through Energy for Tomorrow.
- In 2007, Energy for Tomorrow participants reduced CO₂ emissions by more than 93,000 tons.*
- www.epa.gov
- The Energy for Tomorrow premium of \$0.0337 per kWh is approved by the Public Service Commission of Wisconsin.

*Based on actual Energy for Tomorrow power purchases for 2007.

Signing up is as easy as 1-2-3.

Energy for Tomorrow enrollment form

Yes – please enroll me in the Energy for Tomorrow program at the level of (check one):

- 100% 50% 25%

Signature: _____

Date: _____

You may cancel participation in this program at any time. Visit www.we-energies.com/ef for more information.

Message Development

- New message
- New look
- New reply method

3. Feel good that you are making a difference.

Energy for Tomorrow is independently certified by Green-e Energy to ensure that it is environmentally sound and delivers renewable energy as promised. Take a look at the chart below to see the renewable sources used to power the lines of Energy for Tomorrow participants.

It's that easy. Clean energy is here today and it works. So, sign up now and start making a difference in the environment today.

Thank you,



Patrick Kelly
Energy for Tomorrow Program Specialist

P.S. Remember, in less than five minutes you can make a positive difference.

Energy for Tomorrow- 2008 projected power supply mix
Energy for Tomorrow renewable sources are located in Wisconsin and Iowa.



Source	Percentage
Wind	57%
Landfill gas	42%
Solar	<1%

Energy
CERTIFIED

This program is Green-e Energy certified. Visit green-e.org or call 1-866-GREEN for more information.



1,2,3 Message - mail back card with envelope

Energy for Tomorrow enrollment form

Yes – please enroll me in the Energy for Tomorrow program at the level of (check one):

100% 50% 25%

Signature: _____

Date: _____

You may cancel participation in this program at any time. Visit www.we-energies.com/efit for more information.

Return this form in the enclosed envelope or mail it to:

We Energies Energy for Tomorrow – P318
P.O. Box 2046
Milwaukee, WI 53201-2046



Results

- Problem Solver Message is still on top
 - Response Rate of 2.203%
- 1,2,3 Message
 - Response Rate of .941%



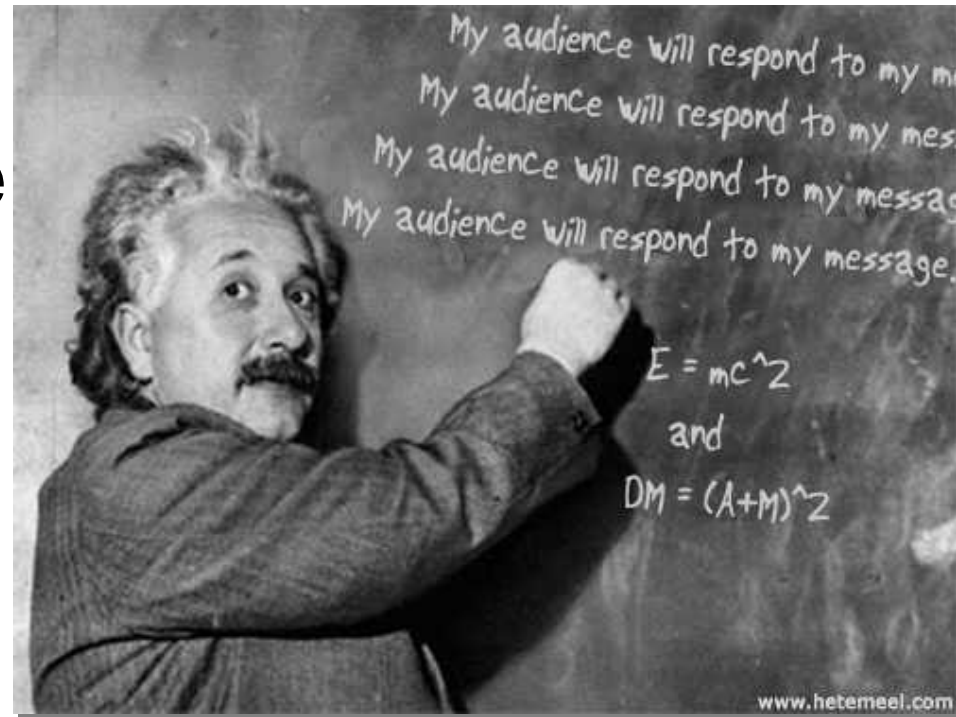
So, what did we learn....?

- What went wrong, was it the...
 - Message?
 - Segments?
 - New format/enrollment?
- Did we over-think our audience? Were their index scores too high already?
 - Or did we just have an ineffective message...



What's next for direct mail

- Reformatted the Problem Solver message to resemble the 1,2,3 message
- Launching a direct mail campaign to test the format using the Problem Solver message





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