

COMMUNICATIONS RECOMMENDATIONS

DSM – ROCKY MOUNTAIN POWER

EXHIBIT - 3

MAY 12, 2009

A. OVERVIEW OF COMMUNICATIONS RECOMMENDATIONS

For many years the company has introduced demand-side management programs to customers without a dedicated budget to promote overall awareness and benefits of energy efficiency to customers. By developing an integrated campaign using a strong multi-media approach that is in addition to our current activities, we will be able to increase awareness and change behavior. In order to do this, Rocky Mountain Power needs to effectively and strategically communicate the value of energy efficiency, load management and the implications of the company's pricing structure through an integrated and consistent campaign. For this reason, Rocky Mountain Power will develop a new communications campaign with increased frequency and message reach. This campaign will resonate with Rocky Mountain Power customers, educate them on the importance of the issue, and motivate them to take action.

Specifically in regard to DSM and energy efficiency issues customers must undergo a series of stages leading toward the eventual adoption of a significant attitude and behavior change:

- Perceived personal benefits – If I participate in energy efficiency and DSM programs, how will I benefit financially and how will my quality of life improve?
- Perceived social benefits – How will my participation impact both the environment and the cost of electricity for all Rocky Mountain Power customers?
- Perceived barriers – What are the barriers to success of this effort? How can the barriers be overcome?
- Self efficacy – I believe I can make a difference. I am changing my energy consumption behaviors.

To successfully communicate the goals of Rocky Mountain Power and lead customers through the stages above, we will use multi-media -- including TV, radio, print, as well as online advertising, local sponsorships and outreach to:

1. Educate residential customers about RMP's pricing structure
2. Build awareness of the energy efficiency opportunities and energy efficiency and demand management programs offered by RMP
3. Identify the personal and social benefits associated with energy efficiency and demand management.
4. Motivate them to change their behavior and act on those opportunities

To successfully communicate and build awareness of the DSM programs, educate customers and create lasting behavior change towards energy conservation, we have developed a high level communications concept that is anticipated to require an annual investment of \$1.5 million dollars to achieve the necessary results for the campaign. Upon receiving approval from the Public Service Commission of Utah, Rocky Mountain Power will develop a detailed three year action plan utilizing the approaches outlined in sections B through E. The three year action plan will be forwarded to the DSM Advisory Committee for review and comment as part of the implementation process. Following year one and each subsequent year of the campaign the program's effectiveness will be assessed prior to the implementation of the following year's campaign to ensure the program is achieving its desired objectives (see section F. PRE- AND POST-CAMPAIGN RESEARCH). The priorities for the first six months following initial approval of the program will be:

- An immediate increase in general energy efficiency awareness messaging;

- Development and deployment of media communications focused on pricing structure*;
- Development and deployment of media communications focused on building awareness of Rocky Mountain Power's energy efficiency and load control program†;
- Development and initiate implementation of an expanded web strategy; and
- Finalize the public outreach plan for implementation in 2010.

B. MEDIA

Media Objective

Effectively reach Rocky Mountain Power's Utah residents to provide them with targeted messaging of energy conservation, energy efficiency, demand management and information regarding the tiered rate structure.

Media Parameters

Timing

- DSM communications will run throughout the year, but heightened advertising will run during the spring and summer in order to reach customers prior to and during the peak cooling season. The advertising campaign will run during the months of April, May, June, July and the beginning of September. It is during this time when electricity consumption begins to climb as air conditioners are being switched on.

Target Audiences

- **PRIMARY:** Households in Rocky Mountain Power's Utah service territory
 - Television and radio buying target: adults 25-54 (English and Spanish speaking)
 - Advertising will skew 70% female; 30% male
 - Research shows that women are not only seeing and paying the utility bills, but they are mostly responsible for taking any action on DSM programs
 - Media vehicles will be chosen that favor the audience segment that desires to save money *and* help the environment
- **SECONDARY:** Early adopters and public decision makers
 - Will be reached via blogs, public relations, public affairs and marketing strategies that encourage individuals to pass on our message to others.
- **TERTIARY:** Small and large businesses
 - Magazine and outreach

Media Selection Criteria

Television in the Salt Lake City DMA covers the entire state of Utah. Radio will provide efficient secondary support as an excellent warm-weather medium. Newspaper will provide additional reach in all areas, but particularly in rural areas in need of additional support.

All messaging will drive customers to a specific section of Rocky Mountain Power's Web site. This section houses energy efficiency tips and all program information. The Web site will provide a platform for people to research and discover new ways to conserve energy. Online advertising will also work as an additional support medium to television, radio, and newspaper, particularly effective in driving traffic to

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the Web site. It also helps to reach some of the younger generations in our target audience. Magazines will support the consumer and business targets. Further details about the media (such as specific sizes, publications, stations, etc.) will be determined upon budget and plan approval.

- **Television** - Television is the primary reach medium for this campaign. It works as the most effective media vehicle to reach Rocky Mountain Power customers. It also has the greatest recollection rate of all the media (this is also supported by Questar's research). We recommend 20 weeks of TV support at 100 Television Rating Points (TRPs) per week. At this level, we are able to obtain adequate reach per week, allowing a high frequency over the entire campaign. Day part mix was based on Early Morning, Daytime, and Early News each getting 30%, Late News receiving 10%.
- **Radio** - Radio will provide frequency of message. We will run radio spots Monday-through-Sunday to provide efficiency buying approximately 75 TRPs per week.
- **Newspaper** - Newspapers will work as a support medium to our broadcast message and guarantee coverage of all counties in the Utah Rocky Mountain Power service area. Newspaper will focus on the major dailies throughout the state.
- **Online** - Online media will support the broadcast and print media as well, while also increasing awareness for early adopters who are online and are likely to be receptive to energy saving messaging. Online media will be comprised of banner ads on local sites, blogs, behavioral Google ad targeting and Pay-Per-Click search engine placements. Online placements will run on monthly flights corresponding with all other placements.
- **Magazine** - Magazines will be used to reach the business target as well as consumers, focusing on the Salt Lake City metro area.
- **Hispanic Media** -7% of the overall budget will be allocated to Spanish language media. TV radio and print will be evaluated to determine the most efficient and effective way to reach the Hispanic target in Utah. Additionally, we will look to added value to provide community involvement through event sponsorship opportunities.

C. ONLINE RECOMMENDATIONS

Developing an online presence is an integral component of this communication and outreach campaign as it serves as a permanent, measurable call to action -- a place where the target audience can educate themselves and join the cause 24 hours a day, 7 days a week.

In August 2008, EcoAlign issued a survey report that focused on how utilities should deliver customer awareness to adopt program offerings. The survey found that consumers were most interested in receiving information from the utility Web site, with 58% indicating that the Web site would be extremely or very useful (EcoPinion - Banking the Green: Customer Incentives for EE and Renewable Survey Report, Issue 4, August 2008). Through real-time metrics we can continuously analyze and optimize interactive components for reactions and results.

Currently, the Rocky Mountain Power Web site houses a section dedicated to energy efficiency information and DSM program links. The Web site is undergoing a redesign in 2009, and the energy efficiency section will continue to play a vital role in helping customers save energy and money. Part of the success of this campaign rests on pointing customers to this Web site so that they can learn more and sign up for the programs they are interested in.

Advertising online on other Web sites frequented by customers, optimizing our placement on search engine sources, and always driving customers to our Web site through our call-to-action will help

establish it as a continual resource of information. While traditional media runs intermittently in flights, online media is a constantly accessible and available resource.

Interactive elements for the DSM campaign:

Web site Components – As DSM programs develop and expand -- and as the rates and rate structure changes-- the Web site will function as a constant. The site will be consistently branded to reinforce the campaign's key messages. A specific campaign quick link and micro site URL will be established and used throughout the campaign (example: www.rockymountainpower.net/saveenergy [quick link] and saveenergy.com [URL]). And in case customers just go to the Rocky Mountain Power Web site, the home page will also highlight this information, making it clear to customers where they can go.

In addition to the information currently available, here are some possible features that could be included on the Web site:

- **Education Page** - Resources for teachers to educate students. Updated information on energy saved through the programs, trees saved, tons of CO₂, etc.
- **Interactive Quiz** - Educate the consumer on the kilowatt, how it is measured and what the costs are. Translate kilowatts to dollars in an easy-to-understand format, with an online quiz with questions like: What uses more electricity per hour? A refrigerator or a plasma TV?
- **Interactive online calculator** – A tool to assist customers in calculating average energy use of common household end-use appliances, equipment and lighting.
- **Online Form** - Create an online form to capture the names, email addresses, zip codes and any other demographic data to build a database of activists. Build 'forward to a friend' functionality to activate viral communication.
- **Interactive Game** - An interactive game that shows where customers could be losing money in their homes. See how much money they can save by taking advantage of the DSM programs.

Email Outreach Program – Email outreach will be utilized to communicate with those who join the cause by submitting their name and email address via the Web site.

Online Media - Interactive banner ads will be created to reflect the campaign's strategic direction. Through our integrated media approach, we will negotiate the purchase and placement of online paid media with local news resources. We will also continue to fine –tune our search engine marketing (SEM) and search engine optimization (SEO) which began in 2008, but with greater emphasis on energy efficiency program and information searches.

- **Local Web sites** - Local sites, such as ksl.com, will be used due to their popularity among the local audience and the loyalty of residents seeking news and information on the community.
- **Blogs** - Blogs are becoming more and more popular among early adopters. They are also providing an outlet for new ways for advertisers to communicate with the target audience.
- **Behavioral Targeting** - Behavioral targeting will allow advertisements to be placed across a number of top tiered national sites to a specific target segment and geography.
- **SEM** - Search Engine Marketing will capture those who are driven to search online for more information on energy efficiency after seeing the message in another medium. Search placements will also aid in targeting those who are actively searching for ways to reduce energy consumption. Search and display advertising will work in tandem to both increase the reach of traditional media placements while also reinforcing the messages and driving users to our Web site to continue the conversation.

D. PUBLIC RELATIONS AND PUBLIC AFFAIRS

Integrated with the mass media and advertising will be a 12-month, comprehensive public relations and public affairs plan which will allow the campaign to take its message directly “to the people,” helping to build grassroots momentum for the energy efficiency “cause” and allowing citizens, business, civic and political leaders to become directly involved in the effort. Through community outreach, public relations programs will build community “buy in” for energy efficiency, educate residential customers about the rate structure and how they can reduce costs, and create a sense of ownership among citizens to take control of their energy use. Media outlets will be enlisted to help spread the word and to become actively involved in the effort as a community service.

Finally, public affairs activities will solicit and enlist support for the energy efficiency movement among key business, political and civic leaders – helping to establish an energy efficiency mindset among key Utah community influencers. Public relations and public affairs tactics could include:

Public Relations Outreach

A key component of the public relations campaign will be to partner with and leverage local government and existing groups (HEAL Utah, Utah Clean Energy, etc.) that can create a grassroots engine to engage civic leaders, community members, conservation groups and others in the effort to increase energy efficiency among Utah customers. With Rocky Mountain Power as the driving force, this effort will serve to position the company as the state’s leader in energy efficiency and demand management while creating a community-based effort to generate increased participation in energy efficiency issues and DSM programs. Here are some of the key components of the public relations effort:

- In partnership with State, business and civic organizations, Rocky Mountain Power will sponsor community forums and discussion roundtables to educate citizens on the need to increase energy efficiency and the benefits of participating in DSM programs.
- The grassroots program will provide multiple opportunities to generate earned media interest in the movement toward increased energy efficiency in Utah.
- Campaign milestones – such as the launch of the effort, introduction of new partners, significant partnership numbers and news surrounding community forums – will provide substantial news opportunities to promote the program and increase enthusiasm for the movement.

In turn, the increased participation in DSM programs generated through the campaign will provide opportunities to celebrate accomplishments of the program by generating news stories on the cumulative impact increased participation has attained.

- As the effort builds awareness, opportunities exist to enlist “celebrity” members (i.e., Utah Jazz or Salt Lake Real players, television news personalities or business leaders) that can be utilized to increase citizen participation, create public service announcements or serve as moderators at community forums.
- In addition, the campaign would investigate the development of a media partnership that could serve as an additional outlet to distribute news and information on DSM.

Finally, the campaign would create specific community forums and outreach events geared specifically toward the Hispanic population to generate increased awareness on energy efficiency and DSM programs in this critical segment of the Utah population.

Public Affairs Outreach

Public affairs will be crucial to creating community leadership support for behavior change. Public affairs activities will solicit and enlist support for the energy efficiency movement among key business, political and civic leaders – helping to establish an energy efficiency mindset among key Utah community influencers. Getting political leaders involved can create momentum and give people added motivation to change behavior and to participate in programs that are viewed as a benefit to society. The following are some tactics that will be implemented in a public affairs outreach effort:

Public affairs outreach will work to solicit and secure participation from key elected and appointed community leaders to serve as spokespersons for the effort. Spokespersons would serve as moderators in community forums or deliver educational messages to key business and civic audiences. Governor Huntsman’s office has agreed in principle to his involvement with delivering this message to Utah consumers, perhaps even including him in public service announcements and other outreach mediums.

Working with local chambers of commerce, the campaign will develop a Chamber of Commerce Energy Conservation Program, which will create an educational campaign for chamber members and their employees and launch a “pledge” campaign encouraging chamber members to commit to creating energy efficiency programs within their organizations. As part of the effort, Rocky Mountain Power will issue “Rocky Mountain Power Energy Conservation Certificates” to participating companies – and the program could be replicated throughout local chambers of commerce offices statewide.

In addition, the campaign will seek to educate consumers by leveraging other opportunities (subject to costs and available funding) such as:

- Partnering with the State Board of Education to institute elementary-level program curriculum to educate students on energy efficiency and related resource issues;
- Partnering with existing sustainability organizations at Utah’s universities, colleges, technical colleges and trade schools; and
- Partnering with Questar on opportunities such as the “Go Green” NBA energy efficiency campaign featuring Utah Jazz players.

E. MULTI CULTURAL OUTREACH

Currently, the Hispanic population makes up roughly 11% of the total population of Utah. Census projections indicate that Hispanics are currently, and will continue to be, for the next several decades, the fastest growing segment of the country’s population segments. And, a large portion of the total growth of the Hispanic population will be centered in the Southwestern states, including Utah. Addressing this population segment, therefore, is important in reaching Rocky Mountain Power’s demand side reduction goals.

The concept of saving money by making changes in lifestyle and daily activities that involve the use of electrical energy is one that resonates best with Hispanics and, frankly, a better focus than communicating a “save the environment” message. This latter message will resonate with 2nd/3rd Generation Hispanics, especially those with higher incomes. Besides allocating mass media/advertising towards reaching the Hispanic market we will also look for outreach activities to directly connect with customers, for example:

- Events are a very important means of effectively reaching all segments of the Hispanic market. These events can range from musical and holiday festivals to events sponsored by community organizations that serve the Hispanic community. The latter are a very good way to reach 2nd/3rd

generation Hispanics. Also, many of these events are sponsored by Spanish-language media, particularly radio, and participation in an event can many times be secured through them.

- In addition, partnerships with business-network organizations, such as the Hispanic Chamber of Commerce, can be used to connect with Hispanic communities and businesses throughout the state.

F. PRE- AND POST-CAMPAIGN RESEARCH

Collecting pre- and post-campaign research will provide the statistical proof to define the level of this campaign's success. Using a third-party research firm, we recommend using telephone surveys to collect quantitative data before and after the completion of the campaign. The survey will help determine if:

- Awareness of the DSM messages and programs has increased.
- Our messages are reaching customers effectively.
- Customers are understanding Rocky Mountain Power's tiered rate structure
- Increased enrollment in DSM programs
- Customers are taking conservation or efficiency actions outside of Rocky Mountain Power's DSM programs