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**Date:** Friday, February 17, 2012

**To:** Annette Beitel

**Cc:** Pat Michalkiewicz

**From:** Ed Carroll, Jay Boettcher

**Re:** *PGL NSG Budget Shifts to Discuss with SAG on 2/21/12*

Annette –

This memo provides clarity regarding the budget shift to discuss with interested SAG members next week. Please note, the shift proposed below is less than the shift we originally discussed with the SAG at the 2/7/12 meeting. The current tables below reflect the current proposed shift and rationale.

We would appreciate if you would circulate this to SAG members in advance of the call scheduled for Tuesday, February 21<sup>st</sup> at 9:30 am. Thank you for your assistance in organizing this discussion.

**High level request:**

- Small Business: Seeking to add funds, as set forth below;
- Single Family Direct Install / Assessment Program: Seeking to add new program, with program budget listed below

**Important points:**

- We are not changing the overall portfolio budget for either PGL or NSG
- It is important to note that these are shifts only. There is no increase to the total portfolio budget. Additionally, the shifts within each utility are net zero, as are the shifts within activities (i.e. incentive funds to incentive funds).
- We are not changing the percent of portfolio budget that is allocated to incentives versus non-incentive program costs
- Tables 1 and 2 below line out which programs funds are coming from (Table 1) and going to (Table 2) for the Small Business and new Single Family Direct Install programs
- Shift impacts both the PGL and NSG Residential Program by less than 10% (decrease in budget to Residential of 2.1%)

**Specific Budget Shift Requested and Rationale:**

Small Business

- Rationale for putting this in front of SAG: Adding more than 20% to the budget to true up the program given the cost allocation with ComEd for PY1/4
- As detailed in Tables 1 and 2 below, add the following budget to the respective PGL and NSG Small Business Programs:
  - Peoples Gas – add \$98,067
  - North Shore Gas – add \$19,932

Single Family Direct Install / Assessment Program

- Rationale for putting this in front of SAG: Adding a new program/delivery mechanism
- As detailed in Tables 1 and 2 below, add the following budget to the respective PGL and NSG Single Family Direct Install / Assessment Program:
  - Peoples Gas – add \$256,430 (\$101,280 + \$140,150 + \$15,000)
  - North Shore Gas – no impact. Not proposing the program for NSG at this time

**Table 1 - Shifting Budget From:**

| Program            | Category       | PGL                 | Total Budget | % of Total Budget | NSG                | Total Budget | % of Total Budget | Total               |
|--------------------|----------------|---------------------|--------------|-------------------|--------------------|--------------|-------------------|---------------------|
| Res Prescriptive   | Incentives     | \$140,150.00        | \$2,382,431  | 12.0%             | \$0.00             | \$223,128    | 5.3%              | \$140,150.00        |
| Res Prescriptive   | Marketing      | \$44,567.00         |              |                   | \$11,932.00        |              |                   | \$56,499.00         |
| Res Prescriptive   | Implementation | \$101,280.00        |              |                   | \$0.00             |              |                   | \$101,280.00        |
| Res Whole House    | Implementation | \$35,000.00         | \$263,046    | 15.4%             | \$5,000.00         | \$68,858     | 7.3%              | \$40,000.00         |
| Res Whole House    | Marketing      | \$5,500.00          |              |                   | \$0.00             |              |                   | \$5,500.00          |
| C&I Custom         | Marketing      | \$28,000.00         | \$1,042,178  | 3.4%              | \$3,000.00         | \$216,661    | 2.3%              | \$31,000.00         |
| C&I Custom         | Implementation | \$7,000.00          |              |                   | \$2,000.00         |              |                   | \$9,000.00          |
| <b>Grand Total</b> |                | <b>\$361,497.00</b> |              |                   | <b>\$21,932.00</b> |              |                   | <b>\$383,429.00</b> |

**Table 2 - Shifting Budget To:**

| Program            | Category           | PGL                 | Total Budget | % of Total Budget | NSG                | Total Budget | % of Total Budget | Total               |
|--------------------|--------------------|---------------------|--------------|-------------------|--------------------|--------------|-------------------|---------------------|
| SBES               | Implementation     | \$98,067.00         | \$273,295    | 35.9%             | \$19,932.00        | \$48,821     | 40.8%             | \$117,999.00        |
| RCx                | Implementation     | \$7,000.00          | \$1,108,654  | 0.6%              | \$2,000.00         | \$195,645    | 1.0%              | \$9,000.00          |
| Single Family DI   | Implementation     | \$101,280.00        | N/A          | N/A               | \$0.00             | N/A          | N/A               | \$101,280.00        |
| Single Family DI   | Incentive Delivery | \$140,150.00        | N/A          | N/A               | \$0.00             | N/A          | N/A               | \$140,150.00        |
| Single Family DI   | Marketing          | \$15,000.00         | N/A          | N/A               | \$0.00             | N/A          | N/A               | \$15,000.00         |
| <b>Grand Total</b> |                    | <b>\$361,497.00</b> |              |                   | <b>\$21,932.00</b> |              |                   | <b>\$383,429.00</b> |