



Date: July 14, 2015

Quarterly Report of the North Shore Gas Company and the Peoples Gas Light and Coke Company

Program Year 4, 4th Quarter Qualitative Report, March-May 2015

Pursuant to the Illinois Commerce Commission (“Commission”) final order in Docket No. 13-0550, attached is the Program Year 4 (PY4), Fourth Quarter (4Q) qualitative report accompanying the PY4, 4Q quantitative report detailing program results from a savings and cost perspective. Please note that the savings and budget results presented in this report will not be finalized until third-party evaluations have been completed, likely in early 2016.

By utility and each of the five programs in the portfolio, the following is summarized:

- a. Program activities
- b. Implementation modifications
- c. Additions or discontinuation of specific measures or services
- d. Changes due to EM&V Input, TRM changes, NTG changes, or market research findings, and
- e. TRC screening results for new measures added.

The Peoples Gas Light and Coke Company (PGL) program highlights begins on Page 2, and North Shore Gas Company (NSG) program highlights begins on Page 5.

Peoples Gas

Portfolio Performance Overview

- Strong performance in Program Year 4. Projecting to close the year over 130% of the goal within the capped budget.
- Work during the Fourth Quarter focused on ensuring a strong close to Program Year 4 while preparing to launch new offerings in Program Year 5. The Fourth Quarter is always a busy time, especially as we closely manage to goal within the budget caps.

1. Residential Programs

a. Program Activities

- The PGL Residential Programs (Home Energy Jumpstart and Home Energy Rebates) achieved 90% realized savings through Q4 for PY4, with the Home Energy Rebate path having the strongest performance.
- Home Energy Jumpstart activity increased in PY4 with service completed in 27% more homes in PY4 than in PY3, however our performance in this program path fell behind planned targets for PY4 thus the lower overall program performance.

b. Implementation Modifications

- None during Q4

c. Addition or Discontinuation of Specific Measures or Services

- None during Q4

d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings

- None during Q4

e. For new measures added, TRC screening results

- None during Q4

Multi-Family Programs

a. Program Activities

- Strong PGL Multi-Family Program (Direct Install, Prescriptive, Partner Trade Ally, Custom, and Custom Optimization) results with nearly 150% realized savings achieved through Q4.

- b. Implementation Modifications
 - None during Q4
- c. Addition or Discontinuation of Specific Measures or Services
 - None during Q4
- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
 - None during Q4
- e. For new measures added, TRC screening results
 - None during Q4

2. Residential Outreach and Education Programs

- a. Program Activities
 - **Home Energy Reports** delivery completed for PY4 to 144,000 PGL customers. Preliminary results indicate extremely strong savings performance for PY4 243% of goal. This strong performance is due to higher than anticipated savings per household due to a colder winter (1.2%/home on average compared to the 1%/home forecasted) and much lower customer attrition than planned (2.5% vs. 7% forecasted).
 - The **Elementary Education** program (joint with ComEd) is completed for PY4. A total of 73 schools participated in Peoples Gas territory, exceeding the planned goal. Student surveys were collected in Q4 and are under Navigant review and are expected in by August 1, 2015. Savings for the Elementary Education program will be determined by Navigant based on returned parent survey results and are expected by August 1, 2015.
- b. Implementation Modifications
 - None during Q4
- c. Additions or Discontinuation of Specific Measures or Services
 - None during Q4
- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
 - None during Q4
- e. For new measures added, TRC screening results
 - None during Q4

3. Business Programs

- a. Program Activities
 - The PGL Business Programs (Direct Install, Engineering Studies, Prescriptive, Custom, and Custom Optimization) achieved nearly 93% realized savings through Q4 for PY4.
- b. Implementation Modifications
 - None during Q4
- c. Additions or Discontinuation of Specific Measures or Services
 - None during Q4
- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
 - None during Q4
- e. For new measures added, TRC screening results
 - None during Q4

4. Small Business Program

- a. Program Activities
 - The PGL Small Business Programs (Energy Assessment and Direct Install, Prescriptive, Partner Trade Ally, and Custom) achieved 106% realized savings through Q4 for PY4.
- b. Implementation Modifications
 - None during Q4
- c. Additions or Discontinuation of Specific Measures or Services
 - None during Q4
- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
 - None during Q4
- e. For new measures added, TRC screening results
 - None during Q4

North Shore Gas

Portfolio Overview

- Strong performance in Program Year 4. Projecting to close the year over 128% of the goal within the capped budget.
- Work during the Fourth Quarter focused on ensuring a strong close to Program Year 4 while preparing to launch new offerings in Program Year 5. The Fourth Quarter is always a busy time, especially as we closely manage to goal within the budget caps.

1. Residential Programs

a. Program Activities

- The NSG Residential Programs (Home Energy Jumpstart and Home Energy Rebates) have achieved 175% realized savings for PY4, with Rebates having the strongest performance.
- Home Energy Jumpstart activity increased compared to PY3; completed service to 1,328 homes in PY4 vs 869 in PY3 (53% increase).

b. Implementation Modifications

- None during Q4

c. Addition or Discontinuation of Specific Measures or Services

- None during Q4

d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings

- None during Q4

2. Multi-Family Programs

a. Program Activities

- The NSG Multi-Family Programs (Direct Install, Prescriptive, Partner Trade Ally, Custom, and Custom Optimization) achieved 63% realized savings through Q4 for PY4.

b. Implementation Modifications

- Due to low program participation in the NSG territory, we reopened the previously suspended Partner Trade Ally program in this territory for steam traps, boiler replacements and pipe insulation projects to build the pipeline.

- c. Addition or Discontinuation of Specific Measures or Services
 - None during Q4
- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
 - None during Q4
- e. For new measures added, TRC screening results
 - None during Q4

3. Residential Outreach and Education Programs

- a. Program Activities
 - **Home Energy Reports** delivery completed for PY4 to 87,000 NSG customers. Preliminary results show this path has achieved 130% of the planned goal. Savings evaluation will begin on July 15 and is scheduled to complete in mid-September.
 - The **Elementary Education** program (joint with ComEd) is completed for PY4. A total of 11 schools participated in North Shore Gas territory, exceeding goal. Student surveys were collected in Q4 and are under Navigant review, with expected results due August 1, 2015. Savings for the Elementary Education program will be determined by Navigant based on returned parent survey results and are expected by August 1, 2015.
- b. Implementation Modifications
 - None during Q4
- c. Additions or Discontinuation of Specific Measures or Services
 - None during Q4
- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
 - None during Q4
- e. For new measures added, TRC screening results
 - None during Q4

4. Business Programs

- a. Program Activities
 - The NSG Business Programs (Direct Install, Engineering Studies, Prescriptive, Custom, and Custom Optimization) have achieved 114% of realized savings through Q4 for PY4.

- b. Implementation Modifications
 - None during Q4
- c. Additions or Discontinuation of Specific Measures or Services
 - None during Q4
- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
 - None during Q4
- e. For new measures added, TRC screening results
 - None during Q4

5. Small Business Program

- a. Program Activities
 - The NSG Small Business Programs (Energy Assessment and Direct Install, Prescriptive, Partner Trade Ally, and Custom) achieved 131% realized savings through Q4 for PY4.
- b. Implementation Modifications
 - None during Q4
- c. Additions or Discontinuation of Specific Measures or Services
 - None during Q4
- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
 - None during Q4
- e. For new measures added, TRC screening results
 - None during Q4