
Energy Efficiency Program Proposal

ThermWise[®] Market Transformation

Program Description

Background

Since the introduction of Dominion Energy Utah's (Dominion Energy or the Company) ThermWise Energy Efficiency (EE) programs, Market Transformation has been a consistent and critically important component of the long-term strategy. "Market Transformation involves promoting ongoing and lasting changes to natural gas appliance penetration rates and new construction markets, as well as natural gas conservation" (Application, Docket No. 05-057-T01, paragraph 21). There are three primary goals that drive the Company's Market Transformation Initiative. They are, (1) enhance the Company's involvement in energy efficiency and conservation promotion; (2) change consumer and market participation behaviors; and (3) encourage persistent demand for energy efficiency products and practices. (Application, Docket No. 05-057-T01, paragraph 22). In order to effectively achieve these goals, the Company, proposes an appropriate Market Transformation budget each year and prudently uses those funds throughout each program year. The budget funds activities, events, partnerships, sponsorships, and other supporting components, which contribute to the overall achievement of these three goals. The central purpose of this Exhibit is to provide information regarding the Company's proposed 2018 Market Transformation budget, along with a supporting analysis and summary of why the proposed budget is vital to the success of the ThermWise portfolio of programs.

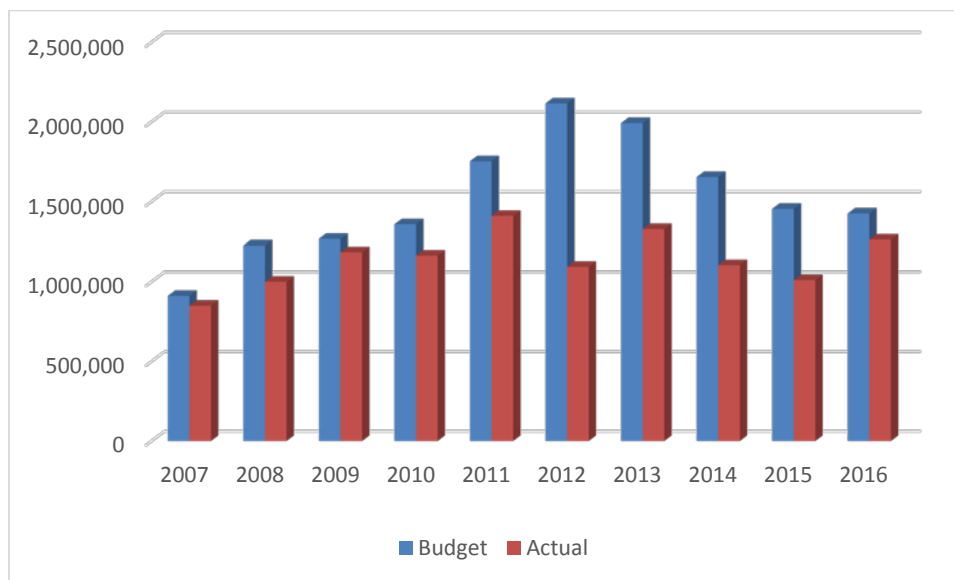
In this section, the Company will provide

- A historical summary of its Market Transformation budget, from 2007-2016
- A summary of proposed-versus-actual Market Transformation spending
- Benchmark the ThermWise Programs to its peers in the natural gas energy efficiency industry
- Summary of the 2017 Lighthouse Survey
- Outline and detail the 2018 Market Transformation campaign components, strategy, and plans

Market Transformation Budget History

Table 1 is a summary of proposed versus actual Market Transformation spending from 2007-2016. The Company has been selective in its spending, choosing projects with the greatest return and high program exposure. The Company has been diligent in its efforts to secure event and promotional contracts at low rates. The Company regularly seeks out and takes advantage of low to no-cost events. In many cases the Company is able to leverage its existing marketing channels in return for a waiver of the participation fees at community events. These efforts have proven effective as historical Market Transformation spending has always come in lower than budget (see Table 1). Additionally, the Company has historically built flexibility into the budget in order to be responsive to unanticipated Market Transformation opportunities that will maximize program exposure. These unanticipated opportunities contribute to variances between projected and actual spending.

Table 1. Proposed vs. Actual Market Transformation Spending



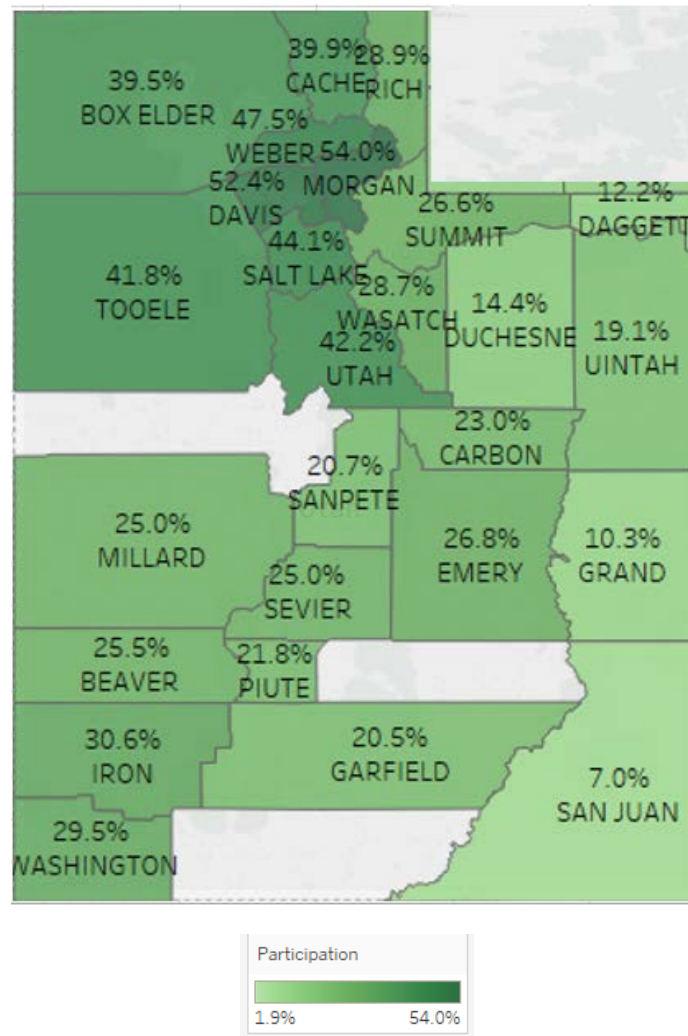
Although there are other contributing factors such as rebate amounts, availability of tax credits, and government incentives, there appears to be a correlation between Market Transformation spending and overall participation in the ThermWise programs from 2007-2010. When the Company filed for its 2011 Market Transformation budget it was aware of potential changes in government funded programs, as well as other changes that could negatively impact participation. In anticipation of these potential changes and in an effort to sustain participation levels, the Company increased its Market Transformation budget. However, a combination of changes outside of the Company's control still resulted in a decrease in overall participation levels in 2011 and 2012. First, beginning May 1, 2010 the Utah State Energy Program began administering \$2.3 million in the American Recovery and Reinvestment Act (ARRA) rebate funds for the Cash for Appliances Utah Program. All of these funds had been exhausted by November 2010. With the lack of additional funding, participation went down. Next, many customers who combined ThermWise rebates with rebates offered by other utilities, such as Rocky Mountain Power and Provo City Power, experienced decreases in rebate amounts offered from other utilities. This resulted in a lower combined rebate amount and thereby decreased participation. Also, in previous program years, a federal tax credit equal to 30% of the total project cost was reduced to 10% of the total project cost on December 31, 2010. Lastly, due to the elimination of ARRA funds, decreased rebate amounts and lower tax credits, many of the Company's highest volume ThermWise Authorized Contractors left the state to pursue opportunities in other states. In response, in 2013 the Company increased its market transformation efforts in order to positively impact participation. As a result, the Company saw a substantial increase in participation in 2013. In 2014 and 2015 the Company prudently used market transformation dollars and was able to come in significantly under its originally proposed budget. This was primarily due to lower than projected marketing expenses and the Company's ongoing efforts to secure event and promotional contracts at low rates. In 2016 the prudent use of the market transformation dollars continued coming in \$162,895 below budget. The Company increased actual

spending in 2016 in relation to 2015 in effort to increase participation and continue a cost effective portfolio of programs.

Historically, as Market Transformation spending has increased, levels of participation have also increased. A decrease in Market Transformation spending is likely to negatively impact future participation.

Participation throughout the Company’s service territory has been substantial. Table 2 shows unique participants and penetration levels by county:

Table 2. As of June 2017 Unique ThermWise Participants and Levels of Penetration



As illustrated by Table 2, the Company continues to see a steady increase in unique ThermWise participants throughout its service territory. The Company is pleased with the trend in participation and market penetration and expects to see similar trends in the future as a result of its market transformation efforts.

A further testament to the rapid achievement of these goals can be seen in the adoption of energy efficiency equipment and technologies that were previously categorized as “new and emerging” technologies, but are now required by code or have become standard in the Company’s Utah service territory. Specifically, clothes washers, natural gas dryers with moisture sensors, 0.30 U-Factor windows, and 0.62 EF storage water heaters have all become standard. Additionally, high-efficiency natural gas furnaces, smart thermostats and storage water heaters continue to become more readily available in the marketplace.

Improvements in the construction industry related to higher standard building codes are ongoing. Based on these historical results and findings, the Company believes it is achieving its three primary goals of its Market Transformation Initiative.

Energy Efficiency Industry Analysis

In past years the Company has benchmarked market transformation efforts with other programs across the nation using the results of the American Gas Association (AGA) annual energy efficiency report. Below is the Company's analysis from the most recently available AGA survey (2015).

AGA's 2015 report shows a state by state comparison of incentive to non-incentive costs. The report shows that on average, states spent 39.5% of total program expenditures on non-incentive related costs. By comparison, during the same time frame, the Company spent 24.8% of its total program expenditures on non-incentive related costs. When comparing the top 22 participating programs (programs with total expenditures exceeding \$10,000,000), the Company ranks 6th overall in least amount of non-incentive related spending as a percentage of total program expenditures at 24.8%. The Company continues to be a national top performer in this metric.

Table 3 summarizes the overall percentage mix for each participating state with total annual expenditures of at least \$10,000,000.

Table 3. Percentage of Total Expenditures spent on Non-Incentive Costs ranked by State

Rank	State	2015 Total Expenditures	2015 Marketing / Admin	2015 EM&V / Research Studies	2015 Other Costs	2015 Total Non-Incentive Costs	% of Total
1	OKLAHOMA	13,226,444	1,671,485	109,597	-	1,781,082	13.5%
2	NEW JERSEY	93,970,664	15,104,225	455,598	-	15,559,823	16.6%
3	IOWA	52,719,752	10,337,727	562,572	375,169	11,275,468	21.4%
4	RHODE ISLAND	20,129,484	3,923,383	239,466	485,324	4,648,173	23.1%
5	CONNECTICUT	40,598,296	6,163,524	644,686	3,274,803	10,083,013	24.8%
6	UTAH	24,187,462	6,009,604	-	-	6,009,604	24.8%
7	NEW YORK	123,313,562	26,379,565	1,692,075	2,602,189	30,673,829	24.9%
8	MASSACHUSETTS	186,048,565	28,255,941	5,360,732	21,372,172	54,988,845	29.6%
9	FLORIDA	12,008,559	3,826,615	-	-	3,826,615	31.9%
10	WASHINGTON	21,241,987	5,481,542	589,863	1,071,818	7,143,223	33.6%
11	OREGON	22,547,503	209,674	-	9,509,018	9,718,692	43.1%
12	MICHIGAN	73,949,295	26,710,336	3,133,616	3,942,491	33,786,443	45.7%
13	MARYLAND	15,092,490	6,982,645	62,736	-	7,045,381	46.7%
14	WISCONSIN	20,051,684	8,636,239	747,784	-	9,384,023	46.8%
15	Arkansas	12,416,524	4,732,737	806,646	273,218	5,812,601	46.8%
16	INDIANA	21,048,604	9,363,036	255,040	312,487	9,930,563	47.2%
17	COLORADO	15,580,745	6,288,063	938,546	153,705	7,380,314	47.4%
18	PENNSYLVANIA	21,662,489	10,731,082	296,647	-	11,027,729	50.9%
19	ILLINOIS	64,115,166	30,559,342	2,407,595	614,225	33,581,162	52.4%
20	MINNESOTA	49,048,346	24,992,954	1,560,799	1,404,356	27,958,109	57.0%
21	OHIO	44,203,184	25,822,656	317,363	-	26,140,019	59.1%
22	CALIFORNIA	303,267,936	240,663,492	5,114,270	-	245,777,762	81.0%

Lighthouse Survey Results

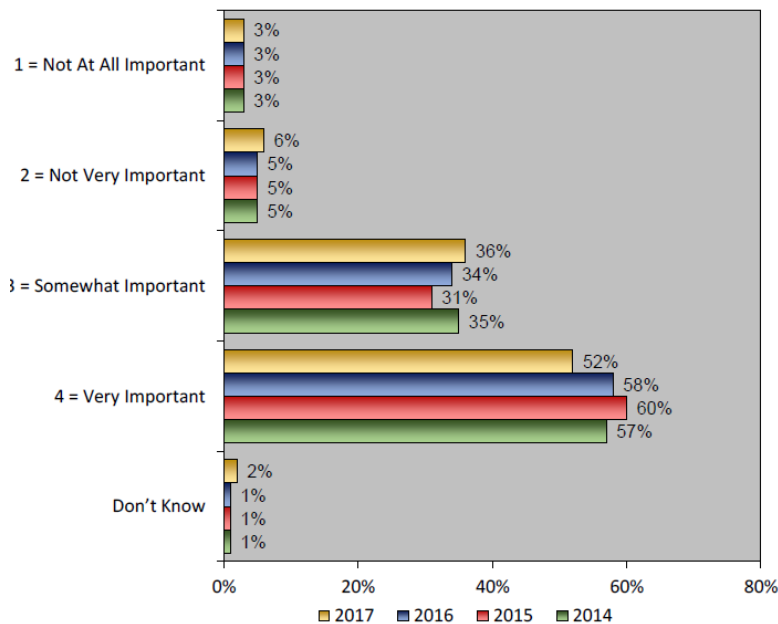
Lighthouse Research & Development, Inc. was contracted by the Company to conduct a telephone survey with current customers regarding their usage of natural gas and awareness of the conservation programs. A random

sample of 706 interviews with survey respondents were completed to ensure a statistical confidence rate of 95% with a $\pm 3.69\%$ margin of error. The survey was completed by manually dialing customer numbers, enabling Lighthouse to contact cell phones as well as land lines, ensuring the sample included respondents of varying ages and locations across the state. Key facts and findings from the report are included below. The entire survey results and customer responses are available upon request.

Importance of Energy Efficiency Programs

Customers continue to rate the importance of Energy Efficiency programs very high. When asked how important it is for utility companies to offer customer programs to help conserve energy, 52% stated very important and another 36% stated somewhat important totaling 88% of customers stating that it is at least somewhat important to offer programs to help conserve energy as shown in the chart below.

Table 4. How important is it for utility companies to offer customers programs to help conserve energy?

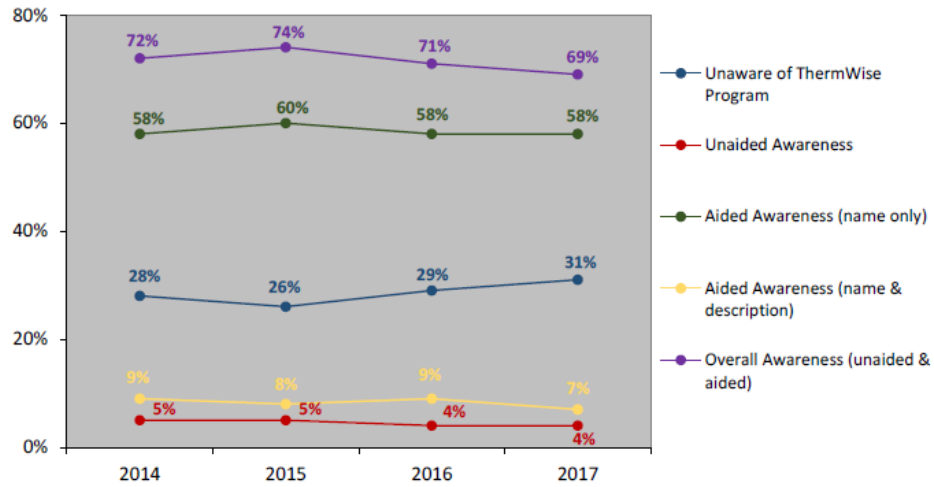


Awareness of Energy Efficiency Programs

Overall awareness of the ThermWise program did not have a significant change in 2017. Customers were asked to identify programs offered by utility companies to help save energy. Before customers were read a description

of the program and told who the sponsor was, only 31% of customers were unaware of the ThermWise program. Overall awareness of the program did not change significantly and is at 69% as shown below in Table 5.

Table 5. Overall awareness of Energy Efficiency programs



Where do customers hear about ThermWise

When customers were asked (unaided) where they first heard about the ThermWise programs, 57% of respondents who were aware indicated they first heard about the programs on television, 16% stated the utility bill insert, 19% stated radio, and 20% stated direct mail from the Utility. The direct mail increase from 13% in 2015 to 20% in 2016 is attributed to the increased number of energy comparison reports sent.

Table 6. Where did you first see or hear about Questar Gas's ThermWise Programs?

	2014		2015		2016		2017	
	N	%	N	%	N	%	N	%
Contractor	2	0%	0	0%	4	1%	1	0%
Direct Mail from Utility Company	44	9%	43	8%	64	13%	97	20%
Family/Friend/Neighbor	11	2%	5	1%	12	2%	8	2%
Home Appliance Dealer	4	1%	4	1%	5	1%	7	1%
Home Improvement Retailer (Lowe's, Home Depot)	2	0%	11	2%	12	2%	7	1%
Movie Theaters	13	3%	13	3%	25	5%	13	3%
Newspaper	5	1%	10	2%	12	2%	12	2%
Radio/Radio Ad	45	9%	107	21%	104	21%	92	19%
Sporting Events	9	2%	9	2%	14	3%	10	2%
TV Ad/Public Service Announcement	238	50%	285	55%	251	50%	258	53%
TV News	20	4%	24	5%	13	3%	19	4%
Utility Bill Insert	71	15%	129	25%	108	21%	80	16%
Website: Questar Gas	3	1%	26	5%	24	5%	28	6%
Website: Rocky Mountain Power	0	0%	2	0%	1	0%	1	0%
Website: Other (Specify)	5	1%	28	5%	17	3%	9	2%
Social Media	0	0%	0	0%	5	1%	6	1%
Billboards	4	1%	10	2%	10	2%	18	4%
Emails	1	0%	12	2%	2	0%	8	2%
Other (Specify)	35	7%	17	3%	28	6%	11	2%
Don't Know	30	6%	34	7%	31	6%	30	6%

The following question was added in the 2015 survey in response to discussion in the Advisory Group meeting and in effort to fully understand the effectiveness of the various media outlets. The 2016 survey included a follow up question to find out all of the media outlets customers are seeing the ThermWise advertising. When asked if they had seen or heard ThermWise advertising in various media sources, 73% of respondents said they had seen such advertising on Television, 67% in their utility bill, while 49% each said they had heard advertising on the radio, 34% had seen online advertising, 31% in movie theaters, 19% in newspaper, 11% at community events and 17% at sporting events. Table 7 shows the combined awareness, unaided and aided, of the ThermWise advertising and media sources.

Table 7. Have you seen or heard ThermWise advertising through any of the following media sources?

Combined (Unaided and Aided)

% Who Were Aware of ThermWise Through Various Sources	2015		2016		2017	
	N	%	N	%	N	%
Television	393	75%	370	73%	354	73%
Radio	298	57%	292	58%	238	49%
Newspaper	119	23%	91	18%	90	19%
Movie Theater	151	29%	143	29%	151	31%
Sporting Events	93	18%	68	14%	83	17%
Community Events	67	13%	78	16%	53	11%
Utility Bill	380	73%	351	70%	327	67%
Online Advertising	-	-	168	34%	167	34%

Where Customers Find Information about ThermWise

When looking for more information regarding energy efficiency and home energy savings rebates, customers overwhelming response was to search various sites on the Internet. 49% of customers stated they would look on Google or Yahoo, 25% would search Questar Gas's website, 13% would search other Internet sites, and 8% would search Rocky Mountain Power's website. In effort to be responsive to the survey and customers tendency

to search the internet for information about energy efficiency, the Company has utilized search engine optimization, and launched a ThermWise YouTube Channel. The channel was launched in early 2015.

Table 8 shows a comparison of 2014, 2015 2016 and 2017 where customers would look for information if they wanted to know more about energy efficiency and home energy savings, rebates, and/or products.

Table 8. If you wanted to know more about energy efficiency and home energy savings, rebates, and/or products, where would you look for information?

	2014		2015		2016		2017	
	N	%	N	%	N	%	N	%
A Home Builders Association	1	0%	0	0%	5	1%	2	0%
Contractor	2	0%	3	0%	1	0%	3	0%
Federal Government	3	0%	2	0%	1	0%	0	0%
Home Appliance Dealer	3	0%	1	0%	2	0%	4	1%
Home Improvement Retailer like Lowe's/Home Depot	3	0%	2	0%	7	1%	1	0%
Internet Search (Google, Yahoo, etc.)	294	42%	377	53%	327	46%	345	49%
Internet (Other)	120	17%	83	12%	101	14%	90	13%
Questar Gas	52	7%	43	6%	28	4%	36	5%
Rocky Mountain Power	21	3%	10	1%	7	1%	15	2%
State Department of Energy	1	0%	0	0%	1	0%	1	0%
Website: Questar Gas	176	25%	137	19%	189	27%	175	25%
Website: Rocky Mountain Power	71	10%	54	8%	44	6%	57	8%
With the Power/Gas Bill	27	4%	30	4%	30	4%	26	4%
Contact the Utility Company (In General)	11	2%	29	4%	32	5%	33	5%
Ask a Family Member/Friend/Co-worker	10	1%	4	1%	5	1%	10	1%
Mail	6	1%	12	2%	10	1%	8	1%
ThermWise.com	5	1%	16	2%	10	1%	17	2%
Other (Specify)	39	6%	23	3%	21	3%	16	2%
Don't Know/Unsure	37	5%	29	4%	26	4%	25	4%

Where Respondents Look For More Information By Age

Where respondents look for more information about energy efficiency and home energy savings, rebates and products varies by age. See Table 9 for more details.

Table 9. Where Respondents Would Look for More Information about Energy Efficiency and Home Energy Savings, Rebates and/or Products

Statistically Higher Percentages Are Highlighted in Green
 Significantly Lower Percentages Are Highlighted in Red

	18-34	35-44	45-54	55-64	65+
Internet Search (Google, Yahoo, etc.)	61%	54%	47%	46%	26%
Questar Gas	4%	3%	2%	11%	9%
Rocky Mountain Power	1%	1%	0%	6%	6%
Website: Questar Gas	29%	31%	23%	22%	13%
With the Power / Gas Bill	1%	0%	4%	11%	8%
Contact Utility Company (General)	2%	3%	3%	4%	15%
Don't Know / Unsure	1%	1%	5%	2%	13%

Respondents who were aware of ThermWise Through Various Sources by age

Awareness of ThermWise through various sources varies by age. See table 10 for more detail.

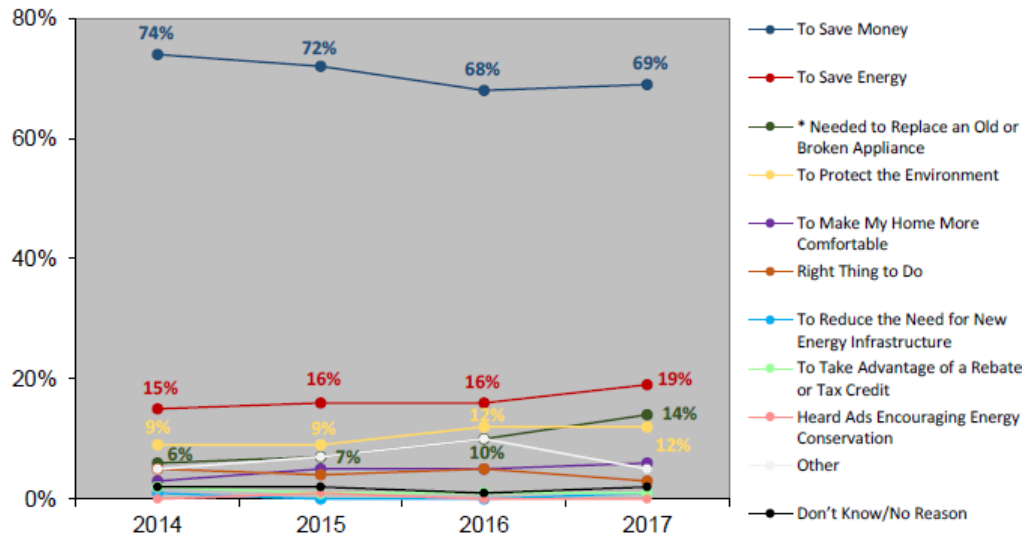
Table 10. Awareness of ThermWise Through Various Sources by Age

<i>% Responding "Yes"</i>	18-34	35-44	45-54	55-64	65+
Television	64%	75%	75%	76%	75%
Radio	50%	63%	52%	41%	36%
Newspaper	10%	13%	16%	25%	35%
Movie Theater	44%	44%	29%	18%	12%
Sporting Events	25%	21%	18%	10%	5%
Community Events	12%	14%	8%	7%	13%
Utility Bill	59%	73%	69%	64%	71%
Online Advertising	46%	40%	34%	23%	22%

Why Customers Participate in ThermWise

When asked why they have taken actions to conserve energy within their homes during the past year, 69% of respondents said they have done so to "save money", 19% responded to save energy, 14% to replace and old or broken appliance, and 12% stated to protect the environment. See table 11 for more details.

Table 11. The Main Reasons Customers took steps to conserve energy



Differences Renters vs Homeowners

Awareness of the ThermWise programs is higher among homeowners. Overall awareness of the ThermWise program is 25% lower among renters. See Table 12 for more details.

Table 12. Awareness of the ThermWise Campaign Renters vs Homeowners

		Renters	Homeowners
ThermWise	Unaided Awareness	1%	5%
	Aided Awareness (name only)	38%	63%
	Aided Awareness (name & description)	11%	6%
	Overall Awareness (unaided & aided)	50%	75%

2018 Campaign Components

The Company will leverage similar campaign components in 2018 to continue the momentum that has built over years past. This will include utilizing the findings from the Lighthouse Customer Survey by focusing on ways to help customers save money. The proposed 2018 campaign will target customers throughout the Company's Utah service territory. Builders, installers, dealers and businesses will also be targeted and trained in effort to make energy efficient equipment and building standards more prevalent in the market.

The Company will continue to utilize “Therm the Energy Wise Guy” as the spokesperson of the campaign. Therm has been the Company’s spokesperson since the beginning of the program and Therm is widely recognized by the Company’s customers as an expert and advocate in energy efficiency.

In effort to change consumer and market behaviors, encourage demand for energy efficient products and practices, the primary proposed objectives of 2018 are to continue to educate Dominion Energy customers on ways to reduce their natural gas usage and save money, including building a greater awareness and demand for home energy plans. The campaign will also focus on encouraging customers to invest in high efficiency appliances and other home improvements to conserve natural gas, and to receive cash rebates. The Company will continue to target and promote additional measures to customers that have participated in the past as well as new participants. As part of this effort, the Company will utilize online marketing along withThermWise.com to provide greater opportunities for customers to engage with the brand and participate in the ThermWise rebate programs.

Advertising and Media: \$800,000

Contracted Agency Work

The Company has worked closely with two professional advertising and media partners Faktory Inc. (Faktory) and R&R Partners (R&R) to develop an effective working strategy for promoting energy conservation with customers through strategic marketing tactics. The Company’s partnership with these agencies has been and will continue to be beneficial, as they are proven experts in creating and purchasing media. Since 2012, the Company has maintained the advertising and media budget at \$725,000 annually. However, the Company has recently seen inflation of advertising and media costs start to impact the frequency with which ThermWise ads are run in the market. Additionally, some of the results from the 2017 survey suggest that the decreased frequency may be having an impact on how many customers are being reached by the ThermWise advertising and media. In an effort to reduce these trends, the Company proposes increasing the advertising and media budget to \$800,000 in 2018.

Historical advertising campaigns have been designed to reach the Company’s customers throughout multiple media outlets. These outlets have included television, radio, online, outdoor, print, and bill inserts. The 2018 campaign will communicate a similar message to 2017. Faktory will continue to attend the advisory group meeting and provide more details on marketing plans and update items.

In-House Ad Management and Contracts

The Company proposes renewing the advertising contracts with Faktory and R&R to ensure the achievement of its Market Transformation Initiative goals and maximize Therm’s public exposure through community relations efforts, including sporting and media events, theaters, schools, and camps.

Marketing Contracts and Promotions: \$300,000

In 2017, the Company budgeted \$425,000 for these Market Transformation components. The Company proposes to reduce the budget level to \$300,000 for 2018. The decrease is a result of plans to discontinue the contract with Real Salt Lake. The funds that were used for the Real Salt Lake contract in the past will be used to improve purchasing power and improved media run times in the advertising and media campaign. These strategic partnerships allow the Company to promote the ThermWise program at more than 120 live events with total attendance in excess of 2.1 million live spectators. They also generate access to broadcast through nearly all of the other major media outlets. These contracts have positive impacts on the Light House survey in a majority of the major categories measured including, television, radio, online, movie theater, newspaper, community events, and sporting events.

Larry H. Miller Entertainment

The Company proposes continuing the partnership with Larry H. Miller Entertainment. The Larry H. Miller Entertainment assets extend the Company's Market Transformation efforts to a variety of customer segments through appearances on over 200 movie screens prior to movies; NBA televised game commercials; arena marketing, including the ThermWise blimp during NBA games; online placement on Larry H. Miller websites; commercials on the K-JZZ High School game of the week broadcasts; Bees' Games including promoting efficiency to 10,000 5th graders; and permanent signage in the Bees stadium.

Major University Sponsorships

The Company proposes continuing its partnerships with Utah State University, University of Utah, and Brigham Young University. Utah has a strong and loyal college sports following, and the response from our customers viewing ThermWise marketing throughout such events has proved beneficial. The ThermWise "Therm-o-stats" continue to be a popular feature at university sporting events. In addition, conservation tips and "Did you know" messages appear throughout the events, along with announcements and commercials which promote energy efficiency and direct sports fans to ThermWise.com.

2017 Special Marketing Events, Trade/Consumer Shows, Special Events Sponsorships: \$80,000

The Company, in coordination with its current administrative partners, will focus on marketing work which includes marketing strategy, customer surveys, collateral design and delivery, development, printing and distribution, trade and consumer shows, and events sponsorship opportunities. In 2017, the Company budgeted \$80,000. The Company proposes continue the budget level of \$80,000 for 2018. This work will continue to focus on targeting increased customer participation and will include a consistent style and messaging across the programs.

Events and Promotions

The Company will continue marketing the ThermWise programs through local events and promotions such as spring and fall home shows, local fairs, energy efficiency conferences, local business conferences, military related events, and other community events. This allows the Company to have direct contact with its customers and local leaders, distribute marketing collateral, answer questions, and provide useful and accurate information in regards to its energy efficiency programs. In effort to increase awareness of the programs outside the Wasatch Front, the company has initiated involvement in more community events outside the Wasatch front, including county fairs and community events in more rural areas. In addition, many of these events allow "Therm" to interact with the Company's customers and further promote energy efficiency awareness and participation. Table 13 is a list of marketing events through October 2017. The Company anticipates similar marketing events in 2018.

ThermWise Marketing Events Table 13.

2017 Marketing Events
Autoliv Conservation and Energy Fair
Cache County Fair
Comicon
Deseret News Fall Home and Garden Show
Governors Economic Summit
Governors Energy Summit
Governors Native American Summit
Hill AFB Energy Event

Intermountain Medical Center Green Fair
Mind Riot Energy Challenge
Moab Green Event
Northern Wasatch Parade of Homes
Park City Parade of Homes
Prevention Awareness at Bees Game
Salt Lake Tribune Spring Home and Garden Show
Skyline Challenge Awards
Spanish Fork Daily Herald Home and Family Expo
Spring Fest an Earth Day Celebration
St. George Area Parade of Homes
Utah County Fair
Utah State University Business Week
Varex Green Fair
Washington County Energy Efficiency Fair
Wells Fargo Green Fair
West Valley Community Fair
Women In Business

Dominion Energy Management and Administration: \$50,000

The Company proposes to continue its membership in energy efficiency industry associations (Consortium for Energy Efficiency, Association of Energy Services Professionals, American Counsel for an Energy Efficient Economy, Southwest Energy Efficiency Project, etc.) through its program managers to further advance natural gas energy efficiency and conservation in the Utah market. In 2017 the Company budgeted \$50,000. The Company proposes to maintain the budget of \$50,000 for 2018.

State of Utah Codes Training: \$80,000

Since 2007, the Company has funded energy efficiency building codes training at the level of \$50,000 annually. These funds were first provided to and trainings conducted by the State of Utah through the Utah Geological Survey. More recently, the Office of Energy Development (OED) has been responsible to administer the funds and develop training curriculum. OED is requesting increased funding in 2018 to continue education efforts and to improve energy efficiency throughout the state.

Program Design: \$10,000

The costs associated with the program design budget are related to potential updates to the ThermWise portfolio of programs. Updates may include the addition or removal of energy efficiency measures, re-working of incentive levels, and re-calculation of savings. As with every component of the Company's Market Transformation budget, these funds are used prudently. The Company proposes to continue the \$10,000 budget for 2018.

Conclusion

It is important to note that the Company includes Market Transformation costs in the ThermWise cost effectiveness model. The Company believes this most accurately reflects the true costs to run energy efficiency programs such as the ThermWise programs. Including all energy efficiency expenditures in cost effectiveness modeling ensures prudent use of customer dollars. The Company proposes the continued funding of the Market Transformation budget. This will allow the Company to achieve the three primary goals that drive the Company's Market Transformation Initiative. The Company believes that the Market Transformation Initiative is critical to the ongoing success of the ThermWise Energy Efficiency portfolio.