

1301 S. Mopac, Suite 400
Austin, Texas 78746

November 21, 2017

Rondella Hawkins
Office of Telecommunications & Regulatory Affairs
P.O. Box 1088
Austin, TX 78767

Dear Rondella,

Please find responses to your questions regarding the proposed 2018 Energy Efficiency Program Budget below.

1) Please provide the estimated expenditures for Paul Raab's consulting services in 2017. What is the proposed budget for 2018?

The estimated expenditures for Paul Raab's consulting services in 2017 is \$50,000. This includes evaluation measurement and verification ("EM&V") of the 2016 program results, consultation during the creation of the 2016 annual report, preparation for and attendance at two 2017 Resource Management Commission ("RMC") meetings, calculations related to the deliberation and feasibility of 5-year energy savings goals included in the RMC's Resolution 20170620-009, and EM&V of the 2018 proposed budget. The proposed budget for Mr. Raab's consulting services in 2018 is \$40,000 as TGS does not anticipate recurring costs related to the RMC and Resolution 20170620-009.

2) Please explain what makes up the total administrative budget. Please provide a detailed breakdown of costs.

The majority of the 2018 administrative budget is made up of the pro-rated salaries and associated labor attends of TGS Energy Efficiency Program employees, labor to process rebates, consultant fees related to energy measurement and verification, and membership dues for local energy efficiency related organizations. Per Rate Schedule CAC, administrative expenses should not exceed 15% of total program costs. This proposed administrative budget represents 13.5% of total program costs.

A detailed breakdown of costs by expense type is shown below:

2018 Central Texas Energy Efficiency Program Administrative Budget

Expense Indicator	2018 Program Cost	Description
Regular Labor	\$ 223,000	Pro-rated labor for TGS Energy Efficiency Program Employees
Labor Attends	89,200	Labor attends related to regular labor (40%)
Hourly Labor	36,000	Hourly labor for rebate processing
Membership Dues	45,000	Membership dues for Pecan Street, SPEER, ABOR, HBA, etc.
Consultants	40,000	Consultant fees for EM&V
System Enhancements	15,000	Upgrades to Banner system functionality
Auto Loading	9,000	Vehicle maintenance, insurance, registration, etc.
Travel	7,000	Airfare, hotels, rental cars, parking, fuel
Registration Fees	2,000	Conference registration fees for ENERGY STAR, SGA Marketing, etc.
Training	900	Allowance for employee development
Meals	900	Meals related to travel and lunch and learns
Miscellaneous	2,000	Office supplies, software licenses, etc.
Total	\$ 470,000	

3) Please explain what makes up the total education budget. Provide an overview and examples of the educational programs, and describe any changes in the 2018 program compared to the 2017 program.

The education program provides customers with information about the benefits of conservation and energy efficiency in general and about the Company's specific energy efficiency programs so that customers can actively participate in program offerings. Examples of educational outreach include:

- Bill inserts;
- E-blasts;
- Paid media (radio, sponsored social media posts, digital advertisement, etc.);
- Google AdWords;
- Hand-outs and printed materials;
- Development of applications, "Learn More" forms, web content, etc;
- Design and development of campaign materials;
- In-store retailer events;
- Community events and sponsorships; and
- Creation and printing of annual report.

In 2018, TGS plans to shift spending from radio to digital advertising. While individual hosts may change from year-to-year, other outreach tactics will largely remain the same.

Larry and I look forward to hearing from you soon.

Sincerely,



Hayley Cunningham
Manager – Energy Efficiency Programs