

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL  
FILE

In Re: Conservation Cost )  
Recovery Clause )  
\_\_\_\_\_ )

DOCKET NO. 960002-EG  
FILED: JANUARY 22, 1996

DIRECT TESTIMONY  
OF  
VERNON I. KRUTSINGER

On Behalf Of

PEOPLES GAS SYSTEM, INC.

ACK ✓  
AFF ✓  
APR ✓  
CAL ✓  
CMB ✓  
CTF ✓  
EAG ✓  
LEG 1  
LIN ✓  
GPR ✓  
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: CONSERVATION COST RECOVERY CLAUSE,  
DOCKET NO. 960002-EG

DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Q: Please state your name and business address.

2 A: My name is Vernon I. Krutsinger. My business address is  
3 Peoples Gas System, Inc., Suite 1700, 111 East Madison  
4 Street, Post Office Box 2562, Tampa, Florida 33601-2562.

5

6 Q: By whom are you employed and in what capacity?

7 A: I am employed by Peoples Gas System, Inc. as Manager of  
8 Energy Utilization.

9

10 Q: Are you the same Vernon I. Krutsinger who previously filed  
11 testimony in this proceeding?

12 A: Yes. My earlier direct testimony, filed in Docket No.  
13 950002-EG on November 17, 1995, addressed Peoples'  
14 requested energy conservation cost recovery ("ECCR") true-  
15 up amount for the period October 1994 through September  
16 1995.

17

18 Q: Are you familiar with Peoples Gas System's energy  
19 conservation programs?

20 A: Yes. As Manager of Energy Utilization, I work with the  
21 Company's energy conservation programs on a daily basis.

DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Q: Are you familiar with the costs that Peoples incurs in  
2 implementing its energy conservation programs?

3 A: Yes. I am responsible for planning, implementation,  
4 coordination, and maintenance of all of Peoples' energy  
5 conservation programs. My responsibilities include  
6 routinely testifying in support of the Company's ECCR  
7 filings.

8

9 Q: Have you previously testified in proceedings before the  
10 Florida Public Service Commission?

11 A: Yes. I have testified in several Conservation Cost  
12 Recovery proceedings beginning in 1992. I have also  
13 testified in other conservation-related dockets before the  
14 Commission.

15

16 Q: What is the purpose of your testimony in this docket?

17 A: My testimony in this docket addresses Peoples' energy  
18 conservation programs and the costs that Peoples seeks to  
19 recover through the energy conservation cost recovery  
20 ("ECCR") clause. Specifically, this part of my testimony  
21 first presents data and summaries concerning the planned  
22 and actual accomplishments of the Company's energy  
23 conservation programs during the period October 1, 1994  
24 through September 30, 1995. Data related to calculation of  
25 the true-up amount for this period is also presented.

**DIRECT TESTIMONY OF VERNON I. KRUTSINGER**

1 Second, my testimony describes generally the expenditures  
2 made and projected to be made in implementing, promoting,  
3 and operating Peoples' energy conservation programs for the  
4 current period; this information includes actual costs  
5 incurred in October and November 1995 and revised  
6 projections of program costs that Peoples expects to incur  
7 from December 1995 through September 1996. Next, my  
8 testimony presents projected conservation program costs for  
9 the period October 1, 1996 through March 31, 1997.  
10 Finally, my testimony presents the calculation of the  
11 conservation cost recovery adjustment factors to be applied  
12 to customers' bills during the period beginning April 1,  
13 1996 and continuing through March 31, 1997.

14

15 **Q: Are you sponsoring any exhibits with your testimony?**

16 **A:** Yes. I am sponsoring Exhibit \_\_\_\_ (VIK-2), which contains  
17 Schedules C-1 through C-5. These exhibits were prepared  
18 under my supervision and direction.

19

20 **Q: Have you prepared summaries of the Company's conservation**  
21 **programs and the costs associated with these programs?**

22 **A:** Yes. Summaries of the Company's programs are presented in  
23 Schedule C-5, Pages 1 of 10 through 10 of 10.

DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Q: Have you prepared schedules that show the expenditures  
2 associated with Peoples' energy conservation programs for  
3 the periods that your testimony addresses?

4 A: Yes. Actual expenses for the period October 1994 through  
5 September 1995 are shown on Schedule CT-2, Page 2, of  
6 Exhibit \_\_\_\_\_ (VIK-1). Exhibit \_\_\_\_\_ (VIK-1) was included  
7 with my earlier direct testimony. Page 1 of Schedule CT-2  
8 presents a comparison of the actual program costs and true-  
9 up amount to the projected costs and true-up amount for the  
10 same period.

11

12 Q: What was the total cost incurred by the Company in  
13 connection with its approved energy conservation programs  
14 during the year ending September 30, 1995?

15 A: The total cost incurred by Peoples in connection with its  
16 approved energy conservation programs for the year ending  
17 September 30, 1995 was \$5,601,256.

18

19 Q: What is presented on Schedule C-1 of Exhibit \_\_\_\_\_ (VIK-2)?

20 A: Schedule C-1 presents a summary of the calculation of  
21 Peoples' ECCR cost recovery factors.

22

23

DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Q: Have you prepared a schedule that shows Peoples' projected  
2 conservation program costs by month for the period October  
3 1, 1996 through March 31, 1997?

4 A: Yes. The Company's projected ECCR costs for this period  
5 are presented in Schedule C-2: Page 1 of 3 presents the  
6 projected monthly ECCR costs by program, and Page 2 of 3  
7 presents these costs by cost category for each program.  
8 Page 3 of 3 is not applicable to Peoples Gas System, Inc.

9

10 Q: Have you prepared a schedule that shows Peoples'  
11 conservation program costs for the year ending September  
12 30, 1996?

13 A: Yes. Schedule C-3 presents Peoples' ECCR costs for the  
14 year ending September 30, 1996. Pages 1 through 3 of 7  
15 show total annual costs by program and by cost category.  
16 Page 4 of 7 is not applicable to Peoples Gas System.  
17 Schedule C-3, Page 5 of 7 presents monthly costs for each  
18 of Peoples' approved conservation programs for the period  
19 October 1995 through September 1996; actual data are  
20 presented for October and November 1995, while the program  
21 expense data are projected for the last ten months of the  
22 year ending September 30, 1996. Page 6 of 7 presents the  
23 monthly cost and revenue data -- two months actual and ten  
24 months projected -- used to calculate the net true-up for  
25 the period October 1, 1995 through September 30, 1996.



DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Page 7 of 7 presents the monthly calculation of the  
2 interest provision associated with the true-up or the same  
3 period.

4

5 Q: Have you prepared schedules required for the calculation of  
6 Peoples' proposed conservation adjustment factors to be  
7 applied during billing periods beginning on April 1, 1996  
8 and continuing through March 31, 1997?

9 A: Yes. These calculations are summarized on Schedule C-1 of  
10 Exhibit \_\_\_\_\_ (VIK-2).

11

12 Q: What are the ECCR factors that Peoples is requesting  
13 authority to apply for the period April 1, 1996 through  
14 March 31, 1997?

15 A: Schedule C-1 shows the estimated ECCR revenues and ECCR  
16 adjustment factors by rate class for the period April 1,  
17 1996 through March 31, 1997.

18

19 Q: Does this conclude this part of your prefiled direct  
20 testimony regarding Peoples' requested ECCR costs?

21 A: Yes, it does.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Conservation Cost )  
Recovery Clause )  

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DOCKET NO. 960002-EG

FILED: JANUARY 22, 1996

**EXHIBIT**

OF

**VERNON I. KRUTSINGER**

On Behalf Of

**PEOPLES GAS SYSTEM, INC.**



ENERGY CONSERVATION ADJUSTMENT - SUMMARY OF COST RECOVERY CLAUSE CALCULATION  
OCTOBER 1996 THROUGH MARCH 1997

PROJECTED PERIOD: OCTOBER 1996 THROUGH MARCH 1997  
 ACTUAL/ESTIMATED PERIOD: OCTOBER 1995 THROUGH SEPTEMBER 1996  
 FINAL TRUE-UP PERIOD: OCTOBER 1994 THROUGH SEPTEMBER 1995  
 COLLECTION PERIOD FOR PRIOR TRUE-UP: APRIL 1996 THROUGH MARCH 1997

1. INCREMENTAL COSTS (SCHEDULE C-2)	2,368,777
2. TRUE-UP (SCHEDULE C-3)	<u>1,688,588</u>
3. TOTAL	<u>4,057,365</u>

RATE CLASS	BILLS	THERM SALES	CUSTOMER CHARGE REVENUES	ENERGY CHARGE	TOTAL	ESTIMATED ECCR	% SURCHARGE	CENTS PER THERM	EXPANSION FACTOR	ECCR ADJUSTMENT FACTORS
RESIDENTIAL	2,161,163	41,734,531	15,128,141	17,159,987	32,288,128	1,508,871	4.6731%	0.0362	1.00376	0.03629
COMM. ST. LIGHTING	391	287,123	0	27,125	27,125	1,268	4.6731%	0.0044	1.00376	0.00443
SMALL COMMERCIAL	61,933	2,469,732	928,995	833,238	1,762,233	82,352	4.6731%	0.0333	1.00376	0.03347
COMMERCIAL	175,485	93,346,506	2,983,245	22,752,277	25,735,522	1,202,658	4.6731%	0.0129	1.00376	0.01293
COMM LR. VOL 1	19,021	117,997,195	475,525	23,608,187	24,083,712	1,125,467	4.6731%	0.0104	1.00376	0.01046
COMM LR. VOL 2	342	17,485,209	15,390	2,824,736	2,840,126	132,723	4.6731%	0.0076	1.00376	0.00762
NGV	209	1,215,024	5,225	80,945	86,170	4,027	0	0.0033	0.00000	0.00000
TOTAL	2,418,544	264,535,320	19,536,521	67,286,495	86,823,016	4,057,365				



PROJECTED CONSERVATION PROGRAM COSTS BY COST CATEGORY  
FOR PERIOD: OCTOBER 1996 THROUGH MARCH 1997

PROGRAM NAME

	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1. Residential Home Builder	0	0	0	0	912,680	0	0	0	912,680
2. Energy Audit Program	0	0	0	0	0	0	0	0	0
3. Gas Water Heater Load Red.	0	0	0	0	152,250	0	0	0	152,250
4. Oil Heat Replacement	0	0	0	0	27,115	0	0	0	27,115
5. Small Package CoGen.	0	0	0	0	0	0	0	0	0
6. Comm. Electric Replacement	0	0	0	0	177,507	0	0	0	177,507
7. Res. Electric Replacement	0	0	0	0	383,983	0	0	0	383,983
8. Common Costs	0	310,072	6,300	0	0	98,100	23,040	15,230	452,742
9. Gas Space Conditioning	0	0	0	0	262,500	0	0	0	262,500
10. Monitoring & Research	0	0	0	0	0	0	0	0	0
11. RESERVED	0	0	0	0	0	0	0	0	0
12. (INSERT NAME)	0	0	0	0	0	0	0	0	0
13. (INSERT NAME)	0	0	0	0	0	0	0	0	0
14. (INSERT NAME)	0	0	0	0	0	0	0	0	0
15. (INSERT NAME)	0	0	0	0	0	0	0	0	0
16. (INSERT NAME)	0	0	0	0	0	0	0	0	0
17. (INSERT NAME)	0	0	0	0	0	0	0	0	0
18. (INSERT NAME)	0	0	0	0	0	0	0	0	0
19. (INSERT NAME)	0	0	0	0	0	0	0	0	0
20. (INSERT NAME)	0	0	0	0	0	0	0	0	0
<b>TOTAL ALL PROGRAMS</b>	<b>0</b>	<b>310,072</b>	<b>6,300</b>	<b>0</b>	<b>1,916,035</b>	<b>98,100</b>	<b>23,040</b>	<b>15,230</b>	<b>2,368,777</b>
<b>LESS: AMOUNT IN RATE BASE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>RECOVERABLE CONSER.</b>	<b>0</b>	<b>310,072</b>	<b>6,300</b>	<b>0</b>	<b>1,916,035</b>	<b>98,100</b>	<b>23,040</b>	<b>15,230</b>	<b>2,368,777</b>



CONSERVATION PROGRAM COSTS BY COST CATEGORY  
FOR PERIOD: OCTOBER 1995 THROUGH SEPTEMBER 1996  
TWO MONTHS ACTUAL AND TEN MONTHS ESTIMATED

	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1. Residential Home Bulder									
A. ACTUAL	0	0	0	0	907,466	0	0	0	907,466
B. ESTIMATED	0	0	0	0	2,611,328	0	0	0	2,611,328
	0	0	0	0	3,518,794	0	0	0	3,518,794
2. Energy Audit Program									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
3. Gas Water Heater Load Ret.									
A. ACTUAL	0	0	0	0	52,675	0	0	0	52,675
B. ESTIMATED	0	0	0	0	247,325	0	0	0	247,325
	0	0	0	0	300,000	0	0	0	300,000
4. Oil Heat Replacement									
A. ACTUAL	0	0	0	0	9,750	0	0	0	9,750
B. ESTIMATED	0	0	0	0	43,942	0	0	0	43,942
	0	0	0	0	53,692	0	0	0	53,692
5. Small Package CoGen.									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
6. Comm. Electric Replacement									
A. ACTUAL	0	0	0	0	15,868	0	0	0	15,868
B. ESTIMATED	0	0	0	0	306,872	0	0	0	306,872
	0	0	0	0	322,740	0	0	0	322,740
7. Res. Electric Replacement									
A. ACTUAL	0	0	0	0	147,034	0	0	0	147,034
B. ESTIMATED	0	0	0	0	594,962	0	0	0	594,962
	0	0	0	0	741,996	0	0	0	741,996
SUB-TOTAL	0	0	0	0	4,937,222	0	0	0	4,937,222

CONSERVATION PROGRAM COSTS BY COST CATEGORY  
FOR PERIOD: OCTOBER 1995 THROUGH SEPTEMBER 1996  
TWO MONTHS ACTUAL AND TEN MONTHS ESTIMATED

	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
BALANCE FROM PREVIOUS PAGE	0	0	0	0	4,937,222	0	0	0	4,937,222
8. Common Costs									
A. ACTUAL	0	106,865	1,587	0	0	44,345	10,656	32,781	196,334
B. ESTIMATED	0	185,435	25,913	0	0	393,655	21,344	34,419	600,768
C. TOTAL	0	292,300	27,600	0	0	438,000	32,000	67,200	857,100
9. Gas Space Conditioning									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	262,500	0	0	0	262,500
C. TOTAL	0	0	0	0	262,500	0	0	0	262,500
10. Monitoring & Research									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
11. RESERVED									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
12. (INSERT NAME)									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
13. (INSERT NAME)									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
SUB-TOTAL	0	292,300	27,600	0	5,199,722	438,000	32,000	67,200	6,056,822



CONSERVATION PROGRAM COSTS BY COST CATEGORY  
FOR PERIOD: OCTOBER 1995 THROUGH SEPTEMBER 1996  
TWO MONTHS ACTUAL AND TEN MONTHS ESTIMATED

	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
BALANCE FROM PREVIOUS PAGE	0	292,300	27,600	0	5,199,722	438,000	32,000	67,200	6,056,822
14. (INSERT NAME)									
(INSERT NAME)	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
15. (INSERT NAME)									
(INSERT NAME)	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
16. (INSERT NAME)									
(INSERT NAME)	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
17. (INSERT NAME)									
(INSERT NAME)	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
18. (INSERT NAME)									
(INSERT NAME)	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
19. (INSERT NAME)									
(INSERT NAME)	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
20. (INSERT NAME)									
(INSERT NAME)	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
TOTAL PROG. COSTS	0	292,300	27,600	0	5,199,722	438,000	32,000	67,200	6,056,822
LESS: BASE RATE RECOVERY	0	0	0	0	0	0	0	0	0
NET PROG. COSTS	0	292,300	27,600	0	5,199,722	438,000	32,000	67,200	6,056,822



CONSERVATION PROGRAM COSTS - EXPENSES BY MONTH  
PERIOD: OCTOBER 1995 THROUGH SEPTEMBER 1998  
TWO MONTHS ACTUAL AND TEN MONTHS PROJECTED

DESCRIPTION	MONTH NO. 1	MONTH NO. 2	MONTH NO. 3	MONTH NO. 4	MONTH NO. 5	MONTH NO. 6	MONTH NO. 7	MONTH NO. 8	MONTH NO. 9	MONTH NO. 10	MONTH NO. 11	MONTH NO. 12	TOTAL
1. Residential Home Builder	367575	294126	245765	290147	290147	290147	290147	290147	290147	290147	290147	290152	3,518,794
2. Energy Audit Program	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Gas Water Heater Load Ret.	15300	17100	20275	27481	27481	27481	27481	27481	27481	27481	27481	27477	300,000
4. Oil Heat Replacement	1320	3960	4290	4902	4902	4902	4902	4902	4902	4902	4902	4906	53,692
5. Small Package CoGen.	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Comm. Electric Replacement	9837	4260	1771	34096	34096	34096	34096	34096	34096	34096	34096	34104	322,740
7. Res. Electric Replacement	44631	44120	58284	66107	66107	66107	66107	66107	66107	66107	66107	66107	741,996
8. Common Costs	83194	46435	69330	73127	73127	73127	73127	73127	73127	73127	73127	73127	857,100
9. Gas Space Conditioning	0	16350	5476	26742	26742	26742	26742	26742	26742	26742	26742	26742	262,500
10. Monitoring & Research	0	0	0	0	0	0	0	0	0	0	0	0	0
11. RESERVED	0	0	0	0	0	0	0	0	0	0	0	0	0
12. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
13. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
14. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
15. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
16. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
17. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
18. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
19. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
20. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL ALL PROGRAMS</b>	<b>521857</b>	<b>426351</b>	<b>405191</b>	<b>522601</b>	<b>522601</b>	<b>522601</b>	<b>522601</b>	<b>522601</b>	<b>522601</b>	<b>522601</b>	<b>522601</b>	<b>522614</b>	<b>6,056,822</b>
<b>LESS:</b>													
<b>BASE RATE RECOVERY</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET RECOVERABLE</b>	<b>521857</b>	<b>426351</b>	<b>405191</b>	<b>522601</b>	<b>522601</b>	<b>522601</b>	<b>522601</b>	<b>522601</b>	<b>522601</b>	<b>522601</b>	<b>522601</b>	<b>522614</b>	<b>6,056,822</b>

ENERGY CONSERVATION COST RECOVERY ADJUSTMENT  
FOR PERIOD: OCTOBER 1995 THROUGH SEPTMBER 1996  
TWO MONTHS ACTUAL AND 10 MONTHS ESTIMATED

CONSERVATION REVS	MONTH NO.1	MONTH NO. 2	MONTH NO. 3	MONTH NO. 4	MONTH NO. 5	MONTH NO. 6	MONTH NO. 7	MONTH NO. 8	MONTH NO. 9	MONTH NO. 10	MONTH NO. 11	MONTH NO. 12	TOTAL
1. RCS AUDIT FEE	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROG. REVS.	0	0	0	0	0	0	0	0	0	0	0	0	0
3. CONSERV. ADJ REVS	(417,530)	(506,383)	(678,272)	(678,272)	(535,000)	(500,000)	0	0	0	0	0	0	(3,315,457)
4. TOTAL REVENUES	(417,530)	(506,383)	(678,272)	(678,272)	(535,000)	(500,000)	0	0	0	0	0	0	(3,315,457)
5. PRIOR PERIOD TRUE- UP NOT APPLICABLE TO THIS PERIOD	(85,037)	(85,037)	(85,037)	(85,037)	(85,037)	(85,037)	(85,037)	(85,037)	(85,037)	(85,037)	(85,037)	(85,027)	(1,020,434)
6. CONSERV. REVS. APPLICABLE TO THE PERIOD	(502,567)	(591,420)	(763,309)	(763,309)	(620,037)	(585,037)	(85,037)	(85,037)	(85,037)	(85,037)	(85,037)	(85,027)	(4,335,891)
7. CONSERV. EXPS.	521,857	426,351	405,191	522,601	522,601	522,601	522,601	522,601	522,601	522,601	522,601	522,614	6,056,822
8. TRUE-UP THIS PERIOD	19,290	(165,069)	(358,118)	(240,708)	(97,436)	(62,436)	437,564	437,564	437,564	437,564	437,564	437,587	1,720,931
9. INTER. PROVISION THIS PERIOD	(4,740)	(4,648)	(5,525)	(6,594)	(7,033)	(7,042)	(5,757)	(3,254)	(740)	1,787	4,326	6,877	(32,344)
10. TRUE-UP AND INTEREST PROV. BEG. OF MONTH	(1,020,434)	(920,847)	(1,005,528)	(1,284,133)	(1,446,399)	(1,465,830)	(1,450,272)	(933,427)	(414,080)	107,781	632,169	1,159,096	(1,020,434)
11. PRIOR TRUE-UP COLLECTED OR (REFUNDED)	85,037	85,037	85,037	85,037	85,037	85,037	85,037	85,037	85,037	85,037	85,037	85,027	1,020,434
12. TOTAL NET TRUE-UP	(920,847)	(1,005,528)	(1,284,133)	(1,446,399)	(1,465,830)	(1,450,272)	(933,427)	(414,080)	107,781	632,169	1,159,096	1,688,588	1,688,588

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR PERIOD: OCTOBER 1995 THROUGH SEPTEMBER 1996  
TWO MONTHS ACTUAL AND 10 MONTHS ESTIMATED

INTEREST PROVISION	MONTH NO.1	MONTH NO. 2	MONTH NO. 3	MONTH NO. 4	MONTH NO. 5	MONTH NO. 6	MONTH NO. 7	MONTH NO. 8	MONTH NO. 9	MONTH NO. 10	MONTH NO. 11	MONTH NO. 12	TOTAL
1. BEGINNING TRUE-UP	(1,020,434)	(920,847)	(1,005,528)	(1,284,133)	(1,446,399)	(1,465,830)	(1,450,272)	(933,427)	(414,080)	107,781	632,169	1,159,096	
2. ENDING TRUE-UP BEFORE INTEREST	(916,107)	(1,000,879)	(1,278,808)	(1,439,804)	(1,458,797)	(1,443,229)	(927,870)	(410,826)	108,521	630,382	1,154,770	1,681,710	
3. TOTAL BEGINNING & ENDING TRUE-UP	(1,936,541)	(1,921,727)	(2,284,136)	(2,723,938)	(2,905,196)	(2,909,060)	(2,377,942)	(1,344,253)	(305,559)	738,164	1,786,940	2,840,807	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(968,271)	(960,863)	(1,142,068)	(1,361,969)	(1,452,598)	(1,454,530)	(1,188,971)	(672,127)	(152,780)	369,082	893,470	1,420,403	
5. INTEREST RATE FIRST DAY OF REPORTING MONTH	5.940%	5.810%	5.800%	5.810%	5.810%	5.810%	5.810%	5.810%	5.810%	5.810%	5.810%	5.810%	
6. INTER. RATE - FIRST DAY SUBSEQUENT MONTH	5.810%	5.800%	5.310%	5.810%	5.810%	5.810%	5.810%	5.810%	5.810%	5.810%	5.810%	5.810%	
7. TOTAL (SUM LINES 5 & 6)	11.750%	11.810%	11.810%	11.820%	11.620%	11.620%	11.620%	11.620%	11.620%	11.620%	11.620%	11.620%	
8. AVG. INTEREST RATE (LINE 7 TIMES 50%)	5.875%	5.805%	5.805%	5.810%	5.810%	5.810%	5.810%	5.810%	5.810%	5.810%	5.810%	5.810%	
9. MONTHLY AVG INTEREST RATE	0.490%	0.484%	0.484%	0.484%	0.484%	0.484%	0.484%	0.484%	0.484%	0.484%	0.484%	0.484%	
10. INTEREST PROVISION	(4,740)	(4,648)	(5,525)	(6,594)	(7,033)	(7,042)	(5,757)	(3,254)	(740)	1,787	4,326	8,877	(32,344)



**Peoples Gas System, Inc.**

**Reporting:** OCTOBER 1996 THROUGH SEPTEMBER 1996

**Name:** Single Family Residential Home Builder Program

**Description:** This Program is designed to increase the number of high priority natural gas customers in the new residential construction market. The Company offers incentives in the form of gas appliance piping and venting allowances to assist builders in defraying the additional cost associated with the gas appliance installation.

<b>Program Goals:</b>	Projected new home connections for this period:	5,252
	Actual connections to date this period:	1,354
	Percent of goal for the two (2) months:	25.8%

<b>Program Fiscal Expenditures:</b>	Estimated for period:	\$3,518,794
	Actual to date:	\$907,466



**Peoples Gas System, Inc.**

**Reporting:** OCTOBER 1995 THROUGH SEPTEMBER 1996

**Name:** Residential Conservation Service Program

**Description:** This Program is designed to assist our residential customers in conserving all forms of energy consumption. Peoples' has had contractual arrangements with private contractors to perform Class "A", Walk-Through and Mini-Walk Through audits

**Program Goals:** Audit requests anticipated this period: 0

**Program Fiscal Expenditures:** Estimated for period: \$0  
Actual to date: \$0

**Peoples Gas System, Inc.**

**Reporting:** OCTOBER 1995 THROUGH SEPTEMBER 1996

**Name:** Water Heater Load Retention Program

**Description:** This Program is designed to discourage current natural gas customers from changing to electricity. The program offers allowances to customers to assist in defraying the cost of more expensive energy efficient appliances.

<b>Program Goals:</b>	Projected connections for this period:	3,000
	Actual connections to date this period:	527
	Percent of goal for the two (2) months:	17.6%

<b>Program Fiscal Expenditures:</b>	Estimated for period:	\$300,000
	Actual to date:	\$52,675

**Peoples Gas System, Inc.**

**Reporting:** OCTOBER 1995 THROUGH SEPTEMBER 1996

**Name:** Replacement of Oil Heating Program

**Description:** This Program is designed to encourage customers to convert their existing Oil Heating system to more energy efficient natural gas heating. Peoples' offers piping and venting allowances to defray the higher cost of installation of natural gas systems in hopes of preventing the customer from putting in less costly electric resistance strip heat.

<b>Program Goals:</b>	Projected new connections for this period:	163
	Actual connections to date this period:	30
	Percent of goal for the two (2) months:	18.2%

<b>Program Fiscal Expenditures:</b>	Estimated for period:	\$53,692
	Actual to date:	\$9,750

**Peoples Gas System, Inc.**

**Reporting:** OCTOBER 1996 THROUGH SEPTEMBER 1996

**Name:** Small Package Cogeneration Program

**Description:** This Program was designed to promote the direct use of natural gas to generate on-site power and utilize the waste heat for on-site heating, cooling and water heating requirements for commercial and industrial applications. For commercial and industrial customers that are interested, workshops and a feasibility audit will be made available upon request.

**Program Goals:**                      Audit requests, or workshops this period:                      0

**Program Fiscal Expenditures:**                      Estimated for period:                      \$0

Actual to date:                      \$0

**Peoples Gas System, Inc.**

**Reporting:** OCTOBER 1995 THROUGH SEPTEMBER 1996

**Name:** Commercial Electric Replacement Program

**Description:** This Program is designed to encourage the replacement of electric resistance equipment in commercial establishments by offering piping and venting allowances to defray the additional cost of installing more energy efficient equipment.

<b>Program Goals:</b>	Projected KWD displaced this period:	8,069
	Actual KWD displaced this period:	397
	Percent of goal for the two (2) months:	4.9%

<b>Program Fiscal Expenditures:</b>	Estimated for period:	\$322,740
	Actual to date:	\$15,868

**Peoples Gas System, Inc.**

**Reporting:** OCTOBER 1996 THROUGH SEPTEMBER 1996

**Name:** Residential Electric Replacement Program

**Description:** This program was designed to encourage the replacement of electric resistance appliances by offering piping and venting allowances to defray the additional cost of installing more energy efficient natural gas appliances.

<b>Program Goals:</b>	Projected new connections for this period:	3,079
	Actual connections to date this period:	490
	Percent of goal for the two (2) months:	15.9%
<b>Program Fiscal Expenditures:</b>	Estimated for period:	\$741,996
	Actual to date:	\$147,034



Peoples Gas System, Inc.

Reporting: OCTOBER 1995 THROUGH SEPTEMBER 1996

Name: Energy Conservation Common Costs

Program Fiscal Expenditures:	Estimated for period:	\$857,100
	Actual to date:	\$196,334
	Percent of budget for two (2) months:	22.9%

**Peoples Gas System, Inc.**

**Reporting:** OCTOBER 1996 THROUGH SEPTEMBER 1996

**Name:** Gas Space Conditioning Program

**Description:** This Program is designed to convert on-main customers from electric space conditioning equipment to energy efficient gas space conditioning. The program offers piping and venting allowances to reduce the generally higher cost of installing gas space conditioning equipment. This program would also reduce summer as well as winter peak demand and contribute to the conservation of KWH / KWD consumption.

<b>Program Goals:</b>	Projected connections this period: (tons)	1,750
	Actual connections this period: (tons)	0
	Percent of goal for the two (2) months:	0.0%

<b>Program Fiscal Expenditures:</b>	Estimated for period:	\$262,500
	Actual to date:	\$0

**Peoples Gas System, Inc.**

**Reporting:** OCTOBER 1996 THROUGH SEPTEMBER 1996

**Name:** Program Monitoring, Evaluation and Research Demonstration

**Description:** The projected costs and benefits of Peoples' energy conservation programs will be affected not only by the numbers of participating customers and the extent of their participation, but also by the assumptions used in estimating costs and savings to be derived from the programs.

<b>Program Fiscal Expenditures:</b>	Estimated for period:	\$0
	Actual to date:	\$0
	Percent of budget for two (2) months:	0.0%

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served by hand delivery (\*) or by United States Mail, postage prepaid, on the following individuals this 22<sup>nd</sup> day of January, 1996:

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