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IN REPLY REFER TO:

Ansley Watson, Jr.
P.O. Box 1531
Tampa, Florida 33601
e-mail: aw@maslar.com

September 11, 2008

VIA FEDEX

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED-FPSC
SEP 12 AM 10:52
COMMISSION
CLERK

Re: Docket No. 080004-GU – Natural gas conservation cost recovery

Dear Ms. Cole:

Enclosed for filing in the above docket on behalf of Peoples Gas System, please find the following:

- Peoples' Petition for Approval of Conservation Cost Recovery Factors;
- Direct Testimony of Kandi M. Floyd on behalf of Peoples ; and
- Exhibit ___ (KMF-2), consisting of the conservation cost recovery projection forms prescribed by the Commission Staff.

The direct testimony of Mrs. Floyd and the referenced exhibits will be offered by Peoples at the hearing in this docket, currently scheduled to commence on November 4, 2008.

COM
ECR
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OPC
RCP
SSC
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ADM
CLK

Please acknowledge your receipt and the date of filing of the enclosures on the enclosed duplicate copy of this letter, and return the same to me in the enclosed preaddressed envelope.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Ms. Ann Cole
September 11, 2008
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Thank you for your usual assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Ansley Watson, Jr.", written in a cursive style.

ANSLEY WATSON, JR.

AWjr/a
Enclosures

cc: Parties of Record
Mrs. Kandi M. Floyd
Matthew R. Costa, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost)
recovery.)
_____)

Docket No. 080004-GU
Submitted for Filing:
9-12-08

**PETITION OF PEOPLES GAS SYSTEM
FOR APPROVAL OF CONSERVATION COST RECOVERY FACTORS**

Peoples Gas System ("Peoples"), through undersigned counsel and pursuant to Rule 25-17.015, *Florida Administrative Code*, petitions the Commission for approval of its conservation cost recovery factors for the period January 1 through December 31, 2009, and in support thereof says:

1. The name and address of the Petitioner are:

Peoples Gas System
P. O. Box 2562
Tampa, Florida 33601-2562

2. The persons to whom notices, orders, pleadings and correspondence in this docket should be addressed are:

Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531

Ms. Paula K. Brown
Regulatory Affairs
Peoples Gas System
P. O. Box 111
Tampa, Florida 33601-0111

Matthew R. Costa
Corporate Counsel
TECO Energy, Inc.
P. O. Box 111
Tampa, Florida 33601-0111

3. Peoples projects total conservation program expenses of \$6,969,000 for the period January 1 through December 31, 2009. The estimated true-up is an overrecovery of \$2,921,911. After decreasing the projected conservation expenses by the amount of this overrecovery, \$4,074,089 remains to be recovered during the

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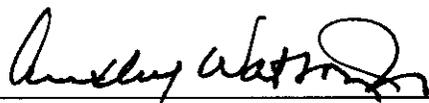
FPSC-COMMISSION CLERK

January - December 2009 period. When this expense is allocated to the affected rate classes pursuant to the methodology approved by the Commission, and expanded for taxes, the recovery factors for the period January - December 2009 required to recover such expense are as follows:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.02438
Residential Standby Generator	\$0.02438
Small General Service	\$0.02279
Commercial Standby Generator	\$0.02279
General Service 1	\$0.00817
General Service 2	\$0.00664
General Service 3	\$0.00556
General Service 4	\$0.00501
General Service 5	\$0.00285
Commercial Street Lighting	\$0.00355
Natural Gas Vehicle Service	\$0.00428

WHEREFORE, Peoples Gas System respectfully requests that the Commission grant this petition and approve the conservation adjustment factors set forth in paragraph 3 of this petition for the period January 1 through December 31, 2009.

Respectfully submitted,



Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531
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Attorneys for Peoples Gas System

Matthew R. Costa
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TECO Energy, Inc.
P. O. Box 111
Tampa, Florida 33601-0111
Phone: (813) 228-4938
Fax: (813) 228-1328
E-mail: mcosta@tecoenergy.com

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing petition, together with copies of the Direct Testimony of Kandi M. Floyd and Exhibit ____ (KMF-2), have been furnished by U. S. Mail, this 11th day of September, 2008, to the following:

Katherine Fleming, Esquire
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Mr. Jay Sutton
Florida City Gas
4180 South U.S. Highway 1
Rockledge, FL 32955-5309

Mr. Thomas A. Geoffroy
Florida Division
Chesapeake Utilities Corporation
P. O. Box 960
Winter Haven, FL 33882-0960

Florida Public Utilities Company
Mehrddad Khojasteh
P. O. Box 3395
West Palm Beach, FL 33402-3395

Beth Keating, Esquire
Akerman Senterfitt
106 E. College Ave., Suite 1200
Tallahassee, FL 32301

Norman H. Horton, Jr., Esquire
Messer, Caparello & Self, P.A.
P.O. Box 15579
Tallahassee, FL 32317

Mr. Stuart L. Shoaf
St. Joe Natural Gas Company, Inc.
P. O. Box 549
Port St. Joe, FL 32457-0549

Charles A. Costin, Esquire
Costin and Costin
P. O. Box 98
Port St. Joe, FL 32457-0098

Ms. Paula K. Brown
Regulatory Affairs
Peoples Gas System
P. O. Box 111
Tampa, FL 33601-0111

Mr. Brian J. Powers
Indiantown Gas Company
P. O. Box 8
Indiantown, FL 34956-0008

Mr. Jerry H. Melendy, Jr.
Sebring Gas System, Inc.
3515 U.S. Highway 27 South
Sebring, FL 33870

Robert Scheffel Wright, Esquire
Young Van Assenderp P.A.
225 South Adams St., Suite 200
Tallahassee, FL 32301

Elizabeth Wade/Melvin Williams
AGL Resources Inc.
Ten Peachtree Place
Location 1470
Atlanta, GA 30309

Ms. Paula K. Brown
Regulatory Affairs
Peoples Gas System
P. O. Box 111
Tampa, FL 33601-0111



Ansley Watson, Jr.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **KANDI M. FLOYD**

5
6 Q. Please state your name, business address, by whom you are employed, and in what
7 capacity?

8
9 A. My name is Kandi M. Floyd. My business address is Peoples Gas System, 702 North
10 Franklin Street, P.O. Box 2562, Tampa, Florida 33601-2562. I am employed by
11 Peoples Gas System ("Peoples" or "Company") and am the Manager of State
12 Regulatory.

13
14 Q. Please describe your educational and employment background.

15
16 A. I have a Bachelor of Arts Degree in Business Administration from Saint Leo
17 University. From 1995 to 1997, I was employed in a series of positions within the
18 regulatory affairs department of Tampa Electric Company. In 1998, I joined Peoples
19 Gas System as a Regulatory Coordinator in the Regulatory and Gas Supply
20 Department. In 2001, I became Peoples' Energy Conservation/Regulatory
21 Administrator and held that position until assuming my current position in 2003 . In
22 this role, I am responsible for coordinating and overseeing all Energy Conservation
23 Cost Recovery ("ECCR") Clause activities along with various other regulatory
24 activities for Peoples.

25 DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

1 Q. What is the purpose of your testimony in this docket?

2

3 A. My testimony addresses Peoples' conservation programs, the expenses that Peoples
4 has incurred, the revenues recovered by Peoples through the ECCR clause from
5 January 2008 through August 2008, and the costs that Peoples seeks to recover
6 through the ECCR clause in 2009.

7

8 First, my testimony describes generally the actual and projected expenditures made for
9 the purpose of implementing, promoting and operating Peoples' energy conservation
10 programs for the current period. This information includes the adjusted net true-up
11 amounts associated with those programs for the period January 2007 through
12 December 2007. Next, my testimony addresses the actual costs incurred from January
13 2008 through August 2008, and revised projections of program costs that Peoples
14 expects to incur from September 2008 through December 2008. In addition, my
15 testimony presents projected conservation program costs for the period January 2009
16 through December 2009.

17

18 Finally, my testimony presents the calculation of the conservation cost recovery
19 adjustment factors to be applied to customers' bills during the period beginning with
20 the first billing cycle for January 2009 and continuing through the last billing cycle for
21 December 2009.

22

23 Q. Are you sponsoring any exhibits with your testimony?

24

25 A. Yes. I am sponsoring two exhibits produced under my direction and supervision.

1 Exhibit ____ (KMF-1) contains the conservation cost recovery true-up data for the
2 period January 2007 through December 2007, and Exhibit ____ (KMF-2) contains the
3 conservation cost recovery true-up data for the period January 2008 through August
4 2008 as well as re-projected expenses for the period September 2008 through
5 December 2008 for all areas served by Peoples.. In addition, Exhibit ____ (KMF-2)
6 consists of Schedules C-1 through C-5, which contain information related to the
7 calculation of the ECCR factors to be applied to customers' bills during the period
8 January 2009 through December 2009.

9
10 Q. Have you prepared schedules showing the expenditures associated with Peoples'
11 energy conservation programs for the period January 2007 through December 2007?

12
13 A. Yes. Actual expenses for the period January 2007 through December 2007 are shown
14 on Schedule CT-2, page 2, of Exhibit ____ (KMF-1). Schedule CT-2, page 1 presents
15 a comparison of the actual program costs and true-up amount to the projected costs
16 and true-up amount for the same period.

17
18 Q. What are the Company's true-up amounts for the period January 2007 through
19 December 2007?

20
21 A. As shown on Schedule CT-1 of Exhibit ____ (KMF-1), the end-of-period net true-up
22 for the period is an overrecovery of \$ 5,922,525 including both principal and interest.
23 The projected true-up for the period, as approved by Commission Order No. PSC-07-
24 0935-FOF-GU, was an overrecovery of \$6,474,823 (including interest). Subtracting
25 the projected true-up overrecovery from the actual overrecovery yields the adjusted

1 net true-up of \$552,298 underrecovery (including interest).

2
3 Q. Have you prepared summaries of the Company's conservation programs and the
4 projected costs associated with these programs?

5
6 A. Yes. Summaries of the Company's programs are presented in Schedule C-5 of Exhibit
7 ____ (KMF-2).

8
9 Q. Have you prepared schedules required for the calculation of Peoples' proposed
10 conservation adjustment factors to be applied during the billing periods from January
11 2009 through and including December 2009?

12
13 A. Yes. Schedule C-3 of Exhibit ____ (KMF-2) shows actual expenses for the period
14 January 2008 through August 2008 and projected expenses for the period September
15 2008 through December 2008.

16
17 Projected expenses for the January 2009 through December 2009 period are shown on
18 Schedule C-2 of Exhibit ____ (KMF-2). The total annual cost projected represents a
19 continuation of Peoples' active expansion of the availability of natural gas throughout
20 Florida. Schedule C-1 shows the calculation of the conservation adjustment factors to
21 be applied to all customers of the Company who are subject to the factors. The
22 estimated true-up amount from Schedule C-3 (Page 4) of Exhibit ____ (KMF-2), an
23 overrecovery, was subtracted from the total of the projected costs for the January 2009
24 through December 2009 period. The resulting total of \$4,047,089 is the expense to be
25 recovered during calendar year 2009. This total expense was then allocated to the

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Company's affected rate classes pursuant to the methodology previously approved by the Commission, divided by the expected consumption of each rate class, and then adjusted for the regulatory assessment fee.

Schedule C-1 of Exhibit ____ (KMF-2) shows the resulting estimated ECCR revenues and adjustment factors by rate class for the period January 2009 through December 2009.

Q. Does this conclude your prefiled direct testimony?

A. Yes, it does.

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
MONTHS: January 2009 Through December 2009

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1)	6,969,000
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	-2,921,911
3. TOTAL (LINE 1 AND LINE 2)	4,047,089

RATE SCHEDULE	BILLS	THERMS	CUSTOMER CHARGE	NON-GAS ENERGY CHARGE	TOTAL CUST. & ENGY CHG REVENUE	ECCR REVENUES	ECCR AS % OF TOTAL REVENUES	DOLLARS THERM	TAX FACTOR	CONSERV FACTOR
RS & RS-SG	3,701,069	73,225,315	37,010,690	27,581,779	64,592,469	1,776,266	2.74996%	0.02426	1.00503	0.02438
SGS & CS-SG	73,248	2,639,117	1,464,960	711,374	2,176,334	59,848	2.74996%	0.02268	1.00503	0.02279
GS-1	238,623	110,150,022	7,158,690	25,384,073	32,542,763	894,913	2.74996%	0.00812	1.00503	0.00817
GS-2	38,496	75,992,091	1,347,360	16,921,159	18,268,519	502,377	2.74996%	0.00661	1.00503	0.00664
GS-3	9,703	73,516,093	436,635	14,359,898	14,796,533	406,899	2.74996%	0.00553	1.00503	0.00556
GS-4	1,476	43,269,635	125,460	7,714,111.00	7,839,571	215,585	2.74996%	0.00498	1.00503	0.00501
GS-5	1,254	65,557,915	188,100	6,582,670	6,770,770	186,193	2.74996%	0.00284	1.00503	0.00285
NGVS	180	430,880	6,300	60,379	66,679	1,834	2.74996%	0.00426	1.00503	0.00428
CCLS	756	899,851	0	115,442	115,442	3,175	2.74996%	0.00353	1.00503	0.00355
TOTAL	4,064,805	445,680,919	47,738,195	99,430,885	147,169,080	4,047,089				

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
January 2009 Through December 2009

<u>PROGRAM</u>	<u>CAPITAL INVEST</u>	<u>PAYROLL & BENEFITS</u>	<u>MATERIALS & SUPPLIES</u>	<u>ADVERT</u>	<u>INCENTIVES</u>	<u>OUTSIDE SERVICES</u>	<u>VEHICLE</u>	<u>OTHER</u>	<u>TOTAL</u>
1 NEW RESIDENTIAL CONSTRUCTION	0	0	0	0	2,000,000	0	0	0	\$2,000,000
2 APPLIANCE RETENTION PROGRAM	0	0	0	0	1,900,000	0	0	0	\$1,900,000
3 RES APPLIANCE REPLACEMENT	0	0	0	0	950,000	0	0	0	\$950,000
4 COM ELECTRIC REPLACEMENT	0	0	0	0	432,000	0	0	0	\$432,000
5 GAS SPACE CONDITIONING	0	0	0	0	50,000	0	0	0	\$50,000
6 SMALL PKG COGEN	0	0	0	0	20,000	0	0	0	\$20,000
7 COMMON COSTS	0	500,000	5,000	1,000,000	0	10,000	0	1,000	\$1,516,000
8 MONITORING AND RESEARCH	0	0	0	0	100,000	0	0	0	\$100,000
9 OIL HEAT REPLACEMENT	0	0	0	0	1,000	0	0	0	\$1,000
10 N/A	0	0	0	0	0	0	0	0	\$0
PROGRAM COSTS	<u>\$0</u>	<u>\$500,000</u>	<u>\$5,000</u>	<u>\$1,000,000</u>	<u>\$5,453,000</u>	<u>\$10,000</u>	<u>\$0</u>	<u>\$1,000</u>	<u>\$6,969,000</u>

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM

January 2008 Through December 2008

8 Months of Actuals

PROGRAM	CAPITAL INVEST	PAYROLL BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 RESIDENTIAL HOME BUILDER									
A. ACTUAL	0	0	0	0	1,193,430	0	0	0	1,193,430
B. ESTIMATED	0	0	0	0	596,715	0	0	0	596,715
C. TOTAL	0	0	0	0	1,790,145	0	0	0	1,790,145
2 WATER HEATER RETENTION									
A. ACTUAL	0	0	0	0	1,239,409	0	0	0	1,239,409
B. ESTIMATED	0	0	0	0	619,704	0	0	0	619,704
C. TOTAL	0	0	0	0	1,859,113	0	0	0	1,859,113
3 RES ELECTRIC REPLACEMENT									
A. ACTUAL	0	0	0	0	344,085	0	0	0	344,085
B. ESTIMATED	0	0	0	0	172,043	0	0	0	172,043
C. TOTAL	0	0	0	0	516,128	0	0	0	516,128
4 COM ELECTRIC REPLACEMENT									
A. ACTUAL	0	0	0	0	58,990	0	0	0	58,990
B. ESTIMATED	0	0	0	0	12,000	0	0	0	12,000
C. TOTAL	0	0	0	0	70,990	0	0	0	70,990
5 GAS SPACE CONDITIONING									
A. ACTUAL	0	0	0	0	13,500	0	0	0	13,500
B. ESTIMATED	0	0	0	0	300	0	0	0	300
C. TOTAL	0	0	0	0	13,800	0	0	0	13,800
6 SMALL PKG COGEN									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	3,000	0	0	0	3,000
C. TOTAL	0	0	0	0	3,000	0	0	0	3,000
SUB-TOTAL	0	0	0	0	4,253,176	0	0	0	4,253,176

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM

January 2008 Through December 2008

8 Months of Actuals

PROGRAM NAME	CAPITAL INVEST	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
SUB-TOTAL - PREVIOUS PAGE	0	0	0	0	4,253,176	0	0	0	4,253,176
7. COMMON COSTS									
A. ACTUAL	0	313,149	669	554,504	0	1,398	0	0	869,720
B. ESTIMATED	0	156,576	500	386,000	0	2,000	0	0	545,076
C. TOTAL	0	469,725	1,169	940,504	0	3,398	0	0	1,414,796
8. MONITORING AND 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
9. OIL REPLACEMENT									
A. ACTUAL	0	0	0	0	330	0	0	0	330
B. ESTIMATED	0	0	0	0	300	0	0	0	300
C. TOTAL	0	0	0	0	630	0	0	0	630
10. N/A									
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. N/A									
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
TOTAL	0	469,725	1,169	940,504	4,253,806	3,398	0	0	5,668,602

CONSERVATION PROGRAM COSTS BY PROGRAM
ACTUAL/ESTIMATED
January 2008 Through December 2008
8 Months of Actuals

PROGRAM NAME	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
RESIDENTIAL HOME BUILDER	259,360	187,110	131,650	140,870	126,100	119,650	153,490	75,200	149,179	149,179	149,179	149,179	\$1,790,145
WATER HEATER RETENTION	186,656	139,924	177,055	130,556	149,711	132,028	170,152	153,327	154,926	154,926	154,926	154,926	\$1,859,113
RES ELECTRIC REPLACEMENT	50,655	43,955	37,255	48,900	42,180	29,375	49,340	42,425	43,011	43,011	43,011	43,011	\$516,128
COM ELECTRIC REPLACEMENT	480	36,840	11,280	4,950	2,920	0	720	1,800	3,000	3,000	3,000	3,000	\$70,990
GAS SPACE CONDITIONING	13,500	0	0	0	0	0	0	0	0	100	100	100	\$13,800
SMALL PKG COGEN	0	0	0	0	0	0	0	0	0	1,000	1,000	1,000	\$3,000
COMMON COSTS	86,921	89,375	115,647	100,776	120,280	75,796	177,246	103,677	136,269	136,269	136,269	136,269	\$1,414,796
MONITORING AND RESEARCH	0	0	0	0	0	0	0	0	0	0	0	0	\$0
OIL REPLACEMENT	0	0	0	0	0	0	330	0	75	75	75	75	\$630
N/A	0	0	0	0	0	0	0	0	0	0	0	0	\$0
TOTAL ALL PROGRAMS	\$597,572	\$497,204	\$472,888	\$426,052	\$441,191	\$356,849	\$551,278	\$376,429	\$486,459	\$487,559	\$487,559	\$487,559	\$5,668,602

ENERGY CONSERVATION ADJUSTMENT
January 2008 Through December 2008

CONSERVATION REVS.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
a. OTHER PROG. REV.	-272,201	-274,033	-249,876	-230,700	-195,767	-164,523	-157,580	-151,572	-212,032	-212,032	-212,032	-212,032	-2,544,378
b. CONSERV. ADJ. REV.	0	0	0	0	0	0	0	0	0	0	0	0	0
c.	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSERV. ADJ REV. (NET OF REV. TAXES)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	-272,201	-274,033	-249,876	-230,700	-195,767	-164,523	-157,580	-151,572	-212,032	-212,032	-212,032	-212,032	-2,544,378
PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	-493,550	-493,550	-493,550	-493,550	-493,550	-493,550	-493,550	-493,550	-493,550	-493,550	-493,550	-493,550	-5,922,595
CONSERVATION REVS. APPLIC. TO PERIOD	-765,750	-767,583	-743,426	-724,250	-689,317	-658,073	-651,129	-645,122	-705,581	-705,581	-705,581	-705,581	-8,466,973
CONSERVATION EXPS. (FORM C-3, PAGE 3)	597,572	497,204	472,868	426,052	441,191	356,849	551,278	376,429	486,459	487,559	487,559	487,559	5,668,602
TRUE-UP THIS PERIOD	-168,178	-270,378	-270,538	-298,197	-248,125	-301,224	-99,852	-268,693	-219,122	-218,022	-218,022	-218,022	-2,798,372
INTEREST THIS PERIOD (C-3,PAGE 5)	-19,344	-14,152	-12,622	-11,623	-10,739	-9,521	-8,963	-8,351	-7,876	-7,330	-6,783	-6,234	-123,539
TRUE-UP & INT. BEG. OF MONTH	-5,922,595	-5,616,567	-5,407,548	-5,197,159	-5,013,429	-4,778,744	-4,595,939	-4,211,205	-3,994,699	-3,728,147	-3,459,950	-3,191,204	-2,921,911
PRIOR TRUE-UP COLLECT.(REFUND.)	493,550	493,550	493,550	493,550	493,550	493,550	493,550	493,550	493,550	493,550	493,550	493,550	5,922,595
END OF PERIOD TOTAL NET TRUE-UP	-5,616,567	-5,407,548	-5,197,159	-5,013,429	-4,778,744	-4,595,939	-4,211,205	-3,994,699	-3,728,147	-3,459,950	-3,191,204	-2,921,911	-2,921,911

CALCULATION OF TRUE-UP AND INTEREST PROVISION
January 2008 Through December 2008

INTEREST PROVISION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
BEGINNING TRUE-UP	-5,922,595	-5,616,567	-5,407,548	-5,197,159	-5,013,429	-4,778,744	-4,595,939	-4,211,205	-3,994,699	-3,728,147	-3,459,950	-3,191,204	-2,921,911
END. T-UP BEFORE INT.	-5,597,223	-5,393,396	-5,184,537	-5,001,806	-4,768,005	-4,586,418	-4,202,242	-3,986,348	-3,720,271	-3,462,619	-3,184,422	-2,915,677	202,312
TOT. BEG. & END. T-UP	-11,519,818	-11,009,963	-10,592,085	-10,198,965	-9,781,434	-9,365,162	-8,798,181	-8,197,553	-7,714,971	-7,180,766	-6,644,371	-6,106,881	-2,719,598
AVERAGE TRUE-UP	-5,759,909	-5,504,981	-5,296,042	-5,099,483	-4,890,717	-4,682,581	-4,399,090	-4,098,776	-3,857,485	-3,590,383	-3,322,186	-3,053,440	-1,359,799
INT. RATE-FIRST DAY OF REPORTING BUS. MTH	4.9800%	3.0800%	3.0900%	2.6300%	2.8400%	2.4300%	2.4500%	2.4400%	2.4500%	2.4500%	2.4500%	2.4500%	2.4500%
INT. RATE-FIRST DAY OF SUBSEQUENT BUS. MTH	3.0800%	3.0900%	2.6300%	2.8400%	2.4300%	2.4500%	2.4400%	2.4500%	2.4500%	2.4500%	2.4500%	2.4500%	2.4500%
TOTAL	8.0600%	6.1700%	5.7200%	5.4700%	5.2700%	4.8800%	4.8900%	4.8900%	4.9000%	4.9000%	4.9000%	4.9000%	4.9000%
AVG INTEREST RATE	4.0300%	3.0850%	2.8600%	2.7350%	2.6350%	2.4400%	2.4450%	2.4450%	2.4500%	2.4500%	2.4500%	2.4500%	2.4500%
MONTHLY AVG. RATE	0.3358%	0.2571%	0.2383%	0.2279%	0.2196%	0.2033%	0.2038%	0.2038%	0.2042%	0.2042%	0.2042%	0.2042%	0.2042%
INTEREST PROVISION	-\$19,344	-\$14,152	-\$12,622	-\$11,623	-\$10,739	-\$9,521	-\$8,963	-\$8,351	-\$7,876	-\$7,330	-\$6,783	-\$6,234	-\$123,539

Peoples Gas System

Reporting: January 2008 Through December 2008

Name: RESIDENTIAL HOME BUILDER

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.

Program Allowances:	Gas Water Heater	\$350.00
	Gas Heating	\$350.00
	Gas Tankless Water Heater	\$450.00
	Gas Cooking	\$100.00
	Gas Dryer	\$100.00

Program Goals: Projected new home connections for this period:	8,137
Actual connections to date this period:	5,425
Percent of goal:	66.7%
8 Months of Actuals	

Program Fiscal Expenditures:	Estimated for period:	\$1,790,145
	Actual to date:	\$1,193,430

Peoples Gas System

Reporting: January 2008 Through December 2008

Name: WATER HEATER RETENTION

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.

Program Allowances:	Gas Water Heater	\$350.00
	Gas Heating	\$350.00
	Gas Tankless Water Heater	\$450.00
	Gas Cooking	\$100.00
	Gas Dryer	\$100.00

Program Goals:	Projected connections for this period:	6,260
	Actual connections to date this period:	12,394
	Percent of goal: 8 Months of Actuals	198.0%

Program Fiscal Expenditures:	Estimated for period:	\$1,859,113
	Actual to date:	\$1,239,409

Peoples Gas System

Reporting: January 2008 Through December 2008

Name: RES ELECTRIC REPLACEMENT

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.

Program Allowances:	Natural Gas Water Heater	\$525.00
	Natural Gas Heating	\$625.00
	Natural Gas Tankless Water Heater . .	\$525.00
	Natural Gas Range	\$100.00
	Natural Gas Dryer	\$100.00
	Natural Gas Space Heater	\$65.00
	Actual connections to date this period:	1,117
	Percent of goal:	1718.7%
	8 Months of Actuals	
Program Fiscal Expenditures:	Estimated for period:	\$516,128
	Actual to date:	\$344,085

Peoples Gas System

Reporting: January 2008 Through December 2008

Name: COM ELECTRIC REPLACEMENT

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.

Program Allowances:	For every kW Displaced	\$40.00
	kW Displaced this period	1,475

Program Fiscal Expenditures:	Estimated for period:	\$70,990
	Actual to date:	\$58,990

Peoples Gas System

Reporting: January 2008 Through December 2008

Name: GAS SPACE CONDITIONING

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.

Program Allowance: Each customer allowed 100 tons maximum paid allowance / installation at: \$150.00 per ton

8 Months of Actuals

Program Fiscal Expenditures:	Estimated for period:	\$13,800
	Actual to date:	\$13,500

Peoples Gas System

Reporting: January 2008 Through December 2008

Name: SMALL PKG COGEN

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: Projected tons for this period: 20

Actual connections to date this period: 0

Percent of goal: 0.0%
8 Months of Actuals

Program Fiscal Expenditures: Estimated for period: \$3,000

Actual to date: \$0

Peoples Gas System

Reporting: January 2008 Through December 2008

Name: COMMON COSTS

Program Fiscal Expenditures:

Estimated for period:	\$1,414,796
Actual to date:	\$869,720
Percent of goal:	61.5%
8 Months of Actuals	

Peoples Gas System

Reporting: January 2008 Through December 2008

Name: OIL HEAT REPLACEMENT

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.

Program Allowance:	Energy Efficient Gas Furnaces	\$330.00
Program Go	Projected new connections for this period:	2
	Actual connections to date this period:	1
	Percent of goal:	47.6%
	8 Months of Actuals	
Program Fiscal Expenditures:	Estimated for period:	\$630
	Actual to date:	\$300

**ADJUSTED NET TRUE-UP
JANUARY 2007 THROUGH DECEMBER 2007**

END OF PERIOD NET TRUE-UP

PRINCIPAL	-5,718,249	
INTEREST	<u>-204,276</u>	-5,922,525

LESS PROJECTED TRUE-UP

PRINCIPAL	-6,254,203	
INTEREST	<u>-220,620</u>	<u>-6,474,823</u>

ADJUSTED NET TRUE-UP		<u>552,298</u>
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() REFLECTS OVER-RECOVERY

**ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
 ACTUAL VERSUS ESTIMATED
 JANUARY 2007 THROUGH DECEMBER 2007**

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	435,318	433,575	1,743
MATERIALS & SUPPLIES	2,933	8,440	-5,507
ADVERTISING	938,865	903,145	35,720
INCENTIVES	5,972,818	6,425,507	-452,689
OUTSIDE SERVICES	7,541	8,228	-687
VEHICLES	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
SUB-TOTAL	7,357,475	7,778,895	-421,420
PROGRAM REVENUES	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PROGRAM COSTS	7,357,475	7,778,895	-421,420
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	-13,075,724	0	-13,075,724
ROUNDING ADJUSTMENT	<u>0</u>	<u>0</u>	<u>0</u>
TRUE-UP BEFORE INTEREST	-5,718,249	7,778,895	-13,497,144
INTEREST PROVISION	<u>-204,276</u>	<u>0</u>	<u>-204,276</u>
END OF PERIOD TRUE-UP	<u>-5,922,525</u>	<u>7,778,895</u>	<u>-13,701,420</u>

() REFLECTS OVER-RECOVERY
 *8 MONTHS ACTUAL AND 4 MONTHS PROJECTED

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM
 JANUARY 2007 THROUGH DECEMBER 2007

<u>PROGRAM NAME</u>	<u>PAYROLL & BENEFITS</u>	<u>MATERIALS & SUPPLIES</u>	<u>ADVERTISING</u>	<u>INCENTIVE</u>	<u>OUTSIDE SERVICES</u>	<u>VEHICLE</u>	<u>OTHER</u>	<u>TOTAL</u>
PROGRAM 1: RESIDENTIAL HOME BUILDER	0	0	0	3,940,915	0	0	0	3,940,915
PROGRAM 2: OIL HEAT REPLACEMENT	0	0	0	0	0	0	0	0
PROGRAM 3: RES APPLIANCE RETENTION	0	0	0	1,449,053	0	0	0	1,449,053
PROGRAM 4: COMM ELECTRIC REPLACEMENT	0	0	0	62,335	0	0	0	62,335
PROGRAM 5: RES ELECTRIC REPLACEMENT	0	0	0	519,215	0	0	0	519,215
PROGRAM 6: COMMON COSTS	435,318	2,933	938,865	0	7,541	0	0	1,384,657
PROGRAM 7: GAS SPACE CONDITIONING	0	0	0	300	0	0	0	300
PROGRAM 8: SMALL PACKAGE COGEN	0	0	0	0	0	0	0	0
PROGRAM 9: MONITORING & RESEARCH	0	0	0	0	0	0	0	0
PROGRAM 10 ESP	0	0	0	1,000	0	0	0	1,000
PROGRAM 11 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 12 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 13 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 14 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 15 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 16 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 17 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 18 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 19 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 20 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
TOTAL	435,318	2,933	938,865	5,972,818	7,541	0	0	7,357,475

CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED
 JANUARY 2007 THROUGH DECEMBER 2007

<u>PROGRAM NAME</u>	<u>PAYROLL & BENEFITS</u>	<u>MATERIALS & SUPPLIES</u>	<u>ADVERTISING</u>	<u>INCENTIVE</u>	<u>OUTSIDE SERVICES</u>	<u>VEHICLE</u>	<u>OTHER</u>	<u>TOTAL</u>
PROGRAM 1: RESIDENTIAL HOME BUILDER	0	0	0	-531,815	0	0	0	-531,815
PROGRAM 2: OIL HEAT REPLACEMENT	0	0	0	-300	0	0	0	-300
PROGRAM 3: RES APPLIANCE RETENTION	0	0	0	52,474	0	0	0	52,474
PROGRAM 4: COMM ELECTRIC REPLACEMENT	0	0	0	17,705	0	0	0	17,705
PROGRAM 5: RES ELECTRIC REPLACEMENT	0	0	0	13,647	0	0	0	13,647
PROGRAM 6: COMMON COSTS	1,743	-5,507	35,720	0	-687	0	0	31,269
PROGRAM 7: GAS SPACE CONDITIONING	0	0	0	-400	0	0	0	-400
PROGRAM 8: SMALL PACKAGE COGEN	0	0	0	-4,000	0	0	0	-4,000
PROGRAM 9: MONITORING & RESEARCH	0	0	0	0	0	0	0	0
PROGRAM 10: ESP	0	0	0	0	0	0	0	0
PROGRAM 11: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 12: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 13: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 14: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 15: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 16: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 17: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 18: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 19: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 20: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
TOTAL	1,743	-5,507	35,720	-452,689	-687	0	0	-421,420

() REFELCTS PROJECTED OVER ACTUAL EXPENSE ESTIMATES

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
 SUMMARY OF EXPENSES BY PROGRAM BY MONTH
 JANUARY 2007 THROUGH DECEMBER 2007

EXPENSES:	JAN 2007	FEB 2007	MAR 2007	APR 2007	MAY 2007	JUN 2007	JUL 2007	AUG 2007	SEPT 2007	OCT 2007	NOV 2007	DEC 2007	TOTAL
PROGRAM 1:	349,340	530,475	358,570	412,695	329,325	418,885	323,055	259,475	391,235	238,360	184,550	144,950	3,940,915
PROGRAM 2:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 3:	119,505	139,427	101,498	109,593	105,905	129,794	130,088	95,242	132,259	138,502	121,470	125,770	1,449,053
PROGRAM 4:	6,960	6,160	1,810	3,860	7,640	3,320	4,480	0	14,360	2,760	6,840	4,145	62,335
PROGRAM 5:	42,155	49,180	28,570	48,380	30,240	43,945	46,225	48,350	45,100	47,215	38,800	51,055	519,215
PROGRAM 6:	42,113	54,571	92,819	84,615	102,396	82,081	108,813	105,756	195,060	106,874	99,625	309,933	1,384,657
PROGRAM 7:	0	0	0	0	0	0	0	300	0	0	0	0	300
PROGRAM 8:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 9:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 10:	550	450	0	0	0	0	0	0	0	0	0	0	1,000
PROGRAM 11:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 12:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 13:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 14:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 15:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 16:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 17:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 18:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 19:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 20:	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	560,623	780,263	583,267	659,143	575,506	678,025	612,661	509,123	778,014	533,711	451,285	635,853	7,357,475
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	560,623	780,263	583,267	659,143	575,506	678,025	612,661	509,123	778,014	533,711	451,285	635,853	7,357,475

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
 JANUARY 2007 THROUGH DECEMBER 2007

CONSERVATION REVENUES	JAN 2007	FEB 2007	MAR 2007	APR 2007	MAY 2007	JUN 2007	JUL 2007	AUG 2007	SEP 2007	OCT 2007	NOV 2007	DEC 2007	TOTAL
1. RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROGRAM REVS	0	0	0	0	0	0	0	0	0	0	0	0	0
3. CONSERV. ADJ REVS	-1,303,912	-1,371,652	-1,371,221	-1,170,527	-973,395	-862,852	-801,145	-729,324	-727,551	-759,867	-846,194	-1,097,928	-12,015,566
4. TOTAL REVENUES	-1,303,912	-1,371,652	-1,371,221	-1,170,527	-973,395	-862,852	-801,145	-729,324	-727,551	-759,867	-846,194	-1,097,928	-12,015,566
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	-88,347	-88,347	-88,347	-88,347	-88,347	-88,347	-88,347	-88,347	-88,347	-88,347	-88,347	-88,347	-1,060,158
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	-1,392,258	-1,459,999	-1,459,567	-1,258,873	-1,061,742	-951,198	-889,491	-817,670	-815,897	-848,213	-934,541	-1,186,274	-13,075,724
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	560,623	780,263	583,267	659,143	575,506	678,025	612,661	509,123	778,014	533,711	451,285	635,853	7,357,475
8. TRUE-UP THIS PERIOD	-831,635	-679,736	-876,300	-599,730	-486,236	-273,173	-276,830	-308,547	-37,884	-314,502	-483,255	-550,421	-5,718,249
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	-6,282	-9,229	-12,292	-15,194	-17,253	-18,641	-19,506	-21,149	-21,251	-19,902	-20,595	-22,981	-204,276
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	-1,060,158	-1,809,729	-2,410,346	-3,210,592	-3,737,170	-4,152,312	-4,355,780	-4,563,770	-4,805,120	-4,775,908	-5,021,965	-5,437,469	
11. PRIOR TRUE-UP COLLECTED(REFUNDED)	88,347	88,347	88,347	88,347	88,347	88,347	88,347	88,347	88,347	88,347	88,347	88,347	
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	-1,809,729	-2,410,346	-3,210,592	-3,737,170	-4,152,312	-4,355,780	-4,563,770	-4,805,120	-4,775,908	-5,021,965	-5,437,469	-5,922,525	-5,922,525

CALCULATION OF TRUE-UP AND INTEREST PROVISION
 JANUARY 2007 THROUGH DECEMBER 2007

	JAN 2007	FEB 2007	MAR 2007	APR 2007	MAY 2007	JUN 2007	JUL 2007	AUG 2007	SEPT 2007	OCT 2007	NOV 2007	DEC 2007	TOTAL
INTEREST PROVISION													
1. BEGINNING TRUE-UP	-1,060,158	-1,809,729	-2,410,346	-3,210,592	-3,737,170	-4,152,312	-4,355,780	-4,563,770	-4,805,120	-4,775,908	-5,021,965	-5,437,469	
2. ENDING TRUE-UP BEFORE INTEREST	-1,803,446	-2,401,118	-3,198,300	-3,721,976	-4,135,059	-4,337,139	-4,544,264	-4,783,971	-4,754,657	-5,002,063	-5,416,874	-5,899,544	
3. TOTAL BEGINNING & ENDING TRUE-UP	-2,863,604	-4,210,846	-5,608,646	-6,932,568	-7,872,229	-8,489,451	-8,900,045	-9,347,741	-9,559,777	-9,777,971	-10,438,839	-11,337,012	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	-1,431,802	-2,105,423	-2,804,323	-3,466,284	-3,936,114	-4,244,726	-4,450,022	-4,673,870	-4,779,889	-4,888,985	-5,219,419	-5,668,506	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	5.270%	5.260%	5.260%	5.260%	5.260%	5.260%	5.280%	5.240%	5.620%	5.050%	4.720%	4.750%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	5.260%	5.260%	5.260%	5.260%	5.260%	5.280%	5.240%	5.620%	5.050%	4.720%	4.750%	4.980%	
7. TOTAL (SUM LINES 5 & 6)	10.530%	10.520%	10.520%	10.520%	10.520%	10.540%	10.520%	10.860%	10.670%	9.770%	9.470%	9.730%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	5.265%	5.260%	5.260%	5.260%	5.260%	5.270%	5.260%	5.430%	5.335%	4.885%	4.735%	4.865%	
9. MONTHLY AVG INTEREST RATE	0.439%	0.438%	0.438%	0.438%	0.438%	0.439%	0.438%	0.453%	0.445%	0.407%	0.395%	0.405%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	-6,282	-9,229	-12,292	-15,194	-17,253	-18,641	-19,506	-21,149	-21,251	-19,902	-20,595	-22,981	-204,276

Program Progress Report

Reporting Period: JANUARY 2007 THROUGH DECEMBER 2007

Name: RESIDENTIAL HOME BUILDER

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 installation of gas appliances.

Program Allowances:	Water Heater	\$350
	Tankless Water Heater	\$450
	Furnace	\$350
	Range	\$100
	Dryer	\$100

	<u>Program Summary</u>	
New Home Goal:		4,970
New Homes Connected:		<u>4,379</u>
Variance:		591
Percent of Goal:		88.1%

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$4,472,730
Actual Cost:	\$3,940,915
Variance:	\$531,815

Program Progress Report

Reporting Period: JANUARY 2007 THROUGH DECEMBER 2007

Name: OIL HEAT REPLACEMENT

Description: This program is designed to encourage customers to convert their existing oil burning heating systems to energy efficient natural gas heating so as to discourage those customer from switching to less costly resistance strip heating. The program offers allowances to defray the additional cost of installing gas appliances.

Program Allowance: Energy Efficient Gas Furnaces **\$330**

Program Summary

Goals:	1
Actual:	0
Variance:	1
Percent of Goal:	0.0%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$300
Actual Cost:	\$0
Variance:	\$300

Program Progress Report

Reporting Period: JANUARY 2007 THROUGH DECEMBER 2007

Name: RESIDENTIAL APPLIANCE RETENTION PROGRAM

Description: This program is designed to encourage current natural gas customers to retain natural gas appliances.
 The program offers allowances to assist in defraying the cost of more expensive energy efficient appliances.

Program Allowances:	Water Heater	\$350
	Tankless Water Heater	\$450
	Furnace	\$350
	Range	\$100
	Dryer	\$100

Program Summary

Goals:	1,552
Actual:	1,610
Variance:	-58
Percent of Goal:	103.8%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$1,396,579
Actual Cost:	\$1,449,053
Variance:	-\$52,474

Program Progress Report

Reporting Period: **JANUARY 2007 THROUGH DECEMBER 2007**

Name: **COMM ELECTRIC REPLACEMENT**

Description: This program is designed to encourage the replacement of electric resistance appliances in commercial establishments by offering piping and venting allowances to defray the additional cost of installing natural gas equipment.

Program Allowances: For each kW Displaced **\$40**

Program Summary

Goals: (Projected kW Displaced)	1116
Actual:	1,558
Variance:	-443
Percent of Goal:	139.7%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$44,630
Actual Cost:	\$62,335
Variance:	-\$17,705

Program Progress Report

Reporting Period: **JANUARY 2007 THROUGH DECEMBER 2007**

Name: **RESIDENTIAL APPLIANCE REPLACEMENT PROGRAM**

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

Water Heater	.....	\$525
Tankless Water Heater	.....	\$525
Furnace	.....	\$625
Range	.....	\$100
Dryer	.....	\$100
Space Heating	.....	\$65

Program Summary

Goals:	374
Actual:	385
Variance:	-10
Percent of Goal:	102.7%

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$505,568
Actual Cost:	\$519,215
Variance:	-\$13,647

Program Progress Report

Reporting Period: JANUARY 2007 THROUGH DECEMBER 2007

Name: COMMON COSTS

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$1,353,388
Actual Cost:	\$1,384,657
Variance:	-\$31,269

Program Progress Report

Reporting Period: JANUARY 2007 THROUGH DECEMBER 2007

Name: GAS SPACE CONDITIONING

Description: This program is designed to convert on-main customers from electric space conditioning equipment to energy efficient natural 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.

Program Allowance: **\$150 / ton**

Program Summary

Program Goal:	5
Program Accomplishments:	2
Variance:	3
Percent of Goal:	42.9%

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$700
Actual Cost:	\$300
Variance:	\$400

Program Progress Report

Reporting Period: JANUARY 2007 THROUGH DECEMBER 2007

Name: SMALL PACKAGE COGEN

Description: This program is 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.

Program Summary:

KW Deferred	\$150 / kW
Feasibility Study	\$5,000

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$4,000
Actual Cost:	\$0
Variance:	\$4,000

Program Progress Report

Reporting Period: JANUARY 2007 THROUGH DECEMBER 2007

Name: MONITORING & RESEARCH

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.

Program Summary: Estimated annual cost: \$80,000

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$0
Actual Cost:	\$0
Variance:	\$0