



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120004-GU
ENERGY CONSERVATION
PROJECTION FILING FOR
JANUARY 2013 - DECEMBER 2013
BY PEOPLES GAS SYSTEM

COM 5
AED 6
APA 1
ECO 1
ENG 1
GCL 1
IDM 1
TEL 1
CLK 1

TESTIMONY AND EXHIBIT
OF
KANDI M. FLOYD

DOCUMENT NUMBER-DATE

06133 SEP 12 2

FPSC-COMMISSION CLERK

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
7 are employed, and in what capacity?
8

9 **A.** My name is Kandi M. Floyd. My business address is
10 Peoples Gas System, 702 North Franklin Street, P.O. Box
11 2562, Tampa, Florida 33601-2562. I am employed by
12 Peoples Gas System ("Peoples" or the "Company") and am
13 the Manager of State Regulatory.
14

15 **Q.** Please describe your educational and employment
16 background.
17

18 **A.** I have a Bachelor of Arts Degree in Business
19 Administration from Saint Leo University. From 1995 to
20 1997, I was employed in a series of positions within the
21 regulatory affairs department of Tampa Electric Company.
22 In 1998, I joined Peoples Gas System as a Regulatory
23 Coordinator in the Regulatory and Gas Supply Department.
24 In 2001, I became the Energy Conservation / Regulatory
25 Administrator and in 2003 became the Manager of State

1 Regulatory for Peoples Gas System. In this role, I am
2 responsible for managing the Energy Conservation Cost
3 Recovery ("ECCR") Clause and the Purchased Gas
4 Adjustment as well as various other regulatory
5 activities for Peoples.

6
7 **Q.** What is the purpose of your testimony in this docket?

8
9 **A.** My testimony addresses Peoples' conservation programs,
10 the expenses that Peoples has incurred, the revenues
11 recovered by Peoples through the ECCR clause from
12 January 2012 through August 2012, and the costs that
13 Peoples seeks to recover through the ECCR clause in
14 2013.

15
16 First, my testimony describes generally the actual and
17 projected expenditures made for the purpose of
18 implementing, promoting and operating Peoples' energy
19 conservation programs for the current period. This
20 information includes the adjusted net true-up amounts
21 associated with those programs for the period January
22 2011 through December 2011. Next, my testimony
23 addresses the actual costs incurred from January 2012
24 through August 2012, and revised projections of program
25 costs that Peoples expects to incur from September 2012

1 through December 2012. In addition, my testimony
2 presents projected conservation program costs for the
3 period January 2013 through December 2013.

4
5 Finally, my testimony presents the calculation of the
6 conservation cost recovery adjustment factors to be
7 applied to customers' bills during the period beginning
8 with the first billing cycle for January 2013 and
9 continuing through the last billing cycle for December
10 2013.

11
12 **Q.** Are you sponsoring any exhibits with your testimony?

13
14 **A.** Yes. I am sponsoring two exhibits produced under my
15 direction and supervision. Exhibit ____ (KMF-1) contains
16 the conservation cost recovery true-up data for the
17 period January 2011 through December 2011, and Exhibit
18 ____ (KMF-2) contains the conservation cost recovery
19 true-up data for the period January 2012 through August
20 2012 as well as re-projected expenses for the period
21 September 2012 through December 2012. Exhibit ____ (KMF-
22 2) consists of Schedules C-1 through C-5, which contain
23 information related to the calculation of the ECCR
24 factors to be applied to customers' bills during the
25 period January 2013 through December 2013.

- 1 Q. Have you prepared schedules showing the expenditures
2 associated with Peoples' energy conservation programs
3 for the period January 2011 through December 2011?
4
- 5 A. Yes. Actual expenses for the period January 2011
6 through December 2011 are shown on Schedule CT-2, page
7 2, of Exhibit ____ (KMF-1). Schedule CT-2, page 1
8 presents a comparison of the actual program costs and
9 true-up amount to the projected costs and true-up amount
10 for the same period.
11
- 12 Q. What are the Company's true-up amounts for the period
13 January 2011 through December 2011?
14
- 15 A. As shown on Schedule CT-1 of Exhibit ____ (KMF-1), the
16 end-of-period net true-up for the period is an over-
17 recovery of \$702,452 including both principal and
18 interest. The projected true-up for the period, as
19 approved by Commission Order No. PSC-11-0523-FOF-GU, was
20 an over-recovery of \$682,283 (including interest).
21 Subtracting the projected true-up over-recovery from the
22 actual over-recovery yields the adjusted net true-up of
23 \$20,169 over-recovery (including interest).
24
- 25 Q. Have you prepared summaries of the Company's

1 conservation programs and the projected costs associated
2 with these programs?

3
4 **A.** Yes. Summaries of the Company's programs are presented
5 in Schedule C-5 of Exhibit ____ (KMF-2).

6
7 **Q.** Have you prepared schedules required for the calculation
8 of Peoples' proposed conservation adjustment factors to
9 be applied during the billing periods from January 2013
10 through and including December 2013?

11
12 **A.** Yes. Schedule C-3 of Exhibit ____ (KMF-2) shows actual
13 expenses for the period January 2012 through August 2012
14 and projected expenses for the period September 2012
15 through December 2012.

16
17 Projected expenses for the January 2013 through December
18 2013 period are shown on Schedule C-2 of Exhibit
19 ____ (KMF-2). The total annual cost projected represents
20 a continuation of Peoples' efforts to expand the
21 availability of natural gas throughout Florida, and to
22 retain its existing natural gas customers. Schedule C-1
23 shows the calculation of the conservation adjustment
24 factors to be applied to all customers of the Company
25 who are subject to the factors. The estimated true-up

1 amount from Schedule C-3 (Page 4) of Exhibit ____ (KMF-2),
2 an under-recovery, was added to the total of the
3 projected costs for the January 2013 through December
4 2013 period. The resulting total of \$9,463,342 is the
5 expense to be recovered during calendar year 2013. This
6 total expense was then allocated to the Company's
7 affected rate classes pursuant to the methodology
8 previously approved by the Commission, divided by the
9 expected consumption of each rate class, and then
10 adjusted for the regulatory assessment fee.

11
12 Schedule C-1 of Exhibit ____ (KMF-2) shows the resulting
13 estimated ECCR revenues and adjustment factors by rate
14 class for the period January 2013 through December 2013.

15
16 **Q.** Does this conclude your prefiled direct testimony?

17
18 **A.** Yes, it does.

19
20
21
22
23
24
25

PEOPLES GAS SYSTEM
SCHEDULES SUPPORTING
ENERGY CONSERVATION COST RECOVERY CLAUSE
PROJECTION FILING FOR
January 2013 - December 2013

ENERGY CONSERVATION COST RECOVERY

INDEX

| SCHEDULE | TITLE | PAGE |
|----------|--|------|
| C-1 | Summary of Cost Recovery Clause Calculation | 9 |
| C-2 | Estimated Conservation Program Costs by Program by Month | 10 |
| C-3 | Estimated Conservation Program Costs per Program | 12 |
| C-5 | Program Progress Report | 17 |

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
MONTHS: January 2013 Through December 2013

| | |
|---|-----------|
| 1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1) | 7,724,186 |
| 2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11) | 1,739,156 |
| 3. TOTAL (LINE 1 AND LINE 2) | 9,463,342 |

6

| 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 | 3,743,714 | 67,878,751 | 58,401,938 | 18,179,287 | 76,581,225 | 4,034,213 | 5.26789% | 0.05943 | 1.00503 | 0.05973 |
| SGS | 124,029 | 7,421,825 | 3,100,725 | 2,515,553 | 5,616,278 | 295,859 | 5.26789% | 0.03986 | 1.00503 | 0.04006 |
| GS-1 & CS-SG | 196,131 | 77,635,888 | 6,864,585 | 20,806,418 | 27,671,003 | 1,457,677 | 5.26789% | 0.01878 | 1.00503 | 0.01887 |
| GS-2 | 80,748 | 124,613,227 | 4,037,400 | 28,344,525 | 32,381,925 | 1,705,843 | 5.26789% | 0.01369 | 1.00503 | 0.01376 |
| GS-3 | 10,166 | 84,382,491 | 1,524,900 | 16,598,036 | 18,122,936 | 954,696 | 5.26789% | 0.01131 | 1.00503 | 0.01137 |
| GS-4 | 1,683 | 46,557,209 | 420,750 | 7,083,679.00 | 7,504,429 | 395,325 | 5.26789% | 0.00849 | 1.00503 | 0.00853 |
| GS-5 | 1,705 | 97,889,772 | 511,500 | 11,082,101 | 11,593,601 | 610,738 | 5.26789% | 0.00624 | 1.00503 | 0.00627 |
| NGVS | 168 | 152,439 | 7,560 | 28,037 | 35,597 | 1,875 | 5.26789% | 0.01230 | 1.00503 | 0.01236 |
| CSLS | 588 | 716,201 | 0 | 135,068 | 135,068 | 7,115 | 5.26789% | 0.00993 | 1.00503 | 0.00998 |
| TOTAL | 4,158,932 | 507,247,803 | 74,869,358 | 104,772,704 | 179,642,062 | 9,463,342 | | | | |

ESTIMATED CONSERVATION PROGRAM COSTS BY PROGRAM BY MONTH
January 2013 Through December 2013

| PROGRAM | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| 1 NEW RESIDENTIAL CONSTRUCTION | 114,858 | 114,858 | 114,858 | 114,858 | 114,858 | 114,858 | 114,858 | 114,858 | 114,858 | 114,858 | 114,858 | 114,858 | \$1,378,301 |
| 2 RESIDENTIAL APPLIANCE RETENTION | 276,954 | 276,954 | 276,954 | 276,954 | 276,954 | 276,954 | 276,954 | 276,954 | 276,954 | 276,954 | 276,954 | 276,954 | \$3,323,452 |
| 3 RESIDENTIAL APPLIANCE REPLACEMENT | 88,729 | 88,729 | 88,729 | 88,729 | 88,729 | 88,729 | 88,729 | 88,729 | 88,729 | 88,729 | 88,729 | 88,729 | \$1,064,747 |
| 4 COMMERCIAL ELECTRIC REPLACEMENT | 8,977 | 8,977 | 8,977 | 8,977 | 8,977 | 8,977 | 8,977 | 8,977 | 8,977 | 8,977 | 8,977 | 8,977 | \$107,723 |
| 5 GAS SPACE CONDITIONING | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | \$25,000 |
| 6 SMALL PACKAGE COGEN | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | \$25,000 |
| 7 COMMON COSTS | 135,304 | 135,304 | 135,304 | 135,304 | 135,304 | 135,304 | 135,304 | 135,304 | 135,304 | 135,304 | 135,304 | 135,304 | \$1,623,645 |
| 8 MONITORING AND RESEARCH | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 9 OIL HEAT REPLACEMENT | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | \$1,320 |
| 10 CONSERVATION DEMONSTRATION DEVELOPMENT | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | \$175,000 |
| TOTAL ALL PROGRAMS | \$643,682 | \$643,682 | \$643,682 | \$643,682 | \$643,682 | \$643,682 | \$643,682 | \$643,682 | \$643,682 | \$643,682 | \$643,682 | \$643,682 | \$7,724,186 |

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ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
January 2013 Through December 2013

| PROGRAM | CAPITAL INVEST | PAYROLL & BENEFITS | MATERIALS & SUPPLIES | ADVERT | INCENTIVES | OUTSIDE SERVICES | VEHICLE | OTHER | TOTAL |
|---|----------------|--------------------|----------------------|--------------------|--------------------|------------------|------------|------------|--------------------|
| 1 NEW RESIDENTIAL CONSTRUCTION | 0 | 0 | 0 | 0 | 1,378,301 | 0 | 0 | 0 | \$1,378,301 |
| 2 RESIDENTIAL APPLIANCE RETENTION | 0 | 0 | 0 | 0 | 3,323,452 | 0 | 0 | 0 | \$3,323,452 |
| 3 RESIDENTIAL APPLIANCE REPLACEMENT | 0 | 0 | 0 | 0 | 1,064,747 | 0 | 0 | 0 | \$1,064,747 |
| 4 COMMERCIAL ELECTRIC REPLACEMENT | 0 | 0 | 0 | 0 | 107,723 | 0 | 0 | 0 | \$107,723 |
| 5 GAS SPACE CONDITIONING | 0 | 0 | 0 | 0 | 25,000 | 0 | 0 | 0 | \$25,000 |
| 6 SMALL PACKAGE COGEN | 0 | 0 | 0 | 0 | 25,000 | 0 | 0 | 0 | \$25,000 |
| 7 COMMON COSTS | 0 | 313,645 | 5,000 | 1,250,000 | 0 | 55,000 | 0 | 0 | \$1,623,645 |
| 8 MONITORING AND RESEARCH | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 9 OIL HEAT REPLACEMENT | 0 | 0 | 0 | 0 | 1,320 | 0 | 0 | 0 | \$1,320 |
| 10 CONSERVATION DEMONSTRATION DEVELOPMENT | 0 | 0 | 0 | 0 | 175,000 | 0 | 0 | 0 | \$175,000 |
| PROGRAM COSTS | \$0 | \$313,645 | \$5,000 | \$1,250,000 | \$6,100,541 | \$55,000 | \$0 | \$0 | \$7,724,186 |

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ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
January 2012 Through December 2012
8 Months of Actuals

| PROGRAM | CAPITAL INVEST | PAYROLL BENEFITS | MATERIALS & SUPPLIES | ADVERT | INCENTIVES | OUTSIDE SERVICES | VEHICLE | OTHER | TOTAL |
|-------------------------------------|-------------------|---------------------|-------------------------|--------|-------------|---------------------|---------|-------|-------------|
| 1 NEW RESIDENTIAL CONSTRUCTION | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 900,850 | 0 | 0 | 0 | 900,850 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 450,425 | 0 | 0 | 0 | 450,425 |
| C. TOTAL | 0 | 0 | 0 | 0 | 1,351,275 | 0 | 0 | 0 | 1,351,275 |
| 2 RESIDENTIAL APPLIANCE RETENTION | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 2,172,191 | 0 | 0 | 0 | 2,172,191 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 1,086,095 | 0 | 0 | 0 | 1,086,095 |
| C. TOTAL | 0 | 0 | 0 | 0 | 3,258,286 | 0 | 0 | 0 | 3,258,286 |
| 3 RESIDENTIAL APPLIANCE REPLACEMENT | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 695,913 | 0 | 0 | 0 | 695,913 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 347,956 | 0 | 0 | 0 | 347,956 |
| C. TOTAL | 0 | 0 | 0 | 0 | 1,043,869 | 0 | 0 | 0 | 1,043,869 |
| 4 COMMERCIAL ELECTRIC REPLACEMENT | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 70,407 | 0 | 0 | 0 | 70,407 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 35,204 | 0 | 0 | 0 | 35,204 |
| C. TOTAL | 0 | 0 | 0 | 0 | 105,611 | 0 | 0 | 0 | 105,611 |
| 5 GAS SPACE CONDITIONING | | | | | | | | | |
| 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 |
| 6 SMALL PACKAGE COGEN | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 22,500 | 0 | 0 | 0 | 22,500 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 22,500 | 0 | 0 | 0 | 22,500 |
| SUB-TOTAL | \$0 | \$0 | \$0 | \$0 | \$5,781,541 | \$0 | \$0 | \$0 | \$5,781,541 |

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ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
January 2012 Through December 2012
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 | 5,781,541 | 0 | 0 | 0 | 5,781,541 |
| 7. COMMON COSTS | | | | | | | | | |
| A. ACTUAL | 0 | 190,539 | 925 | 553,948 | 0 | 16,192 | 0 | 0 | 761,605 |
| B. ESTIMATED | 0 | 120,000 | 700 | 651,000 | 0 | 65,000 | 0 | 0 | 836,700 |
| C. TOTAL | 0 | 310,539 | 1,625 | 1,204,948 | 0 | 81,192 | 0 | 0 | 1,598,305 |
| 8. MONITORING AND RESEARCH | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 6,000 | 0 | 0 | 0 | 6,000 |
| C. TOTAL | 0 | 0 | 0 | 0 | 6,000 | 0 | 0 | 0 | 6,000 |
| 9. OIL HEAT REPLACEMENT | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 330 | 0 | 0 | 0 | 330 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 330 | 0 | 0 | 0 | 330 |
| C. TOTAL | 0 | 0 | 0 | 0 | 660 | 0 | 0 | 0 | 660 |
| 10. CONSERVATION DEMONSTRATION DEVELOPMENT | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 100,000 | 0 | 0 | 0 | 100,000 |
| C. TOTAL | 0 | 0 | 0 | 0 | 100,000 | 0 | 0 | 0 | 100,000 |
| 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 | \$310,539 | \$1,625 | \$1,204,948 | \$5,888,201 | \$81,192 | \$0 | \$0 | \$7,486,505 |

13

CONSERVATION PROGRAM COSTS BY PROGRAM
ACTUAL/ESTIMATED
January 2012 Through December 2012
8 Months of Actuals

| PROGRAM NAME | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| NEW RESIDENTIAL CONSTRUCTION | 174,100 | 103,950 | 71,100 | 107,800 | 129,800 | 130,800 | 108,850 | 74,450 | 112,506 | 112,606 | 112,606 | 112,606 | \$1,351,275 |
| RESIDENTIAL APPLIANCE RETENTION | 303,948 | 225,634 | 249,779 | 287,339 | 256,065 | 299,955 | 309,436 | 240,034 | 271,524 | 271,524 | 271,524 | 271,524 | \$3,258,286 |
| RESIDENTIAL APPLIANCE REPLACEMENT | 99,333 | 94,970 | 80,569 | 93,875 | 73,511 | 76,131 | 88,374 | 89,150 | 86,989 | 86,989 | 86,989 | 86,989 | \$1,043,869 |
| COMMERCIAL ELECTRIC REPLACEMENT | 6,080 | 6,955 | 13,795 | 3,600 | 7,760 | 9,904 | 11,433 | 10,880 | 8,801 | 8,801 | 8,801 | 8,801 | \$105,611 |
| GAS SPACE CONDITIONING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| SMALL PACKAGE COGEN | 0 | 0 | 0 | 0 | 0 | 22,500 | 0 | 0 | 0 | 0 | 0 | 0 | \$22,500 |
| COMMON COSTS | 29,777 | 143,626 | 122,794 | 28,982 | 58,792 | 109,199 | 27,429 | 240,706 | 209,175 | 209,175 | 209,175 | 209,175 | \$1,598,305 |
| MONITORING AND RESEARCH | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,000 | 2,000 | 2,000 | \$6,000 |
| OIL HEAT REPLACEMENT | 0 | 0 | 330 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 330 | \$660 |
| CONSERVATION DEMONSTRATION DEVELOPMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25,000 | 25,000 | 25,000 | 25,000 | \$100,000 |
| TOTAL ALL PROGRAMS | \$613,238 | \$575,436 | \$538,367 | \$521,596 | \$525,928 | \$648,490 | \$545,522 | \$655,220 | \$714,095 | \$716,095 | \$716,095 | \$716,425 | \$7,486,505 |

ENERGY CONSERVATION ADJUSTMENT
January 2012 Through December 2012

| 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. | -630,490 | -552,981 | -513,429 | -459,847 | -413,822 | -371,346 | -364,468 | -347,733 | -347,733 | -347,733 | -347,733 | -347,733 | -5,045,047 |
| 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 | -630,490 | -552,981 | -513,429 | -459,847 | -413,822 | -371,346 | -364,468 | -347,733 | -347,733 | -347,733 | -347,733 | -347,733 | -5,045,047 |
| PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD | -58,538 | -58,538 | -58,538 | -58,538 | -58,538 | -58,538 | -58,538 | -58,538 | -58,538 | -58,538 | -58,538 | -58,538 | -702,452 |
| CONSERVATION REVS. APPLIC. TO PERIOD | -689,028 | -611,518 | -571,967 | -518,385 | -472,359 | -429,884 | -423,006 | -406,270 | -406,270 | -406,270 | -406,270 | -406,270 | -5,747,499 |
| CONSERVATION EXPS. (FORM C-3, PAGE 3) | 613,238 | 575,436 | 538,367 | 521,596 | 525,928 | 648,490 | 545,522 | 655,220 | 714,095 | 716,095 | 716,095 | 716,425 | 7,486,505 |
| TRUE-UP THIS PERIOD | -75,790 | -36,083 | -33,600 | 3,211 | 53,569 | 218,606 | 122,516 | 248,949 | 307,825 | 309,825 | 309,825 | 310,155 | 1,739,006 |
| INTEREST THIS PERIOD (C-3, PAGE 5) | -44 | -68 | -57 | -56 | -58 | -35 | -14 | 14 | 53 | 95 | 138 | 181 | 150 |
| TRUE-UP & INT. BEG. OF MONTH | -702,452 | -719,748 | -697,361 | -672,481 | -610,789 | -498,740 | -221,631 | -40,592 | 266,909 | 633,324 | 1,001,782 | 1,370,282 | 1,739,156 |
| PRIOR TRUE-UP COLLECT./(REFUND.) | 58,538 | 58,538 | 58,538 | 58,538 | 58,538 | 58,538 | 58,538 | 58,538 | 58,538 | 58,538 | 58,538 | 58,538 | 702,452 |
| END OF PERIOD TOTAL NET TRUE-UP | -719,748 | -697,361 | -672,481 | -610,789 | -498,740 | -221,631 | -40,592 | 266,909 | 633,324 | 1,001,782 | 1,370,282 | 1,739,156 | 1,739,156 |

15

CALCULATION OF TRUE-UP AND INTEREST PROVISION
January 2012 Through December 2012

| INTEREST PROVISION | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|--|------------|------------|------------|------------|------------|----------|----------|---------|---------|-----------|-----------|-----------|-----------|
| BEGINNING TRUE-UP | -702,452 | -719,748 | -697,361 | -672,481 | -610,789 | -498,740 | -221,631 | -40,592 | 266,909 | 633,324 | 1,001,782 | 1,370,282 | 1,739,156 |
| END. T-UP BEFORE INT. | -719,704 | -697,293 | -672,424 | -610,733 | -498,683 | -221,597 | -40,578 | 266,896 | 633,272 | 1,001,686 | 1,370,144 | 1,738,975 | 4,180,614 |
| TOT. BEG. & END. T-UP | -1,422,156 | -1,417,042 | -1,369,785 | -1,283,214 | -1,109,471 | -720,337 | -262,209 | 226,304 | 900,181 | 1,635,010 | 2,371,926 | 3,109,257 | 5,919,770 |
| AVERAGE TRUE-UP | -711,078 | -708,521 | -684,892 | -641,607 | -554,736 | -360,169 | -131,105 | 113,152 | 450,090 | 817,505 | 1,185,963 | 1,554,628 | 2,959,885 |
| INT. RATE-FIRST DAY OF REPORTING BUS. MTH | 0.0300% | 0.1200% | 0.1100% | 0.0900% | 0.1200% | 0.1300% | 0.1000% | 0.1500% | 0.1400% | 0.1400% | 0.1400% | 0.1400% | |
| INT. RATE-FIRST DAY OF SUBSEQUENT BUS. MTH | 0.1200% | 0.1100% | 0.0900% | 0.1200% | 0.1300% | 0.1000% | 0.1500% | 0.1400% | 0.1400% | 0.1400% | 0.1400% | 0.1400% | |
| TOTAL | 0.1500% | 0.2300% | 0.2000% | 0.2100% | 0.2500% | 0.2300% | 0.2500% | 0.2900% | 0.2800% | 0.2800% | 0.2800% | 0.2800% | |
| AVG INTEREST RATE | 0.0750% | 0.1150% | 0.1000% | 0.1050% | 0.1250% | 0.1150% | 0.1250% | 0.1450% | 0.1400% | 0.1400% | 0.1400% | 0.1400% | |
| MONTHLY AVG. RATE | 0.0063% | 0.0096% | 0.0083% | 0.0088% | 0.0104% | 0.0096% | 0.0104% | 0.0121% | 0.0117% | 0.0117% | 0.0117% | 0.0117% | |
| INTEREST PROVISION | -\$44 | -\$68 | -\$57 | -\$56 | -\$58 | -\$35 | -\$14 | \$14 | \$53 | \$95 | \$138 | \$181 | \$150 |

Peoples Gas System

Reporting: January 2012 Through December 2012

Name: NEW RESIDENTIAL CONSTRUCTION

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 to builders for the installation of natural gas appliances in order to defray the initial higher cost associated with piping and venting when installing natural gas 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 new home connections for this period: | 1,689 |
| | Actual connections to date this period: | 1,126 |
| | Percent of goal: | 66.7% |
| | 8 Months of Actuals | |

| | | |
|-------------------------------------|-----------------------|--------------------|
| Program Fiscal Expenditures: | Estimated for period: | \$1,351,275 |
| | Actual to date: | \$900,850 |

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Peoples Gas System

Reporting: January 2012 Through December 2012

Name: RESIDENTIAL APPLIANCE RETENTION

Description: This program is designed to encourage current natural gas customers to replace existing natural gas appliances with energy efficient natural gas appliances. 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: | 8,146 |
| | Actual connections to date this period: | 5,430 |
| | Percent of goal: | 66.7% |
| | 8 Months of Actuals | |

| | | |
|-------------------------------------|-----------------------|--------------------|
| Program Fiscal Expenditures: | Estimated for period: | \$3,258,286 |
| | Actual to date: | \$2,172,191 |

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Peoples Gas System

Reporting: January 2012 Through December 2012

Name: RESIDENTIAL APPLIANCE REPLACEMENT

Description: This program was designed to encourage the replacement of electric resistance appliances with energy efficient natural gas appliances by offering incentives to defray the initial higher cost associated with piping and venting for 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 |

| | | |
|-----------------------|---|--------------|
| Program Goals: | Projected connections for this period: | 1,988 |
| | Actual connections to date this period: | 1,326 |
| | Percent of goal: | 66.7% |
| | 8 Months of Actuals | |

| | | |
|-------------------------------------|-----------------------|--------------------|
| Program Fiscal Expenditures: | Estimated for period: | \$1,043,869 |
| | Actual to date: | \$695,913 |

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Peoples Gas System

Reporting: January 2012 Through December 2012

Name: COMMERCIAL 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 |
| Program Goals: | Projected kW Displaced this period: | 2,640 |
| | Actual kW Displaced this period | 1,760 |
| | Percent of goal: | 67% |
| Program Fiscal Expenditures: | Estimated for period: | \$105,611 |
| | Actual to date: | \$70,407 |

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Peoples Gas System

Reporting: January 2012 Through December 2012

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 per ton

| | | |
|----------------|---------------------------------|----|
| Program Goals: | Projected tons for this period: | 0 |
| | Actual tons for this period | 0 |
| | Percent of goal: | 0% |

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

Peoples Gas System

Reporting: January 2012 Through December 2012

Name: SMALL PACKAGE 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: | 150 |
| | Actual tons for this period: | 150 |
| | Percent of goal: 8 Months of Actuals | 100% |
| Program Fiscal Expenditures: | Estimated for period: | \$22,500 |
| | Actual to date: | \$22,500 |

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Peoples Gas System

Reporting: January 2012 Through December 2012

Name: COMMON COSTS

Program Fiscal Expenditures:

| | |
|-----------------------|-------------|
| Estimated for period: | \$1,598,305 |
| Actual to date: | \$761,605 |
| Percent of goal: | 47.7% |
| 8 Months of Actuals | |

Peoples Gas System

Reporting: January 2012 Through December 2012

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 Goals: Projected new connections for this period: 2

Actual connections to date this period: 1

Percent of goal: 50.0%

8 Months of Actuals

Program Fiscal Expenditures: Estimated for period: \$660

Actual to date: \$330

Peoples Gas System

Reporting: January 2012 Through December 2012

Name: CONSERVATION DEMONSTRATION AND DEVELOPMENT PROGRAM

Description: The CDD program allows local distribution companies to pursue opportunities for individual and joint research including testing of technologies to develop new energy conservation programs.

| | | |
|-------------------------------------|-----------------------|-----------|
| Program Fiscal Expenditures: | Estimated for period: | \$100,000 |
| | Actual to date: | \$0 |

25

