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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Conservation Cost)
Recovery Clause)
_____)

DOCKET NO. 950002-EG

FILED: JANUARY 17, 1995

DIRECT TESTIMONY
OF
VERNON I. KRUTSINGER

On Behalf Of

PEOPLES GAS SYSTEM, INC.

- ACK _____
- WFA _____
- APP _____
- CAF _____
- CMH _____
- CTR _____
- EAC _____
- LES _____
- LES _____
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- RES _____
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
IN RE: CONSERVATION COST RECOVERY CLAUSE,
DOCKET NO. 950002-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 3361-2562.

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 940002-EG on November 11, 1994, addressed Peoples'
14 requested conservation cost recovery ("CCR") true-up amount
15 for the period October 1993 through September 1994.

16

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

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

21

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 CCR**
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 ("CCR") proceedings beginning in 1992. I have**
13 **also testified in other conservation-related dockets before**
14 **the Commission.**

15

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

17 **A: My testimony in Docket No. 950002-EG addresses Peoples'**
18 **energy conservation programs and the costs that Peoples**
19 **seeks to recover through the conservation cost recovery**
20 **("CCR") 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, 1993**
24 **through September 30, 1994. 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,
4 including actual costs incurred in October and November
5 1994 and revised projections of program costs that Peoples
6 expects to incur from December 1994 through September 1995.
7 Next, my testimony presents projected conservation program
8 costs for the period October 1, 1995 through March 31,
9 1996. Finally, my testimony presents the calculation of
10 the conservation cost recovery adjustment factors to be
11 applied to customers' bills during the period beginning in
12 April 1995 and continuing through March 1996.

13

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

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

18

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

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

23

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 1993 through**
5 **September 1994 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, 1994?**

15 **A: The total cost incurred by Peoples in connection with its**
16 **approved energy conservation programs for the year ending**
17 **September 30, 1994 was \$6,467,967.**

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, 1995 through March 31, 1996?

4 A: Yes. The Company's projected CCR costs for this period are
5 presented in Schedule C-2: Page 1 of 3 presents the
6 projected monthly CCR 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, 1995?

13 A: Yes. Schedule C-3 presents Peoples' CCR costs for the year
14 ending September 30, 1995. Pages 1 through 3 of 7 show
15 total annual costs by program and by cost category. Page
16 4 of 7 is not applicable to Peoples Gas System. Schedule
17 C-3, Page 5 of 7 presents monthly costs for each of
18 Peoples' approved conservation programs for the period
19 October 1994 through September 1995; actual data are
20 presented for October and November 1994, while the program
21 expense data are projected for the last ten months of the
22 year ending September 30, 1995. 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, 1994 through September 30, 1995.

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, 1995**
8 **and continuing through March 31, 1996?**

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, 1995 through**
14 **March 31, 1996?**

15 A: Schedule C-1 shows the estimated ECCR revenues and ECCR
16 adjustment factors by rate class for the period April 1,
17 1995 through March 31, 1996.

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)

DOCKET NO. 950002-EG

FILED: JANUARY 17, 1995

EXHIBIT

OF

VERNON I. KRUTSINGER

On Behalf Of

PEOPLES GAS SYSTEM, INC.

ENERGY CONSERVATION ADJUSTMENT - SUMMARY OF COST RECOVERY CLAUSE CALCULATION

PROJECTED PERIOD: OCTOBER 1995 THROUGH MARCH 1996
 ACTUAL/ESTIMATED PERIOD: OCTOBER 1994 THROUGH SEPTEMBER 1995
 FINAL TRUE-UP PERIOD: OCTOBER 1993 THROUGH SEPTEMBER 1994
 COLLECTION PERIOD FOR PRIOR TRUE-UP: APRIL 1995 THROUGH MARCH 1996

1. INCREMENTAL COSTS (SCHEDULE C-2)	2,659,861
2. TRUE-UP (SCHEDULE C-3)	<u>3,787,867</u>
3. TOTAL	<u>6,447,728</u>

RATE CLASS	BILLS	THERM SALES	CUSTOMER CHARGE REVENUES	ENERGY CHARGE	TOTAL	ESTIMATED ECCR	% SURCHARGE	CENTS PER THERM	EXPANSION FACTOR	ECCR ADJUSTMENT FACTORS
RESIDENTIAL	2,108,602	41,000,000	14,760,214	16,857,970	31,618,184	2,370,387	7.4969%	0.0578	1.00376	0.05803
COMM. ST. LIGHTING	258	210,257	0	19,863	19,863	1,489	7.4969%	0.0071	1.00376	0.00711
SMALL COMMERCIAL	61,784	2,500,000	926,760	843,450	1,770,210	132,711	7.4969%	0.0531	1.00376	0.05328
COMMERCIAL	173,158	92,500,000	2,943,686	22,545,950	25,489,636	1,910,936	7.4969%	0.0207	1.00376	0.02074
COMM LR. VOL 1	18,994	106,400,000	474,850	23,259,040	23,733,890	1,779,309	7.4969%	0.0167	1.00376	0.01678
COMM LR. VOL 2	365	20,000,000	16,425	3,231,000	3,247,425	243,457	7.4969%	0.0122	1.00376	0.01222
NGVS	240	1,800,000	6,000	119,916	125,916	9,440	7.4969%	0.0052	1.00376	0.00526
TOTAL	2,363,401	264,410,257	19,127,935	66,877,189	86,005,124	6,447,728				

PROJECTED CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD: OCTOBER 1995 THROUGH MARCH 1996

PROGRAM NAME

	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1. Residential Home Builder	0	0	0	0	1,306,330	0	0	0	1,306,330
2. Energy Audit Program	0	0	0	0	0	0	0	0	0
3. Gas Water Heater Load Ret.	0	0	0	0	200,829	0	0	0	200,829
4. Oil Heat Replacement	0	0	0	0	26,846	0	0	0	26,846
5. Small Package CoGen.	0	0	0	0	0	0	0	0	0
6. Comm. Electric Replacement	0	0	0	0	148,458	0	0	0	148,458
7. Res. Electric Replacement	0	0	0	0	436,998	0	0	0	436,998
8. Common Costs	0	266,480	6,300	0	0	98,100	23,040	15,230	409,150
9. Gas Space Conditioning	0	0	0	0	131,250	0	0	0	131,250
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
TOTAL ALL PROGRAMS	0	266,480	6,300	0	2,250,711	98,100	23,040	15,230	2,659,861
LESS: AMOUNT IN RATE BASE	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSER.	0	266,480	6,300	0	2,250,711	98,100	23,040	15,230	2,659,861

CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD: OCTOBER 1994 THROUGH SEPTEMBER 1995
TWO MONTHS ACTUAL AND TEN MONTHS ESTIMATED

	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1. Residential Home Builder									
A. ACTUAL	0	0	0	0	1,084,802	0	0	0	1,084,802
B. ESTIMATED	0	0	0	0	2,798,987	0	0	0	2,798,987
	0	0	0	0	3,883,789	0	0	0	3,883,789
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 Red.									
A. ACTUAL	0	0	0	0	66,200	0	0	0	66,200
B. ESTIMATED	0	0	0	0	208,485	0	0	0	208,485
	0	0	0	0	274,685	0	0	0	274,685
4. Oil Heat Replacement									
A. ACTUAL	0	0	0	0	14,520	0	0	0	14,520
B. ESTIMATED	0	0	0	0	32,670	0	0	0	32,670
	0	0	0	0	47,190	0	0	0	47,190
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	94,343	0	0	0	94,343
B. ESTIMATED	0	0	0	0	229,500	0	0	0	229,500
	0	0	0	0	323,843	0	0	0	323,843
7. Res. Electric Replacement									
A. ACTUAL	0	0	0	0	357,057	0	0	0	357,057
B. ESTIMATED	0	0	0	0	1,151,214	0	0	0	1,151,214
	0	0	0	0	1,508,271	0	0	0	1,508,271
SUB-TOTAL	0	0	0	0	6,037,778	0	0	0	6,037,778

CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD: ~~OCTOBER 1994~~ THROUGH ~~SEPTEMBER 1995~~
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	6,037,778	0	0	0	6,037,778
8 Common Costs									
A. ACTUAL	0	108,570	2,532	1,467	0	38,080	7,445	10,460	168,555
B. ESTIMATED	0	248,328	11,200	13,533	0	158,119	23,836	20,000	475,016
C. TOTAL	0	356,898	13,732	15,000	0	196,199	31,281	30,460	643,571
9 Gas Space Conditioning									
A. ACTUAL	0	0	0	0	15,000	0	0	0	15,000
B. ESTIMATED	0	0	0	0	30,000	0	0	0	30,000
C. TOTAL	0	0	0	0	45,000	0	0	0	45,000
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	356,898	13,732	15,000	6,082,778	196,199	31,281	30,460	6,726,349

CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD: OCTOBER 1994 THROUGH SEPTEMBER 1995
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	356,898	13,732	15,000	6,082,778	196,199	31,281	30,460	6,726,349
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	356,898	13,732	15,000	6,082,778	196,199	31,281	30,460	6,726,349
LESS: BASE RATE RECOVERY	0	0	0	0	0	0	0	0	0
NET PROG. COSTS	0	356,898	13,732	15,000	6,082,778	196,199	31,281	30,460	6,726,349

CONSERVATION PROGRAM COSTS - EXPENSES BY MONTH
PERIOD: OCTOBER 1994 THROUGH SEPTEMBER 1995
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	314010	137178	633614	291543	291543	291543	291543	291543	291543	291543	291543	466639	3,883,789
2. Energy Audit Program	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Gas Water Heater Load Ret.	16500	26100	23600	23165	23165	23165	23165	23165	23165	23165	23165	23165	274,685
4. Oil Heat Replacement	5280	3300	5940	3630	3630	3630	3630	3630	3630	3630	3630	3630	47,190
5. Small Package CoGen.	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Comm. Electric Replacement	16934	36880	40529	25500	25500	25500	25500	25500	25500	25500	25500	25500	323,843
7. Res. Electric Replacement	116422	68366	172269	127913	127913	127913	127913	127913	127913	127913	127913	127913	1,508,271
8. Common Costs	50819	48880	68856	52779	52779	52779	52779	52779	52779	52779	52779	52780	643,571
9. Gas Space Conditioning	0	15000	0	3333	3333	3333	3333	3333	3333	3333	3333	3336	45,000
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
TOTAL ALL PROGRAMS	519964	335704	944809	527864	527864	527864	527864	527864	527864	527864	527864	702964	6,726,349
LESS: BASE RATE RECOVERY	0	0	0	0	0	0	0	0	0	0	0	0	0
NET RECOVERABLE	519964	335704	944809	527864	527864	527864	527864	527864	527864	527864	527864	702964	6,726,349

ENERGY CONSERVATION COST RECOVERY ADJUSTMENT
FOR PERIOD: OCTOBER 1994 THROUGH SEPTEMBER 1995
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.	(381,784)	(432,928)	(526,537)	(447,083)	(447,083)	(447,083)	0	0	0	0	0	0	(2,682,498)
4. TOTAL REVENUES	(381,784)	(432,928)	(526,537)	(447,083)	(447,083)	(447,083)	0	0	0	0	0	0	(2,682,498)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(26,484)	(26,484)	(26,487)	(26,487)	(26,487)	(26,487)	(26,487)	(26,487)	(26,487)	(26,487)	(26,487)	(26,487)	(317,838)
6. CONSERV. REVS. APPLICABLE TO THE PERIOD	(408,268)	(459,412)	(553,024)	(473,570)	(473,570)	(473,570)	(26,487)	(26,487)	(26,487)	(26,487)	(26,487)	(26,487)	(3,000,336)
7. CONSERV. EXPS.	519,964	335,704	944,809	527,864	527,864	527,864	527,864	527,864	527,864	527,864	527,864	702,964	6,726,349
8. TRUE-UP THIS PERIOD	111,696	(123,708)	391,785	54,294	54,294	54,294	501,377	501,377	501,377	501,377	501,377	676,477	3,726,013
9. INTER. PROVISION THIS PERIOD	(1,041)	(1,019)	(340)	901	1,312	1,724	3,262	5,931	8,613	11,309	14,019	17,102	61,855
10. TRUE-UP AND INTEREST PROV. BEG. OF MONTH	(317,838)	(180,698)	(278,941)	138,991	220,673	302,765	385,270	916,396	1,450,190	1,986,667	2,525,840	3,067,722	(317,838)
11. PRIOR TRUE-UP COLLECTED OR (REFUNDED)	26,484	26,484	26,487	26,487	26,487	26,487	26,487	26,487	26,487	26,487	26,487	26,487	317,838
12. TOTAL NET TRUE-UP	(180,698)	(278,941)	138,991	220,673	302,765	385,270	916,396	1,450,190	1,986,667	2,525,840	3,067,722	3,787,867	3,787,867

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR PERIOD: ~~OCTOBER 1994~~ THROUGH SEPTEMBER 1995
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	(317,838)	(180,698)	(278,941)	138,991	220,673	302,765	385,270	916,398	1,450,190	1,986,667	2,525,840	3,067,722	
2. ENDING TRUE-UP BEFORE INTEREST	(179,658)	(277,923)	139,331	219,771	301,453	383,546	913,133	1,444,259	1,978,054	2,514,531	3,053,704	3,770,686	
3. TOTAL BEGINNING & ENDING TRUE-UP	(497,496)	(458,621)	(139,610)	358,762	522,126	686,310	1,298,403	2,360,655	3,429,244	4,501,198	5,579,544	6,838,408	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(248,748)	(229,310)	(69,805)	179,381	261,063	343,155	649,202	1,180,327	1,714,122	2,250,599	2,789,772	3,419,204	
5. INTEREST RATE FIRST DAY OF REPORTING MONTH	5.040%	5.000%	5.660%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%
6. INTER. RATE - FIRST DAY SUBSEQUENT MONTH	5.000%	5.660%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%
7. TOTAL (SUM LINES 5 & 6)	10.040%	10.660%	11.690%	12.060%	12.060%	12.060%	12.060%	12.060%	12.060%	12.060%	12.060%	12.060%	12.060%
8. AVG. INTEREST RATE (LINE 7 TIMES 50%)	5.020%	5.330%	5.845%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%	6.030%
9. MONTHLY AVG INTEREST RATE	0.418%	0.444%	0.487%	0.503%	0.503%	0.503%	0.503%	0.503%	0.503%	0.503%	0.503%	0.503%	0.503%
10. INTEREST PROVISION	(1,041)	(1,019)	(340)	901	1,312	1,724	3,262	5,931	8,613	11,309	14,019	17,182	61,855

Peoples Gas System, Inc.

Reporting: OCTOBER 1994 THROUGH SEPTEMBER 1995

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.

Program Goals:	Projected new home connections for this period:	5,797
	Actual connections to date this period:	1,619
	Percent of goal for the two (2) months:	27.9%

Program Fiscal Expenditures:	Estimated for period:	\$3,883,789
	Actual to date:	\$1,084,802

Peoples Gas System, Inc.

Reporting: OCTOBER 1994 THROUGH SEPTEMBER 1995

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 1994 THROUGH SEPTEMBER 1995

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.

Program Goals:	Projected connections for this period:	2,747
	Actual connections to date this period:	662
	Percent of goal for the two (2) months:	24.1%

Program Fiscal Expenditures:	Estimated for period:	\$274,685
	Actual to date:	\$66,200

Peoples Gas System, Inc.

Reporting: OCTOBER 1994 THROUGH SEPTEMBER 1995

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.

Program Goals:	Projected new connections for this period:	143
	Actual connections to date this period:	44
	Percent of goal for the two (2) months:	30.8%

Program Fiscal Expenditures:	Estimated for period:	\$47,190
	Actual to date:	\$14,520

Peoples Gas System, Inc.

Reporting: OCTOBER 1994 THROUGH SEPTEMBER 1995

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.

Program Goals:	Projected KWD displaced this period:	8,096
	Actual KWD displaced this period:	2,359
	Percent of goal for the two (2) months:	29.1%
Program Fiscal Expenditures:	Estimated for period:	\$323,843
	Actual to date:	\$94,343

Peoples Gas System, Inc.

Reporting: OCTOBER 1994 THROUGH SEPTEMBER 1995

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.

Program Goals:	Projected new connections for this period:	6,260
	Actual connections to date this period:	1,190
	Percent of goal for the two (2) months:	19.0%

Program Fiscal Expenditures:	Estimated for period:	\$1,508,271
	Actual to date:	\$357,057

Peoples Gas System, Inc.

Reporting: OCTOBER 1994 THROUGH SEPTEMBER 1995

Name: Energy Conservation Common Costs

Program Fiscal Expenditures:	Estimated for period:	\$643,571
	Actual to date:	\$168,555
	Percent of budget for two (2) months:	26.2%

Peoples Gas System, Inc.

Reporting: OCTOBER 1994 THROUGH SEPTEMBER 1995

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.

Program Goals:	Projected connections this period: (tons)	300
	Actual connections this period: (tons)	100
	Percent of goal for the two (2) months:	33.3%

Program Fiscal Expenditures:	Estimated for period:	\$45,000
	Actual to date:	\$15,000

Peoples Gas System, Inc.

Reporting: OCTOBER 1994 THROUGH SEPTEMBER 1995

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.

Program Fiscal Expenditures:	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 17th day of January, 1995:

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