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January 17, 1995

Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0850

HAND DELIVERY

Re: West Florida Natural Gas Company; Docket No. 950002-EG

Dear Ms. Bayo:

Enclosed for filing on behalf of West Florida Natural Gas Company in connection with the hearing scheduled to begin March 8, 1995 are an original and 15 copies of the following:

- 1) Petition for Approval of West Florida Natural Gas Company's Proposed Conservation Cost Recovery Charges;
- 2) Schedules C-1, C-2, C-3 and C-5; and
- 3) Direct Testimony of Cindy Arnold, Tom Goodwin and Ron Sott.

ACK ✓
WFA
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WAS
GTH

Please acknowledge receipt of these documents by stamping the enclosed extra copy of this letter.

Thank you for your assistance.

Very truly yours,

Norman H. Horton
Norman H. Horton

NHH/amb
Enclosures

cc: Parties of Record
Ms. Cindy Arnold
Mr. J. E. McIntyre

Petition *Cindy Arnold*
DOCUMENT NUMBER-DATE DOCUMENT NUMBER-DATE
00604 JAN 17 95 00605 JAN 17 95
FPSC-RECORDS/REPORTING FPSC-RECORDS/REPORTING

Goodwin Testimony Sott
DOCUMENT NUMBER-DATE 00607 JAN 17 95
FPSC-RECORDS/REPORTING

Sott
DOCUMENT NUMBER-DATE 00606 JAN 17 95
FPSC-RECORDS/REPORTING

Law

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950002-EG
DIRECT TESTIMONY OF
CINDY ARNOLD
ON BEHALF OF WEST FLORIDA NATURAL GAS COMPANY

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FILE COPY

Q. Please state your name, address and employment position.

A. My name is Cindy Arnold. My business address is 301 Maple Avenue, Panama City, Florida. I am employed as the conservation accountant for West Florida Natural Gas Company.

Q. What is the purpose of your testimony?

A. My testimony supports the Schedules C-1, C-2, C-3, and C-5, which I prepared, and the calculation of the conservation cost recovery factor to be applied to customer bills during the period of April 1, 1995 through March 31, 1996. The "C" Schedules filed with the Commission consist of Schedules C-1, C-2, C-3 and C-5 (composite pre-hearing identification number CA-2). The Schedules reflect assumptions concerning projected levels of program activity developed by Ronald C. Sott, who is Director, New Market Development and who maintains close contact with our customers. Tom Goodwin,

1 Coordinator - Gas Management, has also submitted
2 direct testimony in this docket to support
3 projected therm sales data.

4 Q. What is the total amount of program costs which the
5 Company expects to incur during the period October
6 1995 through March 1996?

7 A. That amount, which appears on Schedule C-2, page 1
8 of 3, is \$455,664.00.

9 Q. What is the amount of the estimated true-up for the
10 current period?

11 A. The Company expects to underrecover \$214,968.00
12 including interest. This amount appears on
13 Schedule C-3, page 4 of 5.

14 Q. What is the total amount to be recovered during the
15 period April 1995 through March 1996, and what is
16 the proposed cost recovery factor related to that
17 amount?

18 A. Based upon total incremental cost of \$455,664.00
19 and a true-up of \$214,968.00 underrecovery, the
20 total amount to be recovered during April 1995
21 through March 1996 is \$670,632.00. This amount is
22 allocated to the different customer classes in the
23 same proportion as they contribute to base rate
24 revenues. The amount attributed to each class is
25 then divided by the projected therm sales for that

1 class. This calculation results in a conservation
2 recovery factor for residential customers of 4.453 cents
3 per therm; for commercial customers of 1.514 cents per
4 therm; for commercial large and transportation commercial
5 large customers of 1.129; for industrial customers and
6 transportation customers of 0.218 cents per therm, as
7 adjusted for taxes.

8 Q. Does that complete your testimony?

9 A. Yes.

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
APRIL 1995 THROUGH MARCH 1996

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)	455,664
2. TRUE-UP (SCHEDULE C-3)	214,968
3. TOTAL	670,632

RATE CLASS	BILLS	THERM SALES	CUSTOMER CHARGE REVENUES	ENERGY CHARGE	TOTAL	EST ECCR REVENUE	ECCR REV AS % OF TOTAL	CENTS PER THERM	REVENUE TAX	ECCR ADJ FOR TAXES	ROUNDED TO NEAREST .001 CENTS/THERM
RESIDENTIAL	306,000	9,506,153	2,142,000	3,091,876	5,233,876	421,751	8.06%	0.04437	1.00376	0.04453	4.453
COMMERCIAL	25,575	10,934,416	255,750	1,790,839	2,046,589	164,916	8.06%	0.01508	1.00376	0.01514	1.514
COMMERCIAL LG VOL	105	4,427,500	5,250	612,766	618,016	49,800	8.06%	0.01125	1.00376	0.01129	1.129
COMM LG VOL TRANSP	12	644,000	600	89,130	89,730	7,230	8.06%	0.01125	1.00376	0.01129	1.129
INDUSTRIAL	34	846,000	3,400	41,259	44,659	3,599	8.06%	0.00217	1.00376	0.00218	0.218
FIRM TRANSPORTATION	36	5,058,000	3,600	246,679	250,279	20,168	8.06%	0.00217	1.00376	0.00218	0.218
SPECIAL CONTRACT	12	6,511,200	39,312	0	39,312	3,168	8.06%	0.00217	1.00376	0.00218	0.218
TOTAL	331,774	37,927,269	2,449,912	5,872,549	8,322,461	670,632					

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

PROGRAM NAME	MONTH NO. 1	MONTH NO. 2	MONTH NO. 3	MONTH NO. 4	MONTH NO. 5	MONTH NO. 6	TOTAL
1. ELECTRIC REPLACEMENT	34,840	34,840	34,840	34,840	34,840	34,840	209,038
2. HOME BUILDER PRGM	24,599	24,599	24,599	24,599	24,599	24,599	147,596
3. ESP PROGRAM	3,203	3,203	3,203	3,203	3,203	3,203	19,219
4. LEGAL & PROFESSIONAL	417	417	417	417	417	417	2,500
5. WATER HEATER RETENT	5,749	5,749	5,749	5,749	5,749	5,749	34,492
6. SPACE CONDITIONING	4,337	4,337	4,337	4,337	4,337	4,337	26,021
7. COMM RESISTANCE	2,800	2,800	2,800	2,800	2,800	2,800	16,797
8. (INSERT NAME)	0	0	0	0	0	0	0
9. (INSERT NAME)	0	0	0	0	0	0	0
10. (INSERT NAME)	0	0	0	0	0	0	0
11. (INSERT NAME)	0	0	0	0	0	0	0
12. (INSERT NAME)	0	0	0	0	0	0	0
13. (INSERT NAME)	0	0	0	0	0	0	0
14. (INSERT NAME)	0	0	0	0	0	0	0
15. (INSERT NAME)	0	0	0	0	0	0	0
16. (INSERT NAME)	0	0	0	0	0	0	0
17. (INSERT NAME)	0	0	0	0	0	0	0
18. (INSERT NAME)	0	0	0	0	0	0	0
19. (INSERT NAME)	0	0	0	0	0	0	0
20. (INSERT NAME)	0	0	0	0	0	0	0
TOTAL ALL PROGRAMS	75,944	75,944	75,944	75,944	75,944	75,944	455,664
LESS: AMOUNT IN RATE BASE	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	<u>75,944</u>	<u>75,944</u>	<u>75,944</u>	<u>75,944</u>	<u>75,944</u>	<u>75,944</u>	<u>455,664</u>

EXHIBIT NO. _____
Docket No. 950002-EG
West Florida Natural
Gas Company
(CA-2) (composite)
Page 4 of 13

Estimated Capital Investment Analysis
October 1995 through March 1996

NOT APPLICABLE

CONSERVATION PROGRAM COSTS BY COST CATEGORY
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. ELECTRIC REPLACEMENT									
A. ACTUAL	0	3,436	0	7,983	34,700	0	0	0	46,119
B. ESTIMATED	0	24,243	0	39,415	252,625	0	0	0	316,482
C. TOTAL	0	27,679	0	47,398	287,525	0	0	0	362,601
2. HOME BUILDER PRGM									
A. ACTUAL	0	3,518	0	3,825	20,950	0	0	0	28,292
B. ESTIMATED	0	31,520	0	23,835	212,800	0	0	0	268,155
C. TOTAL	0	35,038	0	27,660	233,750	0	0	0	296,448
3. ESP PROGRAM									
A. ACTUAL	0	522	0	2,924	4,750	0	0	0	8,196
B. ESTIMATED	0	2,458	0	3,146	22,875	0	0	0	28,479
C. TOTAL	0	2,980	0	6,070	27,625	0	0	0	36,675
4. LEGAL & PROFESSIONAL									
A. ACTUAL	0	0	0	0	0	360	0	0	360
B. ESTIMATED	0	0	0	0	0	4,640	0	0	4,640
C. TOTAL	0	0	0	0	0	5,000	0	0	5,000
5. WATER HEATER RETENT									
A. ACTUAL	0	1,709	0	2,130	8,200	0	0	0	12,039
B. ESTIMATED	0	8,913	0	4,315	42,800	0	0	0	56,028
C. TOTAL	0	10,622	0	6,445	51,000	0	0	0	68,067
6. SPACE CONDITIONING									
A. ACTUAL	0	4	0	488	0	0	0	0	491
B. ESTIMATED	0	5,739	0	8,960	27,500	0	0	0	42,199
C. TOTAL	0	5,743	0	9,448	27,500	0	0	0	42,690
7. COMM RESISTANCE									
A. ACTUAL	0	858	0	0	5,040	0	0	0	5,898
B. ESTIMATED	0	2,633	0	12,208	14,760	0	0	0	29,600
C. TOTAL	0	3,491	0	12,208	19,800	0	0	0	35,498
TOTAL ALL PROGRAMS	<u>0</u>	<u>85,551</u>	<u>0</u>	<u>109,228</u>	<u>647,200</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>846,978</u>

Estimated Capital Investment Analysis
October 1994 through September 1995

NOT APPLICABLE

CONSERVATION PROGRAM COSTS - EXPENSES BY MONTH
PERIOD: OCTOBER 1994 THROUGH SEPTEMBER 1995
TWO MONTHS ACTUAL AND TEN MONTHS PROJECTED

DESCRIPTION	-----ESTIMATED-----												GFAND TOTAL	
	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		
1. ELECTRIC REPLACEMENT	23,502	22,817	31,648	31,648	31,648	31,648	31,648	31,648	31,648	31,648	31,648	31,648	31,648	362,601
2. HOME BUILDER PRGM	14,515	13,777	26,815	26,815	26,815	26,815	26,815	26,815	26,815	26,815	26,815	26,815	26,815	296,447
3. ESP PROGRAM	4,319	3,877	2,848	2,848	2,848	2,848	2,848	2,848	2,848	2,848	2,848	2,848	2,848	36,674
4. LEGAL & PROFESSIONAL	360	0	464	464	464	464	464	464	464	464	464	464	464	5,000
5. WATER HEATER RETENT	6,546	5,493	5,603	5,603	5,603	5,603	5,603	5,603	5,603	5,603	5,603	5,603	5,603	68,067
6. SPACE CONDITIONING	2	489	4,220	4,220	4,220	4,220	4,220	4,220	4,220	4,220	4,220	4,220	4,220	42,690
7. COMM RESISTANCE	3,999	1,899	2,960	2,960	2,960	2,960	2,960	2,960	2,960	2,960	2,960	2,960	2,960	35,498
8. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11. (INSERT NAME)	0	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	0
13. (INSERT NAME)	0	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	0
15. (INSERT NAME)	0	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	0
17. (INSERT NAME)	0	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	0
19. (INSERT NAME)	0	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	0
TOTAL ALL PROGRAMS	53,243	48,151	74,558	74,558	74,558	74,558	74,558	74,558	74,558	74,558	74,558	74,558	74,558	846,978
LESS:														
BASE RATE RECOVERY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET RECOVERABLE	53,243	48,151	74,558	74,558	74,558	74,558	74,558	74,558	74,558	74,558	74,558	74,558	74,558	846,978

COMPANY: WEST FLORIDA NATURAL GAS COMPANY

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. CONSERV. REVS. (NET OF REVENUE TAX)	(28,412)	(43,513)	(85,237)	(89,054)	(96,414)	(80,800)	0	0	0	0	0	0	(423,429)
3. TRANSPORTATION REV	(3,797)	(3,874)	(3,193)	(3,193)	(2,862)	(3,193)	0	0	0	0	0	0	(20,112)
4. TOTAL REVENUES	(32,209)	(47,386)	(88,430)	(92,247)	(99,275)	(83,993)	0	0	0	0	0	0	(443,541)
5. PRIOR PERIOD TRUE- UP NOT APPLICABLE TO THIS PERIOD	(30,465)	(30,465)	(12,186)	(12,186)	(12,186)	(12,186)	(12,186)	(12,186)	(12,186)	(12,186)	(12,186)	(12,187)	(182,788)
6. CONSERV. REVS. APPLICABLE TO THE PERIOD	(62,674)	(77,851)	(100,616)	(104,433)	(111,461)	(96,179)	(12,186)	(12,186)	(12,186)	(12,186)	(12,186)	(12,187)	(626,329)
7. CONSERV. EXPS.	53,243	48,151	74,558	74,558	74,558	74,558	74,558	74,558	74,558	74,558	74,358	74,558	846,978
8. TRUE-UP THIS PERIOD	(9,431)	(29,699)	(26,057)	(29,875)	(36,903)	(21,621)	62,373	62,373	62,373	62,373	62,373	62,372	220,000
9. INTER. PROVISION THIS PERIOD	(728)	(720)	(625)	(935)	(1,046)	(1,137)	(979)	(609)	(238)	136	511	888	(5,660)
10. TRUE-UP AND INTEREST PROV. BEG. OF MONTH	(182,788)	(162,482)	(162,437)	(177,133)	(195,757)	(221,520)	(232,092)	(158,512)	(84,563)	(10,242)	64,452	139,521	(182,788)
11. PRIOR TRUE-UP COLLECTED OR (REFUNDED)	30,465	30,465	12,186	12,186	12,186	12,186	12,186	12,186	12,186	12,186	12,186	12,187	182,788
12. TOTAL NET TRUE-UP	<u>(182,482)</u>	<u>(162,437)</u>	<u>(177,133)</u>	<u>(195,757)</u>	<u>(221,520)</u>	<u>(232,092)</u>	<u>(158,512)</u>	<u>(84,563)</u>	<u>(10,242)</u>	<u>64,452</u>	<u>139,521</u>	<u>214,968</u>	<u>214,968</u>

COMPANY: WEST FLORIDA NATURAL GAS COMPANY

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	(182,788)	(162,482)	(162,437)	(177,133)	(195,757)	(221,520)	(232,092)	(158,512)	(84,563)	(10,242)	64,452	139,521	
2. ENDING TRUE-UP BEFORE INTEREST	(161,754)	(161,717)	(176,308)	(194,822)	(220,474)	(230,955)	(157,533)	(83,954)	(10,005)	64,316	139,010	214,080	
3. TOTAL BEGINNING & ENDING TRUE-UP	(344,542)	(324,199)	(338,745)	(371,956)	(416,231)	(452,474)	(389,625)	(242,466)	(94,568)	54,074	203,462	353,601	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(172,271)	(162,099)	(169,373)	(185,978)	(208,115)	(226,237)	(194,812)	(121,233)	(47,284)	27,037	101,731	176,801	
5. INTEREST RATE FIRST DAY OF REPORTING MONTH	5.14%	5.00%	5.66%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%
6. INTER. RATE - FIRST DAY SUBSEQUENT MONTH	5.00%	5.66%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%
7. TOTAL (SUM LINES 5 & 6)	10.14%	10.66%	11.69%	12.06%	12.06%	12.06%	12.06%	12.06%	12.06%	12.06%	12.06%	12.06%	12.06%
8. AVG. INTEREST RATE (LINE 7 TIMES 50%)	5.07%	5.33%	5.85%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%
9. MONTHLY AVG INTEREST RATE	0.42%	0.44%	0.49%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
10. INTEREST PROVISION	(728)	(720)	(825)	(935)	(1,046)	(1,137)	(979)	(609)	(438)	136	511	888	(5,680)

On September 17, 1984, West Florida Natural Gas Company filed a Petition with the Florida Public Service Commission to enter the Conservation Program. The Company entered the program on November 8, 1984. On May 15, the Commission approved modifications to this program which the Company implemented on July 1, 1991.

Program Name:

Electric Resistance Appliance and Oil Heating Replacement Program

Program Description:

This program will promote the replacement of all electric appliances: water heaters, space and central heaters, ranges and dryers where it is cost effective to do so. The second phase of this program offers an installation allowance to assist in defraying the cost of replacing an oil central heater.

The installation allowances are:

WATER HEATER.....	\$ 250.00
CENTRAL HEATER.....	\$ 500.00
RANGE.....	\$ 150.00
DRYER.....	\$ 150.00
SPACE HEATERS	
<50,000 BTU.....	\$ 150.00
>50,000 BTU.....	\$ 300.00

The objective will be met through the following method: Offer customers an incentive allowance to assist in defraying the additional cost of gas piping and appliance venting required for the conversion.

Program Projections:

We are projecting 630 electric and oil appliances will be replaced with natural gas appliances during the period October 1995 through March 1996.

During the period October 1994 through September 1995 we anticipate replacing 1,080 electric and oil appliances with natural gas appliances.

Program Name:

Residential Home Builders Program.

Program Description:

This program is designed to increase the use of efficient natural gas in the residential sector by encouraging home builders to install energy efficient natural gas appliances in new residences in lieu of electrical appliances. This will conserve energy, as well as lower the ratepayer's total annual energy costs.

It has been determined by a cross section of builders in West Florida Natural Gas Company's service area that the additional cost of installing gas appliances instead of electric is between \$500.00 and \$700.00. These extra costs involve gas piping, appliance connection, combustion air provisions, and appliance venting. The allowances proposed for this program will help defray the additional costs for installing natural gas appliances, thus making these appliances more attractive and competitive to home builders.

The allowances are as follows:

WATER HEATER.....	\$ 150.00
CENTRAL HEATER.....	\$ 250.00
RANGE.....	\$ 100.00
DRYER.....	\$ 100.00

The installation of gas appliances increases construction cost without a significant offsetting decrease in electrical wiring cost.

Program Projections:

The Company projects that 238 new single and multi-family residences will each be built with natural gas central heaters and water heaters during the period October 1995 through March 1996. We estimate that 80 gas ranges and 40 dryers will also be installed in those residences.

During the period October 1994 through September 1995 we expect 493 new single and multi-family residences each to be constructed with natural gas central heaters and water heaters, with 163 ranges and 85 dryers.

Program Name:

Gas Appliance Energy Savings Payback Program

Program Description:

This program has been designed to replace standard gas appliances with energy efficient natural gas appliances and will focus on water heaters, central heaters, ranges and dryers. Installation allowances are added to the program to encourage customers to install the more expensive energy efficient natural gas appliances rather than the standard natural gas appliances or electric appliances.

We estimate that the customers who will take advantage of this program will install energy efficient gas appliances instead of electric counterparts or standard gas appliances. The KWh & kWh deferred and/or the them saved will cause the program to be cost effective.

The installation allowances are:

WATER HEATER.....	\$ 50.00
CENTRAL HEATER.....	\$ 50.00
RANGE.....	\$ 50.00
DRYER.....	\$ 50.00

Program Projections:

We estimate that 293 energy efficient natural gas appliances will be installed replacing standard natural gas appliances or electric appliances during the period October 1995 through March 1996 and 553 during the period October 1994 through September 1995.

Program Name:

Gas Water Heater Load Retention Program

Program Description:

This program is designed to urge the continued use of natural gas water heaters, effectively reducing conversions from natural gas to electricity. Past tendencies, often under emergency situations, have been to make a quick fix by replacing an existing natural gas water heater with an electric model because of lower initial costs and easier installation. This program promotes the efficiencies of natural gas and supports the conservation of petroleum fuels, KW consumption and KW demand.

The installation allowances are:

WATER HEATER.....	\$ 100.00
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The objective will be met through the following method: Offer customers an incentive allowance to assist them in defraying the additional initial costs and more complicated installation of natural gas water heaters.

Program Projections:

We are projecting 258 water heaters will be retained during the period October 1995 through March 1996.

During the period October 1994 through September 1995 we anticipate 511 water heaters will be retained.

Program Name:

Gas Space Conditioning Allowance Program

Program Description:

This program is designed to convert customers from electric space conditioning equipment to energy efficient natural gas space conditioning equipment and to initially install gas space conditioning equipment instead of electric equipment.

The installation allowances are:

GAS SPACE CONDITIONING.....\$ 100.00 PER TON

The objective will be met through the following method: Offer customers an incentive allowance to help reduce generally higher initial costs of gas space conditioning equipment over equivalent electric space conditioners. This will also reduce summer as well as winter peak demand and contribute to the conservation of KWH consumption.

Program Projections:

We are projecting 175 customers to install space conditioning equipment during the period October 1995 through March 1996.

During the period October 1994 through September 1995 we anticipate installation of space conditioning equipment with a total of 275 tons.

Program Name:

Commercial Electric Resistance Appliance Replacement Program

Program Description:

This program is designed to promote the use of natural gas to high priority customers. It is aimed at the conversion of non-residential customers from electric resistance appliances to efficient natural gas appliances. This program applies to all energy efficient commercial gas appliances including, but not limited to, water heaters and boilers, central heating furnaces, fryers and other cooking equipment. These conversions will effectively reduce KWH and KAD within our service area, as well as reduce the escalating rates of electric consumption.

The installation allowances are:

\$30.00 per KAD

$$\frac{\text{no. of watts input (min. 6000)}}{1,000} = \text{KAD} \times \$30.00 = \text{allowance}$$

The objective will be met through the following method: Offer customers an incentive allowance to assist in defraying the additional cost associated with gas piping and venting required for the conversion and the cost of an energy efficient natural gas appliance.

Program Projections:

We are projecting that customers will replace units with a total of 300KAD during the period October 1995 through March 1996.

During the period October 1994 through September 1995 we anticipate customers will replace units totaling 660KAD.