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215 SOUTH MONROE STREET, SUITE 701
POST OFFICE BOX 1876
TALLAHASSEE, FLORIDA 32302-1876
TELEPHONE (904) 222-0770
TELECOPIERS (904) 224-4359 (904) 425-1947

January 17, 1997

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BY HAND DELIVERY

Ms. Blanca Bayo, Director
Division of Records and Reporting
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. **970002-EG**; West Florida Natural Gas Company

Dear Ms. Bayo:

Enclosed for filing on behalf of West Florida Natural Gas Company in connection with the hearings to begin February 19, 1997 in this docket 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; - *00629-97 - 01/17/97*

ACK

AFA 1

APP

CAF

CMU

CTR

EAG

LEG 1

JIN 3

OPC

YCH

CC 1 NHH:amb

VAS Enclosures

OTH

2. Direct Testimony of William B. Gray, Tom Goodwin and Ron Sott; and *00631-97 00632-97*

3. Schedules C-1, C-2, C-3, and C-5. *00630-97*

Please indicate receipt of this document by stamping the enclosed extra copy of this letter.

Thank you for your assistance in this matter.

Sincerely,

RECEIVED & FILED

18
EPSC BUREAU OF RECORDS

Norman H. Horton, Jr.
Norman H. Horton, Jr.

cc: William B. Gray
Tom Goodwin
Ron Sott
Jeff Householder
Parties of Record

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 April
6 1997 through March 1998?

7 A. That amount, which appears on Schedule C-2, page 1
8 of 3, is \$508,714.00.

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

11 A. The Company expects to underrecover \$276,807.00
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 1997 through March 1998, and what is
16 the proposed cost recovery factor related to that
17 amount?

18 A. Based upon total incremental cost of \$508,714.00
19 and a true-up of \$276,807.00 underrecovery, the
20 total amount to be recovered during April 1997
21 through March 1998 is \$785,521.00. 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 4 742 cents
3 per therm, for commercial customers of 1 608 cents per
4 therm, for commercial large and transportation commercial
5 large customers of 1 204 cents per therm for industrial customer and
6 transportation customers of 0 285 cents per therm, as
7 adjusted for taxes

8 Q. Does that complete your testimony?

9 A. Yes .

PROJECTED CONSERVATION PROGRAM COSTS BY PROGRAM BY MONTH
FOR PERIOD OCTOBER 1996 THROUGH MARCH 1997

PROGRAM NAME	MONTH NO 1	MONTH NO 2	MONTH NO 3	MONTH NO 4	MONTH NO 5	MONTH NO 6	TOTAL
1 ELECTRIC REPLACEMENT	27521	27521	27521	27521	27521	27522	165127
2 HOME BUILDER PRGM	32723	32723	32723	32723	32724	32724	198340
3 ESP PROGRAM	2620	2620	2620	2620	2620	2620	15720
4 LEGAL & PROFESSIONAL	416	416	417	417	417	417	2500
5 WATER HEATER RETENT	3348	3348	3348	3348	3348	3348	20080
6 SPACE CONDITIONING	12743	12743	12744	12744	12744	12744	76462
7 COMM RESISTANCE	5412	5412	5412	5413	5413	5413	32475
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	84783	84783	84785	84786	84786	84789	508714
LESS AMOUNT IN RATE BASE	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	84783	84783	84785	84786	84786	84789	508714

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

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 ELECTRIC REPLACEMENT	0	11225	0	27402	126500	0	0	0	165127
2 HOME BUILDER PRGM	0	22575	0	14640	159125	0	0	0	196340
3 ESP PROGRAM	0	1130	0	3290	11300	0	0	0	15720
4 LEGAL & PROFESSIONAL	0	0	0	0	0	2500	0	0	2500
5 WATER HEATER RETENT	0	2750	0	3500	13750	0	0	0	20000
6 SPACE CONDITIONING	0	16000	0	5462	55000	0	0	0	76462
7 COMM RESISTANCE	0	3700	0	6575	22200	0	0	0	32475
8 (INSERT NAME)	0	0	0	0	0	0	0	0	0
9 (INSERT NAME)	0	0	0	0	0	0	0	0	0
10 (INSERT NAME)	0	0	0	0	0	0	0	0	0
11 (INSERT NAME)	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	57380	0	60950	387875	2500	0	0	508714
LESS: AMOUNT IN RATE BASE	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSER	0	57380	0	60950	387875	2500	0	0	508714

CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD OCTOBER 1996 THROUGH SEPTEMBER 1997
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	2754	0	7988	24850	0	0	0	32201
B ESTIMATED	0	18708	0	48872	210833	0	0	0	278213
C TOTAL	0	21462	0	54270	235683	0	0	0	311414
2 HOME BUILDER PRGM									
A ACTUAL	0	6447	0	6359	40050	0	0	0	52858
B ESTIMATED	0	37825	0	24400	285208	0	0	0	327233
C TOTAL	0	44072	0	30759	305258	0	0	0	380089
3 ESP PROGRAM									
A ACTUAL	0	585	0	4488	4550	0	0	0	9821
B ESTIMATED	0	1863	0	5492	18833	0	0	0	26208
C TOTAL	0	2448	0	9978	23383	0	0	0	35829
4 LEGAL & PROFESSIONAL									
A ACTUAL	0	0	0	0	0	0	0	0	0
B ESTIMATED	0	0	0	0	0	4187	0	0	4187
C TOTAL	0	0	0	0	0	4187	0	0	4187
5 WATER HEATER RETENT									
A ACTUAL	0	1253	0	1811	5300	0	0	0	8464
B ESTIMATED	0	4553	0	5983	22917	0	0	0	30483
C TOTAL	0	5806	0	7794	28217	0	0	0	41947
6 SPACE CONDITIONING									
A ACTUAL	0	647	0	5034	3200	0	0	0	8881
B ESTIMATED	0	26967	0	9104	91687	0	0	0	127438
C TOTAL	0	27314	0	14138	94887	0	0	0	136319
7 COMM RESISTANCE									
A ACTUAL	0	751	0	5020	4170	0	0	0	9041
B ESTIMATED	0	6187	0	10658	37000	0	0	0	54125
C TOTAL	0	6938	0	15678	41170	0	0	0	64088
SI/B - TOTAL									
		108070	0	133016	728576	4187	0	0	973831

CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD OCTOBER 1996 THROUGH SEPTEMBER 1997
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	108070	0	133018	728578	4187	0	0	973831
8 (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
9 (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
10 (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
11 (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
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	108070	0	133018	728578	4187	0	0	973831

CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD OCTOBER 1966 THROUGH SEPTEMBER 1967
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	108070	0	130016	728578	4167	0	0	973831
14 (INSERT NAME)	0	0	0	0	0	0	0	0	0
(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)	0	0	0	0	0	0	0	0	0
(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)	0	0	0	0	0	0	0	0	0
(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)	0	0	0	0	0	0	0	0	0
(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)	0	0	0	0	0	0	0	0	0
(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)	0	0	0	0	0	0	0	0	0
(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)	0	0	0	0	0	0	0	0	0
(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	108070	0	130016	728578	4167	0	0	973831
LESS BASE RATE RECOVERY	0	0	0	0	0	0	0	0	0
NET PROG COSTS	0	108070	0	130016	728578	4167	0	0	973831

ENERGY CONSERVATION COST RECOVERY ADJUSTMENT
FOR PERIOD OCTOBER 1996 THROUGH SEPTEMBER 1997
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 HCS 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	(34,514)	(41,556)	(104,804)	(117,253)	(98,753)	(71,923)	0	0	0	0	0	0	(488,803)
4 TOTAL REVENUES	(34,514)	(41,556)	(104,804)	(117,253)	(98,753)	(71,923)	0	0	0	0	0	0	(488,803)
5 PRIOR PERIOD TRUE - UP NOT APPLICABLE TO THIS PERIOD	(18,582)	(18,582)	(18,582)	(18,582)	(18,582)	(18,582)	(18,582)	(18,582)	(18,582)	(18,582)	(18,582)	(18,582)	(222,988)
6 CONSERV REVS APPLICABLE TO THE PERIOD	(53,097)	(60,138)	(123,387)	(135,836)	(117,335)	(90,505)	(18,582)	(18,582)	(18,582)	(18,582)	(18,582)	(18,582)	(691,791)
7 CONSERV EXPS	51,871	73,093	84,887	84,987	84,887	84,887	84,887	84,887	84,887	84,987	84,887	84,887	973,331
8 TRUE - UP THIS PERIOD	(1,225)	12,954	(38,500)	(50,949)	(32,448)	(5,618)	66,304	66,304	66,304	66,304	66,304	66,304	282,040
9 INTER. PROVISION THIS PERIOD	(986)	(861)	(844)	(967)	(1,076)	(1,063)	(866)	(484)	(101)	284	671	1,060	(5,234)
10 TRUE - UP AND INTEREST PROV. BEG OF MONTH	(222,988)	(206,597)	(175,921)	(196,683)	(230,017)	(244,959)	(233,077)	(149,057)	(64,654)	20,132	105,303	190,660	(222,988)
11 PRIOR TRUE - UP COLLECTED OR (REFUNDED)	18,582	18,582	18,582	18,582	18,582	18,582	18,582	18,582	18,582	18,582	18,582	18,582	222,988
12 TOTAL NET TRUE - UP	(206,597)	(175,921)	(196,683)	(230,017)	(244,959)	(233,077)	(149,057)	(64,654)	20,132	105,303	190,660	276,807	276,807

CALCULATION OF TRUE - UP AND INTEREST PROVISION
FOR PERIOD OCTOBER 1996 THROUGH SEPTEMBER 1997
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	(222,988)	(206,597)	(175,921)	(196,883)	(230,017)	(244,959)	(233,077)	(149,057)	(64,854)	20,132	105,303	190,880	
2 ENDING TRUE - UP BEFORE INTEREST	(205,831)	(175,060)	(195,839)	(229,050)	(243,882)	(231,994)	(148,191)	(64,170)	20,233	105,018	190,189	275,747	
3 TOTAL BEGINNING & ENDING TRUE - UP	(428,819)	(381,657)	(371,760)	(425,733)	(473,899)	(476,953)	(381,268)	(213,226)	(44,421)	125,150	295,492	466,607	
4 AVERAGE TRUE - UP (LINE 3 TIMES 50%)	(214,309)	(190,829)	(185,880)	(212,866)	(236,949)	(238,476)	(190,634)	(106,613)	(22,211)	62,575	147,746	233,304	
5 INTEREST RATE FIRST DAY OF REPORTING MONTH	5.440%	5.380%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%
6 INTER RATE - FIRST DAY SUBSEQUENT MONTH	5.380%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%
7 TOTAL (SUM LINES 5 & 6)	10.820%	10.830%	10.900%	10.900%	10.900%	10.900%	10.900%	10.900%	10.900%	10.900%	10.900%	10.900%	10.900%
8 AVG. INTEREST RATE (LINE 7 TIMES 50%)	5.410%	5.415%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%
9 MONTHLY AVG INTEREST RATE	0.451%	0.451%	0.454%	0.454%	0.454%	0.454%	0.454%	0.454%	0.454%	0.454%	0.454%	0.454%	0.454%
10 INTEREST PROVISION	(988)	(861)	(844)	(967)	(1,078)	(1,083)	(866)	(484)	(101)	284	671	1,080	(5,234)

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 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 Title:

Residential Electric Resistance & 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 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 when converting from electric to energy conserving natural gas appliances.

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
Appliances with Electronic Ignition.....	\$ 50.00
Space Heaters < 50,000 BTUs.....	\$150.00
Space Heaters > 50,000 BTUs.....	\$300.00

Program Projections:

We are projecting 945 electric and oil appliances will be replaced with Natural Gas appliances during the period of April 1997 through March 1998.

Program Title

Residential Home Builder 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 conserving natural gas appliances in new residences as a substitute for electrical appliances.

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:

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 630 new single and multi-family residences will each be built with natural gas central heaters and water heaters during the period April 1997 through March 1998. We estimate that 300 gas ranges and 250 dryers will also be installed in those residences.

Program Title:

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 consider the extra expense of energy efficient natural gas appliances in lieu of standard 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 KW and KWH deferred and/or the Therm 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 452 energy efficient natural gas appliances will be installed, replacing standard natural gas appliances or electric appliances during the period April 1997 through March 1998.

Program Title:

Natural 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, KWH consumption and KW demand.

The installation allowance is:

Water Heater.....\$100.00

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 475 water heaters will be retained during the period April 1997 through March 1998.

Program Title:

Natural 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 instead of electric equipment.

The installation allowances are:

\$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 1100 tons of space conditioning equipment being installed during the period April 1997 through March 1998.

Program Title:

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 KWD within our service area, as well as reduce the escalating rates of electric consumption.

The installation allowances are:

\$30.00.....per KWD

The formula to determine the KWD is:

$$\frac{\text{no. of watts input (min. 6000)}}{1,000} = \text{KWD}$$

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 50 customers will replace units with a total of 1480 KWD during the period April 1997 through March 1998.