

ORIGINAL

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November 18, 1997

(IN REPLY REFER TO)

Ansley Watson, Jr.
P. O. Box 1531
Tampa, Florida 33601

VIA FEDERAL EXPRESS

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 970002-EG -- Conservation Cost Recovery Clause

Dear Ms. Bayo:

Enclosed for filing with the Commission in the above docket on behalf of Peoples Gas System, a division of Tampa Electric Company (formerly Peoples Gas System, Inc.) ("Peoples"), please find the original and 15 copies of the following:

11858-07 Petition of Peoples Gas System, a Division of Tampa Electric Company, for Approval of True-Up Amount (attributable to conservation programs of Peoples Gas System, Inc., which was merged into Tampa Electric Company on June 16, 1997);

ACK 11859-97 Direct Testimony of Vernon I. Krutsinger on behalf of Peoples; and
AFA 2 Exhibit VIK-1 (attached to Mr. Krutsinger's Direct Testimony), consisting of
APP Schedules CT-1 through CT-6).

CAF The enclosed testimony and exhibit will be offered by Peoples at the hearing in this
CMI docket scheduled to commence on February 25, 1998.
CTR


EGC Please acknowledge your receipt and the date of filing of the enclosures on the duplicate
L 1 copy of this letter and return the same to the undersigned in the enclosed preaddressed envelope.

L 3/10/98 Thank you for your usual assistance.
DFA
RCH
SEC
WAS
OTH

RECEIVED
PRSC BUREAU OF RECORDS

Blanca S. Bayo, Director
November 18, 1997
Page 2

Sincerely,

A handwritten signature in cursive script that reads "Ansley Watson, Jr." The signature is written in dark ink and is positioned above the printed name.

ANSLEY WATSON, JR.

AWjr/a
Enclosures

cc: Mr. Vernon Krutsinger
Mr. Gordon Gillette
Mr. Joe McCormick
All Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

In Re: Conservation Cost :
Recovery Clause :
_____:

Docket No. 970002-EG
Submitted for Filing:
11-19-97

DIRECT TESTIMONY

OF

VERNON I. KRUTSINGER

On Behalf of Peoples Gas System.
Division of Tampa Electric Company.

DOCUMENT NUMBER-DATE

11859 NOV 1997

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**IN RE: CONSERVATION COST RECOVERY CLAUSE,
DOCKET NO. 970002-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 Peoples Gas**
3 **System, a division of Tampa Electric Company, P .O. Box 2562, Tampa,**
4 **Florida 33601-2562.**

5 **Q. By whom are you employed and in what capacity?**

6 **A. I am employed by Peoples Gas System, Division of Tampa Electric**
7 **Company as Manager of Energy Conservation.**

8 **Q. Are you familiar with Peoples Gas System's energy conservation**
9 **programs?**

10 **A. Yes. As Manager of Energy Conservation, I work with the Company's**
11 **energy conservation programs on a daily basis.**

12 **Q. Are you familiar with the costs that Peoples incurs in implementing its**
13 **energy conservation programs?**

14 **A. Yes. I am responsible for planning, implementation, coordination, and**
15 **maintenance of all of Peoples' energy conservation programs. My**
16 **responsibilities include routinely testifying in support of the Company's**
17 **ECCR filings.**

18 **Q. Have you previously testified in proceedings before the Florida Public**
19 **Service Commission?**

1 A. Yes. I have testified in several Energy Conservation Cost Recovery
2 ("ECCR") proceedings beginning in 1992. I have also testified in other
3 conservation-related dockets before the Commission.

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

5 A. My testimony addresses the costs that Peoples seeks to recover through the
6 energy conservation cost recovery ("ECCR") clause attributable to the
7 Commission-approved conservation programs of Peoples Gas System, Inc.,
8 which was merged into Tampa Electric Company effective June 16, 1997.
9 Specifically, this part of my testimony addresses the true-up amount
10 associated with those programs for the period October 1996 through
11 September 1997.

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

13 A. Yes. I am sponsoring Exhibit ____ (VIK-1), which contains the
14 Conservation Cost Recovery True-Up Data in the format requested by the
15 Commission Staff for the period October 1996 through September 1997.
16 Exhibit ____ (VIK-1) consists of 17 pages and includes summary and
17 detailed data relating to the true-up, ECCR revenues, and actual and
18 projected program cost data.

19 **Q. What are the Company's true-up amounts for the period October 1996
20 through September 1997?**

21 A. As shown on Schedule CT-1 of Exhibit ____ (VIK-1), the end-of-period
22 net true-up for the period is an overrecovery of \$1,344,131, including both
23 principal and interest. The projected true-up for the period, as approved by

1 Commission Order No. PSC-97-0291-FOF-EG, was \$3,787.868
2 underrecovery. Subtracting the actual overrecovery from the projected true-
3 up underrecovery yields the adjusted net true-up of \$5,131,999 overrecovery.

4 **Q. What do the rest of the scheduled in Exhibit ____ (VIK-1) show?**

5 **A.** Scheduled CT-2 presents an analysis of the variance between actual and
6 estimated energy conservation program costs for the period October 1996
7 through September 1997. Schedule CT-3 presents an analysis of program
8 costs, by month and by program, and calculation of the true-up and interest
9 amounts. Schedule CT-4 is not applicable to Peoples Gas System. Schedule
10 CT-5 provides for an reconciliation and explanation of differences between
11 the Company's filing and the PSC's audit for the relevant period; there are
12 no such differences to report as of the date of this filing. Schedule CT-6
13 contains Program Progress Reports for each of Peoples' approved energy
14 conservation programs.

15 **Q. Does this conclude your prefled direct testimony regarding Peoples'**
16 **requested true-up amounts attributable to the conservation programs**
17 **approved by the Commission for Peoples Gas System, Inc.?**

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

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Conservation Cost :
Recovery Clause :
_____:

Docket No. 970002-EG
Submitted for Filing:
11-19-97

EXHIBIT

OF

VERNON I. KRUTSINGER

On Behalf of Peoples Gas System.
Division of Tampa Electric Company

**PEOPLES GAS SYSTEM
ADJUSTED NET TRUE-UP**

FOR MONTHS: **OCTOBER 1996 THROUGH SEPTEMBER 1997**

END OF PERIOD NET TRUE-UP

	PRINCIPLE	(1,245,451)	
	INTEREST	(98,680)	(1,344,131)

LESS PROJECTED TRUE-UP

	PRINCIPLE	3,726,013	
	INTEREST	61,855	3,787,868

ADJUSTED NET TRUE-UP

(5,131,999)

() REFLECTS OVER-RECOVERY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VERSUS ESTIMATED

MONTHS: OCTOBER 1996 THROUGH SEPTEMBER 1997

	ACTUAL	PROJECTED*	DIFFERENCE
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	382,471	292,300	90,171
MATERIALS & SUPPLIES	7,642	27,600	(19,958)
ADVERTISING	0	0	0
INCENTIVES	3,620,530	4,201,600	(581,070)
OUTSIDE SERVICES	140,763	414,800	(274,037)
VEHICLES	51,325	32,000	19,325
OTHER	48,224	67,200	(18,976)
SUB-TOTAL	4,250,955	5,035,500	(784,545)
PROGRAM REVENUES	0	0	0
TOTAL PROGRAM COSTS	4,250,955	5,035,500	(784,545)
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION ADJUSTMENT			
REVENUES	(5,496,405)	(4,232,212)	(1,264,193)
ROUNDING ADJUSTMENT	0	0	0
TRUE-UP BEFORE INTEREST	(1,245,451)	803,288	(2,048,739)
INTEREST PROVISION	(98,680)	(67,833)	(30,847)
END OF PERIOD TRUE-UP	(1,344,131)	735,455	(2,079,586)

() REFLECTS OVER-RECOVERY

* 1 MONTHS ACTUAL AND 10 MONTHS PROJECTED

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM

FOR MONTHS OCTOBER 1996 THROUGH SEPTEMBER 1997

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL HM BUILDER	0	0	0	0	2,422,035	0	0	0	2,422,035
PROGRAM 2: ENERGY AUDITS	0	0	0	0	0	0	0	0	0
PROGRAM 3: WATER HEATER LOAD RET	0	0	0	0	277,500	0	0	0	277,500
PROGRAM 4: OIL HEAT REPLACEMENT	0	0	0	0	27,720	0	0	0	27,720
PROGRAM 5: SMALL PKG COGEN	0	0	0	0	0	0	0	0	0
PROGRAM 6: COM ELECTRIC REPLACE	0	0	0	0	172,108	0	0	0	172,108
PROGRAM 7: RES ELECTRIC REPLACE	0	0	0	0	518,902	0	0	0	518,902
PROGRAM 8: COMMON COSTS	0	382,471	7,642	0	0	140,763	51,325	48,224	630,425
PROGRAM 9: GAS SPACE CONDITIONING	0	0	0	0	202,265	0	0	0	202,265
PROGRAM 10: MONITORING & RESEARCH	0	0	0	0	0	0	0	0	0
PROGRAM 11: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 12: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 13: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 14: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 15: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 16: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 17: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 18: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 19: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 20: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
TOTAL	0	382,471	7,642	0	3,620,530	140,763	51,325	48,224	4,250,955

CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED

FOR MONTHS **OCTOBER 1996 THROUGH SEPTEMBER 1997**

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL HM BUILDER	0	0	0	0	(377,965)	0	0	0	(377,965)
PROGRAM 2: ENERGY AUDITS	0	0	0	0	0	0	0	0	0
PROGRAM 3: WATER HEATER LOAD RET	0	0	0	0	(22,500)	0	0	0	(22,500)
PROGRAM 4: OIL HEAT REPLACEMENT	0	0	0	0	(14,280)	0	0	0	(14,280)
PROGRAM 5: SMALL PKG COGEN	0	0	0	0	0	0	0	0	0
PROGRAM 6: COM ELECTRIC REPLACE	0	0	0	0	31,708	0	0	0	31,708
PROGRAM 7: RES ELECTRIC REPLACE	0	0	0	0	(201,098)	0	0	0	(201,098)
PROGRAM 8: COMMON COSTS	0	90,171	(19,958)	0	0	(274,037)	19,325	(18,976)	(203,475)
PROGRAM 9: GAS SPACE CONDITIONING	0	0	0	0	3,065	0	0	0	3,065
PROGRAM 10: MONITORING & RESEARCH	0	0	0	0	0	0	0	0	0
PROGRAM 11: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 12: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 13: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 14: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 15: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 16: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 17: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 18: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 19: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 20: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
TOTAL	0	90,171	(19,958)	0	(581,070)	(274,037)	19,325	(18,976)	(784,545)

() REFLECTS PROJECTED OVER ACTUAL EXPENSE ESTIMATES

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
SUMMARY OF EXPENSES BY PROGRAM BY MONTH
FOR MONTHS: OCTOBER 1996 THROUGH SEPTEMBER 1997

EXPENSES:	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
PROGRAM 1:	181,530	149,480	174,035	242,280	145,380	311,570	155,785	153,975	258,518	214,875	222,480	212,127	2,422,035
PROGRAM 2:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 3:	25,600	14,900	18,300	19,500	21,000	81,800	16,600	18,300	14,800	15,700	13,300	17,700	277,500
PROGRAM 4:	2,640	2,310	2,310	3,960	3,300	1,980	2,970	1,320	330	2,310	2,640	1,650	27,720
PROGRAM 5:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 6:	4,351	3,480	10,260	9,000	8,086	12,930	17,951	28,595	14,546	8,696	38,165	15,848	172,108
PROGRAM 7:	52,548	45,097	54,125	59,473	50,691	41,657	38,690	37,617	35,387	36,368	38,274	26,977	518,902
PROGRAM 8:	124,429	57,717	49,082	50,630	45,413	72,805	34,956	48,375	40,916	25,603	43,269	37,230	630,425
PROGRAM 9:	5,550	3,665	13,350	49,475	9,450	22,650	21,000	14,730	16,400	30,745	8,450	6,800	202,265
PROGRAM 10:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 11:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 12:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 13:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 14:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 15:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 16:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 17:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 18:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 19:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 20:	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	396,648	276,649	321,462	434,318	283,320	545,392	287,952	302,912	380,897	334,495	366,578	320,332	4,250,955
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	396,648	276,649	321,462	434,318	283,320	545,392	287,952	302,912	380,897	334,495	366,578	320,332	4,250,955

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS OCTOBER 1996 THROUGH SEPTEMBER 1997

CONSERVATION REVENUES	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 FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROGRAM REV	0	0	0	0	0	0	0	0	0	0	0	0	0
3. CONSERV. ADJ REVS	(274,752)	(314,025)	(417,431)	(481,022)	(473,200)	(340,905)	(265,857)	(250,423)	(240,983)	(197,175)	(212,433)	(211,055)	(3,688,241)
4. TOTAL REVENUES	(274,752)	(314,025)	(417,431)	(481,022)	(473,200)	(340,905)	(265,857)	(250,423)	(240,983)	(197,175)	(212,433)	(211,055)	(3,688,241)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(150,597)	(150,597)	(150,597)	(150,597)	(150,597)	(150,597)	(150,597)	(150,597)	(150,597)	(150,597)	(150,597)	(150,597)	(1,807,164)
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(425,349)	(464,622)	(568,028)	(641,619)	(623,797)	(491,502)	(416,454)	(401,020)	(391,580)	(347,772)	(363,030)	(361,652)	(5,495,405)
7. CONSERVATION EXPS (FROM CT-1, PAGE 1)	398,648	278,648	321,482	434,318	283,320	545,392	287,952	302,912	380,897	334,485	369,578	320,332	4,250,955
8. TRUE-UP THIS PERIOD	(28,701)	(187,873)	(248,588)	(207,301)	(340,477)	53,880	(128,502)	(98,163)	(10,883)	(13,277)	3,548	(41,320)	(1,245,451)
9. INT. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(7,873)	(7,729)	(8,485)	(8,387)	(9,081)	(9,332)	(8,998)	(8,735)	(8,348)	(7,723)	(7,041)	(6,434)	(98,880)
10. TRUE-UP & INT. PROV. END-OF-MONTH	(1,807,164)	(1,693,141)	(1,738,241)	(1,842,895)	(1,908,286)	(2,107,248)	(1,912,093)	(1,898,996)	(1,855,282)	(1,723,674)	(1,594,078)	(1,448,974)	
11. PRIOR TRUE-UP COLLECTED (REFUNDED)	150,597	150,597	150,597	150,597	150,597	150,597	150,597	150,597	150,597	150,597	150,597	150,597	
12. TOTAL NET TRUE-UP (SUM LINES 8-11)	(1,693,141)	(1,738,241)	(1,842,895)	(1,908,286)	(2,107,248)	(1,912,093)	(1,898,996)	(1,855,282)	(1,723,674)	(1,594,078)	(1,448,974)	(1,344,131)	(1,344,131)

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS: OCTOBER 1996 THROUGH SEPTEMBER 1997

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	(1,807,164)	(1,893,141)	(1,738,241)	(1,842,895)	(1,908,288)	(2,107,248)	(1,912,083)	(1,888,996)	(1,855,282)	(1,723,874)	(1,594,078)	(1,448,874)	
2. ENDING TRUE-UP BEFORE INTEREST	<u>(1,665,388)</u>	<u>(1,730,517)</u>	<u>(1,834,210)</u>	<u>(1,899,389)</u>	<u>(2,098,167)</u>	<u>(1,902,781)</u>	<u>(1,889,998)</u>	<u>(1,848,507)</u>	<u>(1,715,328)</u>	<u>(1,588,354)</u>	<u>(1,438,933)</u>	<u>(1,337,897)</u>	
3. TOTAL BEGINNING & ENDING TRUE-UP	(3,482,432)	(3,423,657)	(3,572,452)	(3,742,084)	(4,006,453)	(4,010,009)	(3,802,080)	(3,745,503)	(3,570,590)	(3,310,028)	(3,034,011)	(2,786,672)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	<u>(1,748,216)</u>	<u>(1,711,829)</u>	<u>(1,786,226)</u>	<u>(1,871,047)</u>	<u>(2,003,227)</u>	<u>(2,005,005)</u>	<u>(1,901,045)</u>	<u>(1,872,751)</u>	<u>(1,785,295)</u>	<u>(1,655,014)</u>	<u>(1,517,005)</u>	<u>(1,393,336)</u>	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	5.440%	5.380%	5.450%	5.950%	5.450%	5.430%	5.740%	5.620%	5.600%	5.620%	5.580%	5.560%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	5.380%	5.450%	5.950%	5.450%	5.430%	5.740%	5.620%	5.600%	5.620%	5.580%	5.560%	5.530%	
7. TOTAL (SUM LINES 5 & 6)	10.820%	10.830%	11.400%	11.400%	10.880%	11.170%	11.360%	11.220%	11.220%	11.200%	11.140%	11.090%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	5.410%	5.415%	5.700%	5.700%	5.440%	5.585%	5.680%	5.610%	5.610%	5.600%	5.570%	5.545%	
9. MONTHLY AVG INTEREST RATE	0.451%	0.451%	0.475%	0.475%	0.453%	0.485%	0.473%	0.468%	0.468%	0.467%	0.454%	0.452%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	<u>(7,873)</u>	<u>(7,725)</u>	<u>(8,485)</u>	<u>(8,887)</u>	<u>(9,081)</u>	<u>(9,332)</u>	<u>(8,988)</u>	<u>(8,755)</u>	<u>(8,348)</u>	<u>(7,723)</u>	<u>(7,041)</u>	<u>(6,434)</u>	<u>(98,680)</u>

SCHEDULE CT-4

PAGE 1 OF 1

PEOPLE Exhibit No. _____
Docket No. 870002-EG
Peoples Gas System, Inc.
(Vik - 1)

FOR MONTHS: OCTOBER 1996 THROUGH SEPTEMBER 1997

SCHEDULE OF CAPITAL INVESTMENTS, DEPRECIATION, AND RETURN

NOT APPLICABLE TO PEOPLES GAS SYSTEM, INC.

Program Progress Report

Reporting Period: OCTOBER 1996 THROUGH SEPTEMBER 1997

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 installation of gas appliances.

Program Allowances:	Gas Water Heater.....	\$250
	Gas Furnace.....	\$250
	Gas Range.....	\$85
	Gas Dryer.....	\$85

Program Summary

New Home Goal:	4,179
New Homes Connected:	<u>3,818</u>
Variance:	361
Percent of Goal:	91.5%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$2,898,000
Actual Cost:	\$2,422,836
Variance:	\$377,966

() Reflects Overrecovery

Program Progress Report

Reporting Period: OCTOBER 1996 THROUGH SEPTEMBER 1997

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.

Customer Audit Charges:

Class "A" Audit _____	\$15
Walk-Through Audit _____	No Charge
Mini-Walk Through Audit _____	No Charge

Program Summary

Program Goal:	0
Program Accomplishments:	0
Variance:	0
Percent of Goal:	0.0%

The Company has not had a request for an energy audit during this period.

Conservation Cost Variance - Actual Vs. Projected

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

() Reflects Overrecovery

Program Progress Report

Reporting Period: OCTOBER 1996 THROUGH SEPTEMBER 1997

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 Allowances: Energy Efficient Gas Water Heater _____ \$100

Program Summary

Goals:	3,000
Actual:	<u>2,776</u>
Variance:	228
Percent of Goal:	92.5%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$300,000
Actual Cost:	\$277,500
Variance:	\$22,500

() Reflects Overrecovery

Program Progress Report

Reporting Period: OCTOBER 1996 THROUGH SEPTEMBER 1997

Name:

Small Package Cogeneration Program

Description:

This program is designed to promote the direct use of natural gas to generate on-site power and utilize the waste heat for on-site heating, cooling and water heating requirements for commercial and industrial applications. A cogeneration feasibility audit will be made available to commercial and industrial customers interested in workshops. Direct mail and personal contacts will be used to promote the cogeneration computer audit program and to assist Peoples customers in completing forms for the computer audit.

Program Summary

Goals:	0
Actual:	<u>0</u>
Variance:	0
Percent of Goal:	0.0%

Conservation Cost Variance - Actual Vs. Projected

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

() Reflects Overrecovery

Program Progress Report

Reporting Period: **OCTOBER 1996 THROUGH SEPTEMBER 1997**

Name: **Commercial Electric Replacement Program**

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

Program Allowances: For every KW Displaced (KWD) _____ \$40
Each customer will be allowed a maximum of 100 KWD deferred on:

Program Summary

Program Goal:	3,619
Program Accomplishments:	4,383
Variance:	<u>(793)</u>
Percent of Goal:	122.0%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$148,400
Actual Cost:	\$172,108
Variance:	(\$31,708)

() Reflects Overrecovery

Program Progress Report

Reporting Period: OCTOBER 1996 THROUGH SEPTEMBER 1997

Name: **Residential Electric Replacement Program**

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

Program Allowances:	Natural Gas Water Heat.....	\$400
	Natural Gas Furnace.....	\$400
	Natural Gas Range.....	\$75
	Natural Gas Dryer.....	\$75
	Natural Gas Space Heat.....	\$85

Program Summary

Program Goal:	1,674
Program Accomplishments:	<u>1,474</u>
Variance:	200
Percent of Goal:	88.1%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$720,000
Actual Cost:	\$518,000
Variance:	\$201,000

() Reflects Overrecovery

Program Progress Report

Reporting Period: OCTOBER 1996 THROUGH SEPTEMBER 1997

Name:

Energy Conservation Common Cost

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$833,969
Actual Cost:	\$639,426
Variance:	\$203,475

() Reflects Overrecovery

Program Progress Report

Reporting Period: **OCTOBER 1996 THROUGH SEPTEMBER 1997**

Name:

Gas Space Conditioning Program

Description:

This program is designed to convert on-main customers from electric space conditioning equipment to energy efficient natural gas space conditioning. The program offers piping and venting allowances to reduce the generally higher cost of installing gas space conditioning equipment. This program would also reduce summer as well as winter peak demand and contribute to the conservation of KWH / KWD consumption.

Program Allowance:

Each customer is allowed 100tons maximum paid allowance/installation at:

\$100 /ton

Program Summary

Goals:

1,328

Actual:

1,348

Variance:

(20)

Percent of Goal:

101.5%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:

\$199,200

Actual Cost:

\$202,200

Variance:

(\$3,000)

() Reflects Overrecovery

Program Progress Report

Reporting Period: **OCTOBER 1996 THROUGH SEPTEMBER 1997**

Name: **Program Monitoring, Evaluation and Research Demonstration**

Program Summary: 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.

Conservation Cost Variance - Actual Vs. Projected

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