

LAW OFFICES  
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November 19, 1997

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

**HAND DELIVERY**

Re: Docket No. 970002-EG; Peoples Gas Systems (formerly West Florida Natural Gas Company)

Dear Ms. Bayo:

Enclosed for filing on behalf of Peoples Gas Systems (formerly West Florida Natural Gas Company) in connection with the hearings scheduled to begin February 25, 1998 in this docket are an original and 10 copies of the following documents:

1. Petition for Approval of Peoples Gas System's Conservation Cost Recovery True-Up Amounts: 11902-97
2. Direct Testimony of William B. Gray, and: 11903-97
3. Schedules CT-1 through CT-6.

ACK  Please acknowledge receipt of these documents by stamping the enclosed extra copy of this  
AFA 2 letter.

TH  Thank you for your assistance.

Very truly yours,

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

3+ (7/6)  
NHE/amb  
Enclosures

cc: Mr. William B. Gray  
Parties of Record



1           **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                   **In Re: Conservation Cost Recovery Clause**

3                   **DIRECT TESTIMONY OF WILLIAM B. GRAY**

**ORIGINAL**

4                   **On Behalf of**

5                   **PEOPLES GAS SYSTEMS, FORMERLY**

6                   **WEST FLORIDA NATURAL GAS COMPANY**

7                   **DOCKET NO. 970002-EG**

8           **Q.**     Please state your name business address, by whom you are employed, and in  
9                   what capacity.

10          **A.**     My name is William B. Gray, and my business address is 301 Maple Avenue,  
11                   Panama City, Florida 32401. I am employed by People Gas System,  
12                   formerly West Florida Natural Gas Company, as Director of Accounting

13          **Q.**     Are you familiar with the energy conservation programs of Peoples Gas  
14                   System and costs which have been, and are projected to be, incurred in their  
15                   implementation?

16          **A.**     Yes.

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

18          **A.**     The purpose of my testimony is to present data and summaries concerning  
19                   the planned and actual accomplishments of Peoples Gas System's energy  
20                   conservation programs during the period October 1, 1996 through September  
21                   30, 1997. Data related to calculation of the true-up for this period is also  
22                   included.

23          **Q.**     Have you prepared summaries of Peoples Gas System's conservation  
24                   programs and the costs associated with these programs?

- 1       **A.**     Yes. Summaries of the six programs in connection with which Peoples Gas  
2       System's incurred recoverable costs during the period October 1, 1996  
3       through September 30, 1997 are contained in Schedule CT-6 of Exhibit  
4       WBG-1. Included are our Residential Home Builder Program; Residential  
5       Electric Resistance and Oil Heating Replacement Program; Energy Savings  
6       Payback Program; Natural Gas Water Heater Load Retention Program;  
7       Natural Gas Space Conditioning Allowance Program; and Commercial  
8       Electric Resistance Appliance Replacement Program.
- 9       **Q.**     Have you prepared a schedule which shows the actual expenditures  
10       associated with it's energy conservation programs for this period?
- 11       **A.**     Yes. Schedule CT-2, page 2, Exhibit WBG-1 shows actual expenses for the  
12       period. Schedule CT-2, page 1, shows a comparison of the actual program  
13       costs and true-up submitted at the February 1997 hearing in this docket.
- 14       **Q.**     What was the total cost incurred by Peoples Gas Systems in connection with  
15       the six programs during the twelve months ended September 30, 1997?
- 16       **A.**     As shown in Exhibit WBG-1, Schedule CT-2, page 2, total program costs  
17       were \$698,908.00.
- 18       **Q.**     Have you prepared, for the twelve month period involved, a schedule which  
19       shows the variance of actual from projected program costs by categories of  
20       expenses?
- 21       **A.**     Yes. Schedule CT-2, page 3 of Exhibit WBG-1 shows these variances.
- 22       **Q.**     What is Peoples Gas Systems adjusted net true-up for the twelve months  
23       ended September 30, 1997?
- 24       **A.**     The Company has overrecovered \$202,071.00 including interest.

- 1       **Q.**     What is the amount of the adjusted net true-up for the period October 1996  
2                   through September 1997?
- 3       **A.**     This amount appears on Schedule CT-1, page 1 of 1 is \$478,877.00  
4                   overrecovery.
- 5       **Q.**     Does this conclude your testimony?
- 6       **A.**     Yes, it does.

SCHEDULE CT-1      COMPANY: WEST FLORIDA NATURAL GAS COMPANY

ADJUSTED NET TRUE-UP  
OCTOBER 1996 THROUGH SEPTEMBER 1997

END OF PERIOD NET TRUE-UP

PRINCIPLE	(188,652)	
INTEREST	(13,419)	(202,071)

LESS PROJECTED TRUE-UP

PRINCIPLE	282,040	
INTEREST	(5,234)	276,806

ADJUSTED NET TRUE-UP      (478,877)

( ) REFLECTS OVER-RECOVERY

SCHEDULE C / 2  
PAGE 1 OF 3

COMPANY WEST FLORIDA NATURAL GAS COMPANY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COST:  
ACTUAL VERSUS ESTIMATED

MONTHS: OCTOBER 1996 THROUGH SEPTEMBER 1997

	ACTUAL	PROJECTED*	DIFFERENCE
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	65,660	108,070	(42,210)
MATERIALS & SUPPLIES	0	0	0
ADVERTISING	145,740	133,017	12,723
INCENTIVES	487,308	728,578	(241,270)
OUTSIDE SERVICES	0	4,167	(4,167)
VEHICLES	0	0	0
OTHER	0	0	0
SUB-TOTAL	698,908	973,832	(274,924)
PROGRAM REVENUE	0	0	0
TOTAL PROGRAM COSTS	698,908	973,832	(274,924)
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION ADJUSTMENT REVENUES	(661,500)	(661,791)	(195,709)
ROUNDING ADJUSTMENT	0	0	0
TRUE-UP BEFORE INTEREST	(168,652)	282,041	(470,693)
INTEREST PROVISION	(13,418)	(5,234)	(8,185)
END OF PERIOD TRUE-UP	(202,071)	276,807	(478,878)

1.1 REFLECTS OVER-RECOVERY  
\* 2 MONTHS ACTUAL AND 10 MONTHS PROJECTED

COMPANY WEST FLORIDA NATURAL GAS COMPANY

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM  
 FOR MONTHS OCTOBER 1998 THROUGH SEPTEMBER 1997

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: REPLACEMENT PROGRAM	0	8,250	0	28,733	105,418	0	0	0	153,401
PROGRAM 2: HOMEBUILDER PROGRAM	0	35,876	0	24,133	250,820	0	0	0	310,829
PROGRAM 3: ESP PROGRAM	0	2,226	0	20,091	22,260	0	0	0	44,560
PROGRAM 4: LEGAL & PROFESSIONAL	0	0	0	0	0	0	0	0	0
PROGRAM 5: WATER HEATER RETENTION	0	8,220	0	4,848	32,438	0	0	0	43,504
PROGRAM 6: GAS SPACE CONDITIONING	0	5,580	0	33,717	30,382	0	0	0	69,679
PROGRAM 7: COMMERCIAL REPLACEMENT	0	7,710	0	23,220	48,000	0	0	0	78,930
PROGRAM 8: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 9: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 10: (TYPE NAME HERE)	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	65,960	0	145,740	487,308	0	0	0	698,903

SCHEDULE CT-2  
PAGE 3 OF 3

COMPANY WEST FLORIDA NATURAL GAS COMPANY

CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED  
FOR MONTHS: OCTOBER 1986 THROUGH SEPTEMBER 1987

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: REPLACEMENT PROGRAM	0	(13,212)	0	(14,537)	(130,265)	0	0	0	(158,014)
PROGRAM 2: HOMEBUILDER PROGRAM	0	(8,187)	0	(8,828)	(94,438)	0	0	0	(109,291)
PROGRAM 3: ESP PROGRAM	0	(243)	0	10,113	(1,133)	0	0	0	8,737
PROGRAM 4: LEGAL & PROFESSIONAL	0	0	0	0	0	14,187	0	0	14,187
PROGRAM 5: WATER HEATER RETENTION	0	384	0	(3,048)	4,221	0	0	0	1,557
PROGRAM 6: GAS SPACE CONDITIONING	0	(21,734)	0	15,579	(84,485)	0	0	0	(89,940)
PROGRAM 7: COMMERCIAL REPLACEMENT	0	782	0	7,242	4,830	0	0	0	12,854
PROGRAM 8: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 9: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 10: (TYPE NAME HERE)	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	(42,210)	0	12,723	(241,270)	(4,187)	0	0	(274,824)



COMPANY WEST FLORIDA NATURAL GAS COMPANY

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRIPLE-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:	12,141	22,701	15,664	16,410	13,188	14,092	9,238	14,299	10,686	9,831	7,740	8,602	152,401
PROGRAM 2:	25,950	29,804	24,758	13,706	29,322	42,494	41,263	27,831	27,101	24,855	17,221	12,824	310,828
PROGRAM 3:	3,623	8,834	8,025	3,414	2,665	3,659	3,913	3,639	2,668	2,795	5,008	2,142	+4,566
PROGRAM 4:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 5:	4,763	3,760	4,339	3,094	3,574	4,180	4,803	2,789	2,976	2,790	2,680	3,488	43,503
PROGRAM 6:	3,182	8,404	2,018	3,715	3,968	3,464	12,833	14,586	3,137	3,300	11,705	2,380	69,879
PROGRAM 7:	1,688	8,748	3,787	10,252	9,358	14,988	8,733	4,500	2,677	5,910	848	5,764	76,930
PROGRAM 8:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 9:	0	0	0	0	0	0	0	0	0	0	0	0	0
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	51,008	73,367	54,790	60,590	69,073	82,566	80,893	67,654	48,473	48,201	48,303	34,901	698,908
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	61,008	73,367	54,790	60,590	69,073	82,566	80,893	67,654	48,473	48,201	48,303	34,981	698,908

COMPANY: WEST FLORIDA NATURAL GAS COMPANY

FOR MONTHS: OCTOBER 1989 THROUGH SEPTEMBER 1997

CONSERVATION REVENUES	MONTH OCT	MONTH NOV	MONTH DEC	MONTH JAN	MONTH FEB	MONTH MAR	MONTH APR	MONTH MAY	MONTH JUN	MONTH JUL	MONTH AUG	MONTH SEP	TOTAL
1. RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROGRAM REVS	(7,818)	8,798	(8,424)	(8,440)	(7,778)	(5,821)	(5,803)	(5,188)	(5,440)	(5,398)	(8,203)	(5,838)	(81,732)
3. CONSERV. ADJ REVS	(33,738)	(43,740)	(74,504)	(100,187)	(94,573)	(53,128)	(40,380)	(36,708)	(28,828)	(33,881)	(25,778)	(27,582)	(582,840)
4. TOTAL REVENUES	(41,556)	(52,518)	(82,928)	(108,627)	(92,351)	(58,751)	(46,163)	(41,878)	(34,256)	(38,090)	(31,972)	(33,421)	(664,572)
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)	(222,868)
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(80,138)	(71,120)	(101,510)	(128,210)	(110,933)	(77,333)	(64,776)	(60,401)	(52,848)	(57,872)	(50,555)	(52,003)	(687,500)
7. CONSERVATION EXPS FROM CT-3, PAGE 1)	51,008	73,367	54,780	50,590	58,073	82,588	80,883	87,654	48,473	48,201	45,303	34,381	688,908
8. TRUE-UP THIS PERIOD	(9,130)	2,347	(46,720)	(77,620)	(51,881)	5,253	16,107	7,183	(3,375)	(8,471)	(5,252)	(17,023)	(188,852)
9. ENTER PROV. THIS PERIOD FROM CT-3, PAGE 3)	(866)	(821)	(881)	(1,203)	(1,363)	(1,427)	(1,320)	(1,188)	(1,078)	(1,042)	(888)	(833)	(13,418)
10. TRUE-UP & ENTER PROV. BEGINNING OF MONTH	(222,988)	(214,522)	(184,614)	(223,743)	(283,983)	(318,634)	(286,217)	(282,847)	(238,241)	(224,112)	(215,044)	(202,700)	(2,027,071)
11. PRIOR TRUE-UP COLLECTED-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	(202,074)
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(214,522)	(184,614)	(223,743)	(283,983)	(318,824)	(298,217)	(282,847)	(238,241)	(224,112)	(215,044)	(202,700)	(202,074)	(2,027,071)

COMPANY WEST FLORIDA NATURAL GAS COMPANY

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR MONTHS: OCTOBER 1998 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	(221,989)	(214,522)	(194,814)	(223,743)	(283,883)	(318,824)	(296,217)	(262,847)	(238,241)	(224,112)	(215,044)	(202,703)	(202,703)
2. ENDING TRUE-UP BEFORE INTEREST	(213,536)	(193,893)	(222,751)	(282,760)	(317,791)	(291,789)	(261,527)	(237,072)	(223,034)	(214,001)	(201,713)	(201,141)	(201,141)
3. TOTAL BEGINNING & ENDING TRUE-UP	(435,524)	(408,215)	(417,365)	(506,523)	(601,244)	(613,414)	(557,744)	(499,919)	(461,274)	(438,113)	(416,757)	(403,841)	(403,841)
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(218,262)	(204,107)	(208,683)	(253,261)	(300,622)	(306,707)	(278,872)	(249,960)	(230,637)	(219,057)	(208,378)	(201,920)	(201,920)
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	5.440%	5.380%	5.450%	5.910%	5.450%	5.430%	5.740%	5.620%	5.600%	5.620%	5.800%	5.560%	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%	5.800%	5.560%	5.530%	5.530%
7. TOTAL (SUM LINES 5 & 6)	10.820%	10.830%	11.400%	11.400%	10.860%	11.170%	11.360%	11.220%	11.220%	11.420%	11.360%	11.090%	11.090%
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	5.410%	5.415%	5.700%	5.700%	5.440%	5.585%	5.690%	5.610%	5.610%	5.710%	5.680%	5.545%	5.545%
9. MONTHLY AVG INTEREST RATE	0.451%	0.451%	0.475%	0.475%	0.453%	0.465%	0.473%	0.468%	0.468%	0.478%	0.473%	0.462%	0.462%
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	(986)	(921)	(981)	(1,203)	(1,363)	(1,427)	(1,320)	(1,168)	(1,078)	(1,042)	(986)	(933)	(13,418)

Docket 970002-EG  
Conservation Cost Recovery

Exhibit WBG - 1  
Page 8 of 16

Schedule CT - 4  
Page 1 of 1

**CAPITAL INVESTMENT ANALYSIS**

**Not Applicable**

Docket 970002-EG  
Conservation Cost Recovery

Exhibit WBG - 1  
Page 9 of 16

Schedule CT - 5  
Page 1 of 1

Reconciliation of Explanation of Differences Between Filing and PSC  
Audit Report for October 1996 and September 1997

Not Applicable

**WEST FLORIDA NATURAL GAS COMPANY  
PROGRAM DESCRIPTION AND PROGRESS**

Program Name:

**Residential Electric Resistance & Oil heating Replacement Program**

Program Description:

This program will promote the replacement of all electric appliances: water heaters, central heaters, ranges and dryers where it is cost effective to do so.

This program offers customers an installation 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 BTU's.....	\$150.00
Space Heaters > 50,000 BTU's.....	\$300.00

Program Projections:

For the twelve month period ending September 30, 1997, we estimated 945 appliances would be converted from electric to natural gas.

Accomplishments:

Under this program we converted 421 appliances to natural gas for the period ending September 30, 1997.

Fiscal Expenditures:

For the twelve month period ending September 30, 1997, we estimated program expenses to be \$311,414. For the same period we incurred expenses of \$153,401.

Program Progress Summary:

Replacement of electric and fuel oil appliances slowed during this period due to a reorganization of the company's marketing department. Promotional activities were reduced while staff was trained. In addition, the company has redirected resources toward commercial sector marketing. Expenses incurred during the next period are anticipated to remain at the reduced level experienced this year.

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.

The allowances are:

Water Heater.....	\$150.00
Central Heater.....	\$250.00
Range.....	\$100.00
Dryer.....	\$100.00

Program Projections: For the twelve month period ending September 30, 1997, we estimated 630 new residential homes would be constructed. A total of 1156 natural gas appliances would be installed in these homes.

Accomplishments: Under this program we installed 1449 natural gas appliances for the period ending September 30, 1997.

Fiscal Expenditures: For the twelve month period ending September 30, 1997, we estimated the program expenses of \$380,089. For this same period we incurred expenses of \$310,828.

Program Progress Summary: This program is well accepted by area home builders and should continue at or near projected levels.



Program Title:

**Energy Savings Payback (ESP) Program**

Program Description:

This program has been designed to promote replacement of 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.

The installation allowances are:

Water Heater.....	\$50.00
Central Heater.....	\$50.00
Range.....	\$50.00
Dryer.....	\$50.00

Program Projections:

For the twelve month period ending September 30, 1997, we estimated 452 appliances would be installed under this program.

Accomplishments:

Under this program we installed 445 energy efficient appliances for the period ending September 30, 1997.

Fiscal Expenditures:

For the period ending September 30, 1997, we estimated the program expenses of \$35,829. For this same period we incurred expenses of \$44,566.

Program Progress Summary:

This program is well accepted by homeowners and should continue at or near projected levels.

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. It offers customers an incentive allowance to help defray the additional costs of installing a new gas water heater.

The installation allowance is:

Water Heater.....\$100.00

Program Projections:

For the twelve month period ending September 30, 1997, we estimated that 475 natural gas water heaters would be retained.

Accomplishments:

Under this program we retained 315 natural gas water heaters for the period ending September 30, 1997.

Fiscal Expenditures:

For the period ending September 30, 1997, we estimated the program expenses of \$41,947. For this same period we incurred expenses of \$43,504.

Program Progress Summary:

This program has been well received by the public. We anticipate continued stable participation levels.

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**

Program Projections:

For the twelve month period ending September 30, 1997, we estimated that 1110 tons of space conditioning equipment would be installed.

Accomplishments:

Under this program, we installed 279 tons for the period ending September 30, 1997.

Fiscal Expenditures:

For the period ending September 30, 1997, we estimated the program expenses of \$136,319. For this same period we incurred expenses of \$69,679.

Program Progress Summary:

Small tonnage space conditioning system sales are increasing while the larger tonnage commercial jobs have been more difficult to conclude. Our promotional efforts will continue to focus on commercial applications.

Program Title:

**Commercial Electric Resistance Appliance Replacement Program**

Program Description:

This program is designed to promote the use of natural gas to non-residential, high priority, customers. 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.

The installation allowances are:

\$30.00 .....per KWD

The formula to determine the KWD is:

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

Program Projections:

For the twelve month period ending September 30, 1997, we estimated that 1480 electrical commercial kilowatt hours would be displaced by installing commercial natural gas equipment.

Accomplishments:

Under this program we installed commercial natural gas equipment which has replaced electric commercial equipment with rated hourly kilowatt input of 1542 KWHs for the period ending September 30, 1997

Fiscal Expenditures:

For the period ending September 30, 1997, we estimated the program expenses of \$84,066. For this same period we incurred expenses of \$79,930.

Program Progress Summary:

This program has been in effect since July 1, 1991. The culmination of several large commercial projects during this reporting period exceeded our projections. We anticipate continued growth in the program.