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January 12, 1998

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

ORIGINAL

Re: Docket No. 980002-EG -- Conservation Cost Recovery Clause

Dear Ms. Bayo:

Enclosed for filing in the above docket on behalf of Peoples Gas System are the original and 15 copies of the following:

1. Petition of Peoples Gas System for Approval of its Conservation Cost Recovery Factors;
2. Prepared Direct Testimony of Vernon I. Krutsinger; and
3. Exhibit (VIK-2), consisting of Schedule C-1 through C-5.

ACK _____
 AFA Watt _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG 1 _____
 LIN 3 + orig _____
 OPC _____
 RCH _____
 SEC 1 _____
 WAS _____
 OTH _____

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

Thank you for your usual assistance.

Sincerely,

Ansley Watson, Jr.
ANSLEY WATSON, JR.

AWjr/a
Enclosures

Petition
DOCUMENT NUMBER-DATE
00663 JAN 13 88
FPSC-RECORDS/REPORTING

testimony
DOCUMENT NUMBER-DATE
00665 JAN 13 88
FPSC-RECORDS/REPORTING

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Blanca S. Bayo, Director
January 12, 1998
Page 2

cc: Mr. Vernon Krutsinger
All Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

VERNON I. KRUTSINGER

ORIGINAL

1
2
3
4
5
6 Q. Please state your name and business address.

7
8 A. My name is Vernon I. Krutsinger. My business address is
9 Peoples Gas System, 702 N. Franklin Street, Tampa, Florida
10 33601.

11
12 Q. By whom are you employed and in what capacity?

13
14 A. I am employed by Peoples Gas System as Manager of Energy
15 Conservation.

16
17 Q. Are you the same Vernon I. Krutsinger who previously filed
18 testimony in this proceeding?

19
20 A. Yes. My earlier direct testimony, filed in Docket No.
21 970002-EG on November 19, 1997, addressed Peoples'
22 requested energy conservation cost recovery ("ECCR") true-up
23 amount for the period October 1996 through September 1997.

24
25 Q. Are you familiar with Peoples Gas System's energy
26 conservation programs?

DOCUMENT NUMBER-DATE

00665 JAN 13 98

FPSC-RECORDS/REPORTING

1

2 A. Yes. As Manager of Energy Conservation, I work with the
3 Company's energy conservation programs on a daily basis.
4

5 Q. Are you familiar with the costs that Peoples incurs in
6 implementing its energy conservation programs?
7

8 A. Yes. I am responsible for planning, implementation,
9 coordination, and maintenance of all of Peoples' energy
10 conservation programs. My responsibilities include
11 routinely testifying in support of the Company's ECCR
12 filings.
13

14 Q. Have you previously testified in proceedings before the
15 Florida Public Service Commission?
16

17 A. Yes, I have testified in several Conservation Cost Recovery
18 proceedings beginning in 1992. I have also testified in
19 other conservation-related dockets before the Commission.
20

21 Q. What is the purpose of your testimony in this docket?
22

23 A. My testimony in this docket addresses Peoples' energy
24 conservation programs and the costs that Peoples seeks to
25 recover through the energy conservation cost recovery

1 ("ECCR") clause. Specifically, this part of my testimony
2 first presents data and summaries concerning the planned
3 and actual accomplishments of the Company's energy
4 conservation programs during the period October 1, 1996
5 through September 30, 1997. Data related to calculation of
6 the true-up amount for this period is also presented.
7

8 Second, my testimony describes generally the expenditures
9 made and projected to be made in implementing, promoting,
10 and operating Peoples' energy conservation programs for the
11 current period; this information includes actual costs
12 incurred in October and November 1997 and revised
13 projections of program costs that Peoples expects to incur
14 from December 1997 through September 1998. Next, my
15 testimony presents projected conservation program costs for
16 the period October 1, 1998 through March 31, 1999.
17

18 Finally, my testimony presents the calculation of the
19 conservation cost recovery adjustment factors to be applied
20 to customers' bills during the period beginning April 1,
21 1998 and continuing through March 31, 1999.
22

23 Q. Are you sponsoring any exhibits with your testimony?
24

25 A. Yes. I am sponsoring Exhibit _____ (VIK-2), which contains

1 Schedules C-1 through C-5. These exhibits were prepared
2 under my supervision and direction.
3
4 Q. Have you prepared summaries of the Company's conservation
5 programs and the costs associated with these programs?
6
7 A. Yes. Summaries of the Company's programs are presented in
8 Schedule C-5, Pages 1 of 10 through 10 of 10.
9
10 Q. Have you prepared schedules that show the expenditures
11 associated with Peoples' energy conservation programs for
12 the periods that your testimony addresses?
13
14 A. Yes. Actual expenses for the period October 1996 through
15 September 1997 are shown on Schedule CT-2, Page 2, of
16 Exhibit _____ (VIK-1). Exhibit _____ (VIK-1) was
17 included with my earlier direct testimony. Page 1 of
18 Schedule CT-2 presents a comparison of the actual program
19 costs and true-up amount to the projected costs and true-up
20 amount for the same period.
21
22 Q. What was the total cost incurred by the Company in
23 connection with its approved energy conservation programs
24 during the year ending September 30, 1997?
25

- 1 **A.** The total cost incurred by Peoples in connection with its
2 approved energy conservation programs for the year ending
3 September 30, 1997 was \$4,250,955.
4
- 5 **Q.** What is presented on Schedule C-1 of Exhibit _____ (VIK-
6 2)?
7
- 8 **A.** Schedule C-1 presents a summary of the calculation of
9 Peoples' ECCR cost recovery factors.
10
- 11 **Q.** Have you prepared a schedule that shows Peoples' projected
12 conservation program costs by month for the period October
13 1, 1998 through March 31, 1999?
14
- 15 **A.** Yes. The Company's projected ECCR costs for this period
16 are presented in Schedule C-2: Page 1 of 3 presents the
17 projected monthly ECCR costs by program, and Page 2 of 3
18 presents these costs by cost category for each program.
19 Page 3 of 3 is not applicable to Peoples Gas System.
20
- 21 **Q.** Have you prepared a schedule that shows Peoples'
22 conservation program costs for the year ending September
23 30, 1998?
24
- 25 **A.** Yes. Schedule C-3 presents Peoples' ECCR costs for the

1 year ending September 30, 1998. Pages 1 through 3 of 7
2 show total annual costs by program and by cost category.
3 The projected annual costs reflect an increase over prior
4 year expenses due to increased load growth, advertising of
5 conservation programs, particularly in new areas, and an
6 approach supporting partnership of the conservation
7 programs with appliance dealers and contractors. The
8 partnering costs include partial reimbursement to
9 appliance dealers/contractors for incremental
10 administrative and promotional costs they incur by
11 participating in Peoples Gas System's approved conservation
12 programs. Such expenses include compliance with Peoples'
13 reporting requirements, Yellow Page and other advertising,
14 allocation of showroom floor space to gas appliances, etc.
15 Payment will be paid to appliance dealers on the basis of
16 units sold that comply with program requirements and paid
17 in lieu of costs the company would incur internally if it
18 were not for the independent dealers. Page 4 of 7 is not
19 applicable to Peoples Gas System. Schedule C-3, Page 5 of
20 7 presents monthly costs for each of Peoples' approved
21 conservation programs for the period October 1997 through
22 September 1998; actual data are presented for October and
23 November 1997, while the program expense data are projected
24 for the last ten months of the year ending September 30,
25 1998. Page 6 of 7 presents the monthly cost and revenue

1 data -- two months actual and ten months estimated -- used
2 to calculate the net true-up for the period October 1, 1997
3 through September 30, 1998. Page 7 of 7 presents the
4 monthly calculation of the interest provision associated
5 with the true-up or the same period.
6

7 Q. Have you prepared schedules required for calculation of
8 Peoples' proposed conservation adjustment factors to be
9 applied during billing periods beginning on April 1, 1998
10 and continuing through March 31, 1999?
11

12 A. Yes. These calculations are summarized on Schedule C-1 of
13 Exhibit _____ (VIK-2).
14

15 Q. What are the ECCR factors that Peoples is requesting
16 authority to apply for the period April 1, 1998 through
17 March 31, 1999?
18

19 A. Schedule C-1 shows the estimated ECCR revenues and ECCR
20 adjustment factors by rate class for the period April 1,
21 1998 through March 31, 1999.
22

23 Q. Does this conclude this part of your prefiled direct
24 testimony regarding Peoples' requested ECCR costs?
25

1 | A. Yes, it does.

SCHEDULE C-1

Peoples Gas System
Docket No: 980002-EG

(VIK-2)

ENERGY CONSERVATION ADJUSTMENT - SUMMARY OF COST RECOVERY CLAUSE CALCULATION

PROJECTED PERIOD: OCTOBER 1998 THROUGH MARCH 1999
 ACTUAL/ESTIMATED PERIOD: OCTOBER 1997 THROUGH SEPTEMBER 1998
 FINAL TRUE-UP PERIOD: OCTOBER 1998 THROUGH SEPTEMBER 1997
 COLLECTION PERIOD FOR PRIOR TRUE-UP: APRIL 1998 THROUGH MARCH 1999

1. INCREMENTAL COSTS (SCHEDULE C-2)	3,379,788
2. TRUE-UP (SCHEDULE C-3)	<u>2,543,430</u>
3. TOTAL	<u>5,923,218</u>

RATE CLASS	BILLS	THERM SALES	CUSTOMER CHARGE REVENUES	ENERGY CHARGE	TOTAL	ESTIMATED ECCR	% SURCHARGE	CENTS PER THERM	EXPANSION FACTOR	ECCR ADJUSTMENT FACTORS
RESIDENTIAL	2,267,087	41,285,095	15,860,309	19,022,819	34,892,428	2,209,542	6.3324%	0.0478	1.00378	0.04794
COMM. ST. LIGHTING	680	646,184	0	61,045	61,045	3,866	6.3324%	0.0060	1.00378	0.00600
SMALL COMMERCIAL	60,726	2,530,108	910,890	853,608	1,764,498	111,736	6.3324%	0.0442	1.00378	0.04433
COMMERCIAL	186,240	101,535,870	3,166,080	24,748,353	27,914,433	1,767,665	6.3324%	0.0174	1.00378	0.01748
COMM LR. VOL 1	20,738	117,137,501	518,450	25,808,258	26,124,708	1,654,331	6.3324%	0.0141	1.00378	0.01417
COMM LR. VOL 2	252	16,703,645	11,340	2,698,474	2,709,814	171,597	6.3324%	0.0103	1.00378	0.01031
NGVS	228	978,600	5,700	65,061	70,761	4,481	6.3324%	0.0046	1.00378	0.00461
TOTAL	2,535,951	285,795,003	20,482,069	73,055,618	93,537,687	5,923,218				

(VIK-2)

PROJECTED CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD: OCTOBER 1998 THROUGH MARCH 1999

PROGRAM NAME

	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1. Residential Home Builder	0	0	0	0	1,949,196	0	0	0	1,949,196
2. Energy Audit Program	0	0	0	0	0	0	0	0	0
3. Gas Water Heater Load Red.	0	0	0	0	164,292	0	0	0	164,292
4. Oil Heat Replacement	0	0	0	0	33,288	0	0	0	33,288
5. Small Package CoGen.	0	0	0	0	0	0	0	0	0
6. Comm. Electric Replacement	0	0	0	0	84,780	0	0	0	84,780
7. Res. Electric Replacement	0	0	0	0	333,642	0	0	0	333,642
8. Common Costs	0	180,804	344,514	0	0	124,902	17,232	31,764	690,216
9. Gas Space Conditioning	0	0	0	0	115,374	0	0	0	115,374
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	180,804	344,514	0	2,680,572	124,902	17,232	31,764	3,379,788
LESS: AMOUNT IN RATE BASE	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSER.	0	180,804	344,514	0	2,680,572	124,902	17,232	31,764	3,379,788

CONSERVATION PROGRAM COSTS - CAPITAL INVESTMENTS,
DEPRECIATION, AND RETURN
FOR MONTHS: OCTOBER 1999 THROUGH MARCH 1999

NOT APPLICABLE TO PG&S

BEGINNING OF PERIOD CUMULATIVE INVESTMENT: 0
 LESS: ACCUMULATED DEPRECIATION: 0
 NET INVESTMENT: 0

DESCRIPTION	MONTH NO. 1	MONTH NO. 2	MONTH NO. 3	MONTH NO. 4	MONTH NO. 5	MONTH NO. 6	TOTAL
INVESTMENT	0	0	0	0	0	0	0
DEPRECIATION BASE	0	0	0	0	0	0	0
DEPRECIATION EXPENSE	0	0	0	0	0	0	0
CUMULATIVE INVEST.	0	0	0	0	0	0	0
LESS: ACCUM. DEPR	0	0	0	0	0	0	0
NET INVESTMENT	0	0	0	0	0	0	0
AVERAGE INVESTMENT	0	0	0	0	0	0	0
RETURN ON AVG INVEST	0	0	0	0	0	0	0
RETURN REQUIREMENTS	0	0	0	0	0	0	0
TOTAL DEPR & RETURN	0	0	0	0	0	0	0

CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD: **OCTOBER 1997 THROUGH SEPTEMBER 1998**
TWO MONTHS ACTUAL AND TEN MONTHS ESTIMATED

(VIK-2)

	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1. Residential Home Builder									
A. ACTUAL	0	0	0	0	426,216	0	0	0	426,216
B. ESTIMATED	0	0	0	0	3,322,233	0	0	0	3,322,233
	0	0	0	0	3,748,449	0	0	0	3,748,449
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	50,250	0	0	0	50,250
B. ESTIMATED	0	0	0	0	265,695	0	0	0	265,695
	0	0	0	0	315,945	0	0	0	315,945
4. Oil Heat Replacement									
A. ACTUAL	0	0	0	0	8,818	0	0	0	8,818
B. ESTIMATED	0	0	0	0	55,203	0	0	0	55,203
	0	0	0	0	64,021	0	0	0	64,021
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	34,542	0	0	0	34,542
B. ESTIMATED	0	0	0	0	128,496	0	0	0	128,496
	0	0	0	0	163,038	0	0	0	163,038
7. Res. Electric Replacement									
A. ACTUAL	0	0	0	0	158,512	0	0	0	158,512
B. ESTIMATED	0	0	0	0	483,103	0	0	0	483,103
	0	0	0	0	641,615	0	0	0	641,615
SUB-TOTAL	0	0	0	0	4,933,068	0	0	0	4,933,068

(VIK-2)

CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD: OCTOBER 1997 THROUGH SEPTEMBER 1998
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	4,933,068	0	0	0	4,933,068
8. Common Costs									
A. ACTUAL	0	69,660	1,700	0	0	34,130	15,790	10,271	131,551
B. ESTIMATED	0	278,065	8,550	375,000	0	206,065	17,345	328,042	1,213,097
C. TOTAL	0	347,755	10,250	375,000	0	240,195	33,135	338,313	1,344,649
9. Gas Space Conditioning									
A. ACTUAL	0	0	0	0	43,226	0	0	0	43,226
B. ESTIMATED	0	0	0	0	178,648	0	0	0	178,648
C. TOTAL	0	0	0	0	221,874	0	0	0	221,874
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	347,755	10,250	375,000	5,154,942	240,195	33,135	338,313	6,499,590

CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD: OCTOBER 1997 THROUGH SEPTEMBER 1998
TWO MONTHS ACTUAL AND TEN MONTHS ESTIMATED

(WK-7)

	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
BALANCE FROM PREVIOUS PAGE	0	347,755	10,250	375,000	5,154,942	240,195	33,135	308,313	6,469,590
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	347,755	10,250	375,000	5,154,942	240,195	33,135	308,313	6,469,590
LESS: BASE RATE RECOVERY	0	0	0	0	0	0	0	0	0
NET PROG. COSTS	0	347,755	10,250	375,000	5,154,942	240,195	33,135	308,313	6,469,590

(VIK-2)

CONSERVATION PROGRAM COSTS - EXPENSES BY MONTH
PERIOD: OCTOBER 1997 THROUGH SEPTEMBER 1998
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 Bulder	213108	213108	213108	107024	375263	375263	375263	375263	375263	375263	375263	375260	3,748,440
2. Energy Audit Program	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Gas Water Heater Load Red.	25125	25125	25125	21450	23100	89980	18260	20130	16280	17270	14830	19470	315,945
4. Oil Heat Replacement	4409	4409	4409	5644	5644	5644	5644	5644	5644	5644	5644	5642	64,021
5. Small Package CoGen.	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Comm. Electric Replacement	17271	17271	17271	12358	12358	12358	12358	12358	12358	12358	12358	12361	163,038
7. Res. Electric Replacement	79256	79256	79256	65420	55781	45824	42559	41379	38926	40003	42101	31874	641,615
8. Common Costs	65738	65756	121310	121310	121310	121310	121310	121310	121310	121310	121310	121350	1,344,648
9. Gas Space Conditioning	21613	21613	21613	17448	17448	17448	17448	17448	17448	17448	17448	17451	221,874
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	426538	426538	482092	350654	610884	667827	592842	593532	587229	589296	588754	583408	6,499,500
LESS:													
BASE RATE RECOVERY	0	0	0	0	0	0	0	0	0	0	0	0	0
NET RECOVERABLE	426538	426538	482092	350654	610884	667827	592842	593532	587229	589296	588754	583408	6,499,500

ENERGY CONSERVATION COST RECOVERY ADJUSTMENT
FOR PERIOD: OCTOBER 1997 THROUGH SEPTEMBER 1998
TWO MONTHS ACTUAL AND 10 MONTHS ESTIMATED

(VIK-2)

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	(227,047)	(269,964)	(335,993)	(411,800)	(680,100)	(680,100)	0	0	0	0	0	0	(2,605,004)
4. TOTAL REVENUES	(227,047)	(269,964)	(335,993)	(411,800)	(680,100)	(680,100)	0	0	0	0	0	0	(2,605,004)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(112,011)	(112,011)	(112,011)	(112,011)	(112,011)	(112,011)	(112,011)	(112,011)	(112,011)	(112,011)	(112,011)	(112,011)	(1,344,131)
6. CONSERV. REVS. APPLICABLE TO THE PERIOD	(339,058)	(311,975)	(448,004)	(523,811)	(792,111)	(792,111)	(112,011)	(112,011)	(112,011)	(112,011)	(112,011)	(112,011)	(3,949,135)
7. CONSERV. EXPS.	426,538	421,538	482,092	350,854	610,884	667,827	592,842	593,532	587,229	589,298	588,754	583,408	6,489,590
8. TRUE-UP THIS PERIOD	87,480	44,563	34,088	(173,157)	(181,227)	(124,284)	480,831	481,521	475,218	477,285	476,743	471,397	2,550,455
9. INTER. PROVISION THIS PERIOD	(5,735)	(4,941)	(4,266)	(4,090)	(4,409)	(4,617)	(3,301)	(582)	2,138	4,858	7,593	10,329	(7,025)
10. TRUE-UP AND INTEREST PROV. BEG. OF MONTH	(1,344,131)	(1,150,375)	(998,742)	(858,909)	(922,145)	(995,771)	(1,012,661)	(423,120)	169,829	759,194	1,353,348	1,949,693	(1,344,131)
11. PRIOR TRUE-UP COLLECTED OR (REFUNDED)	112,011	112,011	112,011	112,011	112,011	112,011	112,011	112,011	112,011	112,011	112,011	112,011	1,344,131
12. TOTAL NET TRUE-UP	(1,150,375)	(998,742)	(858,909)	(922,145)	(995,771)	(1,012,661)	(423,120)	169,829	759,194	1,353,348	1,949,693	2,543,430	2,543,430

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR PERIOD: OCTOBER 1997 THROUGH SEPTEMBER 1998
TWO MONTHS ACTUAL AND 10 MONTHS ESTIMATED

(VIK-2)

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	(1,344,131)	(1,150,375)	(998,742)	(856,909)	(922,145)	(965,771)	(1,012,661)	(423,120)	169,629	759,194	1,353,348	1,949,893	
2. ENDING TRUE-UP BEFORE INTEREST	(1,144,641)	(993,802)	(852,643)	(918,056)	(991,362)	(1,008,044)	(419,819)	170,412	757,058	1,348,489	1,942,100	2,533,100	
3. TOTAL BEGINNING & ENDING TRUE-UP	(2,488,772)	(2,144,177)	(1,851,385)	(1,774,965)	(1,913,507)	(2,003,815)	(1,432,481)	(252,709)	926,687	2,107,683	3,295,445	4,482,793	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(1,244,386)	(1,072,088)	(925,693)	(887,482)	(956,754)	(1,001,907)	(716,240)	(126,354)	463,444	1,053,842	1,647,723	2,241,397	
5. INTEREST RATE FIRST DAY OF REPORTING MONTH	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	
6. INTER. RATE - FIRST DAY SUBSEQUENT MONTH	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	
7. TOTAL (SUM LINES 5 & 6)	11.060%	11.060%	11.060%	11.060%	11.060%	11.060%	11.060%	11.060%	11.060%	11.060%	11.060%	11.060%	
8. AVG. INTEREST RATE (LINE 7 TIMES 50%)	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	5.530%	
9. MONTHLY AVG INTEREST RATE	0.461%	0.461%	0.461%	0.461%	0.461%	0.461%	0.461%	0.461%	0.461%	0.461%	0.461%	0.461%	
10. INTEREST PROVISIO	(5,735)	(4,941)	(4,268)	(4,090)	(4,409)	(4,617)	(3,301)	(582)	2,136	4,856	7,593	10,329	(7,025)

Exhibit No. _____
Docket No. 980002-EG
Peoples Gas System
(VIK - 2)

Peoples Gas System

Reporting:
OCTOBER 1997 THROUGH SEPTEMBER 1998

Name: Single Family Residential Home Builder Program

Describe 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 Projected new home connections for this period:	5,595
Actual connections to date this period:	636
Percent of goal for the two (2) months:	11.4%
Program Fiscal Expenditures:	Estimated for period: \$3,748,449
	Actual to date: \$426,216

Exhibit No. _____
Docket No. 980002-EG
Peoples Gas System
(VIK - 2)

Peoples Gas System

Reporting:
OCTOBER 1997 THROUGH SEPTEMBER 1998

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 Goal Audit requests anticipated this period: 0

Program Fiscal Expenditures: Estimated for period: \$0
Actual to date: \$0

Exhibit No. _____
Docket No. 980002-EG
Peoples Gas System
(VIK - 2)

Peoples Gas System

Reporting:
OCTOBER 1987 THROUGH SEPTEMBER 1988

Name: Water Heater Load Retention Program

Description: This Program is designed to discourage current natural gas costumers from changing to electricity. The program offers allowances to customers to assist in defraying the cost of more expensive energy efficient appliances.

Program Goal Projected connections for this period:	3,159
Actual connections to date this period:	503
Percent of goal for the two (2) months:	15.9%
Program Fiscal Expenditures:	Estimated for period: \$315,945
	Actual to date: \$50,250

Exhibit No. _____
Docket No. 980002-EG
Peoples Gas System
(VIK - 2)

Peoples Gas System

Reporting:
OCTOBER 1997 THROUGH SEPTEMBER 1998

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 Goal Projected new connections for this period: 194
Actual connections to date this period: 27
Percent of goal for the two (2) months: 13.8%

Program Fiscal Expenditures: Estimated for period: \$64,021
Actual to date: \$8,818

Exhibit No. _____
Docket No. 980002-EG
Peoples Gas System
(VIK - 2)

Peoples Gas System

Reporting: OCTOBER 1997 THROUGH SEPTEMBER 1998
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:	4,076
	Actual KWD displaced this period:	864
	Percent of goal for the two (2) months:	21.2%
Program Fiscal Expenditures:	Estimated for period:	\$163,038
	Actual to date:	\$34,542

Peoples Gas System

Reporting: OCTOBER 1997 THROUGH SEPTEMBER 1998

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:	2,663
Actual connections to date this period:	528
Percent of goal for the two (2) months:	19.8%

Program Fiscal Expenditures:

Estimated for period:	\$641,615
Actual to date:	\$158,512

Exhibit No. _____
Docket No. 980002-EG
Peoples Gas System
(VIK - 2)

Peoples Gas System

Reporting: **OCTOBER 1997 THROUGH SEPTEMBER 1998**

Name: **Energy Conservation Common Costs**

Program Fiscal Expenditures: Estimated for period: **\$1,344,648**
Actual to date: **\$131,551**
Percent of budget for two (2) months: **9.8%**

Exhibit No. _____
Docket No. 980002-EG
Peoples Gas System
(VIK - 2)

Peoples Gas System

Reporting: OCTOBER 1997 THROUGH SEPTEMBER 1998

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)	1,479
Actual connections this period: (tons)	288
Percent of goal for the two (2) months:	19.5%

Program Fiscal Expenditures:

Estimated for period:	\$221,874
Actual to date:	\$43,226

Exhibit No. _____
Docket No. 980002-EG
Peoples Gas System
(VIK - 2)

Peoples Gas System

Reporting:
OCTOBER 1997 THROUGH SEPTEMBER 1998

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%