

PEOPLES GAS SYSTEM

NATURAL GAS

CONSERVATION COST RECOVERY

TRUE-UP

JANUARY - DECEMBER 2002

DOCKET NO. 030004-GU

DOCUMENT NUMBER-DATE

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SCHEDULE CT-1

COMPANY: PEOPLES GAS SYSTEM

Except West Florida Region

Exhibit No. _____

Docket No. 030004-GU

KMF-1

ADJUSTED NET TRUE-UP
JANUARY 2002 THROUGH DECEMBER 2002

END OF PERIOD NET TRUE-UP

PRINCIPAL	388,113	
INTEREST	<u>-7,183</u>	380,930

LESS PROJECTED TRUE-UP

PRINCIPAL	548,347	
INTEREST	<u>-6,287</u>	<u>542,060</u>

ADJUSTED NET TRUE-UP		<u>-161,130</u>
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() REFLECTS OVER-RECOVERY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VERSUS ESTIMATED
JANUARY 2002 THROUGH DECEMBER 2002

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	375,844	402,911	-27,067
MATERIALS & SUPPLIES	2,699	8,614	-5,915
ADVERTISING	1,250,603	1,221,413	29,190
INCENTIVES	7,512,006	7,171,023	340,983
OUTSIDE SERVICES	2,691	13,602	-10,911
VEHICLES	0	0	0
OTHER	<u>-8,293</u>	<u>12,455</u>	<u>-20,748</u>
SUB-TOTAL	9,135,550	8,830,018	305,532
PROGRAM REVENUES	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PROGRAM COSTS	9,135,550	8,830,018	305,532
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	-8,747,437	-8,281,670	-465,767
ROUNDING ADJUSTMENT	<u>0</u>	<u>0</u>	<u>0</u>
TRUE-UP BEFORE INTEREST	388,113	548,348	-160,235
INTEREST PROVISION	<u>-7,183</u>	<u>-6,287</u>	<u>-896</u>
END OF PERIOD TRUE-UP	<u>380,930</u>	<u>542,061</u>	<u>-161,131</u>

() REFLECTS OVER-RECOVERY

*9 MONTHS ACTUAL AND 3 MONTHS PROJECTED

COMPANY: PEOPLES GAS SYSTEM
Except West Florida Region
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KMF-1

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM
JANUARY 2002 THROUGH DECEMBER 2002

PROGRAM NAME	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTIS.	INCENTIV.	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1 RESIDENTIAL HM BUILDER	0	0	0	6,766,847	0	0	0	6,766,847
PROGRAM 2 WATER HEATER LOAD RET	0	0	0	223,500	0	0	0	223,500
PROGRAM 3 OIL HEAT REPLACEMENT	0	0	0	4,950	0	0	0	4,950
PROGRAM 4 SMALL PKG COGEN	0	0	0	0	0	0	0	0
PROGRAM 5 COMM ELECTRIC REPLACEMENT	0	0	0	82,409	0	0	0	82,409
PROGRAM 6 RES ELECTRIC REPLACEMENT	0	0	0	316,100	0	0	0	316,100
PROGRAM 7 COMMON COST	375,844	2,699	1,250,603	0	2,691	0	-8,293	1,623,544
PROGRAM 8 GAS SPACE CONDITIONING	0	0	0	118,200	0	0	0	118,200
PROGRAM 9 MONITORING & RESEARCH	0	0	0	0	0	0	0	0
PROGRAM 1 ENERGY AUDITS	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 2 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
TOTAL	375,844	2,699	1,250,603	7,512,006	2,691	0	-8,293	9,135,550

CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED
JANUARY 2002 THROUGH DECEMBER 2002

PROGRAM NAME	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTIS.	INCENTIV.	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL HM BUILDER	0	0	0	323,463	0	0	0	323,463
PROGRAM 2: WATER HEATER LOAD RET	0	0	0	-2,246	0	0	0	-2,246
PROGRAM 3: OIL HEAT REPLACEMENT	0	0	0	-3,840	0	0	0	-3,840
PROGRAM 4: SMALL PKG COGEN	0	0	0	-9,999	0	0	0	-9,999
PROGRAM 5: COMM ELECTRIC REPLACEMENT	0	0	0	1,771	0	0	0	1,771
PROGRAM 6: RES ELECTRIC REPLACEMENT	0	0	0	-28,490	0	0	0	-28,490
PROGRAM 7: COMMON COST	-27,067	-5,915	29,190	0	-10,911	0	-20,748	-35,451
PROGRAM 8: GAS SPACE CONDITIONING	0	0	0	60,324	0	0	0	60,324
PROGRAM 9: MONITORING & RESEARCH	0	0	0	0	0	0	0	0
PROGRAM 10: ENERGY AUDITS	0	0	0	0	0	0	0	0
PROGRAM 11: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 12: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 13: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 14: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 15: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 16: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 17: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 18: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 19: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 20: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
TOTAL TOTAL OF ALL PROGRAM	-27,067	-5,915	29,190	340,983	-10,911	0	-20,748	305,532

() REFELCTS PROJECTED OVER ACTUAL EXPENSE ESTIMATES

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
SUMMARY OF EXPENSES BY PROGRAM BY MONTH
JANUARY 2002 THROUGH DECEMBER 2002

EXPENSES:	JAN 2002	FEB 2002	MAR 2002	APR 2002	MAY 2002	JUN 2002	JUL 2002	AUG 2002	SEPT 2002	OCT 2002	NOV 2002	DEC 2002	TOTAL
PROGRAM 1:	459,540	718,157	371,340	365,500	774,655	841,750	389,290	483,995	437,390	424,295	520,215	980,720	6,766,847
PROGRAM 2:	15,400	21,000	21,800	22,000	19,200	19,100	18,700	19,400	17,600	16,100	14,000	19,200	223,500
PROGRAM 3:	990	0	660	660	330	0	660	330	660	330	0	330	4,950
PROGRAM 4:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 5:	44,780	3,240	3,652	4,560	-39,360	11,848	8,540	3,200	2,444	35,580	3,925	0	82,409
PROGRAM 6:	21,715	37,623	37,087	31,470	32,825	24,488	18,567	21,790	26,375	23,447	18,840	21,873	316,100
PROGRAM 7:	204,866	178,621	88,373	155,405	126,427	84,342	120,214	67,592	182,977	100,849	86,325	227,552	1,623,544
PROGRAM 8:	0	0	15,000	21,000	0	0	0	9,375	0	54,000	4,500	14,325	118,200
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	747,291	958,640	537,912	600,595	914,077	981,528	555,971	605,682	667,446	654,601	647,805	1,264,000	9,135,550
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	747,291	958,640	537,912	600,595	914,077	981,528	555,971	605,682	667,446	654,601	647,805	1,264,000	9,135,550

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ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2002 THROUGH DECEMBER 2002

CONSERVATION REVENUES	JAN 2002	FEB 2002	MAR 2002	APR 2002	MAY 2002	JUN 2002	JUL 2002	AUG 2002	SEP 2002	OCT 2002	NOV 2002	DEC 2002	TOTAL
1. RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROGRAM REVS	0	0	0	0	0	0	0	0	0	0	0	0	0
3. CONSERV. ADJ REVS	-988,594	-840,867	-916,003	-915,338	-444,804	-590,919	-560,811	-534,362	-564,931	-532,703	-622,198	-883,381	-8,394,910
4. TOTAL REVENUES	-988,594	-840,867	-916,003	-915,338	-444,804	-590,919	-560,811	-534,362	-564,931	-532,703	-622,198	-883,381	-8,394,910
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	-29,377	-29,377	-29,377	-29,377	-29,377	-29,377	-29,377	-29,377	-29,377	-29,377	-29,377	-29,377	-352,527
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	-1,017,971	-870,244	-945,381	-944,715	-474,182	-620,297	-590,188	-563,739	-594,308	-562,080	-651,576	-912,759	-8,747,437
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	747,291	958,640	537,912	600,595	914,077	981,528	555,971	605,682	667,446	654,601	647,805	1,264,000	9,135,550
8. TRUE-UP THIS PERIOD	-270,680	88,396	-407,468	-344,120	439,895	361,231	-34,216	41,943	73,139	92,521	-3,770	351,241	388,113
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	-700	-786	-986	-1,500	-1,376	-748	-460	-408	-287	-123	-16	205	-7,183
10 TRUE-UP & INTER. PROV. BEGINNING OF MONTH	-352,527	-594,529	-477,542	-856,619	-1,172,861	-704,964	-315,103	-320,403	-249,490	-147,261	-25,485	106	
11 PRIOR TRUE-UP COLLECTED/(REFUNDED)	29,377	29,377	29,377	29,377	29,377	29,377	29,377	29,377	29,377	29,377	29,377	29,377	
12 TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	-594,529	-477,542	-856,619	-1,172,861	-704,964	-315,103	-320,403	-249,490	-147,261	-25,485	106	380,930	380,930

CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2002 THROUGH DECEMBER 2002

	JAN 2002	FEB 2002	MAR 2002	APR 2002	MAY 2002	JUN 2002	JUL 2002	AUG 2002	SEPT 2002	OCT 2002	NOV 2002	DEC 2002	TOTAL
1. BEGINNING TRUE-UP	-352,527	-594,529	-477,542	-856,619	-1,172,861	-704,964	-315,103	-320,403	-249,490	-147,261	-25,485	106	
2. ENDING TRUE-UP BEFORE INTEREST	-593,829	-476,756	-855,633	-1,171,361	-703,588	-314,356	-319,943	-249,082	-146,974	-25,363	121	380,724	
3. TOTAL BEGINNING & ENDING TRUE-UP	-946,356	-1,071,285	-1,333,174	-2,027,980	-1,876,449	-1,019,320	-635,046	-569,485	-396,465	-172,624	-25,364	380,830	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	-473,178	-535,643	-666,587	-1,013,990	-938,225	-509,660	-317,523	-284,743	-198,232	-86,312	-12,682	190,415	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	1.780%	1.770%	1.750%	1.800%	1.750%	1.770%	1.750%	1.730%	1.710%	1.760%	1.650%	1.300%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	1.770%	1.750%	1.800%	1.750%	1.770%	1.750%	1.730%	1.710%	1.760%	1.650%	1.300%	1.290%	
7. TOTAL (SUM LINES 5 & 6)	3.550%	3.520%	3.550%	3.550%	3.520%	3.520%	3.480%	3.440%	3.470%	3.410%	2.950%	2.590%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	1.775%	1.760%	1.775%	1.775%	1.760%	1.760%	1.740%	1.720%	1.735%	1.705%	1.475%	1.295%	
9. MONTHLY AVG INTEREST RATE	0.148%	0.147%	0.148%	0.148%	0.147%	0.147%	0.145%	0.143%	0.145%	0.142%	0.123%	0.108%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	-700	-786	-986	-1,500	-1,376	-748	-460	-408	-287	-123	-16	205	-7,183

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Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

Name: 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:	10,068
New Homes Connected:	10,573
Variance:	-505
Percent of Goal:	105.0%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$6,443,384
Actual Cost:	\$6,766,847
Variance:	-\$323,463

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Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

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:	2,257
Actual:	2,235
Variance:	22
Percent of Goal:	99.0%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$225,746
Actual Cost:	\$223,500
Variance:	\$2,246

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Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

Name: Replacement of Oil Heating Program

Description This program is designed to encourage customers to convert their existing Oil Burning Heating system to energy efficient natural gas heating so as to discourage those customers from switching to less costly resistance strip heating. The program offers allowances to defray the additional cost of installing gas appliances.

Program Allowances: Energy Efficient Gas Furnaces..... \$330

Program Summary

Goals:	27
Actual:	15
Variance:	12
Percent of Goal:	56.3%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$8,790
Actual Cost:	\$4,950
Variance:	\$3,840

COMPANY: PEOPLES GAS SYSTEM
Except West Florida Region
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Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

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:	2
Actual:	3
Variance:	-1
Percent of Goal:	150.0%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$9,999
Actual Cost:	\$0
Variance:	\$9,999

Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

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 \$4,000

Program Summary

Program Goal Projected KWD displaced this period	2,873
Actual KWD displaced this period	4,178
Variance:	-1,305
Percent of Goal:	145.4%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$80,638
Actual Cost:	\$82,409
Variance:	-\$1,771

COMPANY: PEOPLES GAS SYSTEM
 Except West Florida Region
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Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

Name: Residential Electric Replacement Program

Description This program is designd 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	\$440
	Natural Gas	\$440
	Natural Gas	\$75
	Natural Gas	\$75
	Natural Gas	\$65

Program Summary

Program Goal:	600
Program Accomplishments:	551
Variance:	50
Percent of Goal:	91.7%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$344,590
Actual Cost:	\$316,100
Variance:	\$28,490

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COMPANY: PEOPLES GAS SYSTEM
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Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

Name: Energy Conservation Common Cost

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$1,658,995
Actual Cost:	\$1,623,544
Variance:	\$35,451

Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

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 100 tons maximum paid \$150 /ton

Program Summary

Goals:	386
Actual:	788 tons
Variance:	-402
Percent of Goal:	204.2%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$57,876
Actual Cost:	\$118,200
Variance:	-\$60,324

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Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

Name: Program Monitoring, Evaluation and Reaserch 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

Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

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

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SCHEDULE CT-1

COMPANY: PEOPLES GAS SYSTEM

West Florida Region

Exhibit No. _____

Docket No. 030004-GU

KMF-2

ADJUSTED NET TRUE-UP
JANUARY 2002 THROUGH DECEMBER 2002

END OF PERIOD NET TRUE-UP

PRINCIPAL	517,977	
INTEREST	<u>12,097</u>	530,074

LESS PROJECTED TRUE-UP

PRINCIPAL	840,554	
INTEREST	<u>12,966</u>	<u>853,520</u>

ADJUSTED NET TRUE-UP		<u>-323,446</u>
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() REFLECTS OVER-RECOVERY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VERSUS ESTIMATED
JANUARY 2002 THROUGH DECEMBER 2002

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	57,620	56,359	1,261
MATERIALS & SUPPLIES	0	0	0
ADVERTISING	171,092	175,049	-3,957
INCENTIVES	1,399,339	1,501,544	-102,205
OUTSIDE SERVICES	0	0	0
VEHICLES	0	0	0
OTHER	0	5,000	-5,000
SUB-TOTAL	1,628,051	1,737,952	-109,901
PROGRAM REVENUES	0	0	0
TOTAL PROGRAM COSTS	1,628,051	1,737,952	-109,901
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	-1,110,074	-897,398	-212,676
ROUNDING ADJUSTMENT	0	0	0
TRUE-UP BEFORE INTEREST	517,977	840,554	-322,577
INTEREST PROVISION	12,097	12,966	-869
END OF PERIOD TRUE-UP	530,074	853,520	-323,446

() REFLECTS OVER-RECOVERY
*9 MONTHS ACTUAL AND 3 MONTHS PROJECTED

COMPANY: PEOPLES GAS SYSTEM
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ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM
 JANUARY 2002 THROUGH DECEMBER 2002

<u>PROGRAM NAME</u>	<u>PAYROLL & BENEFITS</u>	<u>MATERIALS & SUPPLIES</u>	<u>ADVERTIS.</u>	<u>INCENTIV.</u>	<u>OUTSIDE SERVICES</u>	<u>VEHICLE</u>	<u>OTHER</u>	<u>TOTAL</u>
PROGRAM 1: RESIDENTIAL HM BUILDER	0	0	0	1,277,600	0	0	0	1,277,600
PROGRAM 2: ENERGY SAVINGS PAYBACK	0	0	0	8,300	0	0	0	8,300
PROGRAM 3: WATER HEATER LOAD RET	0	0	0	52,500	0	0	0	52,500
PROGRAM 4: COMM ELECTRIC REPLACEME	0	0	0	12,189	0	0	0	12,189
PROGRAM 5: RES ELECTRIC REPLACEMEN	0	0	0	38,750	0	0	0	38,750
PROGRAM 6: COMMON COSTS	57,620	0	171,092	0	0	0	0	228,712
PROGRAM 7: GAS SPACE COND.	0	0	0	10,000	0	0	0	10,000
PROGRAM 8: MONITORING & RESEARCH	0	0	0	0	0	0	0	0
PROGRAM 9: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 1 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 2 (TYPE NAME HERE)	0	0	0	0	0	0	0	0
TOTAL	57,620	0	171,092	1,399,339	0	0	0	1,628,051

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CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED
JANUARY 2002 THROUGH DECEMBER 2002

PROGRAM NAME	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTIS.	INCENTIV.	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL HM BUILDER	0	0	0	-90,945	0	0	0	-90,945
PROGRAM 2: ENERGY SAVINGS PAYBACK	0	0	0	-4,401	0	0	0	-4,401
PROGRAM 3: WATER HEATER LOAD RET	0	0	0	6,992	0	0	0	6,992
PROGRAM 4: COMM ELECTRIC REPLACEMENT	0	0	0	-4,250	0	0	0	-4,250
PROGRAM 5: RES ELECTRIC REPLACEMENT	0	0	0	-5,851	0	0	0	-5,851
PROGRAM 6: COMMON COSTS	1,261	0	-3,958	0	0	0	-5,000	-7,697
PROGRAM 7: GAS SPACE COND.	0	0	0	-3,750	0	0	0	-3,750
PROGRAM 8: MONITORING & RESEARCH	0	0	0	0	0	0	0	0
PROGRAM 9: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 10: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 11: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 12: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 13: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 14: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 15: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 16: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 17: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 18: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 19: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
PROGRAM 20: (TYPE NAME HERE)	0	0	0	0	0	0	0	0
TOTAL TOTAL OF ALL PROGRAM	1,261	0	-3,958	-102,205	0	0	-5,000	-109,902

() REFELCTS PROJECTED OVER ACTUAL EXPENSE ESTIMATES

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ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
SUMMARY OF EXPENSES BY PROGRAM BY MONTH
JANUARY 2002 THROUGH DECEMBER 2002

EXPENSES:	JAN 2002	FEB 2002	MAR 2002	APR 2002	MAY 2002	JUN 2002	JUL 2002	AUG 2002	SEPT 2002	OCT 2002	NOV 2002	DEC 2002	TOTAL
PROGRAM 1:	93,950	86,600	149,400	90,300	95,600	56,850	149,650	110,100	202,900	88,400	126,650	27,200	1,277,600
PROGRAM 2:	1,000	-300	1,050	1,250	500	1,550	500	450	950	650	600	100	8,300
PROGRAM 3:	3,900	5,500	4,200	5,200	2,100	2,500	6,000	2,600	3,800	8,600	6,300	1,800	52,500
PROGRAM 4:	4,230	0	720	0	0	439	1,200	600	3,000	2,000	0	0	12,189
PROGRAM 5:	2,000	2,950	3,950	6,850	4,150	5,900	500	1,400	4,250	3,550	2,350	900	38,750
PROGRAM 6:	23,113	27,426	13,606	21,751	19,272	10,208	18,188	12,478	19,750	17,720	22,188	23,012	228,712
PROGRAM 7:	0	0	0	10,000	0	0	0	0	0	0	0	0	10,000
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	128,193	122,176	172,926	135,351	121,622	77,447	176,038	127,628	234,650	120,920	158,088	53,012	1,628,051
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	128,193	122,176	172,926	135,351	121,622	77,447	176,038	127,628	234,650	120,920	158,088	53,012	1,628,051

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ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2002 THROUGH DECEMBER 2002

CONSERVATION REVENUES	JAN 2002	FEB 2002	MAR 2002	APR 2002	MAY 2002	JUN 2002	JUL 2002	AUG 2002	SEP 2002	OCT 2002	NOV 2002	DEC 2002	TOTAL
1. RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROGRAM REVS	0	0	0	0	0	0	0	0	0	0	0	0	0
3. CONSERV. ADJ REVS	<u>-322,065</u>	<u>-271,931</u>	<u>-274,979</u>	<u>-274,435</u>	<u>-57,638</u>	<u>-121,588</u>	<u>-121,546</u>	<u>-118,419</u>	<u>-129,150</u>	<u>-125,472</u>	<u>-147,096</u>	<u>-284,365</u>	<u>-2,248,684</u>
4. TOTAL REVENUES	<u>-322,065</u>	<u>-271,931</u>	<u>-274,979</u>	<u>-274,435</u>	<u>-57,638</u>	<u>-121,588</u>	<u>-121,546</u>	<u>-118,419</u>	<u>-129,150</u>	<u>-125,472</u>	<u>-147,096</u>	<u>-284,365</u>	<u>-2,248,684</u>
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	<u>94,884</u>	<u>94,884</u>	<u>94,884</u>	<u>94,884</u>	<u>94,884</u>	<u>94,884</u>	<u>94,884</u>	<u>94,884</u>	<u>94,884</u>	<u>94,884</u>	<u>94,884</u>	<u>94,884</u>	<u>1,138,610</u>
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	<u>-227,181</u>	<u>-177,047</u>	<u>-180,095</u>	<u>-179,551</u>	<u>37,246</u>	<u>-26,704</u>	<u>-26,662</u>	<u>-23,535</u>	<u>-34,266</u>	<u>-30,588</u>	<u>-52,212</u>	<u>-189,481</u>	<u>-1,110,074</u>
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	128,193	122,176	172,926	135,351	121,622	77,447	176,038	127,628	234,650	120,920	158,088	53,012	1,628,051
8. TRUE-UP THIS PERIOD	-98,988	-54,871	-7,169	-44,200	158,868	50,743	149,376	104,093	200,384	90,332	105,876	-136,469	517,977
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	1,541	1,278	1,105	928	866	882	881	918	1,010	1,066	927	696	12,097
10 TRUE-UP & INTER. PROV. BEGINNING OF MONTH	1,138,610	946,279	797,802	696,853	558,697	623,548	580,289	635,662	645,789	752,298	748,812	760,731	
11 PRIOR TRUE-UP COLLECTED/(REFUNDED)	<u>-94,884</u>	<u>-94,884</u>	<u>-94,884</u>	<u>-94,884</u>	<u>-94,884</u>	<u>-94,884</u>	<u>-94,884</u>	<u>-94,884</u>	<u>-94,884</u>	<u>-94,884</u>	<u>-94,884</u>	<u>-94,884</u>	
12 TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	<u>946,279</u>	<u>797,802</u>	<u>696,853</u>	<u>558,697</u>	<u>623,548</u>	<u>580,289</u>	<u>635,662</u>	<u>645,789</u>	<u>752,298</u>	<u>748,812</u>	<u>760,731</u>	<u>530,074</u>	<u>530,074</u>

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CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2002 THROUGH DECEMBER 2002

	JAN 2002	FEB 2002	MAR 2002	APR 2002	MAY 2002	JUN 2002	JUL 2002	AUG 2002	SEPT 2002	OCT 2002	NOV 2002	DEC 2002	TOTAL
INTEREST PROVISION													
1. BEGINNING TRUE-UP	1,138,610	946,279	797,802	696,853	558,697	623,548	580,289	635,662	645,789	752,298	748,812	760,731	
2. ENDING TRUE-UP BEFORE INTEREST	944,738	796,524	695,749	557,769	622,681	579,407	634,781	644,871	751,289	747,746	759,804	529,378	
3. TOTAL BEGINNING & ENDING TRUE-UP	2,083,348	1,742,803	1,493,551	1,254,623	1,181,379	1,202,954	1,215,070	1,280,533	1,397,077	1,500,045	1,508,616	1,290,110	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	1,041,674	871,401	746,775	627,311	590,689	601,477	607,535	640,266	698,539	750,022	754,308	645,055	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	1.780%	1.770%	1.750%	1.800%	1.750%	1.770%	1.750%	1.730%	1.710%	1.760%	1.650%	1.300%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	1.770%	1.750%	1.800%	1.750%	1.770%	1.750%	1.730%	1.710%	1.760%	1.650%	1.300%	1.290%	
7. TOTAL (SUM LINES 5 & 6)	3.550%	3.520%	3.550%	3.550%	3.520%	3.520%	3.480%	3.440%	3.470%	3.410%	2.950%	2.590%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	1.775%	1.760%	1.775%	1.775%	1.760%	1.760%	1.740%	1.720%	1.735%	1.705%	1.475%	1.295%	
9. MONTHLY AVG INTEREST RATE	0.148%	0.147%	0.148%	0.148%	0.147%	0.147%	0.145%	0.143%	0.145%	0.142%	0.123%	0.108%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	1,541	1,278	1,105	928	866	882	881	918	1,010	1,066	927	696	12,097

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Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

Name: 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.....	\$150
	Gas Furnace.....	\$250
	Gas Range.....	\$100
	Gas Dryer.....	\$100

Program Summary

New Home Goal:	2,281
New Homes Connected:	<u>2,129</u>
Variance:	152
Percent of Goal:	93.4%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$1,368,545
Actual Cost:	\$1,277,600
Variance:	\$90,945

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Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

Name: ENERGY SAVINGS PAYBACK 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 or electric appliances

Installation allowance is \$50.00 per appliance

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$12,701
Actual Cost:	\$8,300
Variance:	\$4,401

Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

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:	455
Actual:	525
Variance:	-70
Percent of Goal:	115.4%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$45,508
Actual Cost:	\$52,500
Variance:	-\$6,992

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Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

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) \$30

Program Summary

Goals:	548
Actual:	406
Variance:	142
Percent of Goal:	74.1%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$16,439
Actual Cost:	\$12,189
Variance:	\$4,250

Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

Name: Residential Electric Replacement Program

Description This program is designd 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

Water Heater	\$250
Furnace	\$500
Range	\$150
Dryer	\$150
Space Heater	\$150

Program Summary

Goals:	37
Actual:	32
Variance:	5
Percent of Goal:	86.9%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$44,601
Actual Cost:	\$38,750
Variance:	\$5,851

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Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

Name: Energy Conservation Common Cost

Conservation Cost Variance - Actual Vs. Projected

Projected Cost:	\$236,408
Actual Cost:	\$228,711
Variance:	\$7,697

Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

Name: Gas Space Conditioning Program

Description 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 100 tons maximum paid \$150 /ton

Program Summary

Program Goal: 92

Program Accomplishments: 67

Variance: 25

Percent of Goal: 72.7%

Conservation Cost Variance - Actual Vs. Projected

Projected Cost: \$13,750

Actual Cost: \$10,000

Variance: \$3,750

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Program Progress Report

Reporting Period: JANUARY 2002 THROUGH DECEMBER 2002

Name: Program Monitoring, Evaluation and Reaserch 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