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A. My testimony addresses Peoples' conservation programs, the expenses that Peoples has incurred, the revenues recovered by Peoples through the ECCR clause from January 2005 through August 2005, and the costs that Peoples seeks to recover through the ECCR clause in 2006. My testimony supports the separate conservation programs of both the former Peoples Gas System, Inc. and the former West Florida Natural Gas Company. I will hereinafter refer to the former Peoples Gas System, Inc. territory as Peoples' "non-West Florida Region," and to the former West Florida Natural Gas Company territory as Peoples' "West Florida Region."

First, my testimony describes generally the actual and projected expenditures made for the purpose of implementing, promoting and operating Peoples' energy conservation programs for the current period. This information includes the adjusted net true-up amounts associated with those programs for the period January 2004 through December 2004. Next, my testimony addresses the actual costs incurred from January 2005 through August 2005, and revised projections of program costs that Peoples expects to incur from September 2005 through December 2005. In addition, my testimony presents projected conservation program costs for the period January 2006 through December 2006.

Finally, my testimony presents the calculation of the conservation cost recovery adjustment factors to be applied to customers' bills during the period beginning with the first billing cycle for January 2006 and continuing through the last billing cycle for December 2006.

1 Q. Are you sponsoring any exhibits with your testimony?

2  
3 A. Yes. I am sponsoring four exhibits produced under my direction and supervision.  
4 Exhibit \_\_\_\_ (KMF-1) contains the conservation cost recovery true-up data for the  
5 period January 2004 through December 2004 for Peoples' non-West Florida Region,  
6 and Exhibit \_\_\_\_ (KMF-2) contains similar information for the same period for the  
7 West Florida Region. Exhibit \_\_\_\_ (KMF-3) contains the conservation cost recovery  
8 true-up data for the period January 2005 through August 2005 as well as reprojected  
9 expenses for the period September 2005 through December 2005 for Peoples' non-  
10 West Florida Region, and Exhibit \_\_\_\_ (KMF-4) contains similar information for the  
11 West Florida Region. In addition, Exhibit \_\_\_\_ (KMF-3) consists of Schedules C-1  
12 through C-5, which contain information related to the calculation of the ECCR factors  
13 to be applied to customers' bills during the period January 2006 through December  
14 2006 in Peoples' non-West Florida Region. Exhibit \_\_\_\_ (KMF-4) contains the same  
15 schedules and similar information for Peoples' West Florida Region.

16  
17 Q. Have you prepared schedules showing the expenditures associated with Peoples'  
18 energy conservation programs for the period January 2004 through December 2004?

19  
20 A. Yes. Actual expenses for the period January 2004 through December 2004 for  
21 Peoples' non-West Florida Region are shown on Schedule CT-2, page 2, of Exhibit  
22 \_\_\_\_ (KMF-1). Actual expenses for that period for the West Florida Region are shown  
23 on Schedule CT-2, page 2, of Exhibit \_\_\_\_ (KMF-2). In each of these exhibits,  
24 Schedule CT-2, page 1 presents a comparison of the actual program costs and true-up  
25 amount to the projected costs and true-up amount for the same period.

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Q. What are the Company's true-up amounts for the period January 2004 through December 2004?

A. With respect to Peoples' non-West Florida Region, as shown on Schedule CT-1 of Exhibit \_\_\_\_ (KMF-1), the end-of-period net true-up for the period is an overrecovery of \$1,573,605 including both principal and interest. The projected true-up for the period, as approved by Commission Order No. PSC-04-1179-FOF-GU, was an overrecovery of \$436,781 (including interest). Subtracting the projected true-up overrecovery from the actual overrecovery yields the adjusted net true-up of \$1,136,824 overrecovery (including interest).

With respect to Peoples' West Florida Region, as shown on Schedule CT-1 of Exhibit \_\_\_\_ (KMF-2), the end-of-period net true-up for the period is an underrecovery of \$2,114,460 including both principal and interest. The projected true-up for the period, as approved by Commission Order No. PSC-04-11479-FOF-GU, was an underrecovery of \$1,794,458 (including interest). Subtracting the projected true-up underrecovery from the actual underrecovery yields the adjusted net true-up of \$320,002 underrecovery (including interest).

Q. Have you prepared summaries of the Company's conservation programs and the projected costs associated with these programs?

A. Yes. Summaries of the Company's programs in the non-West Florida Region are presented in Exhibit \_\_\_\_ (KMF-3), Schedule C-5. Summaries of the programs in the

1 West Florida Region are presented in Exhibit \_\_\_\_ (KMF-4), Schedule C-5.

2  
3 Q. Have you prepared schedules required for the calculation of Peoples' proposed  
4 conservation adjustment factors to be applied during the billing periods from January  
5 2006 through and including December 2006?

6  
7 A. Yes. Schedule C-3 of Exhibit \_\_\_\_ (KMF-3) (for the non-West Florida Region) and  
8 Exhibit \_\_\_\_ (KMF-4) (for the West Florida Region) show actual expenses for the  
9 period January 2005 through August 2005 and projected expenses for the period  
10 September 2005 through December 2005.

11  
12 Projected expenses for the January 2006 through December 2006 period are shown on  
13 Schedule C-2 of Exhibits \_\_\_\_ (KMF-3) and \_\_\_\_ (KMF-4). The total annual cost  
14 projected represents a continuation of Peoples' active expansion of the availability of  
15 natural gas throughout the state of Florida. Schedule C-1 of both exhibits shows the  
16 calculation of the conservation adjustment factors. The estimated true-up amount  
17 from Schedule C-3 (Page 4) of Exhibit \_\_\_\_ (KMF-3) being an overrecovery, and  
18 Exhibit \_\_\_\_ (KMF-4) being an underrecovery, were incorporated into the totals of the  
19 projected costs for the January 2006 through December 2006 period. The resulting  
20 totals of \$5,782,968 (for the non-West Florida Region) and \$3,177,498 (for the West  
21 Florida Region) are the total expenses to be recovered during calendar year 2006.  
22 These total expenses were then allocated to the Company's affected rate classes  
23 pursuant to the methodology approved by the Commission, divided by the expected  
24 consumption of each rate class, and then adjusted for the regulatory assessment fee.

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Schedule C-1 of Exhibit \_\_\_\_ (KMF-3) shows the resulting estimated ECCR revenues and adjustment factors by rate class for Peoples' non-West Florida Region for the period January 2006 through December 2006. Schedule C-1 of Exhibit \_\_\_\_ (KMF-4) shows the resulting estimated ECCR revenues and adjustment factors by rate class for Peoples' West Florida Region for the same period.

Q. Does this conclude your prefiled direct testimony?

A. Yes, it does.

PEOPLES GAS SYSTEM  
DOCKET NO. 050004-GU

INDEX

<u>EXHIBIT</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
KMF-3	C Schedules Except West Florida Region	8
KMF-4	C Schedules West Florida Region	24

ENERGY CONSERVATION ADJUSTMENT  
SUMMARY OF COST RECOVERY CLAUSE CALCULATION  
MONTHS: January 2006 Through December 2006

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1)	7,500,943
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	-1,717,975
3. TOTAL (LINE 1 AND LINE 2)	5,782,968

RATE SCHEDULE	BILLS	THERMS	CUSTOMER CHARGE	NON-GAS ENERGY CHARGE	TOTAL CUST. & ENGY CHG REVENUE	ECCR REVENUES	ECCR AS % OF TOTAL REVENUES	DOLLARS THERM	TAX FACTOR	CONSERV FACTOR
RS	3,004,594	62,778,239	30,045,940	23,646,679	53,692,619	2,382,653	4.43758%	0.03795	1.00503	0.03814
SGS	57,064	2,473,569	1,141,280	666,751	1,808,031	80,233	4.43758%	0.03244	1.00503	0.03260
GS-1	211,755	100,442,801	6,352,650	23,147,043	29,499,693	1,309,072	4.43758%	0.01303	1.00503	0.01310
GS-2	34,346	70,983,036	1,202,110	15,805,793	17,007,903	754,739	4.43758%	0.01063	1.00503	0.01069
GS-3	8,738	68,955,232	393,210	13,469,025	13,862,235	615,148	4.43758%	0.00892	1.00503	0.00897
GS-4	1,452	43,370,813	123,420	7,732,149.00	7,855,569	348,597	4.43758%	0.00804	1.00503	0.00808
GS-5	1,092	62,129,659	163,800	6,238,439	6,402,239	284,104	4.43758%	0.00457	1.00503	0.00460
NGVS	216	490,560	7,560	68,742	76,302	3,386	4.43758%	0.00690	1.00503	0.00694
CSLS	772	884,440	0	113,465	113,465	5,035	4.43758%	0.00569	1.00503	0.00572
TOTAL	3,320,029	412,508,349	39,429,970	90,888,086	130,318,056	5,782,968				





Company: Peoples Gas System  
Except West Florida Region  
Exhibit No. \_\_\_\_\_  
Docket No. 050004-GU  
KMF-3

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM  
January 2006 Through December 2006

PROGRAM	CAPITAL INVEST	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 HOME BUILDER PROGRAM	0	0	0	0	5,525,420	0	0	0	\$5,525,420
2 WATER HEATER LOAD RET	0	0	0	0	215,350	0	0	0	\$215,350
3 OIL HEAT REPLACEMENT	0	0	0	0	2,263	0	0	0	\$2,263
4 SMALL PKG COGEN	0	0	0	0	20,000	0	0	0	\$20,000
5 COM ELECTRIC REPLACEMENT	0	0	0	0	50,000	0	0	0	\$50,000
6 RES ELECTRIC REPLACEMENT	0	0	0	0	330,910	0	0	0	\$330,910
7 COMMON COSTS	0	410,000	3,000	810,000	0	18,000	0	1,000	\$1,232,000
8 GAS SPACE CONDITIONING	0	0	0	0	90,000	0	0	0	\$90,000
9 MONITORING AND RESEARCH	0	0	0	0	35,000	0	0	0	\$35,000
10 N/A	0	0	0	0	0	0	0	0	\$0
<b>PROGRAM COSTS</b>	<b>\$0</b>	<b>\$410,000</b>	<b>\$3,000</b>	<b>\$810,000</b>	<b>\$6,268,943</b>	<b>\$18,000</b>	<b>\$0</b>	<b>\$1,000</b>	<b>\$7,500,943</b>

Company: Peoples Gas System  
 Except West Florida Region  
 Exhibit No. \_\_\_\_\_  
 Docket No. 050004-GU  
 KMF-3

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM  
 January 2005 Through December 2005  
 8 Months of Actuals

PROGRAM	CAPITAL INVEST	PAYROLL BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 HOME BUILDER PROGRAM									
A. ACTUAL	0	0	0	0	3,341,012	0	0	0	3,341,012
B. ESTIMATED	0	0	0	0	1,976,364	0	0	0	1,976,364
C. TOTAL	0	0	0	0	5,317,376	0	0	0	5,317,376
2 WATER HEATER LOAD RET									
A. ACTUAL	0	0	0	0	139,275	0	0	0	139,275
B. ESTIMATED	0	0	0	0	72,768	0	0	0	72,768
C. TOTAL	0	0	0	0	212,043	0	0	0	212,043
3 OIL HEAT REPLACEMENT									
A. ACTUAL	0	0	0	0	990	0	0	0	990
B. ESTIMATED	0	0	0	0	220	0	0	0	220
C. TOTAL	0	0	0	0	1,210	0	0	0	1,210
4 SMALL PKG COGEN									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	6,668	0	0	0	6,668
C. TOTAL	0	0	0	0	6,668	0	0	0	6,668
5 COM ELECTRIC REPLACEMENT									
A. ACTUAL	0	0	0	0	31,623	0	0	0	31,623
B. ESTIMATED	0	0	0	0	26,848	0	0	0	26,848
C. TOTAL	0	0	0	0	58,471	0	0	0	58,471
6 RES ELECTRIC REPLACEMENT									
A. ACTUAL	0	0	0	0	214,565	0	0	0	214,565
B. ESTIMATED	0	0	0	0	85,448	0	0	0	85,448
C. TOTAL	0	0	0	0	300,013	0	0	0	300,013
SUB-TOTAL	0	0	0	0	5,895,781	0	0	0	5,895,781

Company: Peoples Gas System  
 Except West Florida Region  
 Exhibit No. \_\_\_\_\_  
 Docket No. 050004-GU  
 KMF-3

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM  
 January 2005 Through December 2005  
 8 Months of Actuals

PROGRAM NAME	CAPITAL INVEST	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
SUB-TOTAL - PREVIOUS PAGE	0	0	0	0	5,895,781	0	0	0	5,895,781
<b>7. COMMON COSTS</b>									
A. ACTUAL	0	237,013	3,603	431,123	0	1,395	0	0	673,134
B. ESTIMATED	0	118,510	1,800	275,000	0	700	0	396,310	396,310
C. TOTAL	0	355,523	5,403	706,123	0	2,095	0	300	1,069,444
<b>8. GAS SPACE CONDITIONING</b>									
A. ACTUAL	0	0	0	0	4,425	0	0	0	4,425
B. ESTIMATED	0	0	0	0	31,940	0	0	0	31,940
C. TOTAL	0	0	0	0	36,365	0	0	0	36,365
<b>9. MONITORING AND RESEARCH</b>									
A. ACTUAL	0	0	0	0	10,000	0	0	0	10,000
B. ESTIMATED	0	0	0	0	1,200	0	0	0	1,200
C. TOTAL	0	0	0	0	11,200	0	0	0	11,200
<b>10. N/A</b>									
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
<b>11. N/A</b>									
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
<b>TOTAL</b>	<b>0</b>	<b>355,523</b>	<b>5,403</b>	<b>706,123</b>	<b>5,943,346</b>	<b>2,095</b>	<b>0</b>	<b>300</b>	<b>7,012,790</b>

CONSERVATION PROGRAM COSTS BY PROGRAM  
ACTUAL/ESTIMATED  
January 2005 Through December 2005  
8 Months of Actuals

PROGRAM NAME	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
HOME BUILDER PROGRAM	492,865	299,040	284,172	421,735	459,510	530,255	362,720	490,715	494,091	494,091	494,091	494,091	\$5,317,376
WATER HEATER LOAD RET	22,400	20,075	15,800	19,000	16,000	16,200	17,100	12,700	18,192	18,192	18,192	18,192	\$212,043
OIL HEAT REPLACEMENT	0	330	0	660	0	0	0	0	55	55	55	55	\$1,210
SMALL PKG COGEN	0	0	0	0	0	0	0	0	1,667	1,667	1,667	1,667	\$6,668
COM ELECTRIC REPLACEMENT	5,960	4,840	5,800	336	2,892	9,130	720	1,945	6,712	6,712	6,712	6,712	\$58,471
RES ELECTRIC REPLACEMENT	29,225	35,600	28,700	21,500	27,875	24,045	24,090	23,530	21,362	21,362	21,362	21,362	\$300,013
COMMON COSTS	91,185	113,039	108,210	57,134	76,356	38,454	109,144	79,612	99,078	99,078	99,078	99,078	\$1,069,444
GAS SPACE CONDITIONING	4,425	0	0	0	0	0	0	0	7,985	7,985	7,985	7,985	\$36,365
MONITORING AND RESEARCH	0	6,000	2,000	0	2,000	0	0	0	1,200	0	0	0	\$11,200
N/A	0	0	0	0	0	0	0	0	0	0	0	0	\$0
<b>TOTAL ALL PROGRAMS</b>	<b>\$646,060</b>	<b>\$478,924</b>	<b>\$444,682</b>	<b>\$520,365</b>	<b>\$584,633</b>	<b>\$618,084</b>	<b>\$513,774</b>	<b>\$608,502</b>	<b>\$650,342</b>	<b>\$649,142</b>	<b>\$649,142</b>	<b>\$649,142</b>	<b>\$7,012,790</b>

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ENERGY CONSERVATION ADJUSTMENT  
January 2005 Through December 2005

CONSERVATION REVS.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
a. OTHER PROG. REV.	-884,535	-869,007	-799,249	-723,890	-594,920	-514,117	-468,491	-445,697	-445,697	-445,697	-445,697	-445,697	-7,082,693
b. CONSERV. ADJ. REV.	0	0	0	0	0	0	0	0	0	0	0	0	0
c.	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSERV. ADJ. REV. (NET OF REV. TAXES)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	-884,535	-869,007	-799,249	-723,890	-594,920	-514,117	-468,491	-445,697	-445,697	-445,697	-445,697	-445,697	-7,082,693
PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	-131,134	-131,134	-131,134	-131,134	-131,134	-131,134	-131,134	-131,134	-131,134	-131,134	-131,134	-131,134	-1,573,605
CONSERVATION REVS. APPLIC. TO PERIOD	-1,015,669	-1,000,141	-930,382	-855,024	-726,053	-645,251	-599,625	-576,831	-576,831	-576,831	-576,831	-576,831	-8,656,298
CONSERVATION EXPS. (FORM C-3, PAGE 3)	646,060	478,924	444,682	520,365	584,633	618,084	513,774	608,502	650,342	649,142	649,142	649,142	7,012,790
TRUE-UP THIS PERIOD	-369,609	-521,217	-485,701	-334,658	-141,421	-27,166	-85,851	31,672	73,511	72,311	72,311	72,311	-1,643,508
INTEREST THIS PERIOD (C-3, PAGE 5)	-3,414	-4,314	-5,401	-6,412	-7,009	-7,240	-7,475	-7,604	-7,295	-6,698	-6,102	-5,503	-74,467
TRUE-UP & INT. BEG. OF MONTH	-1,573,605	-1,815,494	-2,209,891	-2,569,859	-2,779,796	-2,797,092	-2,700,364	-2,662,557	-2,507,355	-2,310,006	-2,113,260	-1,915,917	-1,717,975
PRIOR TRUE-UP COLLECT. (REFUND.)	131,134	131,134	131,134	131,134	131,134	131,134	131,134	131,134	131,134	131,134	131,134	131,134	1,573,605
END OF PERIOD TOTAL NET TRUE-UP	-1,815,494	-2,209,891	-2,569,859	-2,779,796	-2,797,092	-2,700,364	-2,662,557	-2,507,355	-2,310,006	-2,113,260	-1,915,917	-1,717,975	-1,717,975

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
January 2005 Through December 2005

INTEREST PROVISION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
BEGINNING TRUE-UP	-1,573,605	-1,815,494	-2,209,891	-2,569,859	-2,779,796	-2,797,092	-2,700,364	-2,662,557	-2,507,355	-2,310,006	-2,113,260	-1,915,917	-1,717,975
END. T-UP BEFORE INT.	-1,812,080	-2,205,577	-2,564,458	-2,773,384	-2,790,083	-2,693,124	-2,655,082	-2,499,752	-2,302,711	-2,106,561	-1,909,815	-1,712,472	-1,787,878
TOT. BEG. & END. T-UP	-3,385,685	-4,021,072	-4,774,350	-5,343,243	-5,569,878	-5,490,216	-5,355,446	-5,162,309	-4,810,066	-4,416,567	-4,023,075	-3,628,389	-3,505,853
AVERAGE TRUE-UP	-1,692,843	-2,010,536	-2,387,175	-2,671,621	-2,784,939	-2,745,108	-2,677,723	-2,581,154	-2,405,033	-2,208,284	-2,011,537	-1,814,194	-1,752,926
INT. RATE-FIRST DAY OF REPORTING BUS. MTH	2.3400%	2.5000%	2.6500%	2.7800%	2.9800%	3.0600%	3.2700%	3.4300%	3.6400%	3.6400%	3.6400%	3.6400%	3.6400%
INT. RATE-FIRST DAY OF SUBSEQUENT BUS. MT	2.5000%	2.6500%	2.7800%	2.9800%	3.0600%	3.2700%	3.4300%	3.6400%	3.6400%	3.6400%	3.6400%	3.6400%	3.6400%
TOTAL	4.8400%	5.1500%	5.4300%	5.7600%	6.0400%	6.3300%	6.7000%	7.0700%	7.2800%	7.2800%	7.2800%	7.2800%	7.2800%
AVG INTEREST RATE	2.4200%	2.5750%	2.7150%	2.8800%	3.0200%	3.1650%	3.3500%	3.5350%	3.6400%	3.6400%	3.6400%	3.6400%	3.6400%
MONTHLY AVG. RATE	0.2017%	0.2146%	0.2263%	0.2400%	0.2517%	0.2638%	0.2792%	0.2946%	0.3033%	0.3033%	0.3033%	0.3033%	0.3033%
INTEREST PROVISION	-\$3,414	-\$4,314	-\$5,401	-\$6,412	-\$7,009	-\$7,240	-\$7,475	-\$7,604	-\$7,295	-\$6,698	-\$6,102	-\$5,503	-\$74,467

Company: Peoples Gas System  
 Except West Florida Region  
 Exhibit No. \_\_\_\_\_  
 Docket No. 050004-GU  
 KMF-3

**Peoples Gas System**

**Reporting:** January 2005 Through December 2005

**Name:** 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 gas appliance installation.

<b>Program Allowances:</b>	Gas Water Heater .....	\$250.00
	Gas Furnace .....	\$250.00
	Gas Range .....	\$85.00
	Gas Dryer .....	\$85.00

<b>Program Goals:</b> Projected new home connections for this period:	<b>12,660</b>
Actual connections to date this period:	<b>7,955</b>
Percent of goal: 8 Months of Actuals	<b>62.8%</b>

<b>Program Fiscal Expenditures:</b>	Estimated for period:	<b>\$5,317,376</b>
	Actual to date:	<b>\$3,341,012</b>



**Peoples Gas System**

**Reporting:** January 2005 Through December 2005

**Name:** WATER HEATER LOAD RET

**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 Allowances:** Energy Efficient Gas Water Heater . . . . \$100.00

**Program Goals:** Projected connections for this period: 2,120

Actual connections to date this period: 1,393

Percent of goal: 65.7%  
 8 Months of Actuals

**Program Fiscal Expenditures:** Estimated for period: \$212,043

Actual to date: \$139,275

Company: Peoples Gas System  
Except West Florida Region  
Exhibit No. \_\_\_\_\_  
Docket No. 050004-GU  
KMF-3

**Peoples Gas System**

**Reporting:** January 2005 Through December 2005

**Name:** OIL HEAT REPLACEMENT

**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 Allowance:** Energy Efficient Gas Furnaces . . . . . \$330.00

**Program Go** Projected new connections for this period: 4

Actual connections to date this period: 3

Percent of goal: 81.8%

8 Months of Actuals

**Program Fiscal Expenditures:** Estimated for period: \$1,210

Actual to date: \$990

Company:

Peoples Gas System  
Except West Florida Region  
Exhibit No. \_\_\_\_\_  
Docket No. 050004-GU  
KMF-3

**Peoples Gas System**

**Reporting:** January 2005 Through December 2005

**Name:** SMALL PKG COGEN

**Description:** This Program was 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. For commercial and industrial customers that are interested, workshops and a feasibility audit will be made available upon request.

<b>Program Fiscal Expenditures:</b>	Estimated for period:	<b>\$6,668</b>
	Actual to date:	<b>\$0</b>

Company:

Peoples Gas System

Except West Florida Region

Exhibit No. \_\_\_\_\_

Docket No. 050004-GU

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**Peoples Gas System**

**Reporting:** January 2005 Through December 2005

**Name:** COM ELECTRIC REPLACEMENT

**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 Allowances:** For every KW Displaced ..... \$40.00  
Each customer allowed a maximum of 100 KWD deferred

**Program Goals:** Projected KWD displaced this period: 1,462  
Actual KWD displaced this period: 791  
Percent of goal: 54.1%  
8 Months of Actuals

**Program Fiscal Expenditures:** Estimated for period: \$58,471  
Actual to date: \$31,623

Company: Peoples Gas System  
Except West Florida Region  
Exhibit No. \_\_\_\_\_  
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**Peoples Gas System**

**Reporting:** January 2005 Through December 2005

**Name:** RES ELECTRIC REPLACEMENT

**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.

<b>Program Allowances:</b>	Natural Gas Water Heater . . . . .	\$440.00
	Natural Gas Furnace . . . . .	\$440.00
	Natural Gas Range . . . . .	\$75.00
	Natural Gas Dryer . . . . .	\$75.00
	Natural Gas Space Heater . . . . .	\$65.00

<b>Program Goals:</b>	Projected new connections for this period:	<b>508</b>
	Actual connections to date this period:	<b>364</b>
	Percent of goal:	<b>71.5%</b>
	8 Months of Actuals	

<b>Program Fiscal Expenditures:</b>	Estimated for period:	<b>\$300,013</b>
	Actual to date:	<b>\$214,565</b>

Company: Peoples Gas System  
Except West Florida Region  
Exhibit No. \_\_\_\_\_  
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### Peoples Gas System

Reporting: January 2005 Through December 2005

Name: COMMON COSTS

#### Program Fiscal Expenditures:

Estimated for period:	\$1,069,444
Actual to date:	\$673,134
Percent of goal:	62.9%
8 Months of Actuals	

Company: Peoples Gas System  
Except West Florida Region  
Exhibit No. \_\_\_\_\_  
Docket No. 050004-GU  
KMF-3

### Peoples Gas System

Reporting: January 2005 Through December 2005

Name: GAS SPACE CONDITIONING

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 Allowance: Each customer allowed 100 tons maximum paid allowance / installatic \$150  
per ton

Program Goals:	Projected connections this period: (tons)	242
	Actual connections this period: (tons)	30
	Percent of goal:	12.2%
	8 Months of Actuals	

Program Fiscal Expenditures:	Estimated for period:	\$36,365
	Actual to date:	\$4,425

ENERGY CONSERVATION ADJUSTMENT  
 SUMMARY OF COST RECOVERY CLAUSE CALCULATION  
 MONTHS: January 2006 Through December 2006

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1)	2,263,630
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	913,868
3. TOTAL (LINE 1 AND LINE 2)	3,177,498

RATE SCHEDULE	BILLS	THERMS	CUSTOMER CHARGE	NON-GAS ENERGY CHARGE	TOTAL CUST. & ENGY CHG REVENUE	ECCR REVENUES	ECCR AS % OF TOTAL REVENUES	DOLLARS THERM	TAX FACTOR	CONSERV FACTOR
RS	626,936	12,612,006	6,269,360	4,750,564	11,019,924	2,124,691	19.28045%	0.16847	1.00503	0.16931
SGS	13,021	340,801	260,420	91,863	352,283	67,922	19.28045%	0.19930	1.00503	0.20030
GS-1	16,665	7,132,813	499,950	1,643,757	2,143,707	413,316	19.28045%	0.05795	1.00503	0.05824
GS-2	2,321	4,361,617	81,235	971,201	1,052,436	202,914	19.28045%	0.04652	1.00503	0.04676
GS-3	500	3,616,217	22,500	706,356	728,856	140,527	19.28045%	0.03886	1.00503	0.03906
GS-4	132	2,277,401	11,220	406,015.00	417,235	80,445	19.28045%	0.03532	1.00503	0.03550
GS-5	84	7,420,946	12,600	745,137	757,737	146,095	19.28045%	0.01969	1.00503	0.01979
NGVS	0	0	0.00	0.00	0	0	19.28045%	0.02473	1.00503	0.02486
CSLS	96	64,200	0.00	8,236	8,236	1,588	19.28045%	0.02473	1.00503	0.02486
<b>TOTAL</b>	<b>659,755</b>	<b>37,826,001</b>	<b>7,157,285</b>	<b>9,323,129</b>	<b>16,480,414</b>	<b>3,177,498</b>				



ESTIMATED CONSERVATION PROGRAM COSTS BY PROGRAM BY MONTH  
January 2006 Through December 2006

PROGRAM	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
1 HOME BUILDER PROGRAM	163,123	163,123	163,123	163,123	163,123	163,123	163,123	163,123	163,123	163,123	163,123	163,123	\$1,957,480
2 ENERGY SAVINGS PAYBACK	604	604	604	604	604	604	604	604	604	604	604	604	\$7,250
3 WATER HEATER LOAD RETENTIC	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	\$34,800
4 RES ELECTRIC REPLACEMENT	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	\$39,000
5 COM ELECTRIC REPLACEMENT	425	425	425	425	425	425	425	425	425	425	425	425	\$5,100
6 GAS SPACE CONDITIONING	833	833	833	833	833	833	833	833	833	833	833	833	\$10,000
7 COMMON COSTS	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	\$210,000
8 N/A	0	0	0	0	0	0	0	0	0	0	0	0	\$0
9 N/A	0	0	0	0	0	0	0	0	0	0	0	0	\$0
10 N/A	0	0	0	0	0	0	0	0	0	0	0	0	\$0
<b>TOTAL ALL PROGRAMS</b>	<b>\$188,636</b>	<b>\$188,636</b>	<b>\$188,636</b>	<b>\$188,636</b>	<b>\$188,636</b>	<b>\$188,636</b>	<b>\$188,636</b>	<b>\$188,636</b>	<b>\$188,636</b>	<b>\$188,636</b>	<b>\$188,636</b>	<b>\$188,636</b>	<b>\$2,263,636</b>

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ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM  
January 2006 Through December 2006

PROGRAM	CAPITAL INVEST	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 HOME BUILDER PROGRAM	0	0	0	0	1,957,480	0	0	0	\$1,957,480
2 ENERGY SAVINGS PAYBACK	0	0	0	0	7,250	0	0	0	\$7,250
3 WATER HEATER LOAD RETENTIOI	0	0	0	0	34,800	0	0	0	\$34,800
4 RES ELECTRIC REPLACEMENT	0	0	0	0	39,000	0	0	0	\$39,000
5 COM ELECTRIC REPLACEMENT	0	0	0	0	5,100	0	0	0	\$5,100
6 GAS SPACE CONDITIONING	0	0	0	0	10,000	0	0	0	\$10,000
7 COMMON COSTS	0	40,000	500	160,000	0	9,000	0	500	\$210,000
8 N/A	0	0	0	0	0	0	0	0	\$0
9 N/A	0	0	0	0	0	0	0	0	\$0
10 N/A	0	0	0	0	0	0	0	0	\$0
<b>PROGRAM COSTS</b>	<b>\$0</b>	<b>\$40,000</b>	<b>\$500</b>	<b>\$160,000</b>	<b>\$2,053,630</b>	<b>\$9,000</b>	<b>\$0</b>	<b>\$500</b>	<b>\$2,263,630</b>

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM  
January 2005 Through December 2005  
8 Months of Actuals

PROGRAM	CAPITAL INVEST	PAYROLL BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
<b>1 HOME BUILDER PROGRAM</b>									
A. ACTUAL	0	0	0	0	1,315,550	0	0	0	1,315,550
B. ESTIMATED	0	0	0	0	662,400	0	0	0	662,400
C. TOTAL	0	0	0	0	1,977,950	0	0	0	1,977,950
<b>2 ENERGY SAVINGS PAYBACK</b>									
A. ACTUAL	0	0	0	0	4,650	0	0	0	4,650
B. ESTIMATED	0	0	0	0	2,232	0	0	0	2,232
C. TOTAL	0	0	0	0	6,882	0	0	0	6,882
<b>3 WATER HEATER LOAD RETENTION</b>									
A. ACTUAL	0	0	0	0	21,900	0	0	0	21,900
B. ESTIMATED	0	0	0	0	10,600	0	0	0	10,600
C. TOTAL	0	0	0	0	32,500	0	0	0	32,500
<b>4 RES ELECTRIC REPLACEMENT</b>									
A. ACTUAL	0	0	0	0	25,800	0	0	0	25,800
B. ESTIMATED	0	0	0	0	8,000	0	0	0	8,000
C. TOTAL	0	0	0	0	33,800	0	0	0	33,800
<b>5 COM ELECTRIC REPLACEMENT</b>									
A. ACTUAL	0	0	0	0	3,570	0	0	0	3,570
B. ESTIMATED	0	0	0	0	1,700	0	0	0	1,700
C. TOTAL	0	0	0	0	5,270	0	0	0	5,270
<b>6 GAS SPACE CONDITIONING</b>									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	3,332	0	0	0	3,332
C. TOTAL	0	0	0	0	3,332	0	0	0	3,332
<b>SUB-TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,059,734</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,059,734</b>

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM  
 January 2005 Through December 2005  
 8 Months of Actuals

PROGRAM NAME	CAPITAL INVEST	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
SUB-TOTAL - PREVIOUS PAGE	0	0	0	0	2,059,734	0	0	0	2,059,734
7. COMMON COSTS									
A. ACTUAL	0	7,738	9	92,792	0	87	0	0	100,626
B. ESTIMATED	0	5,000	0	39,000	0	500	0	44,500	44,500
C. TOTAL	0	12,738	9	131,792	0	587	0	0	145,126
8. N/A									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
9. N/A									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
10. N/A									
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. N/A									
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
<b>TOTAL</b>	<b>0</b>	<b>12,738</b>	<b>9</b>	<b>131,792</b>	<b>2,059,734</b>	<b>587</b>	<b>0</b>	<b>0</b>	<b>2,204,860</b>

Company: Peoples Gas System  
West Florida Region  
Exhibit No. \_\_\_\_\_  
Docket No. 050004-GU  
KMF-4

**Peoples Gas System**

**Reporting:** January 2005 Through December 2005

**Name:** 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 gas appliance installation.

<b>Program Allowances:</b>	Gas Water Heater .....	\$150.00
	Gas Furnace .....	\$250.00
	Gas Range .....	\$100.00
	Gas Dryer .....	\$100.00

<b>Program Goals:</b> Projected new home connections for this period:	<b>3,297</b>
Actual connections to date this period:	<b>2,193</b>
Percent of goal:	<b>66.5%</b>
8 Months of Actuals	

<b>Program Fiscal Expenditures:</b>	Estimated for period:	<b>\$1,977,950</b>
	Actual to date:	<b>\$1,315,550</b>

Company: Peoples Gas System  
West Florida Region  
Exhibit No. \_\_\_\_\_  
Docket No. 050004-GU  
KMF-4

**Peoples Gas System**

**Reporting:** January 2005 Through December 2005

**Name:** ENERGY SAVINGS PAYBACK

**Description:** This program is designed to promote the replacement of standard gas appliances with energy efficient natural gas appliances and ensure that new installation comply with the energy efficiency standards set forth in the Florida Energy Code.

**Program Allowances:** \$50.00

**Program Goals:** Projected connections for this period: 138

Actual connections to date this period: 93

Percent of goal: 67.6%  
8 Months of Actuals

**Program Fiscal Expenditures:** Estimated for period: \$6,882

Actual to date: \$4,650

**Peoples Gas System**

**Reporting:** January 2005 Through December 2005

**Name:** WATER HEATER LOAD RETENTION

**Description:** This Program is designed to encourage current natural gas customers to retain their natural gas water heating. The program offers allowances to customers to assist in defraying the cost of more energy efficient appliances.

**Program Allowance:** Energy Efficient Water Heater . . . . . \$100.00

**Program Goal** Projected new connections for this period: **325**

Actual connections to date this period: **219**

Percent of goal: **67.4%**  
8 Months of Actuals

**Program Fiscal Expenditures:** Estimated for period: **\$32,500**

Actual to date: **\$21,900**

Company: Peoples Gas System  
West Florida Region  
Exhibit No. \_\_\_\_\_  
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**Peoples Gas System**

**Reporting:** January 2005 Through December 2005

**Name:** RES ELECTRIC REPLACEMENT

**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.

<b>Water Heater</b> .....	<b>\$250</b>
<b>Furnace</b> .....	<b>\$500</b>
<b>Range</b> .....	<b>\$150</b>
<b>Dryer</b> .....	<b>\$150</b>
<b>Space Heat</b> .....	<b>\$150</b>

<b>Program Fiscal Expenditures:</b>	Estimated for period:	<b>\$33,800</b>
	Actual to date:	<b>\$25,800</b>



Company: Peoples Gas System  
 West Florida Region  
 Exhibit No. \_\_\_\_\_  
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**Peoples Gas System**

**Reporting:** January 2005 Through December 2005

**Name:** COM ELECTRIC REPLACEMENT

**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 ..... \$30.00  
 Each customer allowed a maximum of 100 KWD deferred

**Program Goals:** Projected KWD displaced this period: **176**  
 Actual KWD displaced this period: **119**  
 Percent of goal: **67.7%**  
 8 Months of Actuals

**Program Fiscal Expenditures:** Estimated for period: **\$5,270**  
 Actual to date: **\$3,570**

Company: Peoples Gas System  
West Florida Region  
Exhibit No. \_\_\_\_\_  
Docket No. 050004-GU  
KMF-4

### Peoples Gas System

Reporting: January 2005 Through December 2005

Name: GAS SPACE CONDITIONING

**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 Allowances:** \$100.00

<b>Program Goals:</b>	Projected new connections for this period:	33
	Actual connections to date this period:	0
	Percent of goal:	0.0%
	8 Months of Actuals	

<b>Program Fiscal Expenditures:</b>	Estimated for period:	\$3,332
	Actual to date:	\$0

Company: Peoples Gas System

West Florida Region

Exhibit No. \_\_\_\_\_

Docket No. 050004-GU

KMF-4

**Peoples Gas System**

**Reporting:** January 2005 Through December 2005

**Name:** COMMON COSTS

**Program Fiscal Expenditures:**

Estimated for period: \$145,126

Actual to date: \$100,626

Percent of goal: 69.3%

8 Months of Actuals