

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost recovery. )  
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 )  
\_\_\_\_\_ )

Docket No. 060004-GU  
Submitted for Filing:  
5-1-06

**PETITION OF PEOPLES GAS SYSTEM  
FOR APPROVAL OF TRUE-UP AMOUNTS**

Peoples Gas System ("Peoples"), through undersigned counsel and pursuant to Rule 25-17.015, *Florida Administrative Code*, petitions the Commission for approval of its end-of-period final energy conservation cost recovery true-up amounts for the period January 1 through December 31, 2005, and in support thereof says:

- 1. The name and address of the Petitioner are:

Peoples Gas System  
P. O. Box 2562  
Tampa, Florida 33601-2562

- 2. The persons to whom notices, orders, pleadings and correspondence in this docket should be addressed are:

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Matthew R. Costa  
Corporate Counsel  
TECO Energy, Inc.  
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- 3. Peoples' calculation of the true-up amounts for which approval is hereby requested is consistent with the Commission's prescribed methodology. These calculations and the supporting documentation are contained in Exhibits \_\_\_(KMF-1), covering Peoples' divisions other than the West Florida Region, and \_\_\_(KMF-2),

DOCUMENT NUMBER-DATE  
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covering Peoples' West Florida Region, each of which consists of the Energy Conservation Cost Recovery True-Up Reporting Forms, completed as directed by the Commission Staff. Exhibits \_\_\_(KMF-1) and \_\_\_(KMF-2) are submitted for filing with this petition.


4. For the period January through December 2005, Peoples has calculated its end-of-period final true-up amount for its divisions other than the West Florida Region to be an overrecovery, including principal and interest, of \$2,343,999. For the same period, the end-of-period final true-up amount for the West Florida Region, including principal and interest, is an underrecovery of \$1,117,450.

WHEREFORE, Peoples Gas System respectfully requests that the Commission grant this petition and approve:

A. the overrecovery of \$2,343,999 as the final true-up amount for the January through December 2005 period in Peoples' divisions other than the West Florida Region; and

B. the underrecovery of \$1,117,450 as the final true-up amount for the January through December 2005 period in Peoples' West Florida Region.

Respectfully submitted,



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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing petition, together with copies of Exhibits \_\_\_(KMF-1) and \_\_\_(KMF-2), have been furnished by U. S. Mail, this 28th day of April, 2006, to the following:

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\_\_\_\_\_  
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**PEOPLES GAS SYSTEM**

**NATURAL GAS**

**CONSERVATION COST RECOVERY**

**TRUE-UP**

**JANUARY 2005 - DECEMBER 2005**

**DOCKET NO. 060004-GU**

CONSERVATION COST RECOVERY

INDEX

<u>EXHIBIT</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
KMF-1	CT Schedules Except West Florida Region	1
KMF-2	CT Schedules West Florida Region	17

ADJUSTED NET TRUE-UP  
JANUARY 2005 THROUGH DECEMBER 2005

END OF PERIOD NET TRUE-UP

PRINCIPAL	-2,262,117	
INTEREST	<u>-81,882</u>	-2,343,999

LESS PROJECTED TRUE-UP

PRINCIPAL	-1,643,508	
INTEREST	<u>-74,467</u>	<u>-1,717,975</u>

ADJUSTED NET TRUE-UP		<u>-626,024</u>
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( ) REFLECTS OVER-RECOVERY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS  
 ACTUAL VERSUS ESTIMATED  
 JANUARY 2005 THROUGH DECEMBER 2005

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	361,873	355,523	6,350
MATERIALS & SUPPLIES	4,843	5,403	-560
ADVERTISING	783,107	706,123	76,984
INCENTIVES	5,597,240	5,943,346	-346,106
OUTSIDE SERVICES	5,824	2,095	3,729
VEHICLES	0	0	0
OTHER	0	300	-300
SUB-TOTAL	6,752,888	7,012,790	-259,902
PROGRAM REVENUES	0	0	0
TOTAL PROGRAM COSTS	6,752,888	7,012,790	-259,902
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	-9,015,005	0	-9,015,005
ROUNDING ADJUSTMENT	0	0	0
TRUE-UP BEFORE INTEREST	-2,262,117	7,012,790	-9,274,907
INTEREST PROVISION	-81,882	0	-81,882
END OF PERIOD TRUE-UP	-2,343,999	7,012,790	-9,356,789

() REFLECTS OVER-RECOVERY  
 \*8 MONTHS ACTUAL AND 4 MONTHS PROJECTED

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM  
 JANUARY 2005 THROUGH DECEMBER 2005

PROGRAM NAME	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTIS.	INCENTIV.	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL HM BUILDER	0	0	0	4,941,827	0	0	0	4,941,827
PROGRAM 2: OIL HEAT REPLACEMENT	0	0	0	1,320	0	0	0	1,320
PROGRAM 3: WATER HEATER LOAD RET	0	0	0	200,585	0	0	0	200,585
PROGRAM 4: COMM ELECTRIC REPLACEMENT	0	0	0	41,371	0	0	0	41,371
PROGRAM 5: RES ELECTRIC REPLACEMENT	0	0	0	320,305	0	0	0	320,305
PROGRAM 6: COMMON COSTS	361,873	4,843	783,107	0	5,824	0	0	1,155,648
PROGRAM 7: GAS SPACE COND.	0	0	0	4,425	0	0	0	4,425
PROGRAM 8: SMALL PACKAGE COGEN	0	0	0	0	0	0	0	0
PROGRAM 9: MONITORING AND RESEARCH	0	0	0	87,407	0	0	0	87,407
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
<b>TOTAL</b>	<b>361,873</b>	<b>4,843</b>	<b>783,107</b>	<b>5,597,240</b>	<b>5,824</b>	<b>0</b>	<b>0</b>	<b>6,752,888</b>

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CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED  
 JANUARY 2005 THROUGH DECEMBER 2005

PROGRAM NAME	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTIS.	INCENTIV.	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL HM BUILDER	0	0	0	-375,549	0	0	0	-375,549
PROGRAM 2: OIL HEAT REPLACEMENT	0	0	0	110	0	0	0	110
PROGRAM 3: WATER HEATER LOAD RET	0	0	0	-11,458	0	0	0	-11,458
PROGRAM 4: COMM ELECTRIC REPLACEMENT	0	0	0	-17,100	0	0	0	-17,100
PROGRAM 5: RES ELECTRIC REPLACEMENT	0	0	0	20,292	0	0	0	20,292
PROGRAM 6: COMMON COSTS	6,350	-560	76,984	0	3,729	0	-300	86,204
PROGRAM 7: GAS SPACE COND.	0	0	0	-31,940	0	0	0	-31,940
PROGRAM 8: SMALL PACKAGE COGEN	0	0	0	-6,668	0	0	0	-6,668
PROGRAM 9: MONITORING AND RESEARCH	0	0	0	76,207	0	0	0	76,207
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 PROGRAMS	6,350	-560	76,984	-346,106	3,729	0	-300	-259,902

( ) REFELCTS PROJECTED OVER ACTUAL EXPENSE ESTIMATES

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
 SUMMARY OF EXPENSES BY PROGRAM BY MONTH  
 JANUARY 2005 THROUGH DECEMBER 2005

EXPENSES:	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEPT 2005	OCT 2005	NOV 2005	DEC 2005	TOTAL
PROGRAM 1:	492,865	299,040	284,172	421,735	459,510	530,255	362,720	490,715	278,540	390,885	461,715	469,675	4,941,827
PROGRAM 2:	0	330	0	660	0	0	0	330	0	0	0	0	1,320
PROGRAM 3:	22,400	20,075	15,800	19,000	16,000	16,200	17,100	12,700	15,700	11,400	19,910	14,300	200,585
PROGRAM 4:	5,960	4,840	5,800	336	2,892	9,130	720	1,945	0	3,600	6,148	0	41,371
PROGRAM 5:	29,225	35,600	28,700	21,500	27,875	24,045	24,090	23,530	29,305	23,420	29,495	23,520	320,305
PROGRAM 6:	91,185	113,039	108,210	57,134	76,356	38,454	109,144	79,612	91,715	79,264	80,696	230,839	1,155,648
PROGRAM 7:	4,425	0	0	0	0	0	0	0	0	0	0	0	4,425
PROGRAM 8:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 9:	0	6,000	2,000	0	2,000	0	0	0	1,060	0	0	76,347	87,407
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	646,060	478,924	444,682	520,365	584,633	618,084	513,774	608,832	416,320	508,569	597,964	814,681	6,752,888
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	646,060	478,924	444,682	520,365	584,633	618,084	513,774	608,832	416,320	508,569	597,964	814,681	6,752,888

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ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
 JANUARY 2005 THROUGH DECEMBER 2005

CONSERVATION REVENUES	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	NOV 2005	DEC 2005	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>-884,535</u>	<u>-869,007</u>	<u>-799,249</u>	<u>-723,890</u>	<u>-594,920</u>	<u>-514,117</u>	<u>-468,491</u>	<u>-445,697</u>	<u>-451,656</u>	<u>-448,357</u>	<u>-547,512</u>	<u>-693,969</u>	<u>-7,441,400</u>
4. TOTAL REVENUES	-884,535	-869,007	-799,249	-723,890	-594,920	-514,117	-468,491	-445,697	-451,656	-448,357	-547,512	-693,969	-7,441,400
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	<u>-131,134</u>	<u>-131,134</u>	<u>-131,134</u>	<u>-131,134</u>	<u>-131,134</u>	<u>-131,134</u>	<u>-131,134</u>	<u>-131,134</u>	<u>-131,134</u>	<u>-131,134</u>	<u>-131,134</u>	<u>-131,134</u>	<u>-1,573,605</u>
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	<u>-1,015,669</u>	<u>-1,000,141</u>	<u>-930,382</u>	<u>-855,024</u>	<u>-726,053</u>	<u>-645,251</u>	<u>-599,625</u>	<u>-576,831</u>	<u>-582,790</u>	<u>-579,491</u>	<u>-678,646</u>	<u>-825,103</u>	<u>-9,015,005</u>
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	646,060	478,924	444,682	520,365	584,633	618,084	513,774	608,832	416,320	508,569	597,964	814,681	6,752,888
8. TRUE-UP THIS PERIOD	-369,609	-521,217	-485,701	-334,658	-141,421	-27,166	-85,851	32,002	-166,470	-70,923	-80,682	-10,422	-2,262,117
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	-3,414	-4,314	-5,401	-6,412	-7,009	-7,240	-7,475	-7,603	-7,816	-8,211	-8,490	-8,495	-81,882
10. TRUE-UP & INTER. PROV. BEGINNING 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	-2,507,025	-2,550,177	-2,498,177	-2,456,216	
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	<u>131,134</u>	<u>131,134</u>	<u>131,134</u>	<u>131,134</u>	<u>131,134</u>	<u>131,134</u>	<u>131,134</u>	<u>131,134</u>	<u>131,134</u>	<u>131,134</u>	<u>131,134</u>	<u>131,134</u>	
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	<u>-1,815,494</u>	<u>-2,209,891</u>	<u>-2,569,859</u>	<u>-2,779,796</u>	<u>-2,797,092</u>	<u>-2,700,364</u>	<u>-2,662,557</u>	<u>-2,507,025</u>	<u>-2,550,177</u>	<u>-2,498,177</u>	<u>-2,456,216</u>	<u>-2,343,999</u>	<u>-2,343,999</u>

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CALCULATION OF TRUE-UP AND INTEREST PROVISION  
 JANUARY 2005 THROUGH DECEMBER 2005

	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEPT 2005	OCT 2005	NOV 2005	DEC 2005	TOTAL
INTEREST PROVISION													
1. 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	-2,507,025	-2,550,177	-2,498,177	-2,456,216	
2. ENDING TRUE-UP BEFORE INTEREST	-1,812,080	-2,205,577	-2,564,458	-2,773,384	-2,790,083	-2,693,124	-2,655,082	-2,499,422	-2,542,361	-2,489,965	-2,447,725	-2,335,504	
3. TOTAL BEGINNING & ENDING TRUE-UP	-3,385,685	-4,021,072	-4,774,350	-5,343,243	-5,569,878	-5,490,216	-5,355,446	-5,161,979	-5,049,385	-5,040,142	-4,945,902	-4,791,719	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	-1,692,843	-2,010,536	-2,387,175	-2,671,621	-2,784,939	-2,745,108	-2,677,723	-2,580,989	-2,524,693	-2,520,071	-2,472,951	-2,395,860	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	2.340%	2.500%	2.650%	2.780%	2.980%	3.060%	3.270%	3.430%	3.640%	3.790%	4.030%	4.210%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	2.500%	2.650%	2.780%	2.980%	3.060%	3.270%	3.430%	3.640%	3.790%	4.030%	4.210%	4.300%	
7. TOTAL (SUM LINES 5 & 6)	4.840%	5.150%	5.430%	5.760%	6.040%	6.330%	6.700%	7.070%	7.430%	7.820%	8.240%	8.510%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	2.420%	2.575%	2.715%	2.880%	3.020%	3.165%	3.350%	3.535%	3.715%	3.910%	4.120%	4.255%	
9. MONTHLY AVG INTEREST RATE	0.202%	0.215%	0.226%	0.240%	0.252%	0.264%	0.279%	0.295%	0.310%	0.326%	0.343%	0.355%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	-3,414	-4,314	-5,401	-6,412	-7,009	-7,240	-7,475	-7,603	-7,816	-8,211	-8,490	-8,495	-81,882

**Program Progress Report**

Reporting Period: JANUARY 2005 THROUGH DECEMBER 2005

Name: RESIDENTIAL HM BUILDER

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:	Water Heater .....	\$250
	Furnace .....	\$250
	Range .....	\$85
	Dryer .....	\$85

Program Summary

New Home Goal:	7,936
New Homes Connected:	<u>7,958</u>
Variance:	-21
Percent of Goal:	100.3%

**Conservation Cost Variance - Actual vs. Projected**

Projected Cost:	\$5,317,376
Actual Cost:	\$4,941,827
Variance:	\$375,549

**Program Progress Report**

**Reporting Period:** JANUARY 2005 THROUGH DECEMBER 2005

**Name:** OIL HEAT REPLACEMENT

**Description:** This program is designed to encourage customers to convert their existing oil burning heating systems to energy efficient natural gas heating so as to discourage those customer from switching to less costly resistance strip heating. The program offers allowances to defray the additional cost of installing gas appliances.

**Program Allowance:** Energy Efficient Gas Furnaces **\$330**

Program Summary

<b>Goals:</b>	<b>4</b>
<b>Actual:</b>	<b>4</b>
<b>Variance:</b>	<b>0</b>
<b>Percent of Goal:</b>	<b>109.1%</b>

**Conservation Cost Variance - Actual Vs. Projected**

<b>Projected Cost:</b>	<b>\$1,210</b>
<b>Actual Cost:</b>	<b>\$1,320</b>
<b>Variance:</b>	<b>-\$110</b>

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**Program Progress Report**

**Reporting Period:** 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 expensive energy efficient appliances.

**Program Allowances:**                      Water Heater                      \$100

**Program Summary**

<b>Goals:</b>	2,120
<b>Actual:</b>	2,006
<b>Variance:</b>	115
<b>Percent of Goal:</b>	94.6%

**Conservation Cost Variance - Actual Vs. Projected**

<b>Projected Cost:</b>	\$212,043
<b>Actual Cost:</b>	\$200,585
<b>Variance:</b>	\$11,458

**Program Progress Report**

**Reporting Period:** JANUARY 2005 THROUGH DECEMBER 2005

**Name:** COMM 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 each kW Displaced \$40

**Program Summary**

<b>Goals:</b> (Projected kW Displaced)	<b>1462</b>
<b>Actual:</b>	<b>1,034</b>
<b>Variance:</b>	<b>428</b>
<b>Percent of Goal:</b>	<b>70.8%</b>

**Conservation Cost Variance - Actual Vs. Projected**

<b>Projected Cost:</b>	<b>\$58,471</b>
<b>Actual Cost:</b>	<b>\$41,371</b>
<b>Variance:</b>	<b>\$17,100</b>



**Program Progress Report**

Reporting Period: 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.

Water Heater .....	\$440
Furnace .....	\$440
Range .....	\$75
Dryer .....	\$75
Space Heating .....	\$65

Program Summary

Goals:	523
Actual:	558
Variance:	-35
Percent of Goal:	106.8%

**Conservation Cost Variance - Actual vs. Projected**

Projected Cost:	\$300,013
Actual Cost:	\$320,305
Variance:	-\$20,292

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Program Progress Report

Reporting Period: JANUARY 2005 THROUGH DECEMBER 2005

Name: COMMON COSTS

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$1,069,444
Actual Cost:	\$1,155,648
Variance:	-\$86,204

Program Progress Report

Reporting Period: JANUARY 2005 THROUGH DECEMBER 2005

Name: GAS SPACE COND.

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: \$150 / ton

Program Summary

Program Goal:	242
Program Accomplishments:	30
Variance:	213
Percent of Goal:	12.2%

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$36,365
Actual Cost:	\$4,425
Variance:	\$31,940

**Program Progress Report**

**Reporting Period:** JANUARY 2005 THROUGH DECEMBER 2005

**Name:** SMALL PACKAGE COGEN

**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.

**Program Summary:**

kW Deferred	\$150 / kW
Feasibility Study	\$5,000

**Conservation Cost Variance - Actual vs. Projected**

<b>Projected Cost:</b>	<b>\$6,668</b>
<b>Actual Cost:</b>	<b>\$0</b>
<b>Variance:</b>	<b>\$6,668</b>

**Program Progress Report**

**Reporting Period:** JANUARY 2005 THROUGH DECEMBER 2005

**Name:** MONITORING & RESEARCH

**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 Summary:** Estimated annual cost: \$80,000

**Conservation Cost Variance - Actual vs. Projected**

<b>Projected Cost:</b>	<b>\$11,200</b>
<b>Actual Cost:</b>	<b>\$87,407</b>
<b>Variance:</b>	<b>-\$76,207</b>

ADJUSTED NET TRUE-UP  
JANUARY 2005 THROUGH DECEMBER 2005

END OF PERIOD NET TRUE-UP

PRINCIPAL	1,081,705	
INTEREST	<u>35,745</u>	1,117,450

LESS PROJECTED TRUE-UP

PRINCIPAL	881,416	
INTEREST	<u>32,452</u>	<u>913,868</u>

ADJUSTED NET TRUE-UP		<u>203,582</u>
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( ) REFLECTS OVER-RECOVERY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS  
 ACTUAL VERSUS ESTIMATED  
 JANUARY 2005 THROUGH DECEMBER 2005

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	15,309	12,738	2,571
MATERIALS & SUPPLIES	57	9	48
ADVERTISING	155,417	131,792	23,625
INCENTIVES	2,473,330	2,059,734	413,596
OUTSIDE SERVICES	87	587	-500
VEHICLES	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
SUB-TOTAL	2,644,199	2,204,860	439,339
PROGRAM REVENUES	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PROGRAM COSTS	2,644,199	2,204,860	439,339
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	-1,562,494	0	-1,562,494
ROUNDING ADJUSTMENT	<u>0</u>	<u>0</u>	<u>0</u>
TRUE-UP BEFORE INTEREST	1,081,705	2,204,860	-1,123,155
INTEREST PROVISION	<u>35,745</u>	<u>0</u>	<u>35,745</u>
END OF PERIOD TRUE-UP	<u>1,117,450</u>	<u>2,204,860</u>	<u>-1,087,410</u>

() REFLECTS OVER-RECOVERY  
 \*8 MONTHS ACTUAL AND 4 MONTHS PROJECTED

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM  
 JANUARY 2005 THROUGH DECEMBER 2005

<u>PROGRAM NAME</u>	<u>PAYROLL &amp; BENEFITS</u>	<u>MATERIALS &amp; 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	2,395,800	0	0	0	2,395,800
PROGRAM 2: ENERGY SAVINGS PAYBACK	0	0	0	6,900	0	0	0	6,900
PROGRAM 3: WATER HEATER LOAD RET	0	0	0	29,900	0	0	0	29,900
PROGRAM 4: COMM ELECTRIC REPLACEMENT	0	0	0	7,980	0	0	0	7,980
PROGRAM 5: RES ELECTRIC REPLACEMENT	0	0	0	32,750	0	0	0	32,750
PROGRAM 6: COMMON COSTS	15,309	57	155,417	0	87	0	0	170,869
PROGRAM 7: GAS SPACE COND.	0	0	0	0	0	0	0	0
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
<b>TOTAL</b>	<b>15,309</b>	<b>57</b>	<b>155,417</b>	<b>2,473,330</b>	<b>87</b>	<b>0</b>	<b>0</b>	<b>2,644,199</b>



CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED  
 JANUARY 2005 THROUGH DECEMBER 2005

PROGRAM NAME	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTIS.	INCENTIV.	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL HM BUILDER	0	0	0	417,850	0	0	0	417,850
PROGRAM 2: ENERGY SAVINGS PAYBACK	0	0	0	18	0	0	0	18
PROGRAM 3: WATER HEATER LOAD RET	0	0	0	-2,600	0	0	0	-2,600
PROGRAM 4: COMM ELECTRIC REPLACEMENT	0	0	0	2,710	0	0	0	2,710
PROGRAM 5: RES ELECTRIC REPLACEMENT	0	0	0	-1,050	0	0	0	-1,050
PROGRAM 6: COMMON COSTS	2,571	48	23,625	0	-500	0	0	25,743
PROGRAM 7: GAS SPACE COND.	0	0	0	-3,332	0	0	0	-3,332
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
<b>TOTAL TOTAL OF ALL PROGRAMS</b>	<b>2,571</b>	<b>48</b>	<b>23,625</b>	<b>413,596</b>	<b>-500</b>	<b>0</b>	<b>0</b>	<b>439,339</b>

( ) REFELCTS PROJECTED OVER ACTUAL EXPENSE ESTIMATES

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
 SUMMARY OF EXPENSES BY PROGRAM BY MONTH  
 JANUARY 2005 THROUGH DECEMBER 2005

EXPENSES:	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEPT 2005	OCT 2005	NOV 2005	DEC 2005	TOTAL
PROGRAM 1:	155,900	141,250	102,900	119,000	163,950	185,150	179,650	267,750	213,100	311,200	232,950	323,000	2,395,800
PROGRAM 2:	550	800	600	600	250	900	600	350	750	650	450	400	6,900
PROGRAM 3:	4,700	3,700	1,800	2,400	2,400	3,500	1,900	1,500	1,100	2,500	2,300	2,100	29,900
PROGRAM 4:	0	0	0	0	0	3,300	270	0	1,290	1,770	1,350	0	7,980
PROGRAM 5:	3,900	4,600	4,350	4,600	1,750	2,850	1,700	2,050	2,900	1,200	1,650	1,200	32,750
PROGRAM 6:	10,088	19,401	24,040	6,299	9,620	2,470	6,206	22,502	12,864	10,247	12,992	34,140	170,869
PROGRAM 7:	0	0	0	0	0	0	0	0	0	0	0	0	0
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
<b>TOTAL</b>	<b>175,138</b>	<b>169,751</b>	<b>133,690</b>	<b>132,899</b>	<b>177,970</b>	<b>198,170</b>	<b>190,326</b>	<b>294,152</b>	<b>232,004</b>	<b>327,567</b>	<b>251,692</b>	<b>360,840</b>	<b>2,644,199</b>
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	175,138	169,751	133,690	132,899	177,970	198,170	190,326	294,152	232,004	327,567	251,692	360,840	2,644,199

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
 JANUARY 2005 THROUGH DECEMBER 2005

CONSERVATION REVENUES	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	NOV 2005	DEC 2005	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>-555,330</u>	<u>-516,427</u>	<u>-441,210</u>	<u>-339,783</u>	<u>-253,245</u>	<u>-206,967</u>	<u>-202,787</u>	<u>-184,432</u>	<u>-155,817</u>	<u>-181,446</u>	<u>-237,838</u>	<u>-401,671</u>	<u>-3,676,954</u>
4. TOTAL REVENUES	<u>-555,330</u>	<u>-516,427</u>	<u>-441,210</u>	<u>-339,783</u>	<u>-253,245</u>	<u>-206,967</u>	<u>-202,787</u>	<u>-184,432</u>	<u>-155,817</u>	<u>-181,446</u>	<u>-237,838</u>	<u>-401,671</u>	<u>-3,676,954</u>
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	<u>176,205</u>	<u>176,205</u>	<u>176,205</u>	<u>176,205</u>	<u>176,205</u>	<u>176,205</u>	<u>176,205</u>	<u>176,205</u>	<u>176,205</u>	<u>176,205</u>	<u>176,205</u>	<u>176,205</u>	<u>2,114,460</u>
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	<u>-379,125</u>	<u>-340,222</u>	<u>-265,005</u>	<u>-163,578</u>	<u>-77,040</u>	<u>-30,762</u>	<u>-26,582</u>	<u>-8,227</u>	<u>20,388</u>	<u>-5,241</u>	<u>-61,633</u>	<u>-225,466</u>	<u>-1,562,494</u>
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	175,138	169,751	133,690	132,899	177,970	198,170	190,326	294,152	232,004	327,567	251,692	360,840	2,644,199
8. TRUE-UP THIS PERIOD	-203,988	-170,471	-131,315	-30,679	100,930	167,408	163,745	285,925	252,392	322,326	190,058	135,374	1,081,705
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	3,881	3,358	2,808	2,368	2,134	2,131	2,232	2,505	2,928	3,454	3,926	4,020	35,745
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	2,114,460	1,738,148	1,394,830	#####	885,602	812,461	805,795	795,567	907,792	986,907	1,136,482	1,154,261	
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	<u>-176,205</u>	<u>-176,205</u>	<u>-176,205</u>	<u>-176,205</u>	<u>-176,205</u>	<u>-176,205</u>	<u>-176,205</u>	<u>-176,205</u>	<u>-176,205</u>	<u>-176,205</u>	<u>-176,205</u>	<u>-176,205</u>	
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	<u>1,738,148</u>	<u>1,394,830</u>	<u>1,090,118</u>	<u>885,602</u>	<u>812,461</u>	<u>805,795</u>	<u>795,567</u>	<u>907,792</u>	<u>986,907</u>	<u>#####</u>	<u>1,154,261</u>	<u>1,117,450</u>	<u>1,117,450</u>

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CALCULATION OF TRUE-UP AND INTEREST PROVISION  
 JANUARY 2005 THROUGH DECEMBER 2005

	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEPT 2005	OCT 2005	NOV 2005	DEC 2005	TOTAL
INTEREST PROVISION													
1. BEGINNING TRUE-UP	2,114,460	1,738,148	1,394,830	1,090,118	885,602	812,461	805,795	795,567	907,792	986,907	1,136,482	1,154,261	
2. ENDING TRUE-UP BEFORE INTEREST	1,734,267	1,391,472	1,087,310	883,234	810,327	803,664	793,335	905,287	983,979	1,133,028	1,150,336	1,113,430	
3. TOTAL BEGINNING & ENDING TRUE-UP	3,848,727	3,129,620	2,482,140	1,973,352	1,695,929	1,616,125	1,599,130	1,700,854	1,891,771	2,119,936	2,286,818	2,267,691	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	1,924,364	1,564,810	1,241,070	986,676	847,965	808,063	799,565	850,427	945,886	1,059,968	1,143,409	1,133,846	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	2.340%	2.500%	2.650%	2.780%	2.980%	3.060%	3.270%	3.430%	3.640%	3.790%	4.030%	4.210%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	2.500%	2.650%	2.780%	2.980%	3.060%	3.270%	3.430%	3.640%	3.790%	4.030%	4.210%	4.300%	
7. TOTAL (SUM LINES 5 & 6)	4.840%	5.150%	5.430%	5.760%	6.040%	6.330%	6.700%	7.070%	7.430%	7.820%	8.240%	8.510%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	2.420%	2.575%	2.715%	2.880%	3.020%	3.165%	3.350%	3.535%	3.715%	3.910%	4.120%	4.255%	
9. MONTHLY AVG INTEREST RATE	0.202%	0.215%	0.226%	0.240%	0.252%	0.264%	0.279%	0.295%	0.310%	0.326%	0.343%	0.355%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	3,881	3,358	2,808	2,368	2,134	2,131	2,232	2,505	2,928	3,454	3,926	4,020	35,745

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**Program Progress Report**

Reporting Period: JANUARY 2005 THROUGH DECEMBER 2005

Name: RESIDENTIAL HM BUILDER

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:	Water Heater	.....	\$250
	Furnace	.....	\$150
	Range	.....	\$100
	Dryer	.....	\$100

Program Summary

New Home Goal:	3,532
New Homes Connected:	<u>4,278</u>
Variance:	-746
Percent of Goal:	121.1%

**Conservation Cost Variance - Actual vs. Projected**

Projected Cost:	\$1,977,950
Actual Cost:	\$2,395,800
Variance:	-\$417,850

*Program Progress Report*

Reporting Period: JANUARY 2005 THROUGH DECEMBER 2005

Name: ENERGY SAVINGS PAYBACK

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:	\$6,882
Actual Cost:	\$6,900
Variance:	-\$18

Program Progress Report

Reporting Period: JANUARY 2005 THROUGH DECEMBER 2005

Name: WATER HEATER LOAD RET

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 expensive energy efficient appliances.

Program Allowances:            Water Heater                            \$100

Program Summary

Goals:	325
Actual:	299
Variance:	26
Percent of Goal:	92.0%

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$32,500
Actual Cost:	\$29,900
Variance:	\$2,600

**Program Progress Report**

Reporting Period: JANUARY 2005 THROUGH DECEMBER 2005

Name: COMM 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: kW Displaced \$30

Program Summary

Goals: kW Displaced 176

Actual: 266

Variance: -90

Percent of Goal: 151.4%

**Conservation Cost Variance - Actual vs. Projected**

Projected Cost:	\$5,270
Actual Cost:	\$7,980
Variance:	-\$2,710

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**Program Progress Report**

Reporting Period: 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.

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

Program Summary

Goals:	28
Actual:	27
Variance:	1
Percent of Goal:	96.9%

**Conservation Cost Variance - Actual vs. Projected**

Projected Cost:	\$33,800
Actual Cost:	\$32,750
Variance:	\$1,050

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Program Progress Report

Reporting Period: JANUARY 2005 THROUGH DECEMBER 2005

Name: COMMON COSTS

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$145,126
Actual Cost:	\$170,869
Variance:	-\$25,743

**Program Progress Report**

**Reporting Period:** JANUARY 2005 THROUGH DECEMBER 2005

**Name:** GAS SPACE COND.

**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:** \$100 / ton

Program Summary

<b>Program Goal:</b>	33
<b>Program Accomplishments:</b>	0
<b>Variance:</b>	33
<b>Percent of Goal:</b>	0.0%

**Conservation Cost Variance - Actual vs. Projected**

<b>Projected Cost:</b>	\$3,332
<b>Actual Cost:</b>	\$0
<b>Variance:</b>	\$3,332

**Program Progress Report**

Reporting Period: JANUARY 2005 THROUGH DECEMBER 2005

Name: MONITORING & RESEARCH

Program Summary:

**Conservation Cost Variance - Actual vs. Projected**

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