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IN REPLY REFER TO:

Ansley Watson, Jr.
P.O. Box 1531
Tampa, Florida 33601
e-mail: aw@macfar.com

September 13, 2007

VIA FEDEX

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 070004-GU – Natural gas conservation cost recovery

Dear Ms. Cole:

Enclosed herewith for filing in the above docket on behalf of Peoples Gas System, please find the following:

- Peoples' Petition for Approval of Conservation Cost Recovery Factors;
- Direct Testimony of Kandi M. Floyd on behalf of Peoples ; and
- Exhibit ___ (KMF-2), consisting of the conservation cost recovery projection forms prescribed by the Commission Staff.

The direct testimony of Mrs. Floyd and the referenced exhibits will be offered by Peoples at the hearing in this docket, currently scheduled to commence on November 6, 2007.

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

CMP _____
 COM 5
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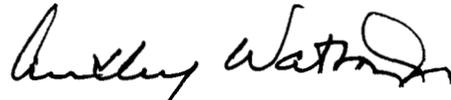
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FPSC-COMMISSION CLERK

Ms. Ann Cole
September 13, 2007
Page 2

Thank you for your usual assistance.

Sincerely,


ANSLEY WATSON, JR.

AWjr/a
Enclosures

cc: Parties of Record
Mrs. Kandi M. Floyd
Matthew R. Costa, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Natural gas conservation cost)
recovery.)
_____)

Docket No. 070004-GU
Submitted for Filing: COMMISSION CLERK
9-14-07

**PETITION OF PEOPLES GAS SYSTEM
FOR APPROVAL OF CONSERVATION COST RECOVERY FACTORS**

Peoples Gas System ("Peoples"), through undersigned counsel and pursuant to Rule 25-17.015, *Florida Administrative Code*, petitions the Commission for approval of its conservation cost recovery factors for the period January 1 through December 31, 2008, 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:

Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531

Ms. Paula K. Brown
Regulatory Affairs
Peoples Gas System
P. O. Box 111
Tampa, Florida 33601-0111

Matthew R. Costa
Corporate Counsel
TECO Energy, Inc.
P. O. Box 111
Tampa, Florida 33601-0111

3. Peoples projects total conservation program expenses of \$9,049,845 for the period January 1 through December 31, 2008. The estimated true-up is an overrecovery of \$6,471,986. After decreasing the projected conservation expenses by the amount of this overrecovery, \$2,577,859 remains to be recovered during the

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK 7

January - December 2008 period. When this expense is allocated to the affected rate classes pursuant to the methodology approved by the Commission, and expanded for taxes, the recovery factors for the period January - December 2008 required to recover such expense are as follows:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.01513
Residential Standby Generator	\$0.01513
Small General Service	\$0.01315
Commercial Standby Generator	\$0.01315
General Service 1	\$0.00501
General Service 2	\$0.00411
General Service 3	\$0.00345
General Service 4	\$0.00311
General Service 5	\$0.00177
Commercial Street Lighting	\$0.00220
Natural Gas Vehicle Service	\$0.00264

WHEREFORE, Peoples Gas System respectfully requests that the Commission grant this petition and approve the conservation adjustment factors set forth in paragraph 3 of this petition for the period January 1 through December 31, 2008.

Respectfully submitted,



Ansley Watson, Jr.
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Phone: (813) 273-4321
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Attorneys for Peoples Gas System

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Tampa, Florida 33601-0111
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E-mail: mcosta@tecoenergy.com

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing petition, together with copies of the Direct Testimony of Kandi M. Floyd and Exhibit ___(KMF-2), have been furnished by U. S. Mail, this 13th day of September, 2007, to the following:

Katherine Fleming, Esquire
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Mr. Charles A. Rawson, III
Florida City Gas
955 East 25th Street
Hialeah, FL 33013-3498

Mr. Thomas A. Geoffroy
Florida Division
Chesapeake Utilities Corporation
P. O. Box 960
Winter Haven, FL 33882-0960

Florida Public Utilities Company
John T. English/Cheryl Martin
P. O. Box 3395
West Palm Beach, FL 33402-3395

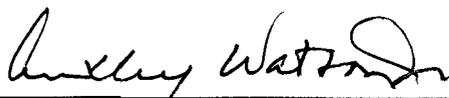
Beth Keating, Esquire
Akerman Senterfitt
106 E. College Ave., Suite 1200
Tallahassee, FL 32301

Norman H. Horton, Jr., Esquire
Messer, Caparello & Self, P.A.
P.O. Box 15579
Tallahassee, FL 32317

Mr. Stuart L. Shoaf
St. Joe Natural Gas Company, Inc.
P. O. Box 549
Port St. Joe, FL 32457-0549

Elizabeth Wade/Melvin Williams
AGL Resources Inc.
Ten Peachtree Place
Location 1470
Atlanta, GA 30309

Ms. Paula K. Brown
Regulatory Affairs
Peoples Gas System
P. O. Box 111
Tampa, FL 33601-0111



Ansley Watson, Jr.

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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 2007 through August 2007, and the costs that Peoples seeks to recover through the ECCR clause in 2008.

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 2006 through December 2006. Next, my testimony addresses the actual costs incurred from January 2007 through August 2007, and revised projections of program costs that Peoples expects to incur from September 2007 through December 2007. In addition, my testimony presents projected conservation program costs for the period January 2008 through December 2008.

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 2008 and continuing through the last billing cycle for December 2008.

Q. Has Peoples made any revisions to its current Energy Conservation Programs?

A. Peoples filed with the Florida Public Service Commission on June 26, 2006, its request for approval to modify its energy conservation programs. The filing was

1 assigned Docket No. 060478-EG. The request sought approval from the Commission
2 to re-title certain programs, to modify the allowances payable under certain existing
3 programs, and to make the Company's Non-West Florida Region programs as
4 modified available to customers in the West Florida Region, thereby eliminating the
5 former West Florida Region programs. On October 27, 2006, those modifications
6 were approved in Order No. PSC-06-0902-CO-EG which resulted in a single set of
7 conservation programs, applicable throughout all areas served by the Company.

8
9 Q. Are you sponsoring any exhibits with your testimony?

10
11 A. Yes. I am sponsoring two exhibits produced under my direction and supervision.
12 Exhibit ____ (KMF-1) contains the conservation cost recovery true-up data for the
13 period January 2006 through December 2006 for all areas Peoples serves, and Exhibit
14 ____ (KMF-2) contains the conservation cost recovery true-up data for the period
15 January 2007 through August 2007 as well as re-projected expenses for the period
16 September 2007 through December 2007 for all areas served by Peoples. In addition,
17 Exhibit ____ (KMF-2) consists of Schedules C-1 through C-5, which contain
18 information related to the calculation of the ECCR factors to be applied to customers'
19 bills during the period January 2008 through December 2008.

20
21 Q. Have you prepared schedules showing the expenditures associated with Peoples'
22 energy conservation programs for the period January 2006 through December 2006?

23
24 A. Yes. Actual expenses for the period January 2006 through December 2006 are shown
25 on Schedule CT-2, page 2, of Exhibit ____ (KMF-1). and Schedule CT-2, page 1

1 presents a comparison of the actual program costs and true-up amount to the projected
2 costs and true-up amount for the same period.

3
4 Q. What are the Company's true-up amounts for the period January 2006 through
5 December 2006?

6
7 A. As shown on Schedule CT-1 of Exhibit ____ (KMF-1), the end-of-period net true-up
8 for the period is an overrecovery of \$1,060,158 including both principal and interest.
9 The projected true-up for the period, as approved by Commission Order No. PSC-06-
10 0996-FOF-GU, was an overrecovery of \$1,659,797 (including interest). Subtracting
11 the projected true-up overrecovery from the actual overrecovery yields the adjusted
12 net true-up of \$599,639 underrecovery (including interest).

13
14 Q. Have you prepared summaries of the Company's conservation programs and the
15 projected costs associated with these programs?

16
17 A. Yes. Summaries of the Company's programs are presented in Schedule C-5 of Exhibit
18 ____ (KMF-2).

19
20 Q. Have you prepared schedules required for the calculation of Peoples' proposed
21 conservation adjustment factors to be applied during the billing periods from January
22 2008 through and including December 2008?

23
24 A. Yes. Schedule C-3 of Exhibit ____ (KMF-2) shows actual expenses for the period
25 January 2007 through August 2007 and projected expenses for the period September

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2007 through December 2007.

Projected expenses for the January 2008 through December 2008 period are shown on Schedule C-2 of Exhibit ____ (KMF-2), and are shown for all areas served by the Company. The total annual cost projected represents a continuation of Peoples' active expansion of the availability of natural gas throughout Florida. Schedule C-1 shows the calculation of the conservation adjustment factors to be applied to all customers of the Company who are subject to the factors. The estimated true-up amount from Schedule C-3 (Page 4) of Exhibit ____ (KMF-2), an overrecovery, was subtracted from the total of the projected costs for the January 2008 through December 2008 period. The resulting total of \$2,575,021 is the expense to be recovered during calendar year 2008. This total expense was then allocated to the Company's affected rate classes pursuant to the methodology previously approved by the Commission, divided by the expected consumption of each rate class, and then adjusted for the regulatory assessment fee.

Schedule C-1 of Exhibit ____ (KMF-2) shows the resulting estimated ECCR revenues and adjustment factors by rate class for the period January 2008 through December 2008.

Q. Does this conclude your prefiled direct testimony?

A. Yes, it does.

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
MONTHS: January 2008 Through December 2008

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1)	9,049,845
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	-6,474,824
3. TOTAL (LINE 1 AND LINE 2)	2,575,021

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 & RS-SG	3,750,293	74,303,738	37,502,930	27,987,989	65,490,919	1,118,656	1.70811%	0.01506	1.00503	0.01513
SGS & CS-SG	72,141	2,907,255	1,442,820	783,651	2,226,471	38,031	1.70811%	0.01308	1.00503	0.01315
GS-1	234,488	114,458,798	7,034,640	26,377,030	33,411,670	570,707	1.70811%	0.00499	1.00503	0.00501
GS-2	37,288	78,437,414	1,305,080	17,465,659	18,770,739	320,625	1.70811%	0.00409	1.00503	0.00411
GS-3	9,360	74,522,283	421,200	14,556,438	14,977,638	255,834	1.70811%	0.00343	1.00503	0.00345
GS-4	1,745	47,888,337	148,325	8,537,533.00	8,685,858	148,364	1.70811%	0.00310	1.00503	0.00311
GS-5	1,188	67,906,033	178,200	6,818,445	6,996,645	119,510	1.70811%	0.00176	1.00503	0.00177
NGVS	204	514,767	7,140	72,134	79,274	1,354	1.70811%	0.00263	1.00503	0.00264
CSLS	756	885,608	0	113,615	113,615	1,941	1.70811%	0.00219	1.00503	0.00220
TOTAL	4,107,463	461,824,233	48,040,335	102,712,494	150,752,829	2,575,021				

ESTIMATED CONSERVATION PROGRAM COSTS BY PROGRAM BY MONTH
January 2008 Through December 2008

PROGRAM	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
1 NEW RESIDENTIAL CONSTRUCTION	463,259	463,259	463,259	463,259	463,259	463,259	463,259	463,259	463,259	463,259	463,259	463,259	\$5,559,110
2 APPLIANCE RETENTION PROGRAM	113,271	113,271	113,271	113,271	113,271	113,271	113,271	113,271	113,271	113,271	113,271	113,271	\$1,359,251
3 RES APPLIANCE REPLACEMENT	44,401	44,401	44,401	44,401	44,401	44,401	44,401	44,401	44,401	44,401	44,401	44,401	\$532,807
4 COM ELECTRIC REPLACEMENT	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	\$56,677
5 GAS SPACE CONDITIONING	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	\$50,000
6 SMALL PKG COGEN	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	\$20,000
7 COMMON COSTS	114,250	114,250	114,250	114,250	114,250	114,250	114,250	114,250	114,250	114,250	114,250	114,250	\$1,371,000
8 MONITORING AND RESEARCH	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	\$100,000
9 OIL HEAT REPLACEMENT	83	83	83	83	83	83	83	83	83	83	83	83	\$1,000
10 N/A	0	0	0	0	0	0	0	0	0	0	0	0	\$0
TOTAL ALL PROGRAMS	\$754,154	\$9,049,845											

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
January 2008 Through December 2008

<u>PROGRAM</u>	<u>CAPITAL INVEST</u>	<u>PAYROLL & BENEFITS</u>	<u>MATERIALS & SUPPLIES</u>	<u>ADVERT</u>	<u>INCENTIVES</u>	<u>OUTSIDE SERVICES</u>	<u>VEHICLE</u>	<u>OTHER</u>	<u>TOTAL</u>
1 NEW RESIDENTIAL CONSTRUCTION	0	0	0	0	5,559,110	0	0	0	\$5,559,110
2 APPLIANCE RETENTION PROGRAM	0	0	0	0	1,359,251	0	0	0	\$1,359,251
3 RES APPLIANCE REPLACEMENT	0	0	0	0	532,807	0	0	0	\$532,807
4 COM ELECTRIC REPLACEMENT	0	0	0	0	56,677	0	0	0	\$56,677
5 GAS SPACE CONDITIONING	0	0	0	0	50,000	0	0	0	\$50,000
6 SMALL PKG COGEN	0	0	0	0	20,000	0	0	0	\$20,000
7 COMMON COSTS	0	450,000	5,000	900,000	0	15,000	0	1,000	\$1,371,000
8 MONITORING AND RESEARCH	0	0	0	0	100,000	0	0	0	\$100,000
9 OIL HEAT REPLACEMENT	0	0	0	0	1,000	0	0	0	\$1,000
10 N/A	0	0	0	0	0	0	0	0	\$0
PROGRAM COSTS	<u>\$0</u>	<u>\$450,000</u>	<u>\$5,000</u>	<u>\$900,000</u>	<u>\$7,678,845</u>	<u>\$15,000</u>	<u>\$0</u>	<u>\$1,000</u>	<u>\$9,049,845</u>

∞

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM

January 2007 Through December 2007

8 Months of Actuals

PROGRAM	CAPITAL INVEST	PAYROLL BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 RESIDENTIAL HOME BUILDER									
A. ACTUAL	0	0	0	0	2,981,820	0	0	0	2,981,820
B. ESTIMATED	0	0	0	0	1,490,910	0	0	0	1,490,910
C. TOTAL	0	0	0	0	4,472,730	0	0	0	4,472,730
2 WATER HEATER RETENTION									
A. ACTUAL	0	0	0	0	931,053	0	0	0	931,053
B. ESTIMATED	0	0	0	0	465,526	0	0	0	465,526
C. TOTAL	0	0	0	0	1,396,579	0	0	0	1,396,579
3 RES ELECTRIC REPLACEMENT									
A. ACTUAL	0	0	0	0	337,045	0	0	0	337,045
B. ESTIMATED	0	0	0	0	168,523	0	0	0	168,523
C. TOTAL	0	0	0	0	505,568	0	0	0	505,568
4 COM ELECTRIC REPLACEMENT									
A. ACTUAL	0	0	0	0	34,230	0	0	0	34,230
B. ESTIMATED	0	0	0	0	10,400	0	0	0	10,400
C. TOTAL	0	0	0	0	44,630	0	0	0	44,630
5 GAS SPACE CONDITIONING									
A. ACTUAL	0	0	0	0	300	0	0	0	300
B. ESTIMATED	0	0	0	0	400	0	0	0	400
C. TOTAL	0	0	0	0	700	0	0	0	700
6 SMALL PKG COGEN									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	4,000	0	0	0	4,000
C. TOTAL	0	0	0	0	4,000	0	0	0	4,000
SUB-TOTAL	0	0	0	0	6,424,206	0	0	0	6,424,206

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
January 2007 Through December 2007
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	6,424,206	0	0	0	6,424,206
7. COMMON COSTS									
A. ACTUAL	0	299,051	2,240	368,145	0	3,728	0	0	673,165
B. ESTIMATED	0	134,524	6,200	535,000	0	4,500	0	0	680,224
C. TOTAL	0	433,575	8,440	903,145	0	8,228	0	0	1,353,389
8. MONITORING AND RESEARCH									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
9. ESP									
A. ACTUAL	0	0	0	0	1,000	0	0	0	1,000
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	1,000	0	0	0	1,000
10. OIL REPLACEMENT									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	300	0	0	0	300
C. TOTAL	0	0	0	0	300	0	0	0	300
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
TOTAL	0	433,575	8,440	903,145	6,425,506	8,228	0	0	7,778,895

CONSERVATION PROGRAM COSTS BY PROGRAM
ACTUAL/ESTIMATED
January 2007 Through December 2007
8 Months of Actuals

PROGRAM NAME	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
RESIDENTIAL HOME BUILDER	349,340	530,475	358,570	412,695	329,325	416,885	323,055	259,475	372,728	372,728	372,728	372,728	\$4,472,730
WATER HEATER RETENTION	119,505	139,427	101,498	109,593	105,905	129,794	130,088	95,242	116,382	116,382	116,382	116,382	\$1,396,579
RES ELECTRIC REPLACEMENT	42,155	49,180	28,570	48,380	30,240	43,945	46,225	48,350	42,131	42,131	42,131	42,131	\$505,568
COM ELECTRIC REPLACEMENT	6,960	6,160	1,810	3,860	7,640	3,320	4,480	0	2,600	2,600	2,600	2,600	\$44,630
GAS SPACE CONDITIONING	0	0	0	0	0	0	0	300	100	100	100	100	\$700
SMALL PKG COGEN	0	0	0	0	0	0	0	0	1,000	1,000	1,000	1,000	\$4,000
COMMON COSTS	42,113	54,571	92,819	84,615	102,396	82,081	108,813	105,756	145,831	145,831	145,831	145,831	\$1,256,489
MONITORING AND RESEARCH	0	0	0	0	0	0	0	0	0	0	0	0	\$0
ESP	550	450	0	0	0	0	0	0	0	0	0	0	\$1,000
OIL REPLACEMENT	0	0	0	0	0	0	0	0	75	75	75	75	\$300
TOTAL ALL PROGRAMS	\$560,623	\$780,263	\$583,267	\$659,143	\$575,506	\$678,024	\$612,662	\$509,123	\$680,846	\$680,846	\$680,846	\$680,846	\$7,681,995

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ENERGY CONSERVATION ADJUSTMENT
January 2007 Through December 2007

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.	-1,303,912	-1,371,652	-1,371,221	-1,170,527	-973,395	-862,852	-801,145	-729,324	-1,073,003	-1,073,003	-1,073,003	-1,073,003	-12,876,041
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	-1,303,912	-1,371,652	-1,371,221	-1,170,527	-973,395	-862,852	-801,145	-729,324	-1,073,003	-1,073,003	-1,073,003	-1,073,003	-12,876,041
PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	-88,347	-88,347	-88,347	-88,347	-88,347	-88,347	-88,347	-88,347	-88,347	-88,347	-88,347	-88,347	-1,060,158
CONSERVATION REVS. APPLIC. TO PERIOD	-1,392,258	-1,459,999	-1,459,567	-1,258,873	-1,061,742	-951,198	-889,491	-817,670	-1,161,350	-1,161,350	-1,161,350	-1,161,350	-13,936,199
CONSERVATION EXPS. (FORM C-3, PAGE 3)	560,623	780,263	583,267	659,143	575,506	678,024	612,662	509,123	680,846	680,846	680,846	680,846	7,681,995
TRUE-UP THIS PERIOD	-831,635	-679,736	-876,300	-599,730	-486,235	-273,174	-276,830	-308,547	-480,504	-480,504	-480,504	-480,504	-6,254,203
INTEREST THIS PERIOD (C-3,PAGE 5)	-6,282	-9,229	-12,292	-15,194	-17,253	-18,641	-19,506	-21,149	-23,422	-24,579	-25,619	-27,454	-220,620
TRUE-UP & INT. BEG. OF MONTH	-1,060,158	-1,809,729	-2,410,346	-3,210,592	-3,737,170	-4,152,312	-4,355,780	-4,563,770	-4,805,120	-5,220,700	-5,637,436	-6,055,212	-6,474,824
PRIOR TRUE-UP COLLECT. (REFUND.)	88,347	88,347	88,347	88,347	88,347	88,347	88,347	88,347	88,347	88,347	88,347	88,347	1,060,158
END OF PERIOD TOTAL NET TRUE-UP	-1,809,729	-2,410,346	-3,210,592	-3,737,170	-4,152,312	-4,355,780	-4,563,770	-4,805,120	-5,220,700	-5,637,436	-6,055,212	-6,474,824	-6,474,824

CALCULATION OF TRUE-UP AND INTEREST PROVISION
January 2007 Through December 2007

INTEREST PROVISION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
BEGINNING TRUE-UP	-1,060,158	-1,809,729	-2,410,346	-3,210,592	-3,737,170	-4,152,312	-4,355,780	-4,563,770	-4,805,120	-5,220,700	-5,637,436	-6,055,212	-6,474,824
END. T-UP BEFORE INT.	-1,803,446	-2,401,118	-3,198,300	-3,721,976	-4,135,059	-4,337,139	-4,544,264	-4,783,970	-5,197,277	-5,612,857	-6,029,594	-6,447,370	-11,668,869
TOT. BEG. & END. T-UP	-2,863,604	-4,210,846	-5,608,646	-6,932,568	-7,872,228	-8,489,451	-8,900,044	-9,347,740	-10,002,397	-10,833,557	-11,667,029	-12,502,583	-18,143,693
AVERAGE TRUE-UP	-1,431,802	-2,105,423	-2,804,323	-3,466,284	-3,936,114	-4,244,725	-4,450,022	-4,673,870	-5,001,198	-5,416,778	-5,833,515	-6,251,291	-9,071,846
INT. RATE-FIRST DAY OF REPORTING BUS. MTH	5.2700%	5.2600%	5.2600%	5.2600%	5.2600%	5.2600%	5.2800%	5.2400%	5.6200%	5.6200%	5.2700%	5.2700%	
INT. RATE-FIRST DAY OF SUBSEQUENT BUS. MTH	5.2600%	5.2600%	5.2600%	5.2600%	5.2600%	5.2800%	5.2400%	5.6200%	5.6200%	5.2700%	5.2700%	5.2700%	
TOTAL	10.5300%	10.5200%	10.5200%	10.5200%	10.5200%	10.5400%	10.5200%	10.8600%	11.2400%	10.8900%	10.5400%	10.5400%	
AVG INTEREST RATE	5.2650%	5.2600%	5.2600%	5.2600%	5.2600%	5.2700%	5.2600%	5.4300%	5.6200%	5.4450%	5.2700%	5.2700%	
MONTHLY AVG. RATE	0.4388%	0.4383%	0.4383%	0.4383%	0.4383%	0.4392%	0.4383%	0.4525%	0.4683%	0.4538%	0.4392%	0.4392%	
INTEREST PROVISION	-\$6,282	-\$9,229	-\$12,292	-\$15,194	-\$17,253	-\$18,641	-\$19,506	-\$21,149	-\$23,422	-\$24,579	-\$25,619	-\$27,454	-\$220,620

Peoples Gas System

Reporting: January 2007 Through December 2007

Name: RESIDENTIAL HOME 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 gas appliance installation.

Program Allowances:	Gas Water Heater	\$350.00
	Gas Heating	\$350.00
	Gas Tankless Water Heater	\$450.00
	Gas Cooking	\$100.00
	Gas Dryer	\$100.00

Program Goals: Projected new home connections for this period:	20,331
Actual connections to date this period:	13,554
Percent of goal: 8 Months of Actuals	66.7%

Program Fiscal Expenditures:	Estimated for period:	\$4,472,730
	Actual to date:	\$2,981,820

Peoples Gas System

Reporting: January 2007 Through December 2007

Name: WATER HEATER RETENTION

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:	Gas Water Heater	\$350.00
	Gas Heating	\$350.00
	Gas Tankless Water Heater	\$450.00
	Gas Cooking	\$100.00
	Gas Dryer	\$100.00

Program Goals:	Projected connections for this period:	4,702
	Actual connections to date this period:	9,311
	Percent of goal: 8 Months of Actuals	198.0%

Program Fiscal Expenditures:	Estimated for period:	\$1,396,579
	Actual to date:	\$931,053

Peoples Gas System

Reporting: January 2007 Through December 2007

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.

Program Allowances:	Natural Gas Water Heater	\$525.00
	Natural Gas Heating	\$625.00
	Natural Gas Tankless Water Heater . .	\$525.00
	Natural Gas Range	\$100.00
	Natural Gas Dryer	\$100.00
	Natural Gas Space Heater	\$65.00
	Actual connections to date this period:	1,094
	Percent of goal:	1683.5%
	8 Months of Actuals	

Program Fiscal Expenditures:	Estimated for period:	\$505,568
	Actual to date:	\$337,045

Peoples Gas System

Reporting: January 2007 Through December 2007

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 Fiscal Expenditures:	Estimated for period:	\$44,630
	Actual to date:	\$34,230

Peoples Gas System

Reporting: January 2007 Through December 2007

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 / installation at: \$150.00 per ton

Actual KWD displaced this period: 8

Percent of goal: 0.0%
8 Months of Actuals

Program Fiscal Expenditures: Estimated for period: \$700

Actual to date: \$300

Peoples Gas System

Reporting: January 2007 Through December 2007

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.

Program Goals:	Projected new connections for this period:	7
	Actual connections to date this period:	0
	Percent of goal:	0.0%
	8 Months of Actuals	
Program Fiscal Expenditures:	Estimated for period:	\$4,000
	Actual to date:	\$0

Peoples Gas System

Reporting: January 2007 Through December 2007

Name: COMMON COSTS

Program Fiscal Expenditures:

Estimated for period:	\$1,353,389
Actual to date:	\$673,165
Percent of goal:	49.7%
8 Months of Actuals	

Peoples Gas System

Reporting: January 2007 Through December 2007

Name: OIL 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: 1

Actual connections to date this period: 0

Percent of goal: 0.0%
8 Months of Actuals

Program Fiscal Expenditures: Estimated for period: \$300

Actual to date: \$0