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IN REPLY REFER TO:

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

May 1, 2012

## VIA FEDEX

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

RECEIVED-FPSC  
MAY -2 AM 11:22  
COMMISSION  
CLERK

**Re: Docket No. 120004-GU – Natural gas conservation cost recovery**

Dear Ms. Cole:

Enclosed for filing in the above docket on behalf of Peoples Gas System ("Peoples"), please find the original and 15 copies of the following:

- Peoples' Petition for Approval of True-Up Amount (for the period January through December 2011); and
- Exhibit \_\_\_ (KMF-1), consisting of Schedules CT-1 through CT-6.

The enclosed exhibit will be offered by Peoples at the hearing in this docket currently scheduled to commence on November 5, 2012.

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.

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DOCUMENT NUMBER DATE

02828 MAY-2 2012

FPSC-COMMISSION CLERK

Ms. Ann Cole  
May 1, 2012  
Page 2

Thank you for your usual assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ansley Watson, Jr." in a cursive style.

ANSLEY WATSON, JR.

AWjr/a  
Enclosures

cc: Parties of Record  
Ms. Kandi M. Floyd

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 120004-GU  
Submitted for Filing:  
5-2-12

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

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 amount for the period January 1 through December 31, 2011, 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 Brown  
Regulatory Affairs  
Peoples Gas System  
P. O. Box 111  
Tampa, Florida 33601-0111

Ms. Kandi M. Floyd  
Peoples Gas System  
P. O. Box 2562  
Tampa, Florida 33601-2562

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 Exhibit \_\_\_(KMF-1), consisting of the Energy Conservation Cost Recovery True-Up Reporting Forms,

DOCUMENT NUMBER-DATE

02828 MAY-2 2012

FPSC-COMMISSION CLERK

completed as directed by the Commission Staff. Exhibit \_\_\_(KMF-1) is submitted for filing with this petition.

4. For the period January through December 2011, Peoples has calculated its end-of-period final true-up amount to be an overrecovery, including principal and interest, of \$702,452.

WHEREFORE, Peoples Gas System respectfully requests that the Commission grant this petition and approve the overrecovery of \$702,452 as the final true-up amount for the January through December 2011 period.

Respectfully submitted,



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Ansley Watson, Jr.  
Macfarlane Ferguson & McMullen  
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Attorneys for Peoples Gas System

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing petition, together with copies of Exhibit \_\_\_\_ (KMF-1), have been furnished by U. S. Mail, this 1st day of May, 2012 to the following:

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

Ms. Carolyn Bermudez  
Florida City Gas  
933 East 25<sup>th</sup> Street  
Hialeah, FL 33013-3403

Office of Public Counsel  
J.R. Kelly/Charles Rehwinkel  
c/o The Florida Legislature  
111 West Madison St., Room 812  
Tallahassee, FL 32399-1400

Kandi M. Floyd / Paula K. Brown  
Regulatory Affairs  
Peoples Gas System  
P. O. Box 111  
Tampa, FL 33601-0111

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Gunster Law Firm  
215 South Monroe St. Suite 618  
Tallahassee, FL 32301

Norman H. Horton, Jr., Esquire  
Messer Law Firm  
P.O. Box 15579  
Tallahassee, FL 32317

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

Mr. Jerry H. Melendy, Jr.  
Sebring Gas System, Inc.  
3515 U.S. Highway 27 South  
Sebring, FL 33870-5452

Mr. Thomas A. Geoffroy  
Mr. Jason Van Hoffman  
Florida Public Utilities Company/  
Indiantown Division  
P.O. Box 3395  
West Palm Beach, FL 33402-3395

Cheryl M. Martin  
Florida Division of  
Chesapeake Utilities Corporation  
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West Palm Beach, FL 33409-6703

Elizabeth Wade/Brian Sulmonetti  
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Ten Peachtree Place  
Location 1470  
Atlanta, GA 30309

Florida Public Utilities /  
FPUC Indiantown Division  
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West Palm Beach, FL 33409-6703

Aleida Socarras  
P. O. Box 3395  
401 South Dixie Highway  
West Palm Beach, FL 33402-3395



Ansley Watson, Jr.

ADJUSTED NET TRUE-UP  
JANUARY 2011 THROUGH DECEMBER 2011

END OF PERIOD NET TRUE-UP

PRINCIPAL	-699,657	
INTEREST	<u>-2,795</u>	-702,452

LESS PROJECTED TRUE-UP

PRINCIPAL	-679,406	
INTEREST	<u>-2,877</u>	<u>-682,283</u>

ADJUSTED NET TRUE-UP

-20,169

( ) REFLECTS OVER-RECOVERY

**ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM  
JANUARY 2011 THROUGH DECEMBER 2011**

<u>PROGRAM NAME</u>	<u>PAYROLL &amp; BENEFITS</u>	<u>MATERIALS &amp; SUPPLIES</u>	<u>ADVERTISING</u>	<u>INCENTIVE</u>	<u>OUTSIDE SERVICES</u>	<u>VEHICLE</u>	<u>OTHER</u>	<u>TOTAL</u>
PROGRAM 1: RESIDENTIAL HOME BUILDER	0	0	0	1,097,600	0	0	0	1,097,600
PROGRAM 2: OIL HEAT REPLACEMENT	0	0	0	0	0	0	0	0
PROGRAM 3: RESIDENTIAL APPLIANCE RETENTION	0	0	0	3,315,052	0	0	0	3,315,052
PROGRAM 4: COMMERCIAL ELECTRIC REPLACEMENT	0	0	0	108,370	0	0	0	108,370
PROGRAM 5: RESIDENTIAL ELECTRIC REPLACEMENT	0	0	0	917,763	0	0	0	917,763
PROGRAM 6: COMMON COSTS	317,626	1,133	1,053,313	0	76,717	0	4,093	1,452,883
PROGRAM 7: GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0
PROGRAM 8: SMALL PACKAGE COGEN	0	0	0	0	0	0	0	0
PROGRAM 9: MONITORING & RESEARCH	0	0	0	0	0	0	0	0
PROGRAM 10: CONSERVATION DEMONSTRATION DEVELOPMENT	0	0	0	15,000	0	0	0	15,000
<b>TOTAL</b>	<b>317,626</b>	<b>1,133</b>	<b>1,053,313</b>	<b>5,453,785</b>	<b>76,717</b>	<b>0</b>	<b>4,093</b>	<b>6,906,668</b>

3

**CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED  
JANUARY 2011 THROUGH DECEMBER 2011**

<u>PROGRAM NAME</u>	<u>PAYROLL &amp; BENEFITS</u>	<u>MATERIALS &amp; SUPPLIES</u>	<u>ADVERTISING</u>	<u>INCENTIVE</u>	<u>OUTSIDE SERVICES</u>	<u>VEHICLE</u>	<u>OTHER</u>	<u>TOTAL</u>
PROGRAM 1: RESIDENTIAL HOME BUILDER	0	0	0	26,150	0	0	0	26,150
PROGRAM 2: OIL HEAT REPLACEMENT	0	0	0	-330	0	0	0	-330
PROGRAM 3: RESIDENTIAL APPLIANCE RETENTION	0	0	0	313,561	0	0	0	313,561
PROGRAM 4: COMMERCIAL ELECTRIC REPLACEMENT	0	0	0	12,697	0	0	0	12,697
PROGRAM 5: RESIDENTIAL ELECTRIC REPLACEMENT	0	0	0	4,567	0	0	0	4,567
PROGRAM 6: COMMON COSTS	-29,422	-3,165	51,226	0	9,167	0	4,093	31,900
PROGRAM 7: GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0
PROGRAM 8: SMALL PACKAGE COGEN	0	0	0	0	0	0	0	0
PROGRAM 9: MONITORING & RESEARCH	0	0	0	-6,000	0	0	0	-6,000
PROGRAM 10: CONSERVATION DEMONSTRATION DEVELOPMENT	0	0	0	-85,000	0	0	0	-85,000
<b>TOTAL TOTAL OF ALL PROGRAMS</b>	<b>-29,422</b>	<b>-3,165</b>	<b>51,226</b>	<b>265,645</b>	<b>9,167</b>	<b>0</b>	<b>4,093</b>	<b>297,545</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 2011 THROUGH DECEMBER 2011

EXPENSES:	JAN 2011	FEB 2011	MAR 2011	APR 2011	MAY 2011	JUN 2011	JUL 2011	AUG 2011	SEPT 2011	OCT 2011	NOV 2011	DEC 2011	TOTAL
RESIDENTIAL HOME BUILDER	84,600	59,850	98,950	74,850	70,350	71,800	130,950	121,300	79,750	58,450	139,450	107,300	1,097,600
OIL HEAT REPLACEMENT	0	0	0	0	0	0	0	0	0	0	0	0	0
RESIDENTIAL APPLIANCE RETENTION	347,883	272,722	194,661	230,446	245,907	205,915	287,979	213,730	279,507	208,489	424,508	403,304	3,315,052
COMMERCIAL ELECTRIC REPLACEMENT	360	720	3,772	6,804	19,292	16,804	11,030	5,000	11,640	10,844	11,564	10,540	108,370
RESIDENTIAL ELECTRIC REPLACEMENT	105,495	89,430	60,525	74,775	81,973	60,850	53,575	82,175	70,750	63,450	110,250	64,515	917,763
COMMON COSTS	51,281	133,865	119,796	33,109	86,331	48,710	214,058	191,332	54,864	157,969	156,536	205,033	1,452,883
GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0	0	0	0	0	0
SMALL PACKAGE COGEN	0	0	0	0	0	0	0	0	0	0	0	0	0
MONITORING & RESEARCH	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSERVATION DEMONSTRATION DEVELOPMENT	0	0	0	0	0	0	0	0	0	0	15,000	0	15,000
<b>TOTAL</b>	<b>589,619</b>	<b>556,587</b>	<b>477,704</b>	<b>419,984</b>	<b>503,853</b>	<b>404,079</b>	<b>697,592</b>	<b>613,537</b>	<b>496,511</b>	<b>499,202</b>	<b>857,308</b>	<b>790,692</b>	<b>6,906,668</b>
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	589,619	556,587	477,704	419,984	503,853	404,079	697,592	613,537	496,511	499,202	857,308	790,692	6,906,668

5

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
JANUARY 2011 THROUGH DECEMBER 2011

	JAN 2011	FEB 2011	MAR 2011	APR 2011	MAY 2011	JUN 2011	JUL 2011	AUG 2011	SEPT 2011	OCT 2011	NOV 2011	DEC 2011	TOTAL
INTEREST PROVISION													
1. BEGINNING TRUE-UP	-1,356,551	-1,752,189	-1,970,973	-2,119,661	-2,229,228	-2,171,243	-2,163,182	-1,858,560	-1,601,775	-1,469,594	-1,352,320	-935,021	
2. ENDING TRUE-UP BEFORE INTEREST	-1,751,865	-1,970,585	-2,119,278	-2,228,874	-2,170,922	-2,162,893	-1,858,325	-1,601,609	-1,469,485	-1,352,220	-934,930	-702,415	
3. TOTAL BEGINNING & ENDING TRUE-UP	-3,108,416	-3,722,774	-4,090,251	-4,348,535	-4,400,150	-4,334,136	-4,021,507	-3,460,169	-3,071,260	-2,821,814	-2,287,251	-1,637,436	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	-1,554,208	-1,861,387	-2,045,125	-2,174,268	-2,200,075	-2,167,068	-2,010,753	-1,730,084	-1,535,630	-1,410,907	-1,143,625	-818,718	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	0.250%	0.250%	0.250%	0.200%	0.190%	0.160%	0.160%	0.120%	0.110%	0.060%	0.110%	0.080%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	0.250%	0.250%	0.200%	0.190%	0.160%	0.160%	0.120%	0.110%	0.060%	0.110%	0.080%	0.030%	
7. TOTAL (SUM LINES 5 & 6)	0.500%	0.500%	0.450%	0.390%	0.350%	0.320%	0.280%	0.230%	0.170%	0.170%	0.190%	0.110%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	0.250%	0.250%	0.225%	0.195%	0.175%	0.160%	0.140%	0.115%	0.085%	0.085%	0.095%	0.055%	
9. MONTHLY AVG INTEREST RATE	0.021%	0.021%	0.019%	0.016%	0.015%	0.013%	0.012%	0.010%	0.007%	0.007%	0.008%	0.005%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	-324	-388	-383	-353	-321	-289	-235	-166	-109	-100	-91	-38	-2,795

7

## Program Progress Report

Reporting Period: JANUARY 2011 THROUGH DECEMBER 2011

Name: RESIDENTIAL HOME BUILDER

**Description:**

This program is designed to offers incentives to assist builders in defraying the higher initial cost of equipment and piping and venting associated with the installation of natural gas appliances in the new residential construction market.

<b>Program Allowances:</b>	Water Heater	.....	\$ 350
	High Efficiency Water Heater	.....	\$ 400
	Tankless Water Heater	.....	\$ 550
	Furnace	.....	\$ 500
	Range	.....	\$ 150
	Dryer	.....	\$ 100

**Program Summary**

New Home Goal:	1,191
New Homes Connected:	<u>1,220</u>
Variance:	<u>-29</u>
Percent of Goal:	102.4%

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

Projected Cost:	\$1,071,450
Actual Cost:	<u>\$1,097,600</u>
Variance:	<u>-\$26,150</u>

**Program Progress Report**

**Reporting Period:** JANUARY 2011 THROUGH DECEMBER 2011

**Name:** OIL HEAT REPLACEMENT

**Description:** This program offers allowances to defray the additional cost of installing natural gas appliances and is designed to encourage customers to convert their existing oil burning heating systems to energy efficient natural gas heating.

6

**Program Allowances:** Energy Efficient Gas Furnace ..... \$330

**Program Summary**

Goals	1
Actual	<u>0</u>
Variance:	<u>1</u>
Percent of Goal:	0.0%

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

Projected Cost:	\$330
Actual Cost:	<u>\$0</u>
Variance:	<u>\$330</u>

**Program Progress Report**

**Reporting Period:** JANUARY 2011 THROUGH DECEMBER 2011

**Name:** RESIDENTIAL APPLIANCE RETENTION PROGRAM

**Description:** This program is designed to encourage current natural gas customers to retain natural gas appliances by offering allowances to assist in defraying the cost of more expensive energy efficient appliances.

<b>Program Allowances:</b>	Water Heater	.....	\$	350
	High Efficiency Tank Water Heater	.....	\$	400
	Tankless Water Heater	.....	\$	550
	Furnace	.....	\$	500
	Range	.....	\$	100
	Dryer	.....	\$	100

**Program Summary**

Goals: 3,335  
Actual: 3,683  
Variance: -348

Percent of Goal: 110.4%

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

Projected Cost: \$3,001,491  
Actual Cost: \$3,315,052  
Variance: -\$313,561

## Program Progress Report

**Reporting Period:** JANUARY 2011 THROUGH DECEMBER 2011

**Name:** COMMERCIAL 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

Goals:	2,392 (Projected kW Displaced)
Actual:	<u>2,709</u>
Variance:	<u>-317</u>
Percent of Goal:	113.3%

### Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$95,673
Actual Cost:	<u>\$108,370</u>
Variance:	<u>-\$12,697</u>

**Program Progress Report**

**Reporting Period:** JANUARY 2011 THROUGH DECEMBER 2011

**Name:** RESIDENTIAL APPLIANCE REPLACEMENT PROGRAM

**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>Program Allowances:</b>	Water Heater .....	\$500
	High Efficiency Tank Water Heater .....	\$550
	Tankless Water Heater .....	\$675
	Furnace .....	\$725
	Range .....	\$200
	Dryer .....	\$150
	Space Heating .....	\$65

**Program Summary**

Goals:	676
Actual:	<u>680</u>
Variance:	<u>-3</u>
Percent of Goal:	100.5%

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

Projected Cost:	\$913,196
Actual Cost:	<u>\$917,763</u>
Variance:	<u>-\$4,567</u>

## Program Progress Report

Reporting Period: JANUARY 2011 THROUGH DECEMBER 2011

Name: COMMON COSTS

13

### Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$1,420,983
Actual Cost:	<u>\$1,452,883</u>
Variance:	<u>-\$31,900</u>

## Program Progress Report

Reporting Period: JANUARY 2011 THROUGH DECEMBER 2011

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 and would also reduce summer as well as winter peak demand while contributing to the conservation of KWH / KWD consumption.

Program Allowances: \$150 / ton

### Program Summary

Goals: 0

Actual: 0

Variance: 0

Percent of Goal: 0.0%

### Conservation Cost Variance - Actual vs. Projected

Projected Cost: \$0

Actual Cost: \$0

Variance: \$0

## Program Progress Report

**Reporting Period:** JANUARY 2011 THROUGH DECEMBER 2011

**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 Allowances:** \$150 / kW kW Deferred  
\$5,000 Feasibility Study

### Program Summary

Goals: 0

Actual: 0

Variance: 0

Percent of Goal: 0.0%

### Conservation Cost Variance - Actual vs. Projected

Projected Cost: \$0

Actual Cost: \$0

Variance: \$0

## Program Progress Report

**Reporting Period:** JANUARY 2011 THROUGH DECEMBER 2011

**Name:** MONITORING & RESEARCH

**Description:** This program will be used to monitor and evaluate PGS existing conservation programs and demonstrate prototype technologies emerging in the marketplace.

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

### Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$6,000
Actual Cost:	<u>\$0</u>
Variance:	<u>\$6,000</u>

## Program Progress Report

**Reporting Period:** JANUARY 2011 THROUGH DECEMBER 2011

**Name:** CONSERVATION DEMONSTRATION DEVELOPMENT

**Description:**

The CDD Program supports research, development, demonstration and monitoring projects designed to promote energy efficiency and conservation and reductions in climate change emissions. The information and data produced by CDD Program projects will be used to assess the technical and economic applicability of the energy measures evaluated under each project. CDD projects would be conducted to determine the impact of various energy measures on Peoples Gas and its ratepayers and to demonstrate the viability of such measures in field installed applications. A variety of activities may be performed under the CDD Program including engineering evaluations, cost benefits analyses, computer simulations, literature searches, field testing and data collection, product demonstrations, laboratory testing and building code analyses. The CDD project results may contribute to the development of new or modified energy conservation programs, program standards and/or incentive levels. Data collected shall, as applicable, be used in the Commission's G-Rim, Participant and TRC cost benefit tests.

**Program Summary:** Estimated annual cost: \$150,000

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

Projected Cost:	\$100,000
Actual Cost:	<u>\$15,000</u>
Variance:	<u>\$85,000</u>