

MACFARLANE FERGUSON & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

ONE TAMPA CITY CENTER, SUITE 2000
201 NORTH FRANKLIN STREET
P.O. BOX 1531 (ZIP 33601)
TAMPA, FLORIDA 33602
(813) 273-4200 FAX (813) 273-4396

www.mfmlegal.com
EMAIL: info@mfmlegal.com

625 COURT STREET
P. O. BOX 1669 (ZIP 33757)
CLEARWATER, FLORIDA 33756
(727) 441-8966 FAX (727) 442-8470

IN REPLY REFER TO:

Ashley R. Kellgren
P.O. Box 1531
Tampa, Florida 33601
e-mail: ark@macfar.com

August 22, 2014

VIA WEB-BASED E-FILING

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 140004-GU – Natural gas conservation cost recovery

Dear Ms. Stauffer:

Attached for electronic 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 exhibit will be offered by Peoples at the hearing in this docket currently scheduled to commence on October 22, 2014. We appreciate your usual assistance.

Sincerely,


Ashley R. Kellgren

ARK/aw
Attachments

Carlotta S. Stauffer, Commission Clerk
August 22, 2014
Page 2

cc: Parties of Record
Ms. Kandi M. Floyd

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 140004-GU
Submitted for Filing:
8-22-14

**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, 2015, 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:

Andrew M. Brown
Ashley R. Kellgren
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

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

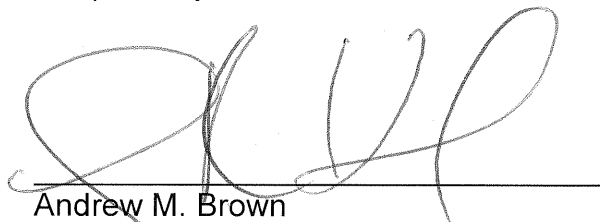
3. Peoples projects total conservation program expenses of \$14,386,124 for the period January 1 through December 31, 2015. The estimated true-up is an underrecovery of \$179,057. After increasing the projected conservation expenses by

the amount of this underrecovery, \$14,565,181 remains to be recovered during the January - December 2015 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 2015 required to recover such expense are as follows:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.09207
Residential Standby Generator	\$0.09207
Small General Service	\$0.05398
Commercial Standby Generator	\$0.02767
General Service 1	\$0.02767
General Service 2	\$0.02010
General Service 3	\$0.01666
General Service 4	\$0.01243
General Service 5	\$0.00908
Commercial Street Lighting	\$0.01459
Natural Gas Vehicle Service	\$0.01737

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, 2015.

Respectfully submitted,



Andrew M. Brown
Phone: (813) 273-4209
E-mail: ab@macfar.com
Ashley R. Kellgren
Phone: (813) 273-4247
E-mail: ark@macfar.com
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531
Fax: (813) 273-4396
Attorneys for Peoples Gas System

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 electronic mail, this 22nd day of August, 2014, to the following:

Kelley Corbari, Esquire
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
kcorbari@psc.state.fl.us

Office of Public Counsel
J.R. Kelly/Charles Rehwinkel
c/o The Florida Legislature
111 West Madison St., Room 812
Tallahassee, FL 32393-1400
Jr.kelly@leg.state.fl.us

Beth Keating, Esquire
Gunster Law Firm
215 South Monroe St. Suite 601
Tallahassee, FL 32301
bkeating@gunster.com

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

Florida Public Utilities /
FPUC Indiantown Division
Cheryl M. Martin/Aleida Socarras
1641 Worthington Rd., Suite 220
West Palm Beach, FL 33409-6703
Cheryl_martin@fpuc.com

Ms. Carolyn Bermudez
Florida City Gas
955 East 25th Street
Hialeah, FL 33013-3340
cbermude@aglresources.com

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

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

Elizabeth Wade
AGL Resources Inc.
Ten Peachtree Place
NW 15th Floor
Atlanta, GA 30309
ewade@aglresources.com

Charles A Shoaf
St. Joe Natural Gas Company, Inc.
P.O. Box 549
Port St. Joe, FL 32457
andy@stjoegas.com



Ashley R. Kellgren



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 140004-GU
ENERGY CONSERVATION
PROJECTION FILING FOR
JANUARY 2015 - DECEMBER 2015
BY PEOPLES GAS SYSTEM

TESTIMONY AND EXHIBIT
OF
KANDI M. FLOYD

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **KANDI M. FLOYD**

5
6 **Q.** Please state your name, business address, by whom you
7 are employed, and in what capacity?

8
9 **A.** My name is Kandi M. Floyd. My business address is
10 Peoples Gas System, 702 North Franklin Street, P.O. Box
11 2562, Tampa, Florida 33601-2562. I am employed by
12 Peoples Gas System ("Peoples" or the "Company") and am
13 the Manager of State Regulatory.

14
15 **Q.** Please describe your educational and employment
16 background.

17
18 **A.** I have a Bachelor of Arts Degree in Business
19 Administration from Saint Leo University. From 1995 to
20 1997, I was employed in a series of positions within the
21 regulatory affairs department of Tampa Electric Company.
22 In 1998, I joined Peoples Gas System as a Regulatory
23 Coordinator in the Regulatory and Gas Supply Department.
24 In 2001, I became the Energy Conservation / Regulatory
25 Administrator and in 2003 became the Manager of State

1 Regulatory for Peoples Gas System. In this role, I am
2 responsible for managing the Energy Conservation Cost
3 Recovery ("ECCR") Clause and the Purchased Gas
4 Adjustment as well as various other regulatory
5 activities for Peoples.

6
7 **Q.** What is the purpose of your testimony in this docket?

8
9 **A.** My testimony addresses Peoples' conservation programs,
10 the expenses that Peoples has incurred, the revenues
11 recovered by Peoples through the ECCR clause from
12 January 2014 through July 2014, and the costs that
13 Peoples seeks to recover through the ECCR clause in
14 2015.

15
16 First, my testimony describes generally the actual and
17 projected expenditures made for the purpose of
18 implementing, promoting and operating Peoples' energy
19 conservation programs for the current period. This
20 information includes the adjusted net true-up amounts
21 associated with those programs for the period January
22 2013 through December 2013. Next, my testimony
23 addresses the actual costs incurred from January 2014
24 through July 2014, and revised projections of program
25 costs that Peoples expects to incur from August 2014

1 through December 2014. In addition, my testimony
2 presents projected conservation program costs for the
3 period January 2015 through December 2015.

4
5 Finally, my testimony presents the calculation of the
6 conservation cost recovery adjustment factors to be
7 applied to customers' bills during the period beginning
8 with the first billing cycle for January 2015 and
9 continuing through the last billing cycle for December
10 2015.

11
12 **Q.** Are you sponsoring any exhibits with your testimony?

13
14 **A.** Yes. I am sponsoring two exhibits produced under my
15 direction and supervision. Exhibit ____ (KMF-1) contains
16 the conservation cost recovery true-up data for the
17 period January 2013 through December 2013, and Exhibit
18 ____ (KMF-2) contains the conservation cost recovery
19 true-up data for the period January 2014 through July
20 2014 as well as re-projected expenses for the period
21 August 2014 through December 2014. Exhibit ____ (KMF-2)
22 consists of Schedules C-1 through C-5, which contain
23 information related to the calculation of the ECCR
24 factors to be applied to customers' bills during the
25 period January 2015 through December 2015.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Q. Have you prepared schedules showing the expenditures associated with Peoples' energy conservation programs for the period January 2013 through December 2013?

A. Yes. Actual expenses for the period January 2013 through December 2013 are shown on Schedule CT-2, page 2, of Exhibit ____ (KMF-1). Schedule CT-2, page 1 presents a comparison of the actual program costs and true-up amount to the projected costs and true-up amount for the same period.

Q. What are the Company's true-up amounts for the period January 2013 through December 2013?

A. As shown on Schedule CT-1 of Exhibit ____ (KMF-1), the end-of-period net true-up for the period is an under-recovery of \$1,701,763 including both principal and interest. The projected true-up for the period, as approved by Commission Order No. PSC-13-0613-FOF-GU, was an under-recovery of \$2,645,638 (including interest). Subtracting the projected true-up under-recovery from the actual under-recovery yields the adjusted net true-up of \$943,875 under-recovery (including interest).

1 Q. Has Peoples included any new energy conservation program
2 costs in its 2015 projection?

3
4 A. Yes. Associated Gas Distributors of Florida ("AGDF")
5 filed with the Commission on June 17, 2013, its request
6 for approval of commercial natural gas energy
7 conservation programs for its member companies. AGDF is
8 a trade association that represents several investor-
9 owned natural gas utilities which are subject to the
10 Commission's jurisdiction and more recently has become
11 the primary advocate for the gas industry's energy
12 conservation and energy-efficiency programs before the
13 Commission. As a member company of AGDF, and without
14 requesting exemption, Peoples' commercial energy
15 conservation programs were subject to the Commission's
16 approval of the new commercial programs requested in the
17 AGDF filing. AGDF's petition in Docket No. 130167-EG
18 was approved by Commission Order No. PSC-14-0039-PAA-EG
19 on January 14, 2014. The order authorized new programs
20 for natural gas appliances installed or replaced in
21 categories defined as Commercial New Construction,
22 Commercial Appliance Retention and Commercial Appliance
23 Replacement. Costs associated with these programs have
24 been included in Peoples' projections for calendar year
25 2015, and in the re-projected expenses for the current

1 period.

2

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

6

7 **A.** Yes. Summaries of the Company's programs are presented
8 in Schedule C-5 of Exhibit ____ (KMF-2).

9

10 **Q.** Have you prepared schedules required for the calculation
11 of Peoples' proposed conservation adjustment factors to
12 be applied during the billing periods from January 2015
13 through and including December 2015?

14

15 **A.** Yes. Schedule C-3 of Exhibit ____ (KMF-2) shows actual
16 expenses for the period January 2014 through July 2014
17 and projected expenses for the period August 2014
18 through December 2014.

19

20 Projected expenses for the January 2015 through December
21 2015 period are shown on Schedule C-2 of Exhibit
22 ____ (KMF-2). The total annual cost projected represents
23 a continuation of Peoples' efforts to expand the
24 availability of natural gas throughout Florida, and to
25 retain its existing natural gas customers. Schedule C-1

1 shows the calculation of the conservation adjustment
2 factors to be applied to all customers of the Company
3 who are subject to the factors. The estimated true-up
4 amount from Schedule C-3 (Page 4) of Exhibit____(KMF-2),
5 an under-recovery, was added to the total of the
6 projected costs for the January 2015 through December
7 2015 period. The resulting total of \$14,565,181 is the
8 expense to be recovered during calendar year 2015. This
9 total expense was then allocated to the Company's
10 affected rate classes pursuant to the methodology
11 previously approved by the Commission, divided by the
12 expected consumption of each rate class, and then
13 adjusted for the regulatory assessment fee.

14
15 Schedule C-1 of Exhibit ____ (KMF-2) shows the resulting
16 estimated ECCR revenues and adjustment factors by rate
17 class for the period January 2015 through December 2015.

18
19 **Q.** Does this conclude your prefiled direct testimony?
20

21 **A.** Yes, it does.
22
23
24
25

PEOPLES GAS SYSTEM
ENERGY CONSERVATION COST RECOVERY CLAUSE
PROJECTION FILING FOR
January 2015 - December 2015

ENERGY CONSERVATION COST RECOVERY

INDEX

SCHEDULE	TITLE	PAGE
C-1	Summary of Cost Recovery Clause Calculation	10
C-2	Estimated Conservation Program Costs by Program by Month	11
C-3	Estimated Conservation Program Costs per Program	13
C-5	Program Progress Report	18

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
MONTHS: January 2015 Through December 2015

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1)	14,386,124
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	179,057
3. TOTAL (LINE 1 AND LINE 2)	14,565,181

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	3,854,210	65,180,186	60,125,676	17,456,557	77,582,233	5,971,425	7.69690%	0.09161	1.00503	0.09207
SGS	133,569	9,303,890	3,339,225	3,153,460	6,492,685	499,735	7.69690%	0.05371	1.00503	0.05398
GS-1 & CS-SG	207,548	81,011,859	7,264,180	21,711,178	28,975,358	2,230,204	7.69690%	0.02753	1.00503	0.02767
GS-2	87,377	135,059,994	4,368,850	30,720,746	35,089,596	2,700,810	7.69690%	0.02000	1.00503	0.02010
GS-3	10,770	86,564,305	1,615,500	17,027,199	18,642,699	1,434,909	7.69690%	0.01658	1.00503	0.01666
GS-4	1,979	58,366,307	494,750	8,880,434.00	9,375,184	721,598	7.69690%	0.01236	1.00503	0.01243
GS-5	1,534	110,019,740	460,200	12,455,335	12,915,535	994,096	7.69690%	0.00904	1.00503	0.00908
NGVS	191	211,344	8,595	38,870	47,465	3,653	7.69690%	0.01729	1.00503	0.01737
CSLS	545	602,786	0	113,679	113,679	8,750	7.69690%	0.01452	1.00503	0.01459
TOTAL	4,297,723	546,320,411	77,676,976	111,557,458	189,234,434	14,565,181				

10

ESTIMATED CONSERVATION PROGRAM COSTS BY PROGRAM BY MONTH
January 2015 Through December 2015

PROGRAM	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
1 NEW RESIDENTIAL CONSTRUCTION	280,033	280,033	280,033	280,033	280,033	280,033	280,033	280,033	280,033	280,033	280,033	280,033	\$3,360,400
2 RESIDENTIAL APPLIANCE RETENTION	387,542	387,542	387,542	387,542	387,542	387,542	387,542	387,542	387,542	387,542	387,542	387,542	\$4,650,500
3 RESIDENTIAL APPLIANCE REPLACEMENT	81,667	81,667	81,667	81,667	81,667	81,667	81,667	81,667	81,667	81,667	81,667	81,667	\$980,000
4 COMMERCIAL ELECTRIC REPLACEMENT	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	\$40,000
5 GAS SPACE CONDITIONING	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	\$25,000
6 SMALL PACKAGE COGEN	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	\$25,000
7 COMMON COSTS	150,325	150,325	150,325	150,325	150,325	150,325	150,325	150,325	150,325	150,325	150,325	150,325	\$1,803,904
8 MONITORING AND RESEARCH	0	0	0	0	0	0	0	0	0	0	0	0	\$0
9 OIL HEAT REPLACEMENT	110	110	110	110	110	110	110	110	110	110	110	110	\$1,320
10 CONSERVATION DEMONSTRATION DEVELOPMENT	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
11 COMMERCIAL NEW CONSTRUCTION	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	\$500,000
12 COMMERCIAL RETENTION	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	\$2,000,000
13 COMMERCIAL REPLACEMENT	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	\$900,000
TOTAL ALL PROGRAMS	\$1,198,844	\$1,198,844	\$1,198,844	\$1,198,844	\$1,198,844	\$1,198,844	\$1,198,844	\$1,198,844	\$1,198,844	\$1,198,844	\$1,198,844	\$1,198,844	\$14,386,124

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
January 2015 Through December 2015

PROGRAM	CAPITAL INVEST	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 NEW RESIDENTIAL CONSTRUCTION	0	0	0	0	3,360,400	0	0	0	\$3,360,400
2 RESIDENTIAL APPLIANCE RETENTION	0	0	0	0	4,650,500	0	0	0	\$4,650,500
3 RESIDENTIAL APPLIANCE REPLACEMENT	0	0	0	0	980,000	0	0	0	\$980,000
4 COMMERCIAL ELECTRIC REPLACEMENT	0	0	0	0	40,000	0	0	0	\$40,000
5 GAS SPACE CONDITIONING	0	0	0	0	25,000	0	0	0	\$25,000
6 SMALL PACKAGE COGEN	0	0	0	0	25,000	0	0	0	\$25,000
7 COMMON COSTS	0	328,904	5,000	1,320,000	0	55,000	0	95,000	\$1,803,904
8 MONITORING AND RESEARCH	0	0	0	0	0	0	0	0	\$0
9 OIL HEAT REPLACEMENT	0	0	0	0	1,320	0	0	0	\$1,320
10 CONSERVATION DEMONSTRATION DEVELOPMENT	0	0	0	0	100,000	0	0	0	\$100,000
11 COMMERCIAL NEW CONSTRUCTION	0	0	0	0	500,000	0	0	0	\$500,000
12 COMMERCIAL RETENTION	0	0	0	0	2,000,000	0	0	0	\$2,000,000
13 COMMERCIAL REPLACEMENT	0	0	0	0	900,000	0	0	0	\$900,000
PROGRAM COSTS	\$0	\$328,904	\$5,000	\$1,320,000	\$12,582,220	\$55,000	\$0	\$95,000	\$14,386,124

12

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
 January 2014 Through December 2014
 7 Months of Actuals

PROGRAM	CAPITAL INVEST	PAYROLL BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 NEW RESIDENTIAL CONSTRUCTION									
A. ACTUAL	0	0	0	0	2,014,115	0	0	0	2,014,115
B. ESTIMATED	0	0	0	0	1,438,654	0	0	0	1,438,654
C. TOTAL	0	0	0	0	3,452,769	0	0	0	3,452,769
2 RESIDENTIAL APPLIANCE RETENTION									
A. ACTUAL	0	0	0	0	2,543,822	0	0	0	2,543,822
B. ESTIMATED	0	0	0	0	1,817,016	0	0	0	1,817,016
C. TOTAL	0	0	0	0	4,360,837	0	0	0	4,360,837
3 RESIDENTIAL APPLIANCE REPLACEMENT									
A. ACTUAL	0	0	0	0	500,987	0	0	0	500,987
B. ESTIMATED	0	0	0	0	357,848	0	0	0	357,848
C. TOTAL	0	0	0	0	858,834	0	0	0	858,834
4 COMMERCIAL ELECTRIC REPLACEMENT									
A. ACTUAL	0	0	0	0	45,384	0	0	0	45,384
B. ESTIMATED	0	0	0	0	32,417	0	0	0	32,417
C. TOTAL	0	0	0	0	77,801	0	0	0	77,801
5 GAS SPACE CONDITIONING									
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
6 SMALL PACKAGE COGEN									
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
SUB-TOTAL	\$0	\$0	\$0	\$0	\$8,750,241	\$0	\$0	\$0	\$8,750,241

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
January 2014 Through December 2014
7 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	8,750,241	0	0	0	8,750,241
7. COMMON COSTS									
A. ACTUAL	0	180,439	1,062	607,229	0	22,745	0	82,522	893,997
B. ESTIMATED	0	90,220	700	671,195	0	25,000	0	10,000	797,115
C. TOTAL	0	270,659	1,762	1,278,424	0	47,745	0	92,522	1,691,111
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. OIL HEAT REPLACEMENT									
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. CONSERVATION DEMONSTRATION DEVELOPMENT									
A. ACTUAL	0	0	0	0	24,384	0	0	0	24,384
B. ESTIMATED	0	0	0	0	17,417	0	0	0	17,417
C. TOTAL	0	0	0	0	41,801	0	0	0	41,801
11. COMMERCIAL NEW CONSTRUCTION									
A. ACTUAL	0	0	0	0	55,118	0	0	0	55,118
B. ESTIMATED	0	0	0	0	39,370	0	0	0	39,370
C. TOTAL	0	0	0	0	94,489	0	0	0	94,489
12. COMMERCIAL RETENTION									
A. ACTUAL	0	0	0	0	244,841	0	0	0	244,841
B. ESTIMATED	0	0	0	0	174,887	0	0	0	174,887
C. TOTAL	0	0	0	0	419,728	0	0	0	419,728
13. COMMERCIAL REPLACEMENT									
A. ACTUAL	0	0	0	0	99,605	0	0	0	99,605
B. ESTIMATED	0	0	0	0	71,146	0	0	0	71,146
C. TOTAL	0	0	0	0	170,751	0	0	0	170,751
TOTAL	\$0	\$270,659	\$1,762	\$1,278,424	\$9,477,010	\$47,745	\$0	\$92,522	\$11,168,122

CONSERVATION PROGRAM COSTS BY PROGRAM
ACTUAL/ESTIMATED
January 2014 Through December 2014
7 Months of Actuals

PROGRAM NAME	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
NEW RESIDENTIAL CONSTRUCTION	439,665	202,600	260,200	280,850	241,950	230,950	357,900	287,731	287,731	287,731	287,731	287,731	\$3,452,769
RESIDENTIAL APPLIANCE RETENTION	408,493	399,997	319,792	367,234	310,674	339,596	398,036	363,403	363,403	363,403	363,403	363,403	\$4,360,837
RESIDENTIAL APPLIANCE REPLACEMENT	98,926	57,430	66,024	65,925	58,882	78,575	75,225	71,570	71,570	71,570	71,570	71,570	\$858,834
COMMERCIAL ELECTRIC REPLACEMENT	2,664	2,120	15,380	1,080	3,420	20,720	0	6,483	6,483	6,483	6,483	6,483	\$77,801
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
COMMON COSTS	95,351	134,340	59,348	82,740	148,319	80,905	292,994	159,423	159,423	159,423	159,423	159,423	\$1,691,111
MONITORING AND RESEARCH	0	0	0	0	0	0	0	0	0	0	0	0	\$0
OIL HEAT REPLACEMENT	0	0	0	0	0	0	0	0	0	0	0	0	\$0
CONSERVATION DEMONSTRATION DEVELOPMENT	0	1,923	0	20,229	0	0	2,232	3,483	3,483	3,483	3,483	3,483	\$41,801
COMMERCIAL NEW CONSTRUCTION	0	0	0	0	13,915	6,500	34,703	7,874	7,874	7,874	7,874	7,874	\$94,489
COMMERCIAL RETENTION	0	0	0	10,349	42,112	18,946	173,434	34,977	34,977	34,977	34,977	34,977	\$419,728
COMMERCIAL REPLACEMENT	0	0	0	0	20,837	53,818	24,950	14,229	14,229	14,229	14,229	14,229	\$170,751
TOTAL ALL PROGRAMS	\$1,045,099	\$798,410	\$720,743	\$828,407	\$840,109	\$830,010	\$1,359,474	\$949,174	\$949,174	\$949,174	\$949,174	\$949,174	\$11,168,121

ENERGY CONSERVATION ADJUSTMENT
January 2014 Through December 2014

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.	-1,549,250	-1,623,260	-1,335,215	-1,188,737	-976,795	-932,785	-847,463	-847,463	-847,463	-847,463	-847,463	-847,463	-12,690,823
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	-1,549,250	-1,623,260	-1,335,215	-1,188,737	-976,795	-932,785	-847,463	-847,463	-847,463	-847,463	-847,463	-847,463	-12,690,823
PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	141,814	141,814	141,814	141,814	141,814	141,814	141,814	141,814	141,814	141,814	141,814	141,814	1,701,763
CONSERVATION REVS. APPLIC. TO PERIOD	-1,407,437	-1,481,446	-1,193,402	-1,046,924	-834,981	-790,972	-705,650	-705,650	-705,650	-705,650	-705,650	-705,650	-10,989,060
CONSERVATION EXPS. (FORM C-3, PAGE 3)	1,045,099	798,410	720,743	828,407	840,109	830,010	1,359,474	949,174	949,174	949,174	949,174	949,174	11,168,121
TRUE-UP THIS PERIOD	-362,338	-683,036	-472,659	-218,517	5,128	39,038	653,825	243,524	243,524	243,524	243,524	243,524	179,061
INTEREST THIS PERIOD (C-3,PAGE 5)	91	43	4	-26	-34	-33	-29	-14	-9	-4	1	6	-4
TRUE-UP & INT. BEG. OF MONTH	1,701,763	1,197,702	372,895	-241,574	-601,931	-738,650	-841,459	-329,477	-227,780	-126,079	-24,372	77,340	179,057
PRIOR TRUE-UP COLLECT./(REFUND.)	-141,814	-141,814	-141,814	-141,814	-141,814	-141,814	-141,814	-141,814	-141,814	-141,814	-141,814	-141,814	-1,701,763
END OF PERIOD TOTAL NET TRUE-UP	1,197,702	372,895	-241,574	-601,931	-738,650	-841,459	-329,477	-227,780	-126,079	-24,372	77,340	179,057	179,057

16

CALCULATION OF TRUE-UP AND INTEREST PROVISION
January 2014 Through December 2014

INTEREST PROVISION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
BEGINNING TRUE-UP	1,701,763	1,197,702	372,895	-241,574	-601,931	-738,650	-841,459	-329,477	-227,780	-126,079	-24,372	77,340	179,057
END. T-UP BEFORE INT.	1,197,611	372,852	-241,578	-601,905	-738,617	-841,426	-329,448	-227,766	-126,070	-24,368	77,339	179,051	-1,343,645
TOT. BEG. & END. T-UP	2,899,374	1,570,554	131,317	-843,479	-1,340,548	-1,580,076	-1,170,906	-557,243	-353,850	-150,447	52,967	256,391	-1,164,588
AVERAGE TRUE-UP	1,449,687	785,277	65,658	-421,740	-670,274	-790,038	-585,453	-278,622	-176,925	-75,223	26,483	128,195	-582,294
INT. RATE-FIRST DAY OF REPORTING BUS. MTH	0.0800%	0.0700%	0.0600%	0.0700%	0.0800%	0.0400%	0.0600%	0.0600%	0.0600%	0.0600%	0.0600%	0.0600%	0.0600%
INT. RATE-FIRST DAY OF SUBSEQUENT BUS. MTH	0.0700%	0.0600%	0.0700%	0.0800%	0.0400%	0.0600%	0.0600%	0.0600%	0.0600%	0.0600%	0.0600%	0.0600%	0.0600%
TOTAL	0.1500%	0.1300%	0.1300%	0.1500%	0.1200%	0.1000%	0.1200%	0.1200%	0.1200%	0.1200%	0.1200%	0.1200%	0.1200%
AVG INTEREST RATE	0.0750%	0.0650%	0.0650%	0.0750%	0.0600%	0.0500%	0.0600%	0.0600%	0.0600%	0.0600%	0.0600%	0.0600%	0.0600%
MONTHLY AVG. RATE	0.0063%	0.0054%	0.0054%	0.0063%	0.0050%	0.0042%	0.0050%	0.0050%	0.0050%	0.0050%	0.0050%	0.0050%	0.0050%
INTEREST PROVISION	\$91	\$43	\$4	-\$26	-\$34	-\$33	-\$29	-\$14	-\$9	-\$4	\$1	\$6	-\$4

Peoples Gas System

Reporting: January 2014 Through December 2014

Name: NEW RESIDENTIAL CONSTRUCTION

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 to builders for the installation of natural gas appliances in order to defray the initial higher cost associated with piping and venting when installing natural gas 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 new home connections for this period:	4,316
	Actual connections to date this period:	2,518
	Percent of goal:	58.3%
	7 Months of Actuals	

Program Fiscal Expenditures:	Estimated for period:	\$3,452,769
	Actual to date:	\$2,014,115

Peoples Gas System

Reporting: January 2014 Through December 2014

Name: RESIDENTIAL APPLIANCE RETENTION

Description: This program is designed to encourage current natural gas customers to replace existing natural gas appliances with energy efficient natural gas appliances. The program offers allowances 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:	10,902
	Actual connections to date this period:	6,360
	Percent of goal:	58.3%
	7 Months of Actuals	

Program Fiscal Expenditures:	Estimated for period:	\$4,360,837
	Actual to date:	\$2,543,822

Peoples Gas System

Reporting: January 2014 Through December 2014

Name: RESIDENTIAL APPLIANCE REPLACEMENT

Description: This program was designed to encourage the replacement of electric resistance appliances with energy efficient natural gas appliances by offering incentives to defray the initial higher cost associated with piping and venting for 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

Program Goals:	Projected connections for this period:	1,636
	Actual connections to date this period:	954
	Percent of goal:	58.3%
	7 Months of Actuals	

Program Fiscal Expenditures:	Estimated for period:	\$858,834
	Actual to date:	\$500,987

Peoples Gas System

Reporting: January 2014 Through December 2014

Name: COMMERCIAL 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
Program Goals:	Projected kW Displaced this period:	1,945
	Actual kW Displaced this period	1,135
	Percent of goal:	58%
Program Fiscal Expenditures:	Estimated for period:	\$77,801
	Actual to date:	\$45,384

Peoples Gas System

Reporting: January 2014 Through December 2014

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 per ton

Program Goals: Projected tons for this period: 0

Actual tons for this period 0

Percent of goal: 0%

Program Fiscal Expenditures: Estimated for period: \$0

Actual to date: \$0

22

Peoples Gas System

Reporting: January 2014 Through December 2014

Name: SMALL PACKAGE 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 tons for this period:	0
	Actual tons for this period:	0
	Percent of goal: 7 Months of Actuals	0%
Program Fiscal Expenditures:	Estimated for period:	\$0
	Actual to date:	\$0

23

Peoples Gas System

Reporting: January 2014 Through December 2014

Name: COMMON COSTS

Program Fiscal Expenditures:

Estimated for period: **\$1,691,111**

Actual to date: **\$893,997**

Percent of goal: **52.9%**
7 Months of Actuals

Peoples Gas System

Reporting: January 2014 Through December 2014

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 Goals: Projected new connections for this period: **0**

Actual connections to date this period: **0**

Percent of goal: **0.0%**

7 Months of Actuals

Program Fiscal Expenditures: Estimated for period: **\$0**

Actual to date: **\$0**

25

Peoples Gas System

Reporting: January 2014 Through December 2014

Name: CONSERVATION DEMONSTRATION AND DEVELOPMENT PROGRAM

Description: The CDD program allows local distribution companies to pursue opportunities for individual and joint research including testing of technologies to develop new energy conservation programs.

Program Fiscal Expenditures:	Estimated for period:	\$17,417
	Actual to date:	\$24,384

Peoples Gas System

Reporting: January 2014 Through December 2014

Name: COMMERCIAL NEW CONSTRUCTION

Description: This Program is designed to increase the number of high priority natural gas customers in the new commercial construction market. The Company offers incentives to customers for the installation of natural gas appliances in order to defray the initial higher cost associated with piping and venting when installing natural gas appliances.

		Small Food	Large Food	Non-Food	Hospitality	Cleaning
Program Allowances:	Water Heater	\$1,000	\$1,500	\$1,500	\$1,500	\$1,500
	Tankless Water Heater	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
	Fryer	\$3,000	\$3,000	N/A	\$3,000	N/A
	Range	\$1,000	\$1,500	N/A	\$1,500	N/A
	Dryer	N/A	N/A	N/A	\$1,500	\$1,500

Program Goals: Projected new connections for this period: **39**

Actual connections to date this period: **23**

Percent of goal: **58.3%**
7 Months of Actuals

Program Fiscal Expenditures: Estimated for period: **\$94,489**

Actual to date: **\$55,118**

27

Peoples Gas System

Reporting: January 2014 Through December 2014

Name: COMMERCIAL RETENTION

Description: This program is designed to encourage current natural gas customers to replace existing natural gas appliances with energy efficient natural gas appliances. The program offers allowances to assist in defraying the cost of more expensive energy efficient appliances.

		Small Food	Large Food	Non-Food	Hospitality	Cleaning
Program Allowances:	Water Heater	\$1,000	\$1,500	\$1,500	\$1,500	\$1,500
	Tankless Water Heater	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
	Fryer	\$3,000	\$3,000	N/A	\$3,000	N/A
	Range	\$1,000	\$1,500	N/A	\$1,500	N/A
	Dryer	N/A	N/A	N/A	\$1,500	\$1,500

Program Goals: Projected new connections for this period: **145**

Actual connections to date this period: **84**

Percent of goal: **58.3%**
7 Months of Actuals

Program Fiscal Expenditures: Estimated for period: **\$419,728**

Actual to date: **\$244,841**

Peoples Gas System

Reporting: January 2014 Through December 2014

Name: COMMERCIAL REPLACEMENT

Description: This program was designed to encourage the replacement of electric appliances with energy efficient natural gas appliances by offering incentives to defray the initial higher cost associated with piping and venting for natural gas appliances.

Program Allowances:		Small Food	Large Food	Non-Food	Hospitality	Cleaning
Water Heater		\$1,500	\$2,000	\$2,000	\$2,000	\$2,000
Tankless Water Heater		\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Fryer		\$3,000	\$3,000	N/A	\$3,000	N/A
Range		\$1,500	\$1,500	N/A	\$1,500	N/A
Dryer		N/A	N/A	N/A	\$1,500	\$1,500

Program Goals: Projected new connections for this period: **55**

Actual connections to date this period: **32**

Percent of goal: **41.67%**
7 Months of Actuals

Program Fiscal Expenditures: Estimated for period: **\$170,751**

Actual to date: **\$99,605**