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IN REPLY REFER TO:

Ansley Watson, Jr.
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August 19, 2016

VIA E-PORTAL FILING

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

Re: Docket No. 160004-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 November 1, 2016. We appreciate your usual assistance.

Sincerely,


Ansley Watson, Jr.

AW/a
Attachments

Carlotta S. Stauffer, Commission Clerk
August 19, 2016
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. 160004-GU
Submitted for Filing:
8-19-16

**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, 2017, 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

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

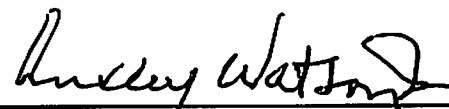
3. Peoples projects total conservation program expenses of \$13,519,401 for the period January 1 through December 31, 2017. The estimated true-up is an over-recovery of \$416,751. After decreasing the projected conservation expenses by the amount of this over-recovery, \$13,102,649 remains to be recovered during the January

1 through December 31, 2017 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 1 through December 31, 2017 required to recover such expense are as follows:

Rate Class	ECCR Factor (per therm)
Residential	\$0.07853
Residential Standby Generator	\$0.07853
Small General Service	\$0.04763
Commercial Standby Generator	\$0.02353
General Service 1	\$0.02353
General Service 2	\$0.01715
General Service 3	\$0.01414
General Service 4	\$0.01056
General Service 5	\$0.00776
Natural Gas Vehicle Service	\$0.01455
Commercial Street Lighting	\$0.01244

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, 2017.

Respectfully submitted,



Ansley Watson, Jr.
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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 the Direct Testimony of Kandi M. Floyd and Exhibit ___ (KMF-2), have been furnished by electronic mail, this 19th day of August, 2016, to the following:

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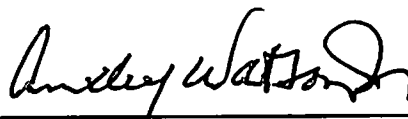
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Ansley Watson, Jr.



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 160004-GU
ENERGY CONSERVATION
PROJECTION FILING FOR
JANUARY 2017 - DECEMBER 2017
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 are
7 employed, and in what capacity?

8
9 **A.** My name is Kandi M. Floyd. My business address is Peoples
10 Gas System, 702 North Franklin Street, P.O. Box 2562,
11 Tampa, Florida 33601-2562. I am employed by Peoples Gas
12 System ("Peoples" or the "Company") and am the Manager of
13 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 Adjustment
4 as well as various other regulatory activities for
5 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 January
12 2016 through July 2016, and the costs that Peoples seeks
13 to recover through the ECCR clause in 2017.

14
15 First, my testimony describes generally the actual and
16 projected expenditures made for the purpose of
17 implementing, promoting and operating Peoples' energy
18 conservation programs for the current period. This
19 information includes the adjusted net true-up amounts
20 associated with those programs for the period January 2015
21 through December 2015. Next, my testimony addresses the
22 actual costs incurred from January 2016 through July 2016,
23 and revised projections of program costs that Peoples
24 expects to incur from August 2016 through December 2016.
25 In addition, my testimony presents projected conservation

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program costs for the period January 2017 through December 2017.

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 2017 and continuing through the last billing cycle for December 2017.

Q. Are you sponsoring any exhibits with your testimony?

A. Yes. I am sponsoring two exhibits produced under my direction and supervision. Revised Exhibit ____ (KMF-1) contains the conservation cost recovery true-up data for the period January 2015 through December 2015, and Exhibit ____ (KMF-2) contains the conservation cost recovery true-up data for the period January 2016 through July 2016 as well as re-projected expenses for the period August 2016 through December 2016. Exhibit ____ (KMF-2) consists of Schedules C-1 through C-5, which contain information related to the calculation of the ECCR factors to be applied to customers' bills during the period January 2017 through December 2017.

1 **Q.** Have you prepared schedules showing the expenditures
2 associated with Peoples' energy conservation programs for
3 the period January 2015 through December 2015?
4

5 **A.** Yes. Actual expenses for the period January 2015 through
6 December 2015 are shown on Schedule CT-2, page 2, of
7 Revised Exhibit ____ (KMF-1). Schedule CT-2, page 1
8 presents a comparison of the actual program costs and
9 true-up amount to the projected costs and true-up amount
10 for the same period.
11

12 **Q.** What are the Company's true-up amounts for the period
13 January 2015 through December 2015?
14

15 **A.** As shown on Revised Schedule CT-1 of Exhibit ____ (KMF-1),
16 the end-of-period net true-up for the period is an over-
17 recovery of \$2,136,452 including both principal and
18 interest. The projected true-up for January 2015 through
19 December 2015, as approved by Commission Order No. PSC-
20 15-0655-FOF-GU, was an over-recovery of \$1,387,644
21 (including interest). Subtracting the projected true-up
22 over-recovery from the actual over-recovery yields the
23 adjusted net true-up of \$748,808 over-recovery (including
24 interest).
25

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

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

8 **Q.** Have you prepared schedules required for the calculation
9 of Peoples' proposed conservation adjustment factors to
10 be applied during the billing periods from January 2017
11 through and including December 2017?
12

13 **A.** Yes. Schedule C-3 of Exhibit ____ (KMF-2) shows actual
14 expenses for the period January 2016 through July 2016
15 and projected expenses for the period August 2016 through
16 December 2016.
17

18 Projected expenses for the January 2017 through December
19 2017 period are shown on Schedule C-2 of Exhibit ____ (KMF-
20 2). The total annual cost projected represents a
21 continuation of Peoples' efforts to expand the
22 availability of natural gas throughout Florida, and to
23 retain its existing natural gas customers. Schedule C-1
24 shows the calculation of the conservation adjustment
25 factors to be applied to all customers of the Company who

1 are subject to the factors. The estimated true-up amount
2 from Schedule C-3 (Page 4) of Exhibit____(KMF-2), an over-
3 recovery, was added to the total of the projected costs
4 for the January 2017 through December 2017 period. The
5 resulting total of \$13,102,649 is the expense to be
6 recovered during calendar year 2017. This total expense
7 was then allocated to the Company's affected rate classes
8 pursuant to the methodology previously approved by the
9 Commission, divided by the expected consumption of each
10 rate class, and then adjusted for the regulatory
11 assessment fee.

12
13 Schedule C-1 of Exhibit ____ (KMF-2) shows the resulting
14 estimated ECCR revenues and adjustment factors by rate
15 class for the period January 2017 through December 2017.

16
17 **Q.** Does this conclude your prefilled direct testimony?
18

19 **A.** Yes, it does.
20
21
22
23
24
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PEOPLES GAS SYSTEM
ENERGY CONSERVATION COST RECOVERY CLAUSE
PROJECTION FILING FOR
January 2017 - December 2017

ENERGY CONSERVATION COST RECOVERY

INDEX

SCHEDULE	TITLE	PAGE
C-1	Summary of Cost Recovery Clause Calculation	9
C-2	Estimated Conservation Program Costs by Program by Month	10
C-3	Estimated Conservation Program Costs per Program	12
C-5	Program Progress Report	17

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
MONTHS: January 2017 Through December 2017

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1)	13,519,401
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	-416,751
3. TOTAL (LINE 1 AND LINE 2)	13,102,649

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	4,091,263	69,456,000	64,096,454	18,601,706	82,698,160	5,427,079	6.56251%	0.07814	1.00503	0.07853
SGS	138,973	9,067,000	3,474,325	3,073,169	6,547,494	429,680	6.56251%	0.04739	1.00503	0.04763
GS-1 & CS-SG	212,639	83,895,000	7,442,365	22,483,860	29,926,225	1,963,913	6.56251%	0.02341	1.00503	0.02353
GS-2	90,987	139,514,000	4,549,350	31,733,854	36,283,204	2,381,091	6.56251%	0.01707	1.00503	0.01715
GS-3	10,540	89,354,000	1,581,000	17,575,932	19,156,932	1,257,176	6.56251%	0.01407	1.00503	0.01414
GS-4	2,274	71,004,000	568,500	10,803,259.00	11,371,759	746,273	6.56251%	0.01051	1.00503	0.01056
GS-5	1,710	114,841,000	513,000	13,001,150	13,514,150	886,868	6.56251%	0.00772	1.00503	0.00776
NGVS	168	206,000	7,560	37,888	45,448	2,983	6.56251%	0.01448	1.00503	0.01455
CSLS	480	613,000	0	115,606	115,606	7,587	6.56251%	0.01238	1.00503	0.01244
TOTAL	4,549,034	577,950,000	82,232,554	117,426,424	199,658,978	13,102,649				

6

ESTIMATED CONSERVATION PROGRAM COSTS BY PROGRAM BY MONTH
January 2017 Through December 2017

PROGRAM	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
1 NEW RESIDENTIAL CONSTRUCTION	412,071	412,071	412,071	412,071	412,071	412,071	412,071	412,071	412,071	412,071	412,071	412,071	\$4,944,848
2 RESIDENTIAL APPLIANCE RETENTION	395,827	395,827	395,827	395,827	395,827	395,827	395,827	395,827	395,827	395,827	395,827	395,827	\$4,749,919
3 RESIDENTIAL APPLIANCE REPLACEMENT	68,812	68,812	68,812	68,812	68,812	68,812	68,812	68,812	68,812	68,812	68,812	68,812	\$825,740
4 COMMERCIAL ELECTRIC REPLACEMENT	2,528	2,528	2,528	2,528	2,528	2,528	2,528	2,528	2,528	2,528	2,528	2,528	\$30,335
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	145,814	145,814	145,814	145,814	145,814	145,814	145,814	145,814	145,814	145,814	145,814	145,814	\$1,749,767
8 MONITORING AND RESEARCH	0	0	0	0	0	0	0	0	0	0	0	0	\$0
9 OIL HEAT REPLACEMENT	117	117	117	117	117	117	117	117	117	117	117	117	\$1,400
10 CONSERVATION DEMONSTRATION DEVELOPMENT	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
11 COMMERCIAL NEW CONSTRUCTION	14,794	14,794	14,794	14,794	14,794	14,794	14,794	14,794	14,794	14,794	14,794	14,794	\$177,524
12 COMMERCIAL RETENTION	33,192	33,192	33,192	33,192	33,192	33,192	33,192	33,192	33,192	33,192	33,192	33,192	\$398,300
13 COMMERCIAL REPLACEMENT	45,131	45,131	45,131	45,131	45,131	45,131	45,131	45,131	45,131	45,131	45,131	45,131	\$541,568
TOTAL ALL PROGRAMS	\$1,126,617	\$1,126,617	\$1,126,617	\$1,126,617	\$1,126,617	\$1,126,617	\$1,126,617	\$1,126,617	\$1,126,617	\$1,126,617	\$1,126,617	\$1,126,617	\$13,519,401

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
January 2017 Through December 2017

PROGRAM	CAPITAL INVEST	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 NEW RESIDENTIAL CONSTRUCTION	0	0	0	0	4,944,848	0	0	0	\$4,944,848
2 RESIDENTIAL APPLIANCE RETENTION	0	0	0	0	4,749,919	0	0	0	\$4,749,919
3 RESIDENTIAL APPLIANCE REPLACEMENT	0	0	0	0	825,740	0	0	0	\$825,740
4 COMMERCIAL ELECTRIC REPLACEMENT	0	0	0	0	30,335	0	0	0	\$30,335
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	348,095	823	1,320,000	0	15,365	0	65,484	\$1,749,767
8 MONITORING AND RESEARCH	0	0	0	0	0	0	0	0	\$0
9 OIL HEAT REPLACEMENT	0	0	0	0	1,400	0	0	0	\$1,400
10 CONSERVATION DEMONSTRATION DEVELOPMENT	0	0	0	0	50,000	0	0	0	\$50,000
11 COMMERCIAL NEW CONSTRUCTION	0	0	0	0	177,524	0	0	0	\$177,524
12 COMMERCIAL RETENTION	0	0	0	0	398,300	0	0	0	\$398,300
13 COMMERCIAL REPLACEMENT	0	0	0	0	541,568	0	0	0	\$541,568
PROGRAM COSTS	\$0	\$348,095	\$823	\$1,320,000	\$11,769,634	\$15,365	\$0	\$65,484	\$13,519,401

EST MATED CONSERVATION PROGRAM COSTS PER PROGRAM
January 2016 Through December 2016
7 Months of Actuals

PROGRAM	CAPITAL NVEST	PAYROLL BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 NEW RESIDENTIAL CONSTRUCTION									
A. ACTUAL	0	0	0	0	2,800,480	0	0	0	2,800,480
B. ESTIMATED	0	0	0	0	2,000,343	0	0	0	2,000,343
C. TOTAL	0	0	0	0	4,800,823	0	0	0	4,800,823
2 RESIDENTIAL APPLIANCE RETENTION									
A. ACTUAL	0	0	0	0	2,690,084	0	0	0	2,690,084
B. ESTIMATED	0	0	0	0	1,921,488	0	0	0	1,921,488
C. TOTAL	0	0	0	0	4,611,572	0	0	0	4,611,572
3 RESIDENTIAL APPLIANCE REPLACEMENT									
A. ACTUAL	0	0	0	0	469,933	0	0	0	469,933
B. ESTIMATED	0	0	0	0	335,667	0	0	0	335,667
C. TOTAL	0	0	0	0	805,600	0	0	0	805,600
4 COMMERCIAL ELECTRIC REPLACEMENT									
A. ACTUAL	0	0	0	0	13,595	0	0	0	13,595
B. ESTIMATED	0	0	0	0	16,000	0	0	0	16,000
C. TOTAL	0	0	0	0	29,595	0	0	0	29,595
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	\$10,247,589	\$0	\$0	\$0	\$10,247,589

12

EST MATED CONSERVATION PROGRAM COSTS PER PROGRAM
January 2016 Through December 2016
7 Months of Actuals

PROGRAM NAME	CAPITAL NVEST	PAYROLL & BENEFITS	MATERIALS & SUPPL ES	ADVERT	INCENTIVES	OUTS DE SERVICES	VEHICLE	OTHER	TOTAL
SUB-TOTAL - PREVIOUS PAGE	0	0	0	0	10,247,589	0	0	0	10,247,589
7. COMMON COSTS									
A. ACTUAL	0	188,391	466	413,220	0	9,917	0	62,577	674,571
B. ESTIMATED	0	149,566	333	807,165	0	5,000	0	1,000	963,063
C. TOTAL	0	337,957	799	1,220,385	0	14,917	0	63,577	1,637,634
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	0	0	0	0	0
B. ESTIMATED	0	0	0	0	18,000	0	0	0	18,000
C. TOTAL	0	0	0	0	18,000	0	0	0	18,000
11. COMMERCIAL NEW CONSTRUCTION									
A. ACTUAL	0	0	0	0	101,030	0	0	0	101,030
B. ESTIMATED	0	0	0	0	72,164	0	0	0	72,164
C. TOTAL	0	0	0	0	173,194	0	0	0	173,194
12 COMMERCIAL RETENTION									
A. ACTUAL	0	0	0	0	226,675	0	0	0	226,675
B. ESTIMATED	0	0	0	0	161,911	0	0	0	161,911
C. TOTAL	0	0	0	0	388,586	0	0	0	388,586
13 COMMERCIAL REPLACEMENT									
A. ACTUAL	0	0	0	0	308,209	0	0	0	308,209
B. ESTIMATED	0	0	0	0	220,150	0	0	0	220,150
C. TOTAL	0	0	0	0	528,359	0	0	0	528,359
TOTAL	\$0	\$337,957	\$799	\$1,220,385	\$11,355,729	\$14,917	\$0	\$63,577	\$12,993,363

13

CONSERVATION PROGRAM COSTS BY PROGRAM
ACTUAL/ESTIMATED
January 2016 Through December 2016
7 Months of Actuals

PROGRAM NAME	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
NEW RESIDENTIAL CONSTRUCTION	414,000	400,005	327,000	272,150	539,100	450,750	397,475	400,069	400,069	400,069	400,069	400,069	\$4,800,823
RESIDENTIAL APPLIANCE RETENTION	391,140	323,456	415,095	373,625	420,178	355,015	411,574	384,298	384,298	384,298	384,298	384,298	\$4,611,572
RESIDENTIAL APPLIANCE REPLACEMENT	81,775	51,755	79,134	73,350	59,575	53,221	71,123	67,133	67,133	67,133	67,133	67,133	\$805,600
COMMERCIAL ELECTRIC REPLACEMENT	10,200	0	0	875	2,520	0	0	3,200	3,200	3,200	3,200	3,200	\$29,595
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	67,695	49,108	128,647	97,176	97,028	148,776	86,142	192,613	192,613	192,613	192,613	192,613	\$1,637,634
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	0	0	0	0	0	0	3,600	3,600	3,600	3,600	3,600	\$18,000
COMMERCIAL NEW CONSTRUCTION	3,500	14,500	6,000	2,500	9,780	51,250	13,500	14,433	14,433	14,433	14,433	14,433	\$173,194
COMMERCIAL RETENTION	38,500	46,500	51,000	37,500	9,175	28,000	16,000	32,382	32,382	32,382	32,382	32,382	\$388,586
COMMERCIAL REPLACEMENT	34,133	57,485	24,857	43,985	52,592	61,657	33,500	44,030	44,030	44,030	44,030	44,030	\$528,359
TOTAL ALL PROGRAMS	\$1,040,943	\$942,809	\$1,031,733	\$901,161	\$1,189,948	\$1,148,668	\$1,029,314	\$1,141,757	\$1,141,757	\$1,141,757	\$1,141,757	\$1,141,757	\$12,993,363

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ENERGY CONSERVATION ADJUSTMENT
January 2016 Through December 2016

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.	-1,198,343	-1,351,333	-1,165,896	-994,560	-867,721	-775,616	-723,092	-737,554	-759,681	-774,432	-885,065	-1,032,576	-11,265,868
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	-1,198,343	-1,351,333	-1,165,896	-994,560	-867,721	-775,616	-723,092	-737,554	-759,681	-774,432	-885,065	-1,032,576	-11,265,868
PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	-178,038	-178,038	-178,038	-178,038	-178,038	-178,038	-178,038	-178,038	-178,038	-178,038	-178,038	-178,038	-2,136,461
CONSERVATION REVS. APPLIC. TO PERIOD	-1,376,382	-1,529,372	-1,343,935	-1,172,598	-1,045,759	-953,655	-901,131	-915,592	-937,719	-952,470	-1,063,103	-1,210,614	-13,402,329
CONSERVATION EXPS. (FORM C-3, PAGE 3)	1,040,943	942,809	1,031,733	901,161	1,189,948	1,148,668	1,029,314	1,141,757	1,141,757	1,141,757	1,141,757	1,141,757	12,993,363
TRUE-UP THIS PERIOD	-335,438	-586,562	-312,201	-271,437	144,189	195,014	128,184	226,165	204,038	189,287	78,654	-68,857	-408,966
INTEREST THIS PERIOD (C-3,PAGE 5)	-738	-854	-993	-938	-889	-819	-704	-621	-480	-346	-234	-169	-7,785
TRUE-UP & INT. BEG. OF MONTH	-2,136,461	-2,294,599	-2,703,977	-2,839,133	-2,933,470	-2,612,132	-2,239,899	-1,934,381	-1,530,798	-1,149,202	-782,222	-525,764	-416,751
PRIOR TRUE-UP COLLECT.:(REFUND.)	178,038	178,038	178,038	178,038	178,038	178,038	178,038	178,038	178,038	178,038	178,038	178,038	2,136,461
END OF PERIOD TOTAL NET TRUE-UP	-2,294,599	-2,703,977	-2,839,133	-2,933,470	-2,612,132	-2,239,899	-1,934,381	-1,530,798	-1,149,202	-782,222	-525,764	-416,751	-416,751

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CALCULATION OF TRUE-UP AND INTEREST PROVISION
January 2016 Through December 2016

INTEREST PROVISION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
BEGINNING TRUE-UP	-2,136,461	-2,294,599	-2,703,977	-2,839,133	-2,933,470	-2,612,132	-2,239,899	-1,934,381	-1,530,798	-1,149,202	-782,222	-525,764	-416,751
END. T-UP BEFORE INT.	-2,293,861	-2,703,123	-2,838,140	-2,932,532	-2,611,242	-2,239,080	-1,933,676	-1,530,177	-1,148,722	-781,876	-525,530	-416,582	1,310,744
TOT. BEG. & END. T-UP	-4,430,322	-4,997,723	-5,542,117	-5,771,665	-5,544,712	-4,851,212	-4,173,575	-3,464,558	-2,679,520	-1,931,078	-1,307,752	-942,347	893,992
AVERAGE TRUE-UP	-2,215,161	-2,498,861	-2,771,059	-2,885,832	-2,772,356	-2,425,606	-2,086,787	-1,732,279	-1,339,760	-965,539	-653,876	-471,173	446,996
INT. RATE-F RST DAY OF REPORT NG BUS. MTH	0.4000%	0.4000%	0.4200%	0.4400%	0.3400%	0.4300%	0.3800%	0.4300%	0.4300%	0.4300%	0.4300%	0.4300%	0.4300%
INT. RATE-F RST DAY OF SUBSEQUENT BUS. MTH	0.4000%	0.4200%	0.4400%	0.3400%	0.4300%	0.3800%	0.4300%	0.4300%	0.4300%	0.4300%	0.4300%	0.4300%	0.4300%
TOTAL	0.8000%	0.8200%	0.8600%	0.7800%	0.7700%	0.8100%	0.8100%	0.8600%	0.8600%	0.8600%	0.8600%	0.8600%	0.8600%
AVG NTEREST RATE	0.4000%	0.4100%	0.4300%	0.3900%	0.3850%	0.4050%	0.4050%	0.4300%	0.4300%	0.4300%	0.4300%	0.4300%	0.4300%
MONTHLY AVG. RATE	0.0333%	0.0342%	0.0358%	0.0325%	0.0321%	0.0338%	0.0338%	0.0358%	0.0358%	0.0358%	0.0358%	0.0358%	0.0358%
INTEREST PROVISION	-\$738	-\$854	-\$993	-\$938	-\$889	-\$819	-\$704	-\$621	-\$480	-\$346	-\$234	-\$169	-\$7,785

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Peoples Gas System

Reporting: January 2016 Through December 2016

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	\$500.00
	Gas Tankless Water Heater	\$550.00
	Gas Cooking	\$150.00
	Gas Dryer	\$100.00

Program Goals: Projected new home connections for this period:	4,364
Actual connections to date this period:	2,546
Percent of goal:	58.3%
7 Months of Actuals	

Program Fiscal Expenditures:	Estimated for period:	\$4,800,823
	Actual to date:	\$2,800,480

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Peoples Gas System

Reporting: January 2016 Through December 2016

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 High Efficiency Water Heater	\$400.00
	Gas Heating	\$500.00
	Gas Tankless Water Heater	\$550.00
	Gas Cooking	\$100.00
	Gas Dryer	\$100.00

Program Goals:	Projected connections for this period:	11,529
	Actual connections to date this period:	6,725
	Percent of goal:	58.3%
	7 Months of Actuals	

Program Fiscal Expenditures:	Estimated for period:	\$4,611,572
	Actual to date:	\$2,690,084

Peoples Gas System

Reporting: January 2016 Through December 2016

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	\$500.00
	Natural Gas High Efficiency Water Heater . .	\$550.00
	Natural Gas Heating	\$725.00
	Natural Gas Tankless Water Heater	\$675.00
	Natural Gas Range	\$200.00
	Natural Gas Dryer	\$150.00
	Natural Gas Space Heater	\$65.00

Program Goals:	Projected connections for this period:	1,534
	Actual connections to date this period:	895
	Percent of goal:	58.3%
	7 Months of Actuals	

Program Fiscal Expenditures:	Estimated for period:	\$805,600
	Actual to date:	\$469,933

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Peoples Gas System

Reporting: January 2016 Through December 2016

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:	740
	Actual kW Displaced this period	340
	Percent of goal:	46%
Program Fiscal Expenditures:	Estimated for period:	\$29,595
	Actual to date:	\$13,595

Peoples Gas System

Reporting: January 2016 Through December 2016

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 / WD 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

Peoples Gas System

Reporting: January 2016 Through December 2016

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

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Peoples Gas System

Reporting: January 2016 Through December 2016

Name: COMMON COSTS

Program Fiscal Expenditures:

Estimated for period: **\$1,637,634**

Actual to date: **\$674,571**

Percent of goal: **41.2%**
7 Months of Actuals

Peoples Gas System

Reporting: January 2016 Through December 2016

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
7 Months of Actuals

Program Fiscal Expenditures: Estimated for period: \$0

Actual to date: \$0

Peoples Gas System

Reporting: January 2016 Through December 2016

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:	\$18,000
	Actual to date:	\$0

Peoples Gas System

Reporting: January 2016 Through December 2016

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.

Program Allowances:	Small Food	Large Food	Non-Food	Hospitality	Cleaning
Water Heater	up to \$1000	up to \$1500	up to \$1500	up to \$1500	up to \$1500
Tankless Water Heater	up to \$2000	up to \$2000	up to \$2000	up to \$2000	up to \$2000
Fryer	up to \$3000	up to \$3000	N/A	up to \$3000	N/A
Range	up to \$1000	up to \$1500	N/A	up to \$1500	N/A
Dryer	N/A	N/A	N/A	up to \$1500	up to \$1500

Program Goals: Projected new connections for this period: **72**

Actual connections to date this period: **42**

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

Program Fiscal Expenditures: Estimated for period: **\$173,194**

Actual to date: **\$101,030**

Peoples Gas System

Reporting: January 2016 Through December 2016

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.

Program Allowances:	Small Food	Large Food	Non-Food	Hospitality	Cleaning
Water Heater	up to \$1000	up to \$1500	up to \$1500	up to \$1500	up to \$1500
Tankless Water Heater	up to \$2000	up to \$2000	up to \$2000	up to \$2000	up to \$2000
Fryer	up to \$3000	up to \$3000	N/A	up to \$3000	N/A
Range	up to \$1000	up to \$1500	N/A	up to \$1500	N/A
Dryer	N/A	N/A	N/A	\$1,500	\$1,500

Program Goals: Projected new connections for this period: **134**

Actual connections to date this period: **78**

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

Program Fiscal Expenditures: Estimated for period: **\$388,586**

Actual to date: **\$226,675**

Peoples Gas System

Reporting: January 2016 Through December 2016

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	up to \$1500	up to \$2000	up to \$2000	up to \$2000	up to \$2000
Tankless Water Heater	up to \$2500	up to \$2500	up to \$2500	up to \$2500	up to \$2500
Fryer	up to \$3000	up to \$3000	N/A	up to \$3000	N/A
Range	up to \$1500	up to \$1500	N/A	up to \$1500	N/A
Dryer	N/A	N/A	N/A	up to \$1500	up to \$1500

Program Goals: Projected new connections for this period: **169**

Actual connections to date this period: **99**

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

Program Fiscal Expenditures: Estimated for period: **\$528,359**

Actual to date: **\$308,209**