



ATTORNEYS & COUNSELORS AT LAW EST. 1884

One Tampa City Center, Suite 2000
201 N. Franklin Street
P.O. Box 1531 (33601)
Tampa, FL 33602
813.273.4200 Fax: 813.273.4396

WWW.MFMLEGAL.COM
EMAIL: INFO@MFMLEGAL.COM

625 Court Street, Suite 200
P.O. Box 1669 (33757)
Clearwater, FL 33756
727.441.8966 Fax: 727.442.8470

In Reply Refer to:
Tampa
ab@macfar.com

August 10, 2018

VIA ELECTRONIC FILING

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

Re: DOCKET NO. 20180004-GU - Natural gas conservation cost recovery

Dear Ms. Stauffer:

Attached for filing in the above docket on behalf of Peoples Gas System are the original of each of the following:

1. Petition of Peoples Gas System.
2. Prepared Direct Testimony and Exhibit (MRR-1) of Mark R. Roche.

Thank you for your assistance in connection with this matter.

Sincerely,

Andrew M. Brown

AB/plb
Attachments

cc: Parties of Record (w/attachments)
Mr. Mark R. Roche

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural Gas Conservation Cost)
Recovery.)
_____)

DOCKET NO. 20180004-EG

FILED: August 10, 2018

PETITION OF PEOPLES GAS SYSTEM

Peoples Gas System ("Peoples" or "the company"), hereby petitions the Commission for approval of the company's conservation cost recovery true-up and the cost recovery factors proposed for use during the period January through December 2019. In support thereof, the company says:

Conservation Cost Recovery

1. During the period January through December 2017, Peoples incurred actual net conservation costs of \$14,543,555. The amount collected in the ECCR clause was \$12,297,742. The conservation revenue applicable to this period was \$12,046,940 which includes the \$12,297,742 amount collected in the ECCR clause, applicable regulatory assessment fees of \$61,182 and the beginning true-up under-recovery of \$189,620. The true-up amount for January through December 2017 was an under-recovery of \$2,498,433 including interest. (See Exhibit (KMF-1); Schedule CT-1, Page 1 of 1 and CT-2, Page 1 of 3, filed May 1, 2018).

2. During the period January through December 2018, the company anticipates incurring expenses of \$15,966,580. For the period, the total net true-up under-recovery is estimated to be \$1,434,666 including interest. (See Exhibit (MRR-2); Schedule C-3, page 3 of 4).

3. For the forthcoming cost recovery period January through December 2019, Peoples projects its total incremental conservation costs to be \$17,053,424. Peoples' total true-up and projected expenditures for the projection period are estimated to be \$18,488,090 including true-up estimates for January through December 2018. Utilizing the rate design and cost allocation

methodology approved by the Commission, the required conservation cost recovery factors are as follows:

<u>Rate Schedule</u>	<u>Cost Recovery Factors (Dollars per Therm)</u>
RS & RS-SG & RS-GHP	0.10655
SGS	0.06399
GS-1 & CS-SG & CS-GHP	0.03147
GS-2	0.02303
GS-3	0.01897
GS-4	0.01407
GS-5	0.01034
NGVS	0.02071
CSLS	0.01665

(See Exhibit (MRR-2); Schedule C-1, Page 1 of 1)

4. Peoples is not aware of any disputed issues of material fact relating to the matters addressed or the relief requested in this petition.

WHEREFORE, Peoples Gas System requests the Commission's approval of the company's prior period conservation cost recovery true-up calculations and projected conservation cost recovery charges to be collected during the period January 1, 2019 through December 31, 2019.

DATED this 10th day of August, 2018.

Respectfully submitted,



Andrew M. Brown
Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
Post Office Box 1531
Tampa, Florida 33601-1531
(813) 273-4321

ATTORNEYS FOR PEOPLES GAS SYSTEM

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Petition, filed on behalf of Peoples Gas System, has been furnished by electronic mail on this 10th day of August 2018, to the following:

Rachel Dziechciarz
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399
rdziehc@psc.state.fl.us

Ms. Carolyn Bermudez
Florida City Gas
933 East 25th Street
Hiialeah, FL 33013
cbermude@southernco.com

J.R. Kelly/Charles Rehwinkel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399
Kelly.jr@leg.state.fl.us
Rehwinkel.charles@leg.state.fl.us

Mr. Jon C. Moyle, Jr.
Florida Industrial Power Users Group
Moyle Law Firm
118 N. Gadsden Street
Tallahassee, FL 32301
jmoyle@moylelaw.com

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

Ms. Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe Street, Suite 601
Tallahassee, FL 32301-1839
bkeating@gunster.com

Mr. Andy Shoaf
St. Joe Natural Gas Company, Inc.
P.O. Box 549
Port St. Joe, FL 32457
andy@stoegas.com

Mr. Mike Cassel
Regulatory and Governmental Affairs
Florida Public Utilities Company
Florida Division of Chesapeake Utilities Corp.
Florida Public Utilities Co.-Fort Meade Div.
Florida Public Utilities Co.-Indiantown Div.
1750 SW 14th Street, Suite 200
Fernandina Beach, FL 32034
mcassel@fpuc.com

Mr. Kenneth Hoffman
Vice President, Regulatory Relations
Florida Power & Light Company
215 South Monroe Street, Suite 810
Tallahassee, FL 32301-1858
Ken.Hoffman@fpl.com

Ms. Paula M. Sparkman
Messer Law Firm
2618 Centennial Place
Tallahassee, FL 32308
psparkman@lawfla.com

Mr. Robert L. McGee, Jr.
Regulatory and Pricing Manager
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780
rlmcgee@southernco.com

Blake O’Farrow/Elizabeth Wade
Southern Company Gas
Ten Peachtree Place, Location 1470
Atlanta, GA 30309
bofarrow@southernco.com
ewarde@southernco.com



Andrew M. Brown
Ansley Watson, Jr.



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 20180004-GU
IN RE: NATURAL GAS CONSERVATION
COST RECOVERY CLAUSE

TESTIMONY AND EXHIBIT
OF
MARK R. ROCHE

FILED: AUGUST 10, 2018

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **MARK. R. ROCHE**

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 Mark R. Roche. My business address is 702
10 North Franklin Street, Tampa, Florida 33602. I am
11 employed by Tampa Electric Company ("Tampa Electric") and
12 Peoples Gas System ("Peoples") as Manager, Regulatory
13 Rates in the Regulatory Affairs Department.

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

17
18 **A.** I graduated from Thomas Edison State College in 1994 with
19 a Bachelor of Science degree in Nuclear Engineering
20 Technology and from Colorado State University in 2009 with
21 a Master's degree in Business Administration. My work
22 experience includes twelve years with the US Navy in nuclear
23 operations as well as twenty years of electric utility
24 experience. My utility work has included various positions
25 in Marketing and Sales, Customer Service, Distributed

1 Resources, Load Management, Power Quality, Distribution
2 Control Center operations, Meter Department, Meter Field
3 Operations, Service Delivery, Revenue Assurance, Commercial
4 and Industrial Energy Management Services, Demand Side
5 Management ("DSM") Planning and Forecasting. In my current
6 position, I am responsible for Tampa Electric's Energy
7 Conservation Cost Recovery ("ECCR") Clause, Peoples'
8 Natural Gas Conservation Cost Recovery ("NGCCR") Clause and
9 Tampa Electric's Storm Hardening.

10
11 **Q.** Have you previously testified before the Florida Public
12 Service Commission ("Commission")?

13
14 **A.** Yes. I have testified before this Commission on
15 conservation and load management activities, DSM plan
16 approval dockets and other ECCR dockets.

17
18 **Q.** What is the purpose of your testimony in this docket?

19
20 **A.** The purpose of my testimony is to support Peoples' actual
21 conservation costs incurred during the period January
22 through December 2017, the actual/projected period
23 January to December 2018, and the projected period January
24 through December 2019. The projected 2019 ECCR factors

1 have been calculated based on the current approved
2 allocation methodology.

3

4 **Q.** Do you wish to adopt and support Kandi M. Floyd's Exhibit
5 KMF-1, entitled Peoples Gas System Schedules Supporting
6 Energy Conservation Cost Recovery Clause True-up Filing
7 January 2017 - December 2017, which was filed in this
8 Docket on May 1, 2018?

9

10 **A.** Yes, I do. Ms. Floyd has transitioned to cover different
11 responsibilities within Peoples and I am assuming her role
12 as Peoples' witness in natural gas conservation related
13 matters.

14

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

16

17 **A.** Yes. Exhibit No. MRR-1 was prepared under my direction
18 and supervision. This document includes Schedules C-1
19 through C-5 and associated data which support the
20 development of the natural gas conservation cost recovery
21 factors for January through December 2019.

22

23 **Q.** Does the Exhibit No. MRR-1 meet the requirements of Florida
24 Statute Rule 25-17.015(1)(b) which requires the projection
25 filing to include the annual estimated/actual true-up

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

filing showing eight months actual and four months projected commons costs, individual program costs and any revenues?

A. No, based upon the due date of August 10, 2018 for this filing in Docket No. 20180004-GU it would be impossible for Peoples to comply with having eight months actual and four months projected commons costs, individual program costs and any revenues.

Q. Did Peoples communicate this issue to the Commission?

A. Yes, in conjunction with this projection filing, the company filed a petition for rule waiver of Rule 25-17.015(1)(b) to cover this filing this year as well as next year to allow for a rule making proceeding to be conducted. Also, Exhibit No. MRR-1 contains six months actual and six months projected common costs, individual program costs and any revenues collected.

Q. Did the Commission approve this requested waiver?

A. Yes, the requested waiver received Commission approval at the agenda conference on August 7, 2018.

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. Please describe the conservation program costs projected by Peoples during the period January through December 2017.

A. For the period January through December 2017, Peoples projected conservation program costs to be \$13,102,649. The Commission authorized collections to recover these expenses in Docket No. 20160004-GU, Order No. PSC-2016-0533-FOF-GU, issued November 22, 2016.

Q. For the period January through December 2017, what were Peoples' conservation costs and what was recovered through the ECCR clause?

A. For the period January through December 2017, Peoples incurred actual net conservation costs of \$14,543,555. The amount collected in the ECCR clause was \$12,297,742. The conservation revenue applicable to this period was \$12,046,940 which includes the \$12,297,742 amount collected in the ECCR clause, applicable regulatory assessment fees of \$61,182 and the beginning true-up under-recovery of \$189,620.

Q. What is the true-up amount for Peoples' for the period January through December 2017?

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

A. Peoples' true-up amount for the period January through December 2017 was an under recovery of \$2,498,433 including interest as detailed on Schedule CT-1 of Exhibit No. KMF-1.

Q. Please describe the conservation program costs projected to be incurred by Peoples during the period January through December 2018?

A. The actual costs incurred by Peoples through June 2018 and projected for July through December 2018 are \$15,966,580. For the period, Peoples anticipates an under-recovery in the ECCR Clause of \$1,434,666 which includes the 2018 true-up and interest. A summary of these costs and estimates are fully detailed in Exhibit No. MRR-1, Estimated Conservation Program Costs Per Program, pages 14 through 17.

Q. Is Peoples proposing any new or modified DSM Programs for ECCR cost recovery for the period January through December 2019?

A. Yes, currently Peoples is working on developing a petition to the Commission for approval for the establishment of

1 annual DSM Goals and to support meeting the full
2 requirements of the Florida Energy Efficiency
3 Conservation Act ("FEECA"). Within this proposal for the
4 establishment of DSM goals, Peoples will be seeking
5 Commission approval to add at least two new DSM programs.
6

7 **Q.** Are the projected costs of these programs included in
8 Peoples' 2019 projection.
9

10 **A.** No, these projected costs are not included in the
11 projected 2019 costs since the three new DSM Programs at
12 this time have not been approved by the Commission.
13

14 **Q.** Please summarize the proposed conservation costs for the
15 period January through December 2019 and the annualized
16 recovery factors applicable for the period January through
17 December 2019?
18

19 **A.** Peoples has estimated that the total conservation costs
20 (less program revenues) during the period will be
21 \$17,053,424 plus true-up. Including true-up estimates,
22 the January through December 2019 conservation cost
23 recovery factors for retail rate classes are as follows:
24
25

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

Cost Recovery Factors

<u>Rate Schedule</u>	<u>(Dollars per Therm)</u>
RS & RS-SG & RS-GHP	0.10655
SGS	0.06399
GS-1 & CS-SG & CS-GHP	0.03147
GS-2	0.02303
GS-3	0.01897
GS-4	0.01407
GS-5	0.01034
NGVS	0.02071
CSLS	0.01665

Exhibit No. MRR-1, Schedule C-1, Page 1 of 1, Energy Conservation Adjustment Summary of Cost Recovery Clause Calculation, Page 11 contains the Commission prescribed form which detail these estimates.

Q. Do the proposed conservation costs for the period January through December 2019 include the impacts of tax reform that come from the Tax Cuts and Job Act of 2017?

A. No, it does not. Currently, Peoples is working through what the final financial impacts to the company from the Tax Cuts and Job Act of 2017 will be.

Q. Does Peoples Gas System intend to update the proposed

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

conservation costs for the period January through December 2019 to include the impacts of tax reform and if so when will this be done?

A. Yes, Peoples does intend to update the proposed conservation costs for the period January through December 2019 shortly after knowing what the final financial impacts to the company from the Tax Cuts and Job Act of 2017 will be. The company is projecting to know the final financial impacts near the end of August 2018, at that time Peoples will refile an updated projection shortly thereafter.

Q. Does this conclude your testimony?

A. Yes, it does.

CONSERVATION COSTS
PROJECTED

INDEX

<u>SCHEDULE</u>	<u>TITLE</u>	<u>PAGE</u>
C-1	Summary of Cost Recovery Clause Calculation	11
C-2	Estimated Conservation Program Costs by Program by Month	12
C-3	Estimated Conservation Program Costs per Program	13
C-5	Program Description and Progress	18

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
MONTHS: January 2019 through December 2019

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1)	17,053,424
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	1,434,666
3. TOTAL (LINE 1 AND LINE 2)	18,488,090

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 & RS-GHP	4,313,845	71,966,874	67,583,572	19,274,168	86,857,740	7,629,504	8.78391%	0.10601	1.00503	0.10655
SGS	143,843	9,319,501	3,596,075	3,158,752	6,754,827	593,338	8.78391%	0.06367	1.00503	0.06399
GS-1 & CS-SG & CS-GHIP	229,387	90,696,457	8,028,545	24,306,650	32,335,195	2,840,294	8.78391%	0.03132	1.00503	0.03147
GS-2	96,392	144,364,026	4,819,600	32,837,041	37,656,641	3,307,725	8.78391%	0.02291	1.00503	0.02303
GS-3	11,020	90,704,031	1,653,000	17,841,483	19,494,483	1,712,377	8.78391%	0.01888	1.00503	0.01897
GS-4	2,280	79,278,898	570,000	12,062,284.00	12,632,284	1,109,608	8.78391%	0.01400	1.00503	0.01407
GS-5	1,644	124,784,228	493,200	14,126,822	14,620,022	1,284,209	8.78391%	0.01029	1.00503	0.01034
NGVS	48	42,604	2,160	7,836	9,996	878	8.78391%	0.02061	1.00503	0.02071
CSLS	396	613,200	0	115,643	115,643	10,158	8.78391%	0.01657	1.00503	0.01665
TOTAL	4,798,855	611,769,819	86,746,152	123,730,679	210,476,831	18,488,090				

ESTIMATED CONSERVATION PROGRAM COSTS BY PROGRAM BY MONTH
January 2019 through December 2019

	PROGRAM	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
1	NEW RESIDENTIAL CONSTRUCTION	678,924	678,924	678,924	678,924	678,924	678,924	678,924	678,924	678,924	678,924	678,924	678,924	\$8,147,091
2	RESIDENTIAL APPLIANCE RETENTION	373,181	373,181	373,181	373,181	373,181	373,181	373,181	373,181	373,181	373,181	373,181	373,181	\$4,478,169
3	RESIDENTIAL APPLIANCE REPLACEMENT	55,780	55,780	55,780	55,780	55,780	55,780	55,780	55,780	55,780	55,780	55,780	55,780	\$669,357
4	COMMERCIAL ELECTRIC REPLACEMENT	769	769	769	769	769	769	769	769	769	769	769	769	\$9,225
5	GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0	0	0	0	0	\$0
6	SMALL PACKAGE COGEN	0	0	0	0	0	0	0	0	0	0	0	0	\$0
7	COMMON COSTS	163,707	163,707	163,707	163,707	163,707	163,707	163,707	163,707	163,707	163,707	163,707	163,707	\$1,964,480
8	MONITORING AND RESEARCH	0	0	0	0	0	0	0	0	0	0	0	0	\$0
9	OIL HEAT REPLACEMENT	0	0	0	0	0	0	0	0	0	0	0	0	\$0
10	CONSERVATION DEMONSTRATION DEVELOPI	0	0	0	0	0	0	0	0	0	0	0	0	\$0
11	COMMERCIAL NEW CONSTRUCTION	23,228	23,228	23,228	23,228	23,228	23,228	23,228	23,228	23,228	23,228	23,228	23,228	\$278,740
12	COMMERCIAL RETENTION	43,346	43,346	43,346	43,346	43,346	43,346	43,346	43,346	43,346	43,346	43,346	43,346	\$520,149
13	COMMERCIAL REPLACEMENT	82,184	82,184	82,184	82,184	82,184	82,184	82,184	82,184	82,184	82,184	82,184	82,184	\$986,213
	TOTAL ALL PROGRAMS	\$1,421,119	\$1,421,119	\$1,421,119	\$1,421,119	\$1,421,119	\$1,421,119	\$1,421,119	\$1,421,119	\$1,421,119	\$1,421,119	\$1,421,119	\$1,421,119	\$17,053,424

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
January 2019 through December 2019

	PROGRAM	CAPITAL INVEST	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1	NEW RESIDENTIAL CONSTRUCTION	0	0	0	0	8,147,091	0	0	0	\$8,147,091
2	RESIDENTIAL APPLIANCE RETENTION	0	0	0	0	4,478,169	0	0	0	\$4,478,169
3	RESIDENTIAL APPLIANCE REPLACEMENT	0	0	0	0	669,357	0	0	0	\$669,357
4	COMMERCIAL ELECTRIC REPLACEMENT	0	0	0	0	9,225	0	0	0	\$9,225
5	GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0	\$0
6	SMALL PACKAGE COGEN	0	0	0	0	0	0	0	0	\$0
7	COMMON COSTS	0	553,480	5,000	1,200,000	0	115,000	0	91,000	\$1,964,480
8	MONITORING AND RESEARCH	0	0	0	0	0	0	0	0	\$0
9	OIL HEAT REPLACEMENT	0	0	0	0	0	0	0	0	\$0
10	CONSERVATION DEMONSTRATION DEVELOPM	0	0	0	0	0	0	0	0	\$0
11	COMMERCIAL NEW CONSTRUCTION	0	0	0	0	278,740	0	0	0	\$278,740
12	COMMERCIAL RETENTION	0	0	0	0	520,149	0	0	0	\$520,149
13	COMMERCIAL REPLACEMENT	0	0	0	0	986,213	0	0	0	\$986,213
	PROGRAM COSTS	\$0	\$553,480	\$5,000	\$1,200,000	\$15,088,944	\$115,000	\$0	\$91,000	\$17,053,424

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
Estimated For Months January 2018 through December 2018

PROGRAM	CAPITAL INVEST	PAYROLL BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 NEW RESIDENTIAL CONSTRUCTION									
A. ACTUAL	0	0	0	0	5,275,600	0	0	0	5,275,600
B. ESTIMATED	0	0	0	0	<u>1,778,589</u>	0	0	0	<u>1,778,589</u>
C. TOTAL	0	0	0	0	7,054,189	0	0	0	7,054,189
2 RESIDENTIAL APPLIANCE RETENTION									
A. ACTUAL	0	0	0	0	2,173,447	0	0	0	2,173,447
B. ESTIMATED	0	0	0	0	<u>2,216,914</u>	0	0	0	<u>2,216,914</u>
C. TOTAL	0	0	0	0	4,390,361	0	0	0	4,390,361
3 RESIDENTIAL APPLIANCE REPLACEMENT									
A. ACTUAL	0	0	0	0	328,116	0	0	0	328,116
B. ESTIMATED	0	0	0	0	<u>328,116</u>	0	0	0	<u>328,116</u>
C. TOTAL	0	0	0	0	656,232	0	0	0	656,232
4 COMMERCIAL ELECTRIC REPLACEMENT									
A. ACTUAL	0	0	0	0	2,640	0	0	0	2,640
B. ESTIMATED	0	0	0	0	<u>4,740</u>	0	0	0	<u>4,740</u>
C. TOTAL	0	0	0	0	7,380	0	0	0	7,380
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
7. COMMON COSTS									
A. ACTUAL	0	263,562	0	285,821	0	200,402	0	65,633	815,418
B. ESTIMATED	0	<u>263,562</u>	2,500	<u>864,179</u>	0	<u>151,231</u>	0	<u>25,367</u>	<u>1,306,839</u>
C. TOTAL	0	527,124	2,500	1,150,000	0	351,633	0	91,000	2,122,257
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	508	0	0	0	508
B. ESTIMATED	0	0	0	0	<u>4,492</u>	0	0	0	<u>4,492</u>
C. TOTAL	0	0	0	0	5,000	0	0	0	5,000
11. COMMERCIAL NEW CONSTRUCTION									
A. ACTUAL	0	0	0	0	126,700	0	0	0	126,700
B. ESTIMATED	0	0	0	0	<u>126,700</u>	0	0	0	<u>126,700</u>
C. TOTAL	0	0	0	0	253,400	0	0	0	253,400
12 COMMERCIAL RETENTION									
A. ACTUAL	0	0	0	0	311,950	0	0	0	311,950
B. ESTIMATED	0	0	0	0	<u>198,000</u>	0	0	0	<u>198,000</u>
C. TOTAL	0	0	0	0	509,950	0	0	0	509,950
13 COMMERCIAL REPLACEMENT									
A. ACTUAL	0	0	0	0	483,546	0	0	0	483,546
B. ESTIMATED	0	0	0	0	<u>484,265</u>	0	0	0	<u>484,265</u>
C. TOTAL	0	0	0	0	967,811	0	0	0	967,811
TOTAL	0	527,124	2,500	1,150,000	13,844,323	351,633	0	91,000	15,966,580

CONSERVATION PROGRAM COSTS BY PROGRAM
ACTUAL/ESTIMATED

Estimated For Months January 2018 through December 2018

PROGRAM NAME	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
NEW RESIDENTIAL CONSTRUCTION	487,350	1,014,650	996,050	1,724,100	522,750	530,700	296,432	296,432	296,432	296,431	296,431	296,431	\$7,054,189
RESIDENTIAL APPLIANCE RETENTION	452,658	238,750	463,197	419,095	320,274	279,473	369,486	369,486	369,486	369,486	369,485	369,485	\$4,390,361
RESIDENTIAL APPLIANCE REPLACEMENT	78,150	41,375	43,625	66,775	46,941	51,250	54,686	54,686	54,686	54,686	54,686	54,686	\$656,232
COMMERCIAL ELECTRIC REPLACEMENT	0	0	2,640	0	0	0	790	790	790	790	790	790	\$7,380
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	118,969	116,481	165,614	119,083	127,857	166,905	217,892	217,892	217,891	217,891	217,891	217,891	\$2,122,257
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	508	749	749	749	749	748	748	\$5,000
COMMERCIAL NEW CONSTRUCTION	28,000	14,500	27,500	42,600	0	14,100	21,117	21,117	21,117	21,117	21,116	21,116	\$253,400
COMMERCIAL RETENTION	68,500	36,500	84,750	86,000	2,200	34,000	33,000	33,000	33,000	33,000	33,000	33,000	\$509,950
COMMERCIAL REPLACEMENT	86,166	114,596	63,919	154,814	5,000	59,051	80,711	80,711	80,711	80,711	80,711	80,710	\$967,811
TOTAL ALL PROGRAMS	\$1,319,793	\$1,576,852	\$1,847,295	\$2,612,467	\$1,025,022	\$1,135,987	\$1,074,863	\$1,074,863	\$1,074,862	\$1,074,861	\$1,074,858	\$1,074,857	\$15,966,580

15

ENERGY CONSERVATION ADJUSTMENT

January 2018 through December 2018

CONSERVATION REVS.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
RCS AUDIT FEES	-	-	-	-	-	-	-	-	-	-	-	-	-
a. OTHER PROG. REV.	(2,221,480)	(1,945,467)	(1,555,578)	(1,615,274)	(1,279,309)	(1,206,047)	(1,207,012)	(1,207,012)	(1,207,012)	(1,207,012)	(1,207,012)	(1,207,012)	(17,065,226)
b. CONSERV. ADJ. REV.	-	-	-	-	-	-	-	-	-	-	-	-	-
c.	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSERV. ADJ REV. (NET OF REV. TAXES)	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	(2,221,480)	(1,945,467)	(1,555,578)	(1,615,274)	(1,279,309)	(1,206,047)	(1,207,012)	(1,207,012)	(1,207,012)	(1,207,012)	(1,207,012)	(1,207,012)	(17,065,226)
PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	181,164	181,164	181,164	181,164	181,164	181,164	181,164	181,164	181,164	181,164	181,164	181,164	2,173,967
CONSERVATION REVS. APPLIC. TO PERIOD	(2,040,316)	(1,764,303)	(1,374,414)	(1,434,110)	(1,098,145)	(1,024,883)	(1,025,848)	(1,025,848)	(1,025,848)	(1,025,848)	(1,025,848)	(1,025,848)	(14,891,259)
CONSERVATION EXPS. (FORM C-3, PAGE 3)	1,319,793	1,576,852	1,847,295	2,612,467	1,025,022	1,135,987	1,074,863	1,074,863	1,074,862	1,074,861	1,074,858	1,074,857	15,966,580
TRUE-UP THIS PERIOD	(720,522)	(187,451)	472,881	1,178,357	(73,123)	111,104	49,015	49,015	49,014	49,013	49,010	49,009	1,075,322
INTEREST THIS PERIOD (C-3,PAGE 5)	2,600	1,811	1,999	3,139	3,719	3,586	3,537	3,325	3,112	2,899	2,686	2,472	34,883
TRUE-UP & INT. BEG. OF MONTH	2,498,428	1,599,342	1,232,539	1,526,255	2,526,586	2,276,018	2,209,544	2,080,932	1,952,107	1,823,069	1,693,817	1,564,349	2,498,428
PRIOR TRUE-UP COLLECT./(REFUND.)	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(2,173,967)
END OF PERIOD TOTAL NET TRUE-UP	1,599,342	1,232,539	1,526,255	2,526,586	2,276,018	2,209,544	2,080,932	1,952,107	1,823,069	1,693,817	1,564,349	1,434,666	1,434,666

CALCULATION OF TRUE-UP AND INTEREST PROVISION

January 2018 through December 2018

INTEREST PROVISION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
BEGINNING TRUE-UP	2,498,428	1,599,342	1,232,539	1,526,255	2,526,586	2,276,018	2,209,544	2,080,932	1,952,107	1,823,069	1,693,817	1,564,349	1,434,666
END. T-UP BEFORE INT.	1,596,742	1,230,728	1,524,256	2,523,448	2,272,299	2,205,958	2,077,395	1,948,783	1,819,957	1,690,918	1,561,663	1,432,194	1,399,783
TOT. BEG. & END. T-UP	4,095,170	2,830,070	2,756,795	4,049,702	4,798,886	4,481,977	4,286,939	4,029,714	3,772,064	3,513,987	3,255,480	2,996,543	2,834,449
AVERAGE TRUE-UP	2,047,585	1,415,035	1,378,398	2,024,851	2,399,443	2,240,988	2,143,469	2,014,857	1,886,032	1,756,994	1,627,740	1,498,272	1,417,225
INT. RATE-FIRST DAY OF REPORTING BUS. MTH	1.5800%	1.4600%	1.6200%	1.8600%	1.8500%	1.8600%	1.9800%	1.9800%	1.9800%	1.9800%	1.9800%	1.9800%	1.9800%
INT. RATE-FIRST DAY OF SUBSEQUENT BUS. MTH	1.4600%	1.6200%	1.8600%	1.8500%	1.8600%	1.9800%	1.9800%	1.9800%	1.9800%	1.9800%	1.9800%	1.9800%	1.9800%
TOTAL	3.0400%	3.0800%	3.4800%	3.7100%	3.7100%	3.8400%	3.9600%	3.9600%	3.9600%	3.9600%	3.9600%	3.9600%	3.9600%
AVG INTEREST RATE	1.5200%	1.5400%	1.7400%	1.8550%	1.8550%	1.9200%	1.9800%	1.9800%	1.9800%	1.9800%	1.9800%	1.9800%	1.9800%
MONTHLY AVG. RATE	0.12700%	0.1280%	0.1450%	0.1550%	0.1550%	0.1600%	0.1650%	0.1650%	0.1650%	0.1650%	0.1650%	0.1650%	0.1650%
INTEREST PROVISION	\$2,600	\$1,811	\$1,999	\$3,139	\$3,719	\$3,586	\$3,537	\$3,325	\$3,112	\$2,899	\$2,686	\$2,472	\$34,883

17

PROGRAM DESCRIPTION AND PROGRESS

Program Title: NEW RESIDENTIAL CONSTRUCTION

Program Description: This program is designed to increase the number of high priority natural gas customers in the new residential construction market. The program 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 Projections: January 1, 2018 to December 31, 2018

During this period, there are 7,838 customers projected to participate.

January 1, 2019 to December 31, 2019

During this period, there are 9,052 customers projected to participate.

Program Fiscal Expenditures:

January 1, 2018 to December 31, 2018

Expenditures are estimated to be \$7,054,189.

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$8,147,091.

Program Progress Summary:

Through December 31, 2017 the following New Residential Construction totals are:

New Residential Construction: 148,904

PROGRAM DESCRIPTION AND PROGRESS

Program Title: RESIDENTIAL APPLIANCE RETENTION

Program 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 Projections: January 1, 2018 to December 31, 2018

During this period, there are 4,878 customers projected to participate.

January 1, 2019 to December 31, 2019

During this period, there are 4,975 customers projected to participate.

Program Fiscal Expenditures:

January 1, 2018 to December 31, 2018

Expenditures are estimated to be \$4,390,361.

January 1, 2019 to December 31, 2019

Expenditures are estimated at \$4,478,169.

Program Progress Summary:

Through December 31, 2017 the following Residential Appliance Retention totals are:

Residential Appliance Retention: 172,088

PROGRAM DESCRIPTION AND PROGRESS

Program Title: RESIDENTIAL APPLIANCE REPLACEMENT

Program 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 Projections: January 1, 2018 to December 31, 2018

During this period, there are 480 customers projected to participate.

January 1, 2019 to December 31, 2019

During this period, there are 490 customers projected to participate.

Program Fiscal Expenditures:

January 1, 2018 to December 31, 2018

Expenditures are estimated to be \$656,232.

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$669,357.

Program Progress Summary:

Through December 31, 2017 the following Residential Appliance Replacement totals are:

Residential Appliance Replacement: 24,611

PROGRAM DESCRIPTION AND PROGRESS

Program Title: COMMERCIAL ELECTRIC REPLACEMENT

Program 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 Projections: January 1, 2018 to December 31, 2018

During this period, there are eight customer rebates projected to participate.

January 1, 2019 to December 31, 2019

During this period, there are 11 customer rebates projected to participate.

Program Fiscal Expenditures:

January 1, 2018 to December 31, 2018

Expenditures are estimated to be \$7,380.

January 1, 2019 to December 31, 2019

Expenditures are estimated at \$9,225.

Program Progress Summary:

Through December 31, 2017 the following Commercial Electric Replacement totals are:

Commercial Electric Replacement: 60.475 MW displaced

PROGRAM DESCRIPTION AND PROGRESS

Program Title: GAS SPACE CONDITIONING

Program 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 Projections: January 1, 2018 to December 31, 2018.

During this period, there are zero customer rebates projected to participate.

January 1, 2019 to December 31, 2019

During this period, there are zero customer rebates projected to participate.

Program Fiscal Expenditures:

January 1, 2018 to December 31, 2018

Expenditures are estimated to be \$0.

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$0.

Program Progress Summary:

Through December 31, 2017 the following Gas Space Conditioning totals are:
Gas Space Conditioning: 7,478 Tons installed

PROGRAM DESCRIPTION AND PROGRESS

Program Title: SMALL PACKAGE COGENERATION

Program 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 Projections: January 1, 2018 to December 31, 2018.

During this period, there are zero customer rebates projected to participate.

January 1, 2019 to December 31, 2019

During this period, there are zero customer rebates projected to participate.

Program Fiscal Expenditures:

January 1, 2018 to December 31, 2018

Expenditures are estimated to be \$0.

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$0.

Program Progress Summary:

Through December 31, 2017 the following Small Package Cogeneration totals are:
Small Package Cogeneration: 7

PROGRAM DESCRIPTION AND PROGRESS

Program Title: OIL HEAT REPLACEMENT

Program Description: This program is designed to encourage customers to convert their existing oil heating system to more energy efficient natural gas heating. Peoples Gas System 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 Projections: January 1, 2018 to December 31, 2018.

During this period, there are zero customer rebates projected to participate.

January 1, 2019 to December 31, 2019

During this period, there are zero customers rebates projected to participate.

Program Fiscal Expenditures:

January 1, 2018 to December 31, 2018

Expenditures are estimated to be \$0.

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$0.

Program Progress Summary:

Through December 31, 2017 the following Oil Heat Replacement totals are:
Oil Heat Replacement: 374

PROGRAM DESCRIPTION AND PROGRESS

Program Title: COMMERCIAL NEW CONSTRUCTION

Program 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 Projections: January 1, 2018 to December 31, 2018

During this period, there are 169 customers projected to participate.

January 1, 2019 to December 31, 2019

During this period, there are 186 customers projected to participate.

Program Fiscal Expenditures:

January 1, 2018 to December 31, 2018

Expenditures are estimated to be \$253,400.

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$278,740.

Program Progress Summary:

Through December 31, 2017 the following Commercial New Construction totals are:

Commercial New Construction: 350

PROGRAM DESCRIPTION AND PROGRESS

Program Title: COMMERCIAL RETENTION

Program 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 Projections: January 1, 2018 to December 31, 2018

During this period, there are 241 customers projected to participate.

January 1, 2019 to December 31, 2019

During this period, there are 246 customers projected to participate.

Program Fiscal Expenditures:

January 1, 2018 to December 31, 2018

Expenditures are estimated to be \$509,950.

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$520,149.

Program Progress Summary:

Through December 31, 2017 the following Commercial Retention totals are:
Commercial Retention: 1,039

PROGRAM DESCRIPTION AND PROGRESS

Program Title: COMMERCIAL REPLACEMENT

Program 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 Projections: January 1, 2018 to December 31, 2018

During this period, there are 386 customers projected to participate.

January 1, 2019 to December 31, 2019

During this period, there are 394 customers projected to participate.

Program Fiscal Expenditures:

January 1, 2018 to December 31, 2018

Expenditures are estimated to be \$967,811.

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$986,213.

Program Progress Summary:

Through December 31, 2017 the following Commercial Replacement totals are:
Commercial Replacement: 838

PROGRAM DESCRIPTION AND PROGRESS

Program Title: MONITORING AND RESEARCH

Program Description: This program will be used to monitor and evaluate Peoples Gas System existing conservation programs and demonstrate prototype technologies emerging in the marketplace.

Program Projections: See Program Progress Summary.

Program Fiscal Expenditures: January 1, 2018 to December 31, 2018

Expenditures are estimated to be \$0.

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$0.

Program Progress Summary: Currently, Peoples Gas System has no active Monitoring and Research programs. The company continues to review possible programs to research and develop.

PROGRAM DESCRIPTION AND PROGRESS

Program Title: CONSERVATION DEMONSTRATION AND DEVELOPMENT

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

Program Projections: See Program Progress Summary.

**Program Fiscal
Expenditures:**

January 1, 2018 to December 31, 2018

Expenditures are estimated to be \$5,000.

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$0.

**Program Progress
Summary:**

Currently, Peoples Gas System recently completed the installation of gas heat pumps to be studied overtime as part of the Conservation Demonstration and Development program. The company continues to review possible programs to research and develop.

PROGRAM DESCRIPTION AND PROGRESS

Program Title: COMMON EXPENSES

Program Description: These are expenses related to the support, delivery and advertising of all Peoples Gas System's conservation programs.

Program Projections: N/A

Program Fiscal Expenditures: January 1, 2018 to December 31, 2018

Expenditures are estimated to be \$2,122,257.

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$1,964,480.

Program Progress Summary: N/A