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September 14, 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 is the Revised Petition of Peoples Gas System. The revisions are necessary to reflect the impact of the Federal Tax Law changes on conservation costs recovery projections.

Thank you for your assistance in connection with this matter.

Sincerely,


Andrew M. Brown

AB/plb
Attachment

cc: Parties of Record (w/attachment)
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

REVISED: September 14, 2018

REVISED 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:

Rate Schedule

Cost Recovery Factors (Dollars per Therm)

RS & RS-SG & RS-GHP	0.10655
SGS	0.06397
GS-1 & CS-SG & CS-GHP	0.03147
GS-2	0.02302
GS-3	0.01897
GS-4	0.01406
GS-5	0.01034
NGVS	0.01982
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 14th day of September 2018.

Respectfully submitted,



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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 14th day of September 2018, to the following:

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A handwritten signature in blue ink, appearing to read "Andrew M. Brown", written over a horizontal line.

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
REVISED: SEPTEMBER 14, 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
25 have been calculated based on the current approved

1 allocation methodology.

2

3 **Q.** Why is your original testimony that was filed on August
4 10, 2018 being revised?

5

6 **A.** My testimony needed to be revised to reflect the now
7 updated impacts of tax reform that come from the Tax Cuts
8 and Job Act of 2017.

9

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

13

14 **A.** Yes, it does.

15

16 **Q.** Please explain how these tax reform impacts changed the
17 conservation costs for the January through December 2019
18 period?

19

20 **A.** The impacts of tax reform is causing lower customer
21 charges and non-gas energy charges for every rate schedule
22 that participates in the NGCCR. These lower customer
23 charges, as reflected on the updated Schedule C-1, page
24 1 of 1, change the values that are used in calculating
25 the allocation of the NGCCR to each customer segment.

1 This change caused three of the nine conservation factors
 2 to change. The SGS conservation factor decreased from
 3 0.06399 to 0.06397, the GS-2 conservation factor
 4 decreased from 0.02303 to 0.02302 and the GS-4 factor
 5 conservation factor decreased from 0.01407 to 0.01406.

6
 7 **Q.** Were there any other changes needed identified during the
 8 evaluation of impacts from tax reform?

9
 10 **A.** Yes, during the process of evaluating the impacts for tax
 11 reform, Peoples identified the projected therm sales and
 12 the number of bills with Natural Gas Vehicle Services
 13 ("NGVS") rates were inconsistent with the amounts
 14 reflected in another filing. The originally projected
 15 therm sales count of 42,604 has been updated to 186,255
 16 and the number of customer bills has been updated from 48
 17 to 168. Both of these changes are reflected on the
 18 updated Schedule C-1, page 1 of 1. Due to these two
 19 changes, the NGVS conservation factor decreased from
 20 0.02071 to 0.01982.

21
 22 **Q.** Do you wish to adopt and support Kandi M. Floyd's Exhibit
 23 KMF-1, entitled Peoples Gas System Schedules Supporting
 24 Energy Conservation Cost Recovery Clause True-up Filing
 25 January 2017 - December 2017, which was filed in this

1 Docket on May 1, 2018?

2

3 **A.** Yes, I do. Ms. Floyd has transitioned to cover different
4 responsibilities within Peoples and I am assuming her role
5 as Peoples' witness in natural gas conservation related
6 matters.

7

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

9

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

15

16 **Q.** Does the Exhibit No. MRR-1 meet the requirements of Florida
17 Statute Rule 25-17.015(1)(b) which requires the projection
18 filing to include the annual estimated/actual true-up
19 filing showing eight months actual and four months
20 projected commons costs, individual program costs and any
21 revenues?

22

23 **A.** No, based upon the due date of August 10, 2018 for this
24 filing in Docket No. 20180004-GU it would be impossible for
25 Peoples to comply with having eight months actual and four

1 months projected commons costs, individual program costs
2 and any revenues.

3
4 **Q.** Did Peoples communicate this issue to the Commission?

5
6 **A.** Yes, in conjunction with this projection filing, the
7 company filed a petition for rule waiver of Rule 25-
8 17.015(1)(b) to cover this filing this year as well as next
9 year to allow for a rule making proceeding to be conducted.
10 Also, Exhibit No. MRR-1 contains six months actual and six
11 months projected common costs, individual program costs and
12 any revenues collected.

13
14 **Q.** Did the Commission approve this requested waiver?

15
16 **A.** Yes, the requested waiver received Commission approval at
17 the agenda conference on August 7, 2018.

18
19 **Q.** Please describe the conservation program costs projected by
20 Peoples during the period January through December 2017.

21
22 **A.** For the period January through December 2017, Peoples
23 projected conservation program costs to be \$13,102,649.
24 The Commission authorized collections to recover these
25 expenses in Docket No. 20160004-GU, Order No. PSC-2016-

1 0533-FOF-GU, issued November 22, 2016.

2

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

6

7 **A.** For the period January through December 2017, Peoples
8 incurred actual net conservation costs of \$14,543,555. The
9 amount collected in the ECCR clause was \$12,297,742. The
10 conservation revenue applicable to this period was
11 \$12,046,940 which includes the \$12,297,742 amount collected
12 in the ECCR clause, applicable regulatory assessment fees
13 of \$61,182 and the beginning true-up under-recovery of
14 \$189,620.

15

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

18

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

23

24 **Q.** Please describe the conservation program costs projected
25 to be incurred by Peoples during the period January

1 through December 2018?

2

3 **A.** The actual costs incurred by Peoples through June 2018
4 and projected for July through December 2018 are
5 \$15,966,580. For the period, Peoples anticipates an
6 under-recovery in the ECCR Clause of \$1,434,666 which
7 includes the 2017 true-up and interest. A summary of
8 these costs and estimates are fully detailed in Exhibit
9 No. MRR-1, Estimated Conservation Program Costs Per
10 Program, pages 15 through 18.

11

12 **Q.** Is Peoples proposing any new or modified DSM Programs for
13 ECCR cost recovery for the period January through December
14 2019?

15

16 **A.** Yes, currently Peoples is working on developing a petition
17 to the Commission for approval for the establishment of
18 annual DSM Goals and to support meeting the full
19 requirements of the Florida Energy Efficiency
20 Conservation Act ("FEECA"). Within this proposal for the
21 establishment of DSM goals, Peoples will be seeking
22 Commission approval to add two new DSM programs.

23

24 **Q.** Are the projected costs of these programs included in
25 Peoples' 2019 projection.

1 **A.** No, these projected costs are not included in the
 2 projected 2019 costs since the two new DSM Programs at
 3 this time have not been approved by the Commission.
 4

5 **Q.** Please summarize the proposed conservation costs for the
 6 period January through December 2019 and the annualized
 7 recovery factors applicable for the period January through
 8 December 2019?
 9

10 **A.** Peoples has estimated that the total conservation costs
 11 (less program revenues) during the period will be
 12 \$17,053,424 plus true-up. Including true-up estimates,
 13 the January through December 2019 conservation cost
 14 recovery factors for retail rate classes are as follows:
 15

	Cost Recovery Factors
<u>Rate Schedule</u>	<u>(Dollars per Therm)</u>
17 RS & RS-SG & RS-GHP	0.10656
18 SGS	0.06398
19 GS-1 & CS-SG & CS-GHP	0.03147
20 GS-2	0.02303
21 GS-3	0.01897
22 GS-4	0.01407
23 GS-5	0.01034
24 NGVS	0.02071
25 CSLS	0.01665

1 Exhibit No. MRR-1, Schedule C-1, Page 1 of 1, Energy
2 Conservation Adjustment Summary of Cost Recovery Clause
3 Calculation, Page 12 contains the Commission prescribed
4 form which detail these estimates.

5

6 **Q.** Does this conclude your testimony?

7

8 **A.** Yes, it does.

9

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CONSERVATION COSTS
PROJECTED

INDEX

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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	64,233,152	18,326,364	82,559,516	7,629,397	9.24109%	0.10601	1.00503	0.10655
SGS	143,843	9,319,501	3,417,710	3,001,438	6,419,148	593,199	9.24109%	0.06365	1.00503	0.06397
GS-1 & CS-SG & CS-GHIP	229,387	90,696,457	7,629,412	23,098,574	30,727,986	2,839,600	9.24109%	0.03131	1.00503	0.03147
GS-2	96,392	144,364,026	4,580,548	31,204,284	35,784,832	3,306,908	9.24109%	0.02291	1.00503	0.02302
GS-3	11,020	90,704,031	1,570,901	16,954,397	18,525,298	1,711,939	9.24109%	0.01887	1.00503	0.01897
GS-4	2,280	79,278,898	541,682	11,462,936.00	12,004,618	1,109,357	9.24109%	0.01399	1.00503	0.01406
GS-5	1,644	124,784,228	468,688	13,424,287	13,892,975	1,283,862	9.24109%	0.01029	1.00503	0.01034
NGVS	168	186,255	7,184	32,554	39,738	3,672	9.24109%	0.01972	1.00503	0.01982
CSLS	396	613,200	0	109,898	109,898	10,156	9.24109%	0.01656	1.00503	0.01665
TOTAL	4,798,975	611,913,470	82,449,277	117,614,732	200,064,009	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 DEVELOPMENT	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 DEVELOPMENT	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>	<u>2,500</u>	<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

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

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