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May 1, 2019

VIA: ELECTRONIC FILING

Mr. Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Natural Gas Conservation Cost Recovery Clause
FPSC Docket No. 20190004-GU

Dear Mr. Teitzman:

Attached for filing in the above Docket on behalf of Peoples Gas System is the Testimony of Mark R. Roche and Exhibit MRR-1, entitled Schedules Supporting Natural Gas Conservation Cost Recovery Factor, Actual, for the period January 2018 – December 2018.

Thank you for your assistance in connection with this matter.

Sincerely,

Andrew M. Brown

AB/plb
Attachment



TECO[®]
PEOPLES GAS
AN EMERA COMPANY

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 20190004-GU
IN RE: NATURAL GAS CONSERVATION
COST RECOVERY CLAUSE

TESTIMONY AND EXHIBIT
OF
MARK R. ROCHE

FILED: MAY 1, 2019

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-one 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 and Storm
8 Hardening, and Peoples' Natural Gas Conservation Cost
9 Recovery ("NGCCR") Clause.

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 present and support for
21 Commission review and approval the company's actual DSM
22 programs related true-up costs incurred during the
23 January through December 2018 period.

24
25 **Q.** Did you prepare any exhibits in support of your testimony?

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A. Yes. Exhibit No. MRR-1, entitled "Peoples Gas System, Schedules Supporting Conservation Cost Recovery Factor, Actual, January 2018-December 2018" was prepared under my direction and supervision. This Exhibit includes Schedules CT-1 through CT-3, and CT-6 which support the company's actual and prudent DSM program related true-up costs incurred during the January through December 2018 period.

Q. What were Peoples Gas System's actual January through December 2018 conservation costs?

A. For the period, January through December 2018, Peoples Gas System incurred actual net conservation costs of \$18,605,532.

Q. What is the final end of period true-up amount for the conservation clause for January through December 2018?

A. The final conservation clause end of period true-up for January through December 2018 is an under-recovery, including interest, of \$4,327,500. This calculation is detailed on Schedule CT-1, page 1 of 1.

1 Q. Please summarize how Peoples Gas System's actual program
2 costs for January through December 2018 period compare to
3 the actual/estimated costs presented in Docket No.
4 20180004-GU?

5
6 A. For the period, January through December 2018, Peoples
7 Gas System had a variance of \$2,638,952 or 16.53 percent
8 more than the estimated amount. The estimated total
9 program costs were projected to be \$15,966,580 which was
10 the amount approved in Order No. PSC 2018-0563-FOF-GU,
11 issued November 29, 2018 as compared to the incurred
12 actual net conservation costs of \$18,605,532.

13
14 Q. Please summarize the reasons why the actual expenses were
15 less than projected expenses by \$2,638,952?

16
17 A. The variance was a result of the following actual expenses
18 being more than estimated in the following residential
19 programs: Residential New Construction, Residential
20 Retention and Residential Replacement. Additionally,
21 actual expenses were more than estimated in the following
22 commercial program: Commercial Electric Replacement. Each
23 DSM program's detailed variance and common variance
24 contribution is shown on Schedule CT-2, Page 3 of 3.

25

1 **Q.** Are all costs listed on Schedule CT-2 directly related to
2 the Commission's approved DSM programs?

3

4 **A.** Yes.

5

6 **Q.** Should Peoples Gas System's cost incurred during the
7 January through December 2018 period for energy
8 conservation be approved by the Commission?

9

10 **A.** Yes, the costs incurred were prudent and directly related
11 to the Commission's approved DSM programs and should be
12 approved.

13

14 **Q.** Does that conclude your testimony?

15

16 **A.** Yes, it does.

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ENERGY CONSERVATION COST RECOVERY

INDEX

SCHEDULE	TITLE	PAGE
CT-1	Adjusted Net True-up	2
CT-2	Analysis Of Energy Conservation Program Costs	3
CT-3	Adjustment Calculation Of True-Up And Interest Provision	6
CT-6	Program Progress Report	9

SCHEDULE CT-1

PEOPLES GAS SYSTEM
Energy Conservation
Adjusted Net True-up
For Months January 2018 through December 2018

End of Period Net True-up			
	Principle	(4,268,518)	
	Interest	(58,983)	
	Total		(4,327,501)
Less Projected True-up			
	Principle	(1,399,782)	
	Interest	(34,883)	
	Total		(1,434,665)
Adjusted Net True-up			(2,892,836)

() Reflects Under-Recovery

SCHEDULE CT-2
 Page 1 of 3

PEOPLES GAS SYSTEM
 Analysis of Energy Conservation Program Costs
 Actual vs. Projected
 For Months January 2018 through December 2018

Description	Actual	Projected	Difference
1 Capital Investment	\$0	\$0	\$0
2 Payroll	\$533,643	\$527,124	\$6,519
3 Materials and Supplies	\$396	\$2,500	(\$2,104)
4 Advertising	\$1,143,674	\$1,150,000	(\$6,326)
5 Incentives	\$16,562,307	\$13,839,323	\$2,722,984
6 Outside Services	\$242,023	\$356,633	(\$114,610)
7 Vehicles	\$571	\$0	\$571
8 Other	\$122,917	\$91,000	\$31,917
9 Total Program Cost	\$18,605,532	\$15,966,580	\$2,638,952
10 Beginning of Period True-up	\$2,498,428	\$2,498,428	\$0
11 Amounts included in Base Rates	\$0	\$0	\$0
12 Conservation Adjustment Revenues	(\$16,835,443)	(\$17,065,226)	\$229,784
13 True-up Before Interest	(\$4,268,518)	(\$1,399,782)	(\$2,868,736)
14 Interest Provision	(\$58,983)	(\$34,883)	(\$24,100)
15 End of Period True-up	(\$4,327,501)	(\$1,434,665)	(\$2,892,836)

PEOPLES GAS SYSTEM
Actual Conservation Program Costs Per Program
For Months January 2018 through December 2018

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL HM BUILDER	-	-	-	-	9,826,450	-	-	-	9,826,450
PROGRAM 2: ENERGY AUDITS	-	-	-	-	-	-	-	-	-
PROGRAM 3: WATER HEATER LOAD RET	-	-	-	-	4,543,113	-	-	-	4,543,113
PROGRAM 4: OIL HEAT REPLACEMENT	-	-	-	-	-	-	-	-	-
PROGRAM 5: SMALL PKG COGEN	-	-	-	-	-	-	-	-	-
PROGRAM 6: COM ELECTRIC REPLACE	-	-	-	-	13,515	-	-	-	13,515
PROGRAM 7: RES ELECTRIC REPLACE	-	-	-	-	673,339	-	-	-	673,339
PROGRAM 8: COMMON COSTS	-	533,643	396	1,143,674	-	241,515	571	122,917	2,042,717
PROGRAM 9: GAS SPACE CONDITIONING	-	-	-	-	-	-	-	-	-
PROGRAM 10: MONITORING & RESEARCH	-	-	-	-	-	-	-	-	-
PROGRAM 11: DEALER PROGRAM	-	-	-	-	-	-	-	-	-
PROGRAM 13: EC ALLOW-CONS DEVEL DEMO	-	-	-	-	-	508	-	-	508
PROGRAM 14: COMMERCIAL NEW CONSTRUCTION	-	-	-	-	179,075	-	-	-	179,075
PROGRAM 15: COMMERCIAL RETENTION	-	-	-	-	478,050	-	-	-	478,050
PROGRAM 16: COMMERCIAL REPLACEMENT	-	-	-	-	848,765	-	-	-	848,765
TOTAL	-	533,643	396	1,143,674	16,562,307	242,023	571	122,917	18,605,532

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PEOPLES GAS SYSTEM
Conservation Program Costs Per Program
Variance - Actual vs. Projected
For Months January 2018 through December 2018

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL HM BUILDER	-	-	-	-	2,772,261				2,772,261
PROGRAM 2: ENERGY AUDITS	-	-	-	-	-				-
PROGRAM 3: WATER HEATER LOAD RET	-	-	-	-	152,752				152,752
PROGRAM 4: OIL HEAT REPLACEMENT	-	-	-	-	-				-
PROGRAM 5: SMALL PKG COGEN	-	-	-	-	-				-
PROGRAM 6: COM ELECTRIC REPLACE	-	-	-	-	6,135				6,135
PROGRAM 7: RES ELECTRIC REPLACE	-	-	-	-	17,107				17,107
PROGRAM 8: COMMON COSTS	-	6,519	(2,104)	(6,326)	-	(110,118)	571	31,917	(79,540)
PROGRAM 9: GAS SPACE CONDITIONING	-	-	-	-	-				-
PROGRAM 10: MONITORING & RESEARCH	-	-	-	-	-				-
PROGRAM 11: DEALER PROGRAM	-	-	-	-	-				-
PROGRAM 13: EC ALLOW-CONS DEVEL DEMO	-	-	-	-	-	(4,492)			(4,492)
PROGRAM 14: COMMERCIAL NEW CONSTRUCTION	-	-	-	-	(74,325)				(74,325)
PROGRAM 15: COMMERCIAL RETENTION	-	-	-	-	(31,900)				(31,900)
PROGRAM 16: COMMERCIAL REPLACEMENT	-	-	-	-	(119,046)				(119,046)
TOTAL	-	6,519	(2,104)	(6,326)	2,722,984	(114,610)	571	31,917	2,638,952

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PEOPLES GAS SYSTEM
Energy Conservation Adjustment
Summary of Expenses by Program by Month
For Months January 2018 through December 2018

EXPENSES:	January	February	March	April	May	June	July	August	September	October	November	December	Total
PROGRAM 1: RESIDENTIAL HM BUILDER	487,350	1,014,650	996,050	1,724,100	522,750	530,700	1,204,700	709,800	376,350	1,155,250	402,300	702,450	9,826,450
PROGRAM 2: ENERGY AUDITS	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 3: WATER HEATER LOAD RET	452,658	238,750	463,197	419,095	320,274	279,473	515,650	431,663	367,825	338,899	378,750	336,880	4,543,113
PROGRAM 4: OIL HEAT REPLACEMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 5: SMALL PKG COGEN	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 6: COM ELECTRIC REPLACE	-	-	2,640	-	-	-	-	-	10,875	-	-	-	13,515
PROGRAM 7: RES ELECTRIC REPLACE	78,150	41,375	43,625	66,775	46,941	51,250	69,537	58,850	55,232	69,051	50,174	42,379	673,339
PROGRAM 8: COMMON COSTS	118,969	116,481	165,614	119,083	127,857	166,905	244,419	274,809	54,459	445,641	86,850	121,630	2,042,717
PROGRAM 9: GAS SPACE CONDITIONING	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 10: MONITORING & RESEARCH	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 11: DEALER PROGRAM	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 13: EC ALLOW-CONS DEVEL DEMO	-	-	-	-	-	508	-	-	-	-	-	-	508
PROGRAM 14: COMMERCIAL NEW CONSTRUCTION	28,000	14,500	27,500	42,600	-	14,100	20,875	16,500	-	9,000	6,000	-	179,075
PROGRAM 15: COMMERCIAL RETENTION	68,500	36,500	84,750	86,000	2,200	34,000	8,000	26,500	14,500	30,000	28,500	58,600	478,050
PROGRAM 16: COMMERCIAL REPLACEMENT	86,166	114,596	63,919	154,814	5,000	59,051	98,514	38,900	15,500	26,880	74,624	110,801	848,765
TOTAL	1,319,793	1,576,852	1,847,295	2,612,466	1,025,022	1,135,987	2,161,695	1,557,022	894,741	2,074,720	1,027,197	1,372,741	18,605,532
LESS AMOUNT INCLUDED IN RATE BASE	-	-	-	-	-	-	-	-	-	-	-	-	-
RECOVERABLE CONSERVATION EXPENSES	1,319,793	1,576,852	1,847,295	2,612,466	1,025,022	1,135,987	2,161,695	1,557,022	894,741	2,074,720	1,027,197	1,372,741	18,605,532

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PEOPLES GAS SYSTEM
Energy Conservation Adjustment
Calculation of True-up and Interest Provision
For Months January 2018 through December 2018

CONSERVATION REVENUES	January	February	March	April	May	June	July	August	September	October	November	December	Total
1. OTHER PROGRAM REV	-	-	-	-	-	-	-	-	-	-	-	-	-
2. CONSERV. ADJ REVS	2,221,480	1,945,467	1,555,578	1,615,274	1,279,309	1,206,047	1,074,510	1,025,721	1,124,485	1,038,105	1,156,693	1,592,775	16,835,444
3. TOTAL REVENUES	2,221,480	1,945,467	1,555,578	1,615,274	1,279,309	1,206,047	1,074,510	1,025,721	1,124,485	1,038,105	1,156,693	1,592,775	16,835,444
4. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(181,164)	(181,163)	(2,173,967)
5. CONSERVATION REVS APPLICABLE TO THE PERIOD	2,040,316	1,764,303	1,374,414	1,434,110	1,098,145	1,024,883	893,346	844,557	943,321	856,941	975,529	1,411,612	14,661,477
6. CONSERVATION EXPS (FROM CT-3, PAGE 1)	1,319,793	1,576,852	1,847,295	2,612,466	1,025,022	1,135,987	2,161,695	1,557,022	894,741	2,074,720	1,027,197	1,372,741	18,605,532
7. TRUE-UP THIS PERIOD	720,522	187,450	(472,880)	(1,178,357)	73,123	(111,104)	(1,268,349)	(712,465)	48,580	(1,217,780)	(51,668)	38,871	(3,944,057)
8. INT. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(2,600)	(1,811)	(1,999)	(3,139)	(3,719)	(3,586)	(4,543)	(5,885)	(6,516)	(7,730)	(8,730)	(8,725)	(58,983)
9. TRUE-UP & INT. PROV. BEGINNING OF MONTH	(2,498,428)	(1,599,342)	(1,232,540)	(1,526,254)	(2,526,586)	(2,276,018)	(2,209,544)	(3,301,272)	(3,838,458)	(3,615,230)	(4,659,576)	(4,538,810)	
10. PRIOR TRUE-UP COLLECTED/(REFUND)	181,164	181,164	181,164	181,164	181,164	181,164	181,164	181,164	181,164	181,164	181,164	181,163	
11. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(1,599,342)	(1,232,540)	(1,526,254)	(2,526,586)	(2,276,018)	(2,209,544)	(3,301,272)	(3,838,458)	(3,615,230)	(4,659,576)	(4,538,810)	(4,327,501)	(4,003,040)
Expenses	1,319,793	1,576,852	1,847,295	2,612,466	1,025,022	1,135,987	2,161,695	1,557,022	894,741	2,074,720	1,027,197	1,372,741	18,605,532
Deferred Expenses	901,686	368,614	(291,716)	(997,193)	181,164	70,060	181,164	181,164	181,164	(1,036,616)	129,496	220,034	89,021
Revenues	(2,221,480)	(1,945,467)	(1,555,578)	(1,615,274)	(1,279,309)	(1,206,047)	(1,074,510)	(1,025,721)	(1,124,485)	(1,038,105)	(1,156,693)	(1,592,775)	(16,835,444)
Deferred Revenues					(73,123)		1,268,349	712,465	(48,580)				1,859,111

7

PEOPLES GAS SYSTEM
Energy Conservation Adjustment
Calculation of True-up and Interest Provision
For Months January 2018 through December 2018

	January	February	March	April	May	June	July	August	September	October	November	December	Total
INTEREST PROVISION													
1. BEGINNING TRUE-UP	(2,498,428)	(1,599,342)	(1,232,540)	(1,526,254)	(2,526,586)	(2,276,018)	(2,209,544)	(3,301,272)	(3,838,458)	(3,615,230)	(4,659,576)	(4,538,810)	
2. ENDING TRUE-UP BEFORE INTEREST	(1,596,742)	(1,230,728)	(1,524,256)	(2,523,447)	(2,272,299)	(2,205,958)	(3,296,729)	(3,832,573)	(3,608,714)	(4,651,846)	(4,530,080)	(4,318,776)	
3. TOTAL BEGINNING & ENDING TRUE-UP	<u>(4,095,170)</u>	<u>(2,830,071)</u>	<u>(2,756,795)</u>	<u>(4,049,702)</u>	<u>(4,798,885)</u>	<u>(4,481,976)</u>	<u>(5,506,273)</u>	<u>(7,133,845)</u>	<u>(7,447,172)</u>	<u>(8,267,076)</u>	<u>(9,189,656)</u>	<u>(8,857,586)</u>	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	<u>(2,047,585)</u>	<u>(1,415,035)</u>	<u>(1,378,398)</u>	<u>(2,024,851)</u>	<u>(2,399,442)</u>	<u>(2,240,988)</u>	<u>(2,753,136)</u>	<u>(3,566,922)</u>	<u>(3,723,586)</u>	<u>(4,133,538)</u>	<u>(4,594,828)</u>	<u>(4,428,793)</u>	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	1.580%	1.460%	1.620%	1.860%	1.850%	1.860%	1.980%	1.980%	1.980%	2.210%	2.270%	2.300%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	1.460%	1.620%	1.860%	1.850%	1.860%	1.980%	1.980%	1.980%	2.210%	2.270%	2.300%	2.420%	
7. TOTAL (SUM LINES 5 & 6)	3.040%	3.080%	3.480%	3.710%	3.710%	3.840%	3.960%	3.960%	4.190%	4.480%	4.570%	4.720%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	1.520%	1.540%	1.740%	1.855%	1.855%	1.920%	1.980%	1.980%	2.095%	2.240%	2.285%	2.360%	
9. MONTHLY AVG INTEREST RATE	0.12700%	0.128%	0.145%	0.155%	0.155%	0.160%	0.165%	0.165%	0.175%	0.187%	0.190%	0.197%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9) (exp)/incl	(2,600)	(1,811)	(1,999)	(3,139)	(3,719)	(3,586)	(4,543)	(5,885)	(6,516)	(7,730)	(8,730)	(8,725)	(58,983)

8

Program Description and Progress

Program Title: New Residential Construction

Program Description: The New Residential Construction Program is designed to save energy for new home owners by offering incentives to builders for the installation of natural gas appliances. The incentive assists in the defraying of the initial higher cost associated with piping and venting when installing energy efficient natural gas appliances.

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

Natural Gas Cooking (Range, Oven, Cooktop):	12,228
Natural Gas Dryer:	11,328
Natural Gas Heating:	1,198
Natural Gas High Efficiency Water Heater:	451
Natural Gas Tank Water Heater:	3,590
Natural Gas Tankless Water Heater:	8,806

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

Actual expenses were \$9,826,450.

Program Progress Summary: Through this reporting period 158,940 customers have participated.

Program Description and Progress

Program Title: Residential Appliance Retention

Program Description: The Residential Appliance Retention Program is designed to encourage current natural gas customers to make cost-effective improvements in existing residences by replacing existing natural gas appliances with energy efficient natural gas appliances. The goal is to offer customer rebates for installing energy efficient natural gas appliances.

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

Natural Gas Cooking (Range, Oven, Cooktop):	751
Natural Gas Dryer:	923
Natural Gas Heating:	3,127
Natural Gas High Efficiency Water Heater:	71
Natural Gas Tank Water Heater:	4,869
Natural Gas Tankless Water Heater:	2,035

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

Actual expenses were \$4,543,113.

Program Progress Summary: Through this reporting period 183,864 customers have participated.

Program Description and Progress

Program Title: Residential Appliance Replacement

Program Description: The Residential Appliance Replacement Program is designed to encourage customers to make cost-effective improvements in existing residences by replacing existing electric appliances with energy efficient natural gas appliances. The goal is to offer customer rebates for installing energy efficient natural gas appliances which assist in the defraying the initial higher cost associated with piping and venting for natural gas appliances.

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

Natural Gas Cooking (Range, Oven, Cooktop):	529
Natural Gas Dryer:	390
Natural Gas Heating:	30
Natural Gas High Efficiency Water Heater:	10
Natural Gas Tank Water Heater:	58
Natural Gas Tankless Water Heater:	685

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

Actual expenses were \$673,339.

Program Progress Summary: Through this reporting period 26,313 customers have participated.

Program Description and Progress

Program Title: Oil Heat Replacement

Program Description: The Oil Heat Replacement Program is designed to encourage customers to make cost-effective improvements in existing residences by converting/replacing their existing oil heating system to more energy efficient natural gas heating. The goal is to offer customer rebates for installing energy efficient natural gas heating systems to assist in the defraying the initial higher cost associated with piping and venting for natural gas appliances.

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

Energy Efficient Gas Furnace:	0
Space Heating:	0

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

Actual expenses were \$0.

Program Progress Summary: Through this reporting period 374 customers have participated.

Program Description and Progress

Program Title: Commercial Electric Replacement

Program Description: The Commercial Electric Replacement Program is designed to encourage commercial customers to make cost-effective improvements in existing facilities by replacing electric resistance appliances with energy efficient natural gas appliances. The goal is to offer customer rebates for installing energy efficient natural gas appliances which assist in the defraying the initial higher cost associated with piping and venting for natural gas appliances.

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

Natural Gas Tankless Water Heater: 6

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

Actual expenses were \$13,515.

Program Progress Summary: Through this reporting period 60,481 customers have participated.

Program Description and Progress

Program Title: Gas Space Conditioning

Program Description: The Gas Space Conditioning Program is designed to encourage commercial customers to make cost-effective improvements in existing facilities by converting/replacing their electric space conditioning equipment to energy efficient natural gas space conditioning equipment. The goal is to offer customer rebates for installing energy efficient natural gas space conditioning systems which assist in the defraying the initial higher cost associated with piping and venting for natural gas equipment.

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

Number of customers participating: 0

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

Actual expenses were \$0.

Program Progress Summary: Through this reporting period 7,478 customers have participated.

Program Description and Progress

Program Title: Small Package Cogeneration

Program Description: The Small Package Cogeneration Program is designed to encourage commercial customers to make cost-effective improvements in existing facilities by the installation of an energy efficient on-site natural gas fired combined heat and power system for the simultaneous production of mechanical and thermal energy. The goal is to offer customer rebates for installing an energy efficient natural gas fired combined heat and power system. In addition, for customers interested, workshops and a feasibility audit can be made available upon request.

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

Number of customers participating: 0

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

Actual expenses were \$0.

Program Progress Summary: Through this reporting period 7 customers have participated.

Program Description and Progress

Program Title: Monitoring and Research

Program Description: The Monitoring and Research Program is designed to pursue research, development, and demonstration projects designed to promote energy efficiency and conservation. Peoples Gas System will monitor and evaluate potential conservation programs and demonstrate prototype technologies emerging in the marketplace to determine the impact to the company and its ratepayers and may occur at customer premises, Peoples Gas System's facilities or at independent test sites. Peoples Gas System will report program progress through the annual NGCCR True-Up filing and will provide the results of Monitoring and Research activities in the company's annual DSM Report.

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

Number of customers participating: 0

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

Actual expenses were \$0.

Program Progress Summary: In 2018, Peoples Gas Systems did not have any active Monitoring and Research activities.

Program Description and Progress

Program Title: Conservation Demonstration Development

Program Description: The Conservation Demonstration Development Program is designed to encourage Peoples Gas Systems and other natural gas local distribution companies to pursue opportunities for individual and joint research including testing of technologies to develop new energy conservation programs.

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

Number of customers participating: 0

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

Actual expenses were \$508.

Program Progress Summary: Currently, Peoples Gas System continues to review possible programs to research.

Program Description and Progress

Program Title: Commercial New Construction

Program Description: The Commercial New Construction program is designed to save energy for new commercial facility owners by offering incentives to commercial customers for the installation of natural gas appliances. The incentive assists in the defraying of the initial higher cost associated with piping and venting when installing energy efficient natural gas appliances

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

Natural Gas Cooking (Range, Oven, Cooktop):	9
Natural Gas Fryer:	23
Natural Gas Tank Water Heater:	1
Natural Gas Tankless Water Heater:	59

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

Actual expenses were \$179,075

Program Progress Summary: Through this reporting period 442 customers have participated.

Program Description and Progress

Program Title: Commercial Retention

Program Description: The Commercial Retention Program is designed to encourage current natural gas commercial customers to make cost-effective improvements in existing residences by replacing existing natural gas appliances with energy efficient natural gas appliances. The goal is to offer customer rebates for installing energy efficient natural gas appliances.

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

Natural Gas Dryer:	87
Natural Gas Fryer:	33
Natural Gas Tank Water Heater:	7
Natural Gas Tankless Water Heater:	72

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

Actual expenses were \$478,050.

Program Progress Summary: Through this reporting period 1,238 customers have participated.

Program Description and Progress

Program Title: Commercial Replacement

Program Description: The Commercial Replacement Program is designed to encourage commercial customers to make cost-effective improvements in existing facilities by replacing electric appliances with energy efficient natural gas appliances. The goal is to offer customer rebates for installing energy efficient natural gas appliances which assist in the defraying the initial higher cost associated with piping and venting for natural gas appliances.

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

Natural Gas Cooktop/Range:	6
Natural Gas Fryer:	36
Natural Gas Tank Water Heater:	1
Natural Gas Tankless Water Heater:	222

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

Actual expenses were \$848,765.

Program Progress Summary: Through this reporting period 1,103 customers have participated.

Program Description and Progress

Program Title: Common Expenses

Program Description: These are expenses common to all programs.

Program Accomplishments: January 1, 2018 to December 31, 2018
N/A

Program Fiscal Expenditures: January 1, 2018 to December 31, 2018
Actual expenses were \$2,042,717.

Program Progress Summary: N/A