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August 9, 2019

VIA E-PORTAL FILING

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

Re: Docket No. 20190004-GU - Natural gas conservation recovery

Dear Mr. Teitzman:

Attached for electronic filing in the above docket on behalf of Peoples Gas System, please find their Petition.

Thank you for your assistance.

Sincerely,

Andrew M. Brown

AB/plb
Attachment

cc: Parties of Record
Mr. Mark R. Roche
Ansley Watson, Jr., Esq.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 20190004-GU

FILED: August 9, 2019

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 2020. In support thereof, the company says:

Conservation Cost Recovery

1. During the period January through December 2018, Peoples incurred actual net conservation costs of \$18,605,532. The amount collected in the ECCR clause was \$16,919,621. The conservation revenue applicable to this period was \$14,661,477 which includes the \$16,919,621 amount collected in the ECCR clause, applicable regulatory assessment fees of \$84,177 and the prior period true-up under-recovery of \$2,173,967. The true-up amount for January through December 2018 was an under-recovery of \$4,327,501 including interest. (See Exhibit No. MRR-1; Schedule CT-1, Page 1 of 1 and CT-2, Page 1 of 3, filed May 1, 2019).

2. During the period January through December 2019, the company anticipates incurring expenses of \$16,255,504. For the period, the total net true-up under-recovery is estimated to be \$2,758,747 including interest. (See Exhibit No. MRR-2; Schedule C-3, page 3 of 4).

3. For the forthcoming cost recovery period January through December 2020, Peoples projects its total incremental conservation costs to be \$16,819,205. Peoples' total true-up and projected expenditures for the projection period are estimated to be \$19,577,952 including true-up

estimates for January through December 2019. 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	0.10948
SGS	0.06692
GS-1 & CS-SG & CS-GHP	0.03278
GS-2	0.02387
GS-3	0.01977
GS-4	0.01459
GS-5	0.01073
NGVS	0.02149
CSLS	0.01727


(See Exhibit No. 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, 2020 through December 31, 2020.

DATED this 9th day of August, 2019.

Respectfully submitted,



Andrew M. Brown
Ansley Watson, Jr.

Macfarlane Ferguson & McMullen
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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 hand delivery (*) or electronic mail on this 9th day of August, 2019, to the following:

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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: AUGUST 9, 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, 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 2018, the actual/projected period
23 January to December 2019, and the projected period January
24 through December 2020. The projected 2020 ECCR factors
25 have been calculated based on the current approved

1 allocation methodology.

2

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

4

5 **A.** Yes, Exhibit No. MRR-2 was prepared under my direction
6 and supervision. This document includes Schedules C-1
7 through C-5 and associated data which support the
8 development of the natural gas conservation cost recovery
9 factors for January through December 2020.

10

11 **Q.** Does the Exhibit No. MRR-2 meet the requirements of Florida
12 Statute Rule 25-17.015 which requires the projection filing
13 to include the annual estimated/actual true-up filing
14 showing actual and projected common costs, individual
15 program costs, and any revenues collected?

16

17 **A.** Yes, it does.

18

19 **Q.** What timeframe did Peoples Gas System develop its 2019
20 annual estimated/actual true-up filing?

21

22 **A.** Peoples Gas System developed its 2019 annual
23 estimated/actual true-up filing showing actual and
24 projected common costs, individual program costs, and any
25 revenues collected based upon six months of actuals and six

1 months of estimates.

2

3 **Q.** Please describe the conservation program costs projected by
4 Peoples during the period January through December 2018.

5

6 **A.** For the period January through December 2018, Peoples
7 projected conservation program costs to be \$16,997,630.
8 The Commission authorized collections to recover these
9 expenses in Docket No. 20170004-GU, Order No. PSC-2017-
10 0435-FOF-GU, issued November 14, 2017.

11

12 **Q.** For the period January through December 2018, what were
13 Peoples' conservation costs and what was recovered through
14 the ECCR clause?

15

16 **A.** For the period January through December 2018, Peoples
17 incurred actual net conservation costs of \$18,605,532. The
18 amount collected in the ECCR clause was \$16,919,621. The
19 conservation revenue applicable to this period was
20 \$14,661,477 which includes the \$16,919,621 amount collected
21 in the ECCR clause, applicable regulatory assessment fees
22 of \$84,177 and the prior period true-up under-recovery of
23 \$2,173,967.

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25 **Q.** What is the true-up amount for Peoples for the period

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January through December 2018?

A. Peoples' true-up amount for the period January through December 2018 was an under-recovery of \$4,327,501 including interest as detailed on Schedule CT-1 of Exhibit No. MRR-1.

Q. Please describe the conservation program costs projected to be incurred by Peoples during the period January through December 2019?

A. The actual costs incurred by Peoples through June 2019 and projected for July through December 2019 are \$16,255,504. For the period, Peoples anticipates an under-recovery in the ECCR Clause of \$2,758,747 which includes the 2018 true-up and interest. A summary of these costs and estimates are fully detailed in Exhibit No. MRR-2, Estimated Conservation Program Costs Per Program, pages 12 through 15.

Q. Is Peoples proposing any new or modified DSM Programs for ECCR cost recovery for the period January through December 2020?

A. Yes, currently Peoples is awaiting Commission approval

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

7 **Q.** Are the projected costs of these programs included in
8 Peoples' 2020 projection.
9

10 **A.** No, these projected costs are not included in the
11 projected 2020 costs since the two 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 2020 and the annualized
16 recovery factors applicable for the period January through
17 December 2020?
18

19 **A.** Peoples has estimated that the total conservation costs
20 (less program revenues) during the period will be
21 \$16,819,205 plus true-up. Including true-up estimates,
22 the January through December 2020 conservation cost
23 recovery factors for retail rate classes are as follows:
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Cost Recovery Factors

Rate Schedule

(Dollars per Therm)

RS & RS-SG & RS-GHP	0.10948
SGS	0.06692
GS-1 & CS-SG & CS-GHP	0.03278
GS-2	0.02387
GS-3	0.01977
GS-4	0.01459
GS-5	0.01073
NGVS	0.02149
CSLS	0.01727

Exhibit No. MRR-2, Schedule C-1, Page 1 of 1, Energy Conservation Adjustment Summary of Cost Recovery Clause Calculation, Page 9 contains the Commission prescribed form which detail these estimates.

Q. Does this conclude your testimony?

A. Yes, it does.

CONSERVATION COSTS
PROJECTED

INDEX

<u>SCHEDULE</u>	<u>TITLE</u>	<u>PAGE</u>
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ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
MONTHS: January 2020 through December 2020

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1)	16,819,205
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	2,758,747
3. TOTAL (LINE 1 AND LINE 2)	19,577,952

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	4,485,616	75,798,643	66,790,829	19,302,125	86,092,954	8,256,930	9.59071%	0.10893	1.00503	0.10948
SGS	137,905	8,802,360	3,276,614	2,834,888	6,111,502	586,137	9.59071%	0.06659	1.00503	0.06692
GS-1 & CS-SG & CS-GHP	231,502	90,146,275	7,699,758	22,958,453	30,658,211	2,940,342	9.59071%	0.03262	1.00503	0.03278
GS-2	99,658	150,154,518	4,735,765	32,455,899	37,191,664	3,566,946	9.59071%	0.02376	1.00503	0.02387
GS-3	11,768	92,238,946	1,677,474	17,241,304	18,918,778	1,814,446	9.59071%	0.01967	1.00503	0.01977
GS-4	2,058	72,626,458	488,940	10,501,060.00	10,990,000	1,054,020	9.59071%	0.01451	1.00503	0.01459
GS-5	1,653	126,276,357	471,254	13,584,810	14,056,064	1,348,077	9.59071%	0.01068	1.00503	0.01073
NGVS	48	42,604	2,052	7,446	9,498	911	9.59071%	0.02138	1.00503	0.02149
CSLS	396	590,200	0	105,776	105,776	10,145	9.59071%	0.01719	1.00503	0.01727
TOTAL	4,970,604	616,676,360	85,142,686	118,991,761	204,134,447	19,577,952				

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ESTIMATED CONSERVATION PROGRAM COSTS BY PROGRAM BY MONTH
January 2020 through December 2020

	PROGRAM	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
1	NEW RESIDENTIAL CONSTRUCTION	680,225	680,225	680,225	680,225	680,225	680,225	680,225	680,225	680,225	680,225	680,225	680,225	\$8,162,705
2	RESIDENTIAL APPLIANCE RETENTION	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	\$4,320,000
3	RESIDENTIAL APPLIANCE REPLACEMENT	58,333	58,333	58,333	58,333	58,333	58,333	58,333	58,333	58,333	58,333	58,333	58,333	\$700,000
4	COMMERCIAL ELECTRIC REPLACEMENT	500	500	500	500	500	500	500	500	500	500	500	500	\$6,000
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	169,625	169,625	169,625	169,625	169,625	169,625	169,625	169,625	169,625	169,625	169,625	169,625	\$2,035,500
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	18,333	18,333	18,333	18,333	18,333	18,333	18,333	18,333	18,333	18,333	18,333	18,333	\$220,000
12	COMMERCIAL RETENTION	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	\$525,000
13	COMMERCIAL REPLACEMENT	70,833	70,833	70,833	70,833	70,833	70,833	70,833	70,833	70,833	70,833	70,833	70,833	\$850,000
	TOTAL ALL PROGRAMS	\$1,401,600	\$1,401,600	\$1,401,600	\$1,401,600	\$1,401,600	\$1,401,600	\$1,401,600	\$1,401,600	\$1,401,600	\$1,401,600	\$1,401,600	\$1,401,600	\$16,819,205

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
January 2020 through December 2020

	PROGRAM	CAPITAL INVEST	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1	NEW RESIDENTIAL CONSTRUCTION	0	0	0	0	8,162,705	0	0	0	\$8,162,705
2	RESIDENTIAL APPLIANCE RETENTION	0	0	0	0	4,320,000	0	0	0	\$4,320,000
3	RESIDENTIAL APPLIANCE REPLACEMENT	0	0	0	0	700,000	0	0	0	\$700,000
4	COMMERCIAL ELECTRIC REPLACEMENT	0	0	0	0	6,000	0	0	0	\$6,000
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	575,000	5,000	1,300,000	0	65,000	500	90,000	\$2,035,500
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	220,000	0	0	0	\$220,000
12	COMMERCIAL RETENTION	0	0	0	0	525,000	0	0	0	\$525,000
13	COMMERCIAL REPLACEMENT	0	0	0	0	850,000	0	0	0	\$850,000
	PROGRAM COSTS	\$0	\$575,000	\$5,000	\$1,300,000	\$14,783,705	\$65,000	\$500	\$90,000	\$16,819,205

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM

Estimated For Months July 2019 through December 2019

PROGRAM	CAPITAL INVEST	PAYROLL BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 NEW RESIDENTIAL CONSTRUCTION									
A. ACTUAL	0	0	0	0	3,755,600	0	0	0	3,755,600
B. ESTIMATED	0	0	0	0	<u>3,930,192</u>	0	0	0	<u>3,930,192</u>
C. TOTAL	0	0	0	0	7,685,792	0	0	0	7,685,792
2 RESIDENTIAL APPLIANCE RETENTION									
A. ACTUAL	0	0	0	0	2,157,207	0	0	0	2,157,207
B. ESTIMATED	0	0	0	0	<u>2,160,000</u>	0	0	0	<u>2,160,000</u>
C. TOTAL	0	0	0	0	4,317,207	0	0	0	4,317,207
3 RESIDENTIAL APPLIANCE REPLACEMENT									
A. ACTUAL	0	0	0	0	350,105	0	0	0	350,105
B. ESTIMATED	0	0	0	0	<u>349,998</u>	0	0	0	<u>349,998</u>
C. TOTAL	0	0	0	0	700,103	0	0	0	700,103
4 COMMERCIAL ELECTRIC REPLACEMENT									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	<u>3,000</u>	0	0	0	<u>3,000</u>
C. TOTAL	0	0	0	0	3,000	0	0	0	3,000
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	240,924	0	326,132	0	25,727	339	64,343	657,465
B. ESTIMATED	0	<u>268,562</u>	<u>2,500</u>	<u>874,179</u>	0	<u>151,231</u>	<u>300</u>	<u>35,228</u>	<u>1,332,000</u>
C. TOTAL	0	509,486	2,500	1,200,311	0	176,958	639	99,571	1,989,465
8. MONITORING AND RESEARCH									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
C. TOTAL	0	0	0	0	0	0	0	0	0
10. CONSERVATION DEMONSTRATION DEVELOPMENT									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
C. TOTAL	0	0	0	0	0	0	0	0	0
11. COMMERCIAL NEW CONSTRUCTION									
A. ACTUAL	0	0	0	0	103,050	0	0	0	103,050
B. ESTIMATED	0	<u>0</u>	<u>0</u>	<u>0</u>	<u>106,950</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>106,950</u>
C. TOTAL	0	0	0	0	210,000	0	0	0	210,000
12 COMMERCIAL RETENTION									
A. ACTUAL	0	0	0	0	276,250	0	0	0	276,250
B. ESTIMATED	0	<u>0</u>	<u>0</u>	<u>0</u>	<u>223,740</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>223,740</u>
C. TOTAL	0	0	0	0	499,990	0	0	0	499,990
13 COMMERCIAL REPLACEMENT									
A. ACTUAL	0	0	0	0	423,047	0	0	0	423,047
B. ESTIMATED	0	<u>0</u>	<u>0</u>	<u>0</u>	<u>426,900</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>426,900</u>
C. TOTAL	0	0	0	0	849,947	0	0	0	849,947
TOTAL	0	509,486	2,500	1,200,311	14,266,039	176,958	639	99,571	16,255,504

CONSERVATION PROGRAM COSTS BY PROGRAM
ACTUAL/ESTIMATED

Estimated For Months July 2019 through December 2019

PROGRAM NAME	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
NEW RESIDENTIAL CONSTRUCTION	860,100	375,750	313,700	393,200	461,950	1,350,900	655,032	655,032	655,032	655,032	655,032	655,032	\$7,685,792
RESIDENTIAL APPLIANCE RETENTION	480,045	271,954	365,580	440,800	341,044	257,785	360,000	360,000	360,000	360,000	360,000	360,000	\$4,317,207
RESIDENTIAL APPLIANCE REPLACEMENT	91,019	46,100	50,251	87,511	34,225	41,000	58,333	58,333	58,333	58,333	58,333	58,333	\$700,103
COMMERCIAL ELECTRIC REPLACEMENT	0	0	0	0	0	0	500	500	500	500	500	500	\$3,000
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	85,915	47,924	126,341	212,221	135,900	49,164	222,000	222,000	222,000	222,000	222,000	222,000	\$1,989,465
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 DEVELOPM	0	0	0	0	0	0	0	0	0	0	0	0	\$0
COMMERCIAL NEW CONSTRUCTION	38,350	6,500	3,000	22,700	13,500	19,000	17,825	17,825	17,825	17,825	17,825	17,825	\$210,000
COMMERCIAL RETENTION	71,950	21,700	57,100	61,500	33,000	31,000	37,290	37,290	37,290	37,290	37,290	37,290	\$499,990
COMMERCIAL REPLACEMENT	55,449	13,498	143,626	145,568	41,405	23,500	71,150	71,150	71,150	71,150	71,150	71,150	\$849,947
TOTAL ALL PROGRAMS	\$1,682,827	\$783,426	\$1,059,598	\$1,363,500	\$1,061,024	\$1,772,348	\$1,422,130	\$1,422,130	\$1,422,130	\$1,422,130	\$1,422,130	\$1,422,130	\$16,255,504

ENERGY CONSERVATION ADJUSTMENT

January 2019 through December 2019

CONSERVATION REVS.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
RCS AUDIT FEES	-	-	-	-	-	-	-	-	-	-	-	-	-
a. OTHER PROG. REV.	(2,089,640)	(2,114,742)	(1,727,079)	(1,612,991)	(1,426,900)	(1,214,040)	(1,282,537)	(1,282,537)	(1,282,537)	(1,282,537)	(1,282,537)	(1,282,537)	(17,880,614)
b. CONSERV. ADJ. REV.	-	-	-	-	-	-	-	-	-	-	-	-	-
c.	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSERV. ADJ REV. (NET OF REV. TAXES)	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	(2,089,640)	(2,114,742)	(1,727,079)	(1,612,991)	(1,426,900)	(1,214,040)	(1,282,537)	(1,282,537)	(1,282,537)	(1,282,537)	(1,282,537)	(1,282,537)	(17,880,614)
PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	119,556	119,556	119,556	119,556	119,556	119,556	119,556	119,556	119,556	119,556	119,556	119,556	1,434,666
CONSERVATION REVS. APPLIC. TO PERIOD	(1,970,084)	(1,995,186)	(1,607,524)	(1,493,435)	(1,307,345)	(1,094,484)	(1,162,982)	(1,162,982)	(1,162,982)	(1,162,982)	(1,162,982)	(1,162,982)	(16,445,948)
CONSERVATION EXPS. (FORM C-3, PAGE 3)	1,682,827	783,426	1,059,598	1,363,500	1,061,024	1,772,347	1,422,130	1,422,130	1,422,130	1,422,130	1,422,130	1,422,130	16,255,503
TRUE-UP THIS PERIOD	(287,256)	(1,211,761)	(547,926)	(129,935)	(246,321)	677,863	259,149	259,149	259,149	259,149	259,149	259,149	(190,444)
INTEREST THIS PERIOD (C-3,PAGE 5)	8,289	6,559	4,632	3,724	3,040	3,159	3,797	4,074	4,352	4,630	4,909	5,189	56,356
TRUE-UP & INT. BEG. OF MONTH	4,327,501	3,928,979	2,604,222	1,941,372	1,695,606	1,332,770	1,894,237	2,037,627	2,181,295	2,325,240	2,469,463	2,613,966	4,327,501
PRIOR TRUE-UP COLLECT./(REFUND.)	(119,556)	(119,556)	(119,556)	(119,556)	(119,556)	(119,556)	(119,556)	(119,556)	(119,556)	(119,556)	(119,556)	(119,556)	(1,434,666)
END OF PERIOD TOTAL NET TRUE-UP	3,928,979	2,604,222	1,941,372	1,695,606	1,332,770	1,894,237	2,037,627	2,181,295	2,325,240	2,469,463	2,613,966	2,758,747	2,758,747

CALCULATION OF TRUE-UP AND INTEREST PROVISION

January 2019 through December 2019

INTEREST PROVISION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
BEGINNING TRUE-UP	4,327,501	3,928,979	2,604,222	1,941,372	1,695,606	1,332,770	1,894,237	2,037,627	2,181,295	2,325,240	2,469,463	2,613,966	2,758,747
END. T-UP BEFORE INT.	3,920,690	2,597,662	1,936,741	1,691,882	1,329,730	1,891,078	2,033,830	2,177,220	2,320,888	2,464,833	2,609,056	2,753,559	2,702,391
TOT. BEG. & END. T-UP	8,248,191	6,526,641	4,540,962	3,633,254	3,025,336	3,223,848	3,928,068	4,214,848	4,502,183	4,790,073	5,078,520	5,367,524	5,461,139
AVERAGE TRUE-UP	4,124,095	3,263,320	2,270,481	1,816,627	1,512,668	1,611,924	1,964,034	2,107,424	2,251,091	2,395,036	2,539,260	2,683,762	2,730,569
INT. RATE-FIRST DAY OF REPORTING BUS. MTH	2.4200%	2.4100%	2.4100%	2.4800%	2.4300%	2.3900%	2.3200%	2.3200%	2.3200%	2.3200%	2.3200%	2.3200%	2.3200%
INT. RATE-FIRST DAY OF SUBSEQUENT BUS. MTH	2.4100%	2.4100%	2.4800%	2.4300%	2.3900%	2.3200%	2.3200%	2.3200%	2.3200%	2.3200%	2.3200%	2.3200%	2.3200%
TOTAL	4.8300%	4.8200%	4.8900%	4.9100%	4.8200%	4.7100%	4.6400%	4.6400%	4.6400%	4.6400%	4.6400%	4.6400%	4.6400%
AVG INTEREST RATE	2.4150%	2.4100%	2.4450%	2.4550%	2.4100%	2.3550%	2.3200%	2.3200%	2.3200%	2.3200%	2.3200%	2.3200%	2.3200%
MONTHLY AVG. RATE	0.20100%	0.2010%	0.2040%	0.2050%	0.2010%	0.1960%	0.1933%	0.1933%	0.1933%	0.1933%	0.1933%	0.1933%	0.1933%
INTEREST PROVISION	\$8,289	\$6,559	\$4,632	\$3,724	\$3,040	\$3,159	\$3,797	\$4,074	\$4,352	\$4,630	\$4,909	\$5,189	\$56,356

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, 2019 to December 31, 2019

During this period, there are 10,200 customers projected to participate.

January 1, 2020 to December 31, 2020

During this period, there are 10,800 customers projected to participate.

**Program Fiscal
Expenditures:**

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$7,685,792.

January 1, 2020 to December 31, 2020

Expenditures are estimated to be \$8,162,705.

**Program Progress
Summary:**

Through December 31, 2018 the following New Residential Construction totals are:

New Residential Construction: 158,940

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, 2019 to December 31, 2019

During this period, there are 11,150 customers projected to participate.

January 1, 2020 to December 31, 2020

During this period, there are 11,150 customers projected to participate.

Program Fiscal Expenditures:

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$4,317,207.

January 1, 2020 to December 31, 2020

Expenditures are estimated at \$4,320,000.

Program Progress Summary:

Through December 31, 2018 the following Residential Appliance Retention totals are:

Residential Appliance Retention: 183,864

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, 2019 to December 31, 2019

During this period, there are 1,425 customers projected to participate.

January 1, 2020 to December 31, 2020

During this period, there are 1,425 customers projected to participate.

Program Fiscal Expenditures:

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$700,103.

January 1, 2020 to December 31, 2020

Expenditures are estimated to be \$700,000.

Program Progress Summary:

Through December 31, 2018 the following Residential Appliance Replacement totals are:

Residential Appliance Replacement: 26,313

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, 2019 to December 31, 2019

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

January 1, 2020 to December 31, 2020

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

Program Fiscal Expenditures:

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$3,000.

January 1, 2020 to December 31, 2020

Expenditures are estimated at \$6,000.

Program Progress Summary:

Through December 31, 2018 the following Commercial Electric Replacement totals are:

Commercial Electric Replacement: 60,481

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, 2019 to December 31, 2019.

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

January 1, 2020 to December 31, 2020

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

Program Fiscal Expenditures:

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$0.

January 1, 2020 to December 31, 2020

Expenditures are estimated to be \$0.

Program Progress Summary:

Through December 31, 2018 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, 2019 to December 31, 2019.

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

January 1, 2020 to December 31, 2020

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

**Program Fiscal
Expenditures:**

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$0.

January 1, 2020 to December 31, 2020

Expenditures are estimated to be \$0.

**Program Progress
Summary:**

Through December 31, 2018 the following Small Package Cogeneration totals are:
Small Package Cogeneration: Seven

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, 2019 to December 31, 2019

Expenditures are estimated to be \$1,989,465.

January 1, 2020 to December 31, 2020

Expenditures are estimated to be \$2,035,500.

Program Progress Summary: N/A

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, 2019 to December 31, 2019

Expenditures are estimated to be \$0.

January 1, 2020 to December 31, 2020

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: 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, 2019 to December 31, 2019.

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

January 1, 2020 to December 31, 2020

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

Program Fiscal Expenditures:

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$0.

January 1, 2020 to December 31, 2020

Expenditures are estimated to be \$0.

Program Progress Summary:

Through December 31, 2018 the following Oil Heat Replacement totals are:
Oil Heat Replacement: 374

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, 2019 to December 31, 2019

Expenditures are estimated to be \$0.

January 1, 2020 to December 31, 2020

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: 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, 2019 to December 31, 2019

During this period, there are 150 customers projected to participate.

January 1, 2020 to December 31, 2020

During this period, there are 150 customers projected to participate.

Program Fiscal Expenditures:

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$210,000.

January 1, 2020 to December 31, 2020

Expenditures are estimated to be \$220,000.

Program Progress Summary:

Through December 31, 2018 the following Commercial New Construction totals are:

Commercial New Construction: 442

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, 2019 to December 31, 2019

During this period, there are 350 customers projected to participate.

January 1, 2020 to December 31, 2020

During this period, there are 350 customers projected to participate.

**Program Fiscal
Expenditures:**

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$499,990.

January 1, 2020 to December 31, 2020

Expenditures are estimated to be \$525,000.

**Program Progress
Summary:**

Through December 31, 2018 the following Commercial Retention totals are:
Commercial Retention: 1,238

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, 2019 to December 31, 2019

During this period, there are 350 customers projected to participate.

January 1, 2020 to December 31, 2020

During this period, there are 350 customers projected to participate.

Program Fiscal Expenditures:

January 1, 2019 to December 31, 2019

Expenditures are estimated to be \$849,947.

January 1, 2020 to December 31, 2020

Expenditures are estimated to be \$850,000.

Program Progress

Summary:

Through December 31, 2018 the following Commercial Replacement totals are:
Commercial Replacement: 1,103