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May 1, 2017

VIA E-PORTAL FILING

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

Re: Docket No. 170004-GU – Natural gas conservation cost recovery

Dear Ms. Stauffer:

Enclosed for filing in the above docket on behalf of Peoples Gas System (“Peoples”), please find the following:

- Peoples’ Petition for Approval of True-Up Amount (for the period January through December 2016); and
- Exhibit ___ (KMF-1), consisting of Schedules CT-1 through CT-6.

The enclosed exhibit will be offered by Peoples at the hearing in this docket currently scheduled to commence on October 25, 2017.

Thank you for your usual assistance.

Sincerely,

ANSLEY WATSON, JR.

AWjr/a
Attachments

Ms. Carlotta S. Stauffer
May 1, 2017
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cc: Kandi M. Floyd
Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost)
recovery.)
_____)

Docket No. 170004-GU
Submitted for Filing:
5-1-17

**PETITION OF PEOPLES GAS SYSTEM
FOR APPROVAL OF TRUE-UP AMOUNT**

Peoples Gas System ("Peoples"), through undersigned counsel and pursuant to Rule 25-17.015, *Florida Administrative Code*, petitions the Commission for approval of its end-of-period final energy conservation cost recovery true-up amount for the period January 1 through December 31, 2016, and in support thereof says:

1. The name and address of the Petitioner are:

Peoples Gas System
P. O. Box 2562
Tampa, Florida 33601-2562

2. The persons to whom notices, orders, pleadings and correspondence in this docket should be addressed are:

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3. Peoples' calculation of the true-up amounts for which approval is hereby requested is consistent with the Commission's prescribed methodology. These calculations and the supporting documentation are contained in Exhibit ___(KMF-1),

consisting of the Energy Conservation Cost Recovery True-Up Reporting Forms, completed as directed by the Commission Staff. Exhibit ___(KMF-1) is submitted for filing with this petition.

4. For the period January through December 2016, Peoples has calculated its end-of-period final true-up amount to be an under-recovery, including principal and interest, of \$189,620.

WHEREFORE, Peoples Gas System respectfully requests that the Commission grant this petition and approve the under-recovery of \$189,620 as the final true-up amount for the January through December 2016 period.

Respectfully submitted,



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Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing petition, together with copies of Exhibit ___(KMF-1), have been furnished electronically, this 1st day of May, 2017 to the following:

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Ansley Watson, Jr.



PEOPLES GAS SYSTEM
SCHEDULES SUPPORTING
ENERGY CONSERVATION COST RECOVERY CLAUSE
TRUE-UP FILING
January 2016 - December 2016

ENERGY CONSERVATION COST RECOVERY

INDEX

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**ADJUSTED NET TRUE-UP
JANUARY 2016 THROUGH DECEMBER 2016**

END OF PERIOD NET TRUE-UP

PRINCIPAL	196,881	
INTEREST	(7,261)	189,620

LESS PROJECTED TRUE-UP

PRINCIPAL	(408,966)	
INTEREST	(7,785)	(416,751)

ADJUSTED NET TRUE-UP

606,371

() REFLECTS OVER-RECOVERY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
 ACTUAL VERSUS ESTIMATED
 JANUARY 2016 THROUGH DECEMBER 2016

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	350,058	337,957	12,101
MATERIALS & SUPPLIES	466	799	(333)
ADVERTISING	1,115,184	1,220,385	(105,201)
INCENTIVES	11,792,064	11,355,729	436,335
OUTSIDE SERVICES	82,906	14,917	67,989
VEHICLES	0	0	0
OTHER	5,039	63,577	-58,539
SUB-TOTAL	13,345,716	12,993,364	352,352
PROGRAM REVENUES	0	0	0
TOTAL PROGRAM COSTS	13,345,716	12,993,364	352,352
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(13,148,835)	(13,402,329)	253,494
ROUNDING ADJUSTMENT	0	0	0
TRUE-UP BEFORE INTEREST	196,881	-408,965	605,846
INTEREST PROVISION	-7,261	-7,785	524
END OF PERIOD TRUE-UP	189,620	-416,750	606,370

() REFLECTS OVER-RECOVERY
 *7 MONTHS ACTUAL AND 5 MONTHS PROJECTED

**ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM
JANUARY 2016 THROUGH DECEMBER 2016**

PROGRAM NAME	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVE	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: NEW RESIDENTIAL CONSTRUCTION	0	0	0	5,104,780	0	0	0	5,104,780
PROGRAM 2: RESIDENTIAL APPLIANCE RETENTION	0	0	0	4,775,897	0	0	0	4,775,897
PROGRAM 3: RESIDENTIAL APPLIANCE REPLACEMENT	0	0	0	722,698	0	0	0	722,698
PROGRAM 4: OIL HEAT REPLACEMENT	0	0	0	0	0	0	0	0
PROGRAM 5: COMMERCIAL ELECTRIC REPLACEMENT	0	0	0	15,641	0	0	0	15,641
PROGRAM 6: GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0
PROGRAM 7: SMALL PACKAGE COGEN	0	0	0	0	0	0	0	0
PROGRAM 8: MONITORING & RESEARCH	0	0	0	0	0	0	0	0
PROGRAM 9: CONSERVATION DEMONSTRATION DEVELOPMENT	0	0	0	0	0	0	0	0
PROGRAM 10: COMMERCIAL NEW CONSTRUCTION	0	0	0	134,630	0	0	0	134,630
PROGRAM 11: COMMERCIAL RETENTION	0	0	0	426,875	0	0	0	426,875
PROGRAM 12: COMMERCIAL REPLACEMENT	0	0	0	611,543	0	0	0	611,543
PROGRAM 13: COMMON COSTS	350,058	466	1,115,184	0	82,906	0	5,039	1,553,653
TOTAL	350,058	466	1,115,184	11,792,064	82,906	0	5,039	13,345,716

**CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED
JANUARY 2016 THROUGH DECEMBER 2016**

PROGRAM NAME	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVE	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: NEW RESIDENTIAL CONSTRUCTION	0	0	0	303,957	0	0	0	303,957
PROGRAM 2: RESIDENTIAL APPLIANCE RETENTION	0	0	0	164,325	0	0	0	164,325
PROGRAM 3: RESIDENTIAL APPLIANCE REPLACEMENT	0	0	0	(82,902)	0	0	0	(82,902)
PROGRAM 4: OIL HEAT REPLACEMENT	0	0	0	0	0	0	0	0
PROGRAM 5: COMMERCIAL ELECTRIC REPLACEMENT	0	0	0	(13,954)	0	0	0	(13,954)
PROGRAM 6: GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0
PROGRAM 7: SMALL PACKAGE COGEN	0	0	0	0	0	0	0	0
PROGRAM 8: MONITORING & RESEARCH	0	0	0	0	0	0	0	0
PROGRAM 9: CONSERVATION DEMONSTRATION DEVELOPMENT	0	0	0	(18,000)	0	0	0	(18,000)
PROGRAM 10: COMMERCIAL NEW CONSTRUCTION	0	0	0	(38,564)	0	0	0	(38,564)
PROGRAM 11: COMMERCIAL RETENTION	0	0	0	38,289	0	0	0	38,289
PROGRAM 12: COMMERCIAL REPLACEMENT	0	0	0	83,184	0	0	0	83,184
PROGRAM 13: COMMON COSTS	12,101	(333)	(105,201)	0	67,989	0	(58,539)	(83,982)
TOTAL TOTAL OF ALL PROGRAMS	12,101	(333)	(105,201)	436,335	67,989	0	(58,539)	352,352

() REFLECTS PROJECTED OVER ACTUAL EXPENSE ESTIMATES

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**ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
SUMMARY OF EXPENSES BY PROGRAM BY MONTH
JANUARY 2016 THROUGH DECEMBER 2016**

EXPENSES:	JAN 2016	FEB 2016	MAR 2016	APR 2016	MAY 2016	JUN 2016	JUL 2016	AUG 2016	SEPT 2016	OCT 2016	NOV 2016	DEC 2016	TOTAL
NEW RESIDENTIAL CONSTRUCTION	414,000	400,005	327,000	272,150	539,100	450,750	397,475	514,410	253,440	460,650	260,750	815,050	5,104,780
RESIDENTIAL APPLIANCE RETENTION	391,140	323,456	415,095	373,625	420,178	355,015	411,574	409,788	384,020	467,625	397,180	427,200	4,775,897
RESIDENTIAL APPLIANCE REPLACEMENT	81,775	51,755	79,134	73,350	59,575	53,221	71,123	54,250	39,440	47,150	44,325	67,600	722,698
OIL HEAT REPLACEMENT	0	0	0	0	0	0	0	0	0	0	0	0	0
COMMERCIAL ELECTRIC REPLACEMENT	10,200	0	0	875	2,520	0	0	350	0	360	0	1,336	15,641
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
MONITORING & RESEARCH	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSERVATION DEMONSTRATION DEVELOPMENT	0	0	0	0	0	0	0	0	0	0	0	0	0
COMMERCIAL NEW CONSTRUCTION	3,500	14,500	6,000	2,500	9,780	51,250	13,500	3,500	13,000	6,000	8,100	3,000	134,630
COMMERCIAL RETENTION	38,500	46,500	51,000	37,500	9,175	28,000	16,000	35,500	32,200	49,000	41,000	42,500	426,875
COMMERCIAL REPLACEMENT	34,133	57,485	24,857	43,985	52,592	61,657	33,500	64,485	67,606	77,510	43,000	50,732	611,543
COMMON COSTS	67,695	49,108	128,647	97,176	97,028	148,776	86,142	383,299	139,317	208,811	63,134	84,521	1,553,653
TOTAL	1,040,943	942,809	1,031,733	901,161	1,189,948	1,148,668	1,029,314	1,465,582	929,023	1,317,106	857,489	1,491,939	13,345,716

**ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2016 THROUGH DECEMBER 2016**

CONSERVATION REVENUES	JAN 2016	FEB 2016	MAR 2016	APR 2016	MAY 2016	JUN 2016	JUL 2016	AUG 2016	SEP 2016	OCT 2016	NOV 2016	DEC 2016	TOTAL
1. RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROGRAM REVS	0	0	0	0	0	0	0	0	0	0	0	0	0
3. CONSERV. ADJ REVS	(1,198,343)	(1,351,333)	(1,165,896)	(994,560)	(867,721)	(775,616)	(723,092)	(667,736)	(709,221)	(711,384)	(835,821)	(1,011,650)	(11,012,375)
4. TOTAL REVENUES	(1,198,343)	(1,351,333)	(1,165,896)	(994,560)	(867,721)	(775,616)	(723,092)	(667,736)	(709,221)	(711,384)	(835,821)	(1,011,650)	(11,012,375)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(178,038)	(178,038)	(178,038)	(178,038)	(178,038)	(178,038)	(178,038)	(178,038)	(178,038)	(178,038)	(178,038)	(178,042)	(2,136,460)
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(1,376,381)	(1,529,371)	(1,343,934)	(1,172,598)	(1,045,759)	(953,654)	(901,130)	(845,774)	(887,259)	(889,422)	(1,013,859)	(1,189,692)	(13,148,835)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	1,040,943	942,809	1,031,733	901,161	1,189,948	1,148,668	1,029,314	1,465,582	929,023	1,317,106	857,489	1,491,939	13,345,716
8. TRUE-UP THIS PERIOD	(335,438)	(586,562)	(312,201)	(271,437)	144,189	195,014	128,184	619,807	41,764	427,683	(156,370)	302,247	196,881
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(731)	(850)	(998)	(952)	(887)	(825)	(710)	(537)	(380)	(246)	(121)	(25)	(7,261)
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(2,136,460)	(2,294,591)	(2,703,965)	(2,839,125)	(2,933,476)	(2,612,136)	(2,239,909)	(1,934,396)	(1,137,088)	(917,666)	(312,191)	(290,643)	
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	178,038	178,038	178,038	178,038	178,038	178,038	178,038	178,038	178,038	178,038	178,038	178,042	
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(2,294,591)	(2,703,965)	(2,839,125)	(2,933,476)	(2,612,136)	(2,239,909)	(1,934,396)	(1,137,088)	(917,666)	(312,191)	(290,643)	189,620	189,620

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**CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2016 THROUGH DECEMBER 2016**

INTEREST PROVISION	JAN 2016	FEB 2016	MAR 2016	APR 2016	MAY 2016	JUN 2016	JUL 2016	AUG 2016	SEPT 2016	OCT 2016	NOV 2016	DEC 2016	TOTAL
1. BEGINNING TRUE-UP	(2,136,460)	(2,294,591)	(2,703,965)	(2,839,125)	(2,933,476)	(2,612,136)	(2,239,909)	(1,934,396)	(1,137,088)	(917,666)	(312,191)	(290,643)	
2. ENDING TRUE-UP BEFORE INTEREST	<u>(2,293,860)</u>	<u>(2,703,115)</u>	<u>(2,838,127)</u>	<u>(2,932,524)</u>	<u>(2,611,249)</u>	<u>(2,239,084)</u>	<u>(1,933,687)</u>	<u>(1,136,551)</u>	<u>(917,286)</u>	<u>(311,945)</u>	<u>(290,523)</u>	<u>189,645</u>	
3. TOTAL BEGINNING & ENDING TRUE-UP	(4,430,320)	(4,997,706)	(5,542,092)	(5,771,649)	(5,544,725)	(4,851,220)	(4,173,595)	(3,070,947)	(2,054,374)	(1,229,611)	(602,714)	(100,998)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	<u>(2,215,160)</u>	<u>(2,498,853)</u>	<u>(2,771,046)</u>	<u>(2,885,824)</u>	<u>(2,772,362)</u>	<u>(2,425,610)</u>	<u>(2,086,798)</u>	<u>(1,535,473)</u>	<u>(1,027,187)</u>	<u>(614,806)</u>	<u>(301,357)</u>	<u>(50,499)</u>	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	0.400%	0.400%	0.420%	0.440%	0.340%	0.430%	0.380%	0.430%	0.410%	0.480%	0.480%	0.480%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	<u>0.400%</u>	<u>0.420%</u>	<u>0.440%</u>	<u>0.340%</u>	<u>0.430%</u>	<u>0.380%</u>	<u>0.430%</u>	<u>0.410%</u>	<u>0.480%</u>	<u>0.480%</u>	<u>0.480%</u>	<u>0.720%</u>	
7. TOTAL (SUM LINES 5 & 6)	0.800%	0.820%	0.860%	0.780%	0.770%	0.810%	0.810%	0.840%	0.890%	0.960%	0.960%	1.200%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	0.400%	0.410%	0.430%	0.390%	0.385%	0.405%	0.405%	0.420%	0.445%	0.480%	0.480%	0.600%	
9. MONTHLY AVG INTEREST RATE	0.033%	0.034%	0.036%	0.033%	0.032%	0.034%	0.034%	0.035%	0.037%	0.040%	0.040%	0.050%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	<u>(731)</u>	<u>(850)</u>	<u>(998)</u>	<u>(952)</u>	<u>(887)</u>	<u>(825)</u>	<u>(710)</u>	<u>(537)</u>	<u>(380)</u>	<u>(246)</u>	<u>(121)</u>	<u>(25)</u>	<u>(7,261)</u>

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Program Progress Report

Reporting Period: JANUARY 2016 THROUGH DECEMBER 2016

Name: NEW RESIDENTIAL CONSTRUCTION

Description: This Program is designed to increase the number of high priority natural gas customers in the new residential construction market. The Company offers incentives to builders for the installation of natural gas appliances in order to defray the initial higher cost associated with piping and venting when installing natural gas appliances.

Program Allowances:	Natural Gas Tank Water Heater	.....	\$ 350
	Natural Gas High Efficiency Water Heater	.....	\$ 400
	Natural Gas Tankless Water Heater	.....	\$ 550
	Natural Gas Heating	.....	\$ 500
	Natural Gas Cooking (Range, Oven, Cooktop)	.....	\$ 150
	Natural Gas Dryer	.....	\$ 100

Program Summary

New Home Goal:	5,334
New Homes Connected:	<u>5,672</u>
Variance:	<u>-338</u>
Percent of Goal:	106.3%

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$4,800,823
Actual Cost:	<u>\$5,104,780</u>
Variance:	<u>-\$303,957</u>

Program Progress Report

Reporting Period: JANUARY 2016 THROUGH DECEMBER 2016

Name: RESIDENTIAL APPLIANCE RETENTION

Description: This program is designed to encourage current natural gas customers to replace existing natural gas appliances with energy efficient natural gas appliances. The program offers allowances to assist in defraying the cost of more expensive energy efficient appliances.

Program Allowances:	Natural Gas Tank Water Heater	.....	\$	350
	Natural Gas High Efficiency Water Heater	.....	\$	400
	Natural Gas Tankless Water Heater	.....	\$	550
	Natural Gas Heating	.....	\$	500
	Natural Gas Cooking (Range, Oven, Cooktop)	.....	\$	100
	Natural Gas Dryer	.....	\$	100

Program Summary

Goals:	5,124
Actual:	<u>5,307</u>
Variance:	<u>-183</u>
Percent of Goal:	103.6%

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$4,611,572
Actual Cost:	<u>\$4,775,897</u>
Variance:	<u>(\$164,325)</u>

Program Progress Report

Reporting Period: JANUARY 2016 THROUGH DECEMBER 2016

Name: RESIDENTIAL APPLIANCE REPLACEMENT

Description: This program was designed to encourage the replacement of electric resistance appliances with energy efficient natural gas appliances by offering incentives to defray the initial higher cost associated with piping and venting for natural gas appliances.

Program Allowances:	Natural Gas Tank Water Heater	\$500
	Natural Gas High Efficiency Water Heater	\$550
	Natural Gas Tankless Water Heater	\$675
	Natural Gas Heating	\$725
	Natural Gas Cooking (Range, Oven, Cooktop)	\$200
	Natural Gas Dryer	\$150
	Natural Gas Space Heating	\$65

Program Summary

Goals:	597
Actual:	<u>535</u>
Variance:	<u>61</u>

Percent of Goal: 89.7%

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$805,600
Actual Cost:	<u>\$722,698</u>
Variance:	<u>\$82,902</u>

Program Progress Report

Reporting Period: JANUARY 2016 THROUGH DECEMBER 2016

Name: OIL HEAT REPLACEMENT

Description: This program is designed to encourage customers to convert their existing oil heating system to more energy efficient natural gas heating. Peoples' offers piping and venting allowances to defray the higher cost of installation of natural gas systems in hopes of preventing the customer from putting in less costly electric resistance strip heat.

Program Allowances:	Energy Efficient Gas Furnace	.....	\$330
	Space Heating	.....	\$330

Program Summary

Goals	0
Actual	<u>0</u>
Variance:	<u>0</u>
Percent of Goal:	0.0%

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$0
Actual Cost:	<u>\$0</u>
Variance:	<u>\$0</u>

Program Progress Report

Reporting Period: JANUARY 2016 THROUGH DECEMBER 2016

Name: COMMERCIAL ELECTRIC REPLACEMENT

Description: This program is designed to encourage the replacement of electric resistance appliances in commercial establishments by offering piping and venting allowances to defray the additional cost of installing natural gas equipment.

Program Allowances: For each kW Displaced \$40

Program Summary

Goals:	740 (Projected kW Displaced)
Actual:	<u>391</u>
Variance:	<u>349</u>
Percent of Goal:	52.9%

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$29,595
Actual Cost:	<u>\$15,641</u>
Variance:	<u>\$13,954</u>

Program Progress Report

Reporting Period: JANUARY 2016 THROUGH DECEMBER 2016

Name: GAS SPACE CONDITIONING

Description: This Program is designed to convert on-main customers from electric space conditioning equipment to energy efficient gas space conditioning. The program offers piping and venting allowances to reduce the generally higher cost of installing gas space conditioning equipment. This program would also reduce summer as well as winter peak demand and contribute to the conservation of KWH / KWD consumption.

Program Allowances: \$150 / ton

Program Summary

Goals: 0

Actual: 0

Variance: 0

Percent of Goal: 0.0%

Conservation Cost Variance - Actual vs. Projected

Projected Cost: \$0

Actual Cost: \$0

Variance: \$0

Program Progress Report

Reporting Period: JANUARY 2016 THROUGH DECEMBER 2016

Name: SMALL PACKAGE COGEN

Description: This program was designed to promote the direct use of natural gas to generate on-site power and utilize the waste heat for on-site heating, cooling and water heating requirements for commercial and industrial applications. For commercial and industrial customers that are interested, workshops and a feasibility audit will be made available upon request.

Program Allowances: \$150 / kW kW Deferred
\$5,000 Feasibility Study

Program Summary

Goals:	0
Actual:	<u>0</u>
Variance:	<u>0</u>
Percent of Goal:	0.0%

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$0
Actual Cost:	<u>\$0</u>
Variance:	<u>\$0</u>

Program Progress Report

Reporting Period: JANUARY 2016 THROUGH DECEMBER 2016

Name: MONITORING & RESEARCH

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

Program Summary: Estimated annual cost: \$80,000

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$0
Actual Cost:	<u>\$0</u>
Variance:	<u><u>\$0</u></u>

Program Progress Report

Reporting Period: JANUARY 2016 THROUGH DECEMBER 2016

Name: CONSERVATION DEMONSTRATION DEVELOPMENT

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

Program Summary: Estimated annual cost: \$150,000

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$18,000
Actual Cost:	<u>\$0</u>
Variance:	<u>\$18,000</u>

Program Progress Report

Reporting Period: JANUARY 2016 THROUGH DECEMBER 2016

Name: COMMERCIAL NEW CONSTRUCTION

Description: This Program is designed to increase the number of high priority natural gas customers in the new commercial construction market. The Company offers incentives to customers for the installation of natural gas appliances in order to defray the initial higher cost associated with piping and venting when installing natural gas appliances.

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

Program Summary

Goals:	115
Actual:	<u>90</u>
Variance:	<u>26</u>
 Percent of Goal:	 77.7%

Conservation Cost Variance - Actual vs. Projected

Projected Cost:	\$173,194
Actual Cost:	<u>\$134,630</u>
Variance:	<u>\$38,564</u>

Program Progress Report

Reporting Period: JANUARY 2016 THROUGH DECEMBER 2016

Name: COMMERCIAL RETENTION

Description: This program is designed to encourage current natural gas customers to replace existing natural gas appliances with energy efficient natural gas appliances. The program offers allowances to assist in defraying the cost of more expensive energy efficient appliances.

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

Program Summary

Goals: 259
 Actual: 285
 Variance: -26

Percent of Goal: 109.9%

Conservation Cost Variance - Actual vs. Projected

Projected Cost: \$388,586
 Actual Cost: \$426,875
 Variance: (\$38,289)

Program Progress Report

Reporting Period: JANUARY 2016 THROUGH DECEMBER 2016

Name: COMMERCIAL REPLACEMENT

Description: This program was designed to encourage the replacement of electric appliances with energy efficient natural gas appliances by offering incentives to defray the initial higher cost associated with piping and venting for natural gas appliances.

Program Allowances:	Small Food	Large Food	Non-Food	Hospitality	Cleaning
Water Heater	up to \$1500	up to \$2000	up to \$2000	up to \$2000	up to \$2000
Tankless Water Heater	up to \$2500	up to \$2500	up to \$2500	up to \$2500	up to \$2500
Fryer	up to \$3000	up to \$3000	N/A	\$3,000	N/A
Range	up to \$1500	up to \$1500	N/A	up to \$1500	N/A
Dryer	N/A	N/A	N/A	up to \$1500	up to \$1500

Program Summary

Goals: 211
 Actual: 245
 Variance: -33

Percent of Goal: 115.7%

Conservation Cost Variance - Actual vs. Projected

Projected Cost: \$528,359
 Actual Cost: \$611,543
 Variance: (\$83,184)

Program Progress Report

Reporting Period: JANUARY 2016 THROUGH DECEMBER 2016

Name: COMMON COSTS

Conservation Cost Variance - Actual vs. Projected

Projected Cost: \$1,637,635

Actual Cost: \$1,553,653

Variance: \$83,982