

ST JOE NATURAL GAS



Serving Florida's Panhandle Since 1963
P. O. Box 549 / Port St. Joe, FL 32457
301 Long Avenue / Port St. Joe, FL 32456
tel 850.229.8216 / fax 850.229.8392

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September 9, 2010

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 100004-GU

Dear Ms. Cole,

Enclosed for filing in the above referenced docket are the original and ten (10) copies of St Joe Natural Gas Company's Petition for approval of its Conservation Cost Recovery Factor to be applied to customer bills during the twelve month period ending December 31, 2011.

1. Schedules C-1 through C-4
2. Direct Testimony of Debbie Stitt

Please acknowledge receipt of this document by stamping the extra copy of this letter which is also enclosed.

Thank you for your assistance.

Very truly yours,

Debbie Stitt
Energy Conservation Analyst

Enclosures

COM 5
APA 1
ECR 2
GCL 1
RAD 1
SSC 1
ADM 1
OPC 1
CLK 14.RPR

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07624 SEP 13 2010
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Conservation Cost)
Recovery Clause)
_____)

Docket No. 100004-GU
Submitted for filing
September 9, 2010

PETITION OF ST JOE NATURAL GAS COMPANY, INC.
FOR APPROVAL OF PROPOSED CONSERVATION COST
RECOVERY CHARGES

=====

St. Joe Natural Gas Company, Inc. ("SJNG") by and through its undersigned officer, hereby petitions the Commission for approval of its proposed conservation cost recovery factors and amounts as further identified below. In support hereof the company states:

1. The Name of the petitioner and the mailing address of its principal office is:

St. Joe Natural Gas Company, Inc.
P.O. Box 549
Port St. Joe, Florida 32457-0549

2. The name and mailing address of the person authorized to receive notices and communications to this petition is:

Debbie Stitt, Energy Conservation Analyst
St. Joe Natural Gas Company, Inc.
P.O. Box 549
Port St. Joe, Florida 32457-0549

3. Pursuant to the requirements of this docket, SJNG has prepared testimony and the conservation true-up forms supplied by the Commission Staff in a manner consistent with the Staff's instructions.

DOCUMENT NUMBER 047-
07624 SEP 13 2010
FPSC-COMMISSION CLEAR

4. The Conservation Cost Recovery Factor was calculated in accordance with the methodology which has been previously approved by the Commission in this docket. The factor is designed to recover the projected conservation program expenses of **SJNG** for the twelve month period ending December 31, 2011 adjusted for the net true-up (which includes the estimated conservation true-up for the Twelve month period ending December 31, 2010), as well as interest calculated in accordance with the methodology established by the Commission.


5. **SJNG** projects total conservation program expenses, net of all programs revenue of \$110,075.00 for the twelve month period ending December 31, 2011. The estimated net true-up for the twelve months ending December 31, 2010 is an under-recovery of \$76,759.00. After increasing the projected conservation expenses by the amount of this underrecovery, a total of \$186,834.00 remains to be collected during the twelve months ending December 31, 2011. Dividing this total by the projected sales for the period by 1,585,594 therms, and expanding for taxes, results in the conservation adjustment factor of \$0.32519 per therm for RS-1, \$0.20316 per therm for RS-2, \$0.15080 per therm for RS-3, \$0.13359 per therm for GS-1, \$0.06978 per therm for GS-2, and \$0.03189 per therm for GS-4/FTS-4 respectively which **SJNG** seeks approval in this petition.

St. Joe Natural Gas Company, Inc.
Docket No. 100004-GU
September 9, 2010
Page 3

The calculation of these factors per them is contained in the Commission prescribed worksheets filed with this petition.

WHEREFORE, St. Joe Natural Gas Company, Inc. requests that this Commission enter its order approving the above conservation cost recovery factors to be applied to the appropriate customer bills during the twelve month period ending December 31, 2011 and to customer bills thereafter until other conservation cost recovery factors are approved by the Commission.

Dated this 9th day of September 2010.



Stuart Shoaf, President
St. Joe Natural Gas Company, Inc.
P.O. Box 549
Port St. Joe, Florida 32457-0549
(850) 229-8216

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Conservation Cost)
Recovery Clause)
_____)

Docket No.100004-GU
Submitted for Filing
September 9, 2010

DIRECT TESTIMONY OF DEBBIE STITT ON BEHALF OF
ST. JOE NATURAL GAS COMPANY, INC.

Q. Please state your name, business address, by whom you are employed and in what capacity.

A. Debbie Stitt, 301 Long Avenue, Port St. Joe, Florida 32456, St Joe Natural Gas Company in the capacity of Energy Conservation Analyst.

Q. What is the purpose of your testimony?

A. My purpose is to submit the known and projected expenses and revenues associated with SJNG's conservation programs incurred in January thru August 2010 and projection costs to be incurred from September 2010 through December 2010. It will also include projected conservation costs for the period January 1, 2011 through December 31, 2011 with a calculation of the conservation adjustment factors to be applied to the customers' bills during the January 1, 2011 through December 31, 2011 period.

Q. Have you prepared any exhibits in conjunction with your testimony?

A. Yes, I have prepared and filed to the Commission the 9th day of September 2010 Schedule C-1 prescribed by the Commission Staff which has collectively been titled Energy Conservation Adjustment Summary of Cost Recovery Clause Calculation for months January

1 1, 2011 through December 31, 2011 for identification.

2 Q. Is the Company proposing to revise the applicability of its tariff
3 Energy Conservation Cost Recovery Adjustment Factors based on the
4 Company's recent rate proceeding?

5 A. Yes. Commission Order No. PSC-08-0436-PAA-GU, issued July 8, 2008,
6 approved a restructuring of the Company's rate classifications.
7 Historically, the Company's tariff applied factors to residential,
8 commercial and large commercial customer classes. The Company's
9 new tariff includes the following sales service rate schedules:
10 RS-1, RS-2, RS-3, GS-1, GS-2, GS-3, GS-4, GS-5 and the following
11 transportation service rate schedules: FTS-1, FTS-2, FTS-3, FTS-4,
12 and FTS-5. In this proceeding, the Company has proposed energy
13 conservation factors for 2011 applicable to each respective class
14 in its recently approved tariff. The schedules filed will display
15 therms and conservation revenues only for those classes with
16 existing customers.

17 Q. What Conservation Adjustment Factor does St. Joe Natural Gas
18 seek approval through its petition for the twelve month period
19 ending December 31, 2011?

20 A. \$.32519 per therm for RS-1, \$.20316 per therm for RS-2, and
21 \$.15080 per therm for RS-3, \$0.13359 per therm for GS-1, \$0.06978
22 per therm for GS-2, and \$0.03189 per therm for GS-4/FTS-4

23 Q. Does this conclude your testimony?

24 A. Yes.

25

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Conservation Cost)
Recovery)
_____)

Docket No. 100004-GU
Submitted for Filing
September 9, 2010

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing Testimony have been served upon all known parties of record in this docket by U.S. Mail dated this 9th day of September 2010.

Sebring Gas System, Inc.
Jerry H. Melendy, Jr.
3515 U.S. Hwy 27 South
Sebring, Fl 33870

Norman Horton, Esq.
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Mr. Brian Powers
P.O. Box 8
Indiantown, Fl 34956-0008

Fl Div. Of Chesapeake
Mr. Thomas Geoffroy
P.O. Box 960
Winter Haven, Fl 33882-0960

Fl Public Utilities Co
Mehrdad Khojasteh
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West Palm Beach, Fl 33402-3395

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AGL Resources Inc.
Elizabeth Wade/David Weaver
Ten Peachtree Place
Location 1470
Atlanta, GA 30309

Florida City Gas
Mr. Melvin Williams
933 East 25th St
Hialeah, Fl 33013-3498

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
MONTHS: JANUARY 2011 THROUGH DECEMBER 2011

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1)	110,075
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	76,759
3. TOTAL (LINE 1 AND LINE 2)	186,834

RATE SCHEDULE	BILLS	THERM SALES	CUSTOMER CHARGE REVENUES	DELIVERY CHARGE	TOTAL CUST. & DELIVERY CHG REVENUE	ECCR REVENUES	ECCR AS % OF TOTAL REVENUES	DOLLARS THERM	TAX FACTOR	CONSERV FACTOR
RS-1	10,735	96,621	139,555	68,061	207,616	31,263	15.05808%	0.32356	1.00503	0.32519
RS-2	11,352	234,333	181,632	132,935	314,567	47,368	15.05808%	0.20214	1.00503	0.20316
RS-3	10,366	420,865	207,320	212,036	419,356	63,147	15.05808%	0.15004	1.00503	0.15080
GS-1	2,295	103,631	45,900	45,578	91,478	13,775	15.05808%	0.13292	1.00503	0.13359
GS-2	440	215,231	30,800	68,446	99,246	14,944	15.05808%	0.06943	1.00503	0.06978
FTS4/GS-4	24	514,913	48,000	60,497	108,497	16,338	15.05808%	0.03173	1.00503	0.03189
FTS-5	0	0	0	0	0	0	15.05808%	#DIV/0!	1.00503	#DIV/0!
TOTAL	35,212	1,585,594	653,207	587,552	1,240,759	186,834				

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
 JANUARY 2010 THROUGH DECEMBER 2010

PROGRAM	<u>CAPITAL INVEST</u>	<u>PYROLL & BENEFITS</u>	<u>MATERLS. & SUPPLIES</u>	<u>ADVERT</u>	<u>INCENTIVES</u>	<u>OUTSIDE SERVICES</u>	<u>VEHICLE</u>	<u>OTHER</u>	<u>TOTAL</u>
1 RESIDENTIAL NEW CONSTRUCTION									
A. ACTUAL	0	0	0	0	5,550	0	0	0	5,550
B. ESTIMATED	0	0	0	0	2,800	0	0	0	2,800
TOTAL	0	0	0	0	8,350	0	0	0	8,350
2 RESIDENTIAL APPL. REPLACEMENT									
A. ACTUAL	0	0	0	0	12,850	0	0	0	12,850
B. ESTIMATED	0	0	0	0	6,500	0	0	0	6,500
TOTAL	0	0	0	0	19,350	0	0	0	19,350
3 RESIDENTIAL APPL. RETENTION									
A. ACTUAL	0	0	0	0	108,625	0	0	0	108,625
B. ESTIMATED	0	0	0	0	32,000	0	0	0	32,000
TOTAL	0	0	0	0	140,625	0	0	0	140,625
4 OUTSIDE SERVICES									
A. ACTUAL	0	0	0	0	299	0	0	0	299
B. ESTIMATED	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	299	0	0	0	299
5 (INSERT NAME)									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0
6 (INSERT NAME)									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
SUB-TOTAL	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>168,624</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>168,624</u>

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
 JANUARY 2010 THROUGH DECEMBER 2010

PROGRAM NAME	<u>CAPITAL INVEST</u>	<u>PYROLL & BENEFITS</u>	<u>MATERLS. & SUPPLIES</u>	<u>ADVERT</u>	<u>INCENTIVES</u>	<u>OUTSIDE SERVICES</u>	<u>VEHICLE</u>	<u>OTHER</u>	<u>TOTAL</u>
SUB-TOTAL - PREVIOUS PAGE	0	0	0	0	168,624	0	0	0	168,624
7. A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
(INSERT NAME 1-30 LETTERS)	0	0	0	0	0	0	0	0	0
(INSERT NAME)									
8. A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
(INSERT NAME 1-30 LETTERS)	0	0	0	0	0	0	0	0	0
(INSERT NAME)									
9. A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
(INSERT NAME 1-30 LETTERS)	0	0	0	0	0	0	0	0	0
(INSERT NAME)									
10. 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
(INSERT NAME)									
11. 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
TOTAL	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>168,624</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>168,624</u>

CONSERVATION PROGRAM COSTS BY PROGRAM
ACTUAL/ESTIMATED
JANUARY 2010 THROUGH DECEMBER 2010

PROGRAM NAME	JAN 2010	FEB 2010	MAR 2010	APR 2010	MAY 2010	JUN 2010	JUL 2010	AUG 2010	SEP 2010	OCT 2010	NOV 2010	DEC 2010	TOTAL
RESIDENTIAL NEW CONSTRUCTION	200	350	0	0	450	1,850	1,800	900	700	700	700	700	8,350
RESIDENTIAL APPL. REPLACEMENT	1,775	1,775	1,150	2,625	100	1,775	1,250	2,400	1,625	1,625	1,625	1,625	19,350
RESIDENTIAL APPL. RETENTION	18,725	12,125	18,500	11,600	16,025	8,050	7,325	16,275	8,000	8,000	8,000	8,000	140,625
OUTSIDE SERVICES	0	0	0	0	0	0	299	0	0	0	0	0	299
(INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
(INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
(INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
(INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
(INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
(INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
(INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
(INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
(INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ALL PROGRAMS	20,700	14,250	19,650	14,225	16,575	11,675	10,674	19,575	10,325	10,325	10,325	10,325	168,624

ENERGY CONSERVATION ADJUSTMENT
JANUARY 2010 THROUGH DECEMBER 2010

	JAN 2010	FEB 2010	MAR 2010	APR 2010	MAY 2010	JUN 2010	JUL 2010	AUG 2010	SEP 2010	OCT 2010	NOV 2010	DEC 2010	TOTAL
CONSERVATION REVS.													
RCS AUDIT FEES													
a. OTHER PROG. REV.													
b.													
c.	-43,423	-32,812	-31,902	-20,425	-10,100	-8,487	-9,724	-8,134	-7,821	-10,319	-11,810	-19,650	-214,608
CONSERV. ADJ REV. (NET OF REV. TAXES)													
TOTAL REVENUES	-43,423	-32,812	-31,902	-20,425	-10,100	-8,487	-9,724	-8,134	-7,821	-10,319	-11,810	-19,650	-214,608
PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	10,211	10,211	10,211	10,211	10,211	10,211	10,211	10,211	10,211	10,211	10,211	10,211	122,530
CONSERVATION REVS. APPLIC. TO PERIOD	-33,212	-22,601	-21,691	-10,215	110	1,724	487	2,076	2,390	-108	-1,599	-9,440	-92,078
CONSERVATION EXPS. (FORM C-3, PAGE 3)	20,700	14,250	19,650	14,225	16,575	11,675	10,674	19,575	10,325	10,325	10,325	10,325	168,624
TRUE-UP THIS PERIOD	-12,512	-8,351	-2,041	4,010	16,685	13,399	11,161	21,651	12,715	10,217	8,726	885	76,545
INTEREST THIS PERIOD (C-3, PAGE 5)	19	15	13	12	16	20	20	19	20	20	20	19	214
TRUE-UP & INT. BEG. OF MONTH	122,530	99,825	81,279	69,040	62,852	69,342	72,550	73,520	84,980	87,504	87,531	86,066	
PRIOR TRUE-UP COLLECT./(REFUND.)	-10,211	-10,211	-10,211	-10,211	-10,211	-10,211	-10,211	-10,211	-10,211	-10,211	-10,211	-10,211	
END OF PERIOD TOTAL NET TRUE-UP	99,825	81,279	69,040	62,852	69,342	72,550	73,520	84,980	87,504	87,531	86,066	76,759	76,759

CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2010 THROUGH DECEMBER 2010

	JAN 2010	FEB 2010	MAR 2010	APR 2010	MAY 2010	JUN 2010	JUL 2010	AUG 2010	SEP 2010	OCT 2010	NOV 2010	DEC 2010	TOTAL
INTEREST PROVISION													
BEGINNING TRUE-UP	122,530	99,825	81,279	69,040	62,852	69,342	72,550	73,520	84,980	87,504	87,531	86,066	
END. T-UP BEFORE INT.	99,807	81,263	69,027	62,840	69,326	72,530	73,501	84,961	87,484	87,510	86,046	76,740	
TOT. BEG. & END. T-UP	222,337	181,089	150,306	131,880	132,178	141,872	146,051	158,481	172,464	175,015	173,577	162,806	
AVERAGE TRUE-UP	111,168	90,544	75,153	65,940	66,089	70,936	73,026	79,241	86,232	87,507	86,788	81,403	
INT. RATE-FIRST DAY OF REPORTING BUS. MTH	0.20%	0.20%	0.21%	0.21%	0.23%	0.34%	0.35%	0.30%	0.28%	0.28%	0.28%	0.28%	
INT. RATE-FIRST DAY OF SUBSEQUENT BUS. MTH	0.20%	0.21%	0.21%	0.23%	0.34%	0.35%	0.30%	0.28%	0.28%	0.28%	0.28%	0.28%	
TOTAL	0.40%	0.41%	0.42%	0.44%	0.57%	0.69%	0.65%	0.58%	0.56%	0.56%	0.56%	0.56%	
AVG INTEREST RATE	0.20%	0.21%	0.21%	0.22%	0.29%	0.35%	0.33%	0.29%	0.28%	0.28%	0.28%	0.28%	
MONTHLY AVG. RATE	0.02%	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%	0.02%	0.02%	0.02%	0.02%	0.02%	
INTEREST PROVISION	\$19	\$15	\$13	\$12	\$16	\$20	\$20	\$19	\$20	\$20	\$20	\$19	\$214

PROGRAM TITLE:

RESIDENTIAL NEW CONSTRUCTION

PROGRAM DESCRIPTION:

This program is designed to increase the number of high priority firm natural gas customers in the new construction market. Incentives are offered in the form of cash allowances to assist builders in defraying the additional costs associated with natural gas appliance installations.

JAN 2011		
APPLIANCE LOAD	ALLOWANCE	NEW ALLOW.
GAS HEATING	\$350.00	\$500.00
GAS WATER HEATING	\$350.00	\$350.00
GAS AIR CONDITIONING	\$1,400.00	
GAS CLOTHES DRYER	\$100.00	\$100.00
GAS RANGE	\$100.00	\$150.00
GAS TANKLESS W/HEATER	\$450.00	\$550.00
	<u>\$2,750.00</u>	<u>\$1,650.00</u>

PROGRAM PROJECTIONS FOR:

JANUARY 2010 THROUGH DECEMBER 2011

	GAS WATER HEATING	GAS HEATING	GAS AIR CONDITIONING	GAS DRYER	GAS RANGE	GAS TANKLESS W/H
JANUARY 2010 - DECEMBER 2010 (12 MTHS)	2	2		5	6	13
JANUARY 2011 - DECEMBER 2011 (12 MTHS)	2	2		5	6	13

PROGRAM FISCAL EXPENSES FOR:

JANUARY 10 - DECEMBER 10

JANUARY 10 - AUGUST 10	ACTUAL EXPENSES	5,550.00
SEPTEMBER 10 - DECEMBER 10	ESTIMATED EXPENSES	2,800.00
JANUARY 2011 - DECEMBER 2011	ESTIMATED EXPENSES	10,250.00

PROGRAM PROGRESS SUMMARY:

New construction is very limited in St Joe Natural Gas's service territory. By far the majority of new construction is by custom design where the owner specified to the builder the type of energy desired.

PROGRAM TITLE: RESIDENTIAL APPLIANCE REPLACEMENT PROGRAM

PROGRAM DESCRIPTION: This program is designed to promote the replacement of electric resistance appliances with energy efficient natural gas heaters, water heaters, air conditioners, dryers, ranges and tankless water heaters. Incentives are offered in the form of cash allowances to assist in defraying the additional costs in purchasing and installing natural gas appliances.

JAN 2011		
APPLIANCE LOAD	ALLOWANCE	NEW ALLOW.
GAS HEATING	\$625.00	\$725.00
GAS WATER HEATING	\$525.00	\$500.00
GAS AIR CONDITIONING	\$1,500.00	
GAS CLOTHES DRYER	\$100.00	\$150.00
GAS RANGE	\$100.00	\$200.00
GAS TANKLESS W/HEATER	\$525.00	\$675.00
	\$3,375.00	\$2,250.00

PROGRAM PROJECTIONS FOR: JANUARY 2010 THROUGH DECEMBER 2011

	GAS WATER HEATING	GAS HEATING	GAS AIR CONDITIONING	GAS DRYER	GAS RANGE	GAS TANKLESS W/H
JANUARY 2010 - DECEMBER 2010 (12 MTHS)	20	4		3	8	10
JANUARY 2011 - DECEMBER 2011 (12 MTHS)	12	1		2	5	5

PROGRAM FISCAL EXPENSES FOR: JANUARY 2010 THROUGH DECEMBER 2011

JANUARY 10 - AUGUST 10	ACTUAL EXPENSES	12,850.00
SEPTEMBER 10 - DECEMBER 10	ESTIMATED EXPENSES	6,500.00
JANUARY 2011 - DECEMBER 2011	ESTIMATED EXPENSES	11,400.00

PROGRAM PROGRESS SUMMARY: Replacement of electric appliances with natural gas appliances continues to be well received by ratepayers in St Joe Natural Gas Company's service territory.

PROGRAM TITLE: RESIDENTIAL APPLIANCE RETENTION PROGRAM

PROGRAM DESCRIPTION: This program is designed to encourage homeowners with existing natural gas appliances to retain natural gas when the existing appliances fail, or are otherwise replaced. The proposed retention program includes allowances for natural gas water heater, heating, clothes drying, range, and tankless water heating systems.

APPLIANCE LOAD	ALLOWANCE	JAN 2011 NEW ALLOW.
GAS HEATING	\$625.00	\$500.00
GAS WATER HEATING	\$525.00	\$350.00
GAS AIR CONDITIONING	\$1,500.00	
GAS CLOTHES DRYER	\$100.00	\$100.00
GAS RANGE	\$100.00	\$100.00
GAS TANKLESS W/HEATER	\$525.00	\$550.00
	<u>\$3,375.00</u>	<u>\$1,600.00</u>

PROGRAM PROJECTIONS FOR: 0.00

	GAS WATER HEATING	GAS HEATING	GAS AIR CONDITIONING	GAS DRYER	GAS RANGE	GAS TANKLESS W/H
JANUARY 2010 - DECEMBER 2010 (12 MTHS)	175	55		27	38	15
JANUARY 2011 - DECEMBER 2011 (12 MTHS)	125	25		15	20	7

PROGRAM FISCAL EXPENSES FOR: RESIDENTIAL APPLIANCE RETENTION PROGRAM

JANUARY 10 - AUGUST 10	ACTUAL EXPENSES	108,625.00
SEPTEMBER 10 - DECEMBER 10	ESTIMATED EXPENSES	32,000.00
JANUARY 2011 - DECEMBER 2011	ESTIMATED EXPENSES	88,425.00

PROGRAM PROGRESS SUMMARY: The Company recognizes that the cost to retain an existing customer is significantly lower than the cost to add a new customer. The proposed retention allowances will strengthen the Company's ability to retain existing gas customers and avoid the removal of services. This program has been well received by the customers as well.