

ORIGINAL  
**INDIANTOWN**  
Gas company, inc.



CLEAN AND EFFICIENT NATURAL GAS AND PROPANE GAS FOR ALL YOUR ENERGY NEEDS

August 12, 2003

Ms. Blanca Bayo  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Fl. 32399

Re: Transportation Cost Recover  
FPSC Docket No. 030462-GU

RECEIVED-FPSC  
AUG 13 AM 9:26  
COMMISSION  
CLERK

Dear Ms Bayo:

Enclosed for filing in the above referenced docket on behalf of Indiantown Gas Company are an original and five (5) copies of the Company's Supplemental Responses to Staff's First Data Request. Please feel free to call me with any questions.

Sincerely,

Brian J. Powers  
President  
Indiantown Gas Co.

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
SUPPLEMENTAL RESPONSES OF INDIANTOWN GAS COMPANY TO  
STAFF'S FIRST DATA REQUEST  
DOCKET NO. 030462-GU

Indiantown Gas Company (IGC) provides these supplementary responses to staff's first data request for the sole purpose of clarifying issues regarding IGC's original response on July 8, 2003 in this matter.

The first issue discussed was an invoice from the law offices of Zimmerman et.al., the services provided to IGC by the firm, and why the invoice seemed to be related to discussion regarding "shareholder issues". After further review, IGC has concluded that this invoice was erroneously included with the others for cost recovery and has been withdrawn. This is reflected on the revised Exhibit D.

The next issue involved the general nature of the invoices submitted for computer system repair and upgrade related to the transportation system created by IGC. The attached letter from IGC's information system consultant addresses this issue.

Following that were questions related to invoices from IGC's chief counsel Landers & Parsons. At issue were headings on two bills (January and April Statements) the first labeled "General Matters" and the second labeled "General

Rate Case” and their relevance to the transportation program. The attached letter from company counsel addresses this issue. In addition to detailed explanation of each invoice, IGC counsel has revised Exhibit D to reflect the accurate RAF gross up and calculate commercial customer refunds on a per customer rather than per therm basis. IGC still prefers to write a check to Indiantown Cogeneration, LP. Due to the amount and the non recurring nature of the refund a check will provide a better audit trail for both parties.

Also discussed was the IGC response to issues related to whom PESCO booked out with in December 2002 for imbalances related to November deliveries. After considerable discussion regarding the bookout process there was general agreement that this process is better than cashing out with the pipeline. After further review, IGC has concluded the following regarding the PESCO bookout process.

First, while IGC can temporarily assign its Delivery Point Operator function to a third party, IGC still bears the final responsibility for payment of these charges. Second, the IGC imbalances are not pooled with other customer imbalances unless it is advantageous to IGC customers to do so. Third, depending on the volume to be booked out, and the position (positive or negative), PESCO may have to find several partners to book out IGC imbalances with. Finally, even if PESCO had to cashout some portion of the imbalance because it couldn't find partners to bookout with, IGC customers still are better off than if the entire



## Dunncom Inc.

P.O. Box 15345  
West Palm Beach, FL 33416  
Phone 561-683-0618

07/29/03

Mr. Brian J Powers  
President  
Indiantown Gas Company  
P.O. Box 8  
Indiantown, FL 34956

Dear Mr. Powers:

Per our conversation of July 18<sup>th</sup>, I have gone over your account since January 2001. To the best of my recollection all of the upgrades that were done to your file server and network infrastructure were put in place to over come problems that arose after program changes made to your gas system software. It appeared that the increase in data file size along with programs handling of files and record locking caused it to be susceptible to the speed at which the server and network could supply the data. This resulted in systems hanging, data corruption and a potential for data loss.

Increasing the server speed and adding disk redundancy along with a cdrom backup system was an incremental solution to the problem. As we have discuss before if the gas system software becomes more complex and data requirements become more demanding we will have take other steps. At some point it will require increasing the speed of your network to 100 megabit or even gigabit speeds. It will also require changing the cdrom system to a DVD recorder to accommodate the size of the backups. It may also be necessary to upgrade the speed of the file server or change to a multi processor server in order to supply data to a higher speed network.

I hope this information is helpful, if you have any questions please feel free to contact me.

Sincerely

Dan E. Dunn  
Dunncom Inc.

## LANDERS &amp; PARSONS, P.A.

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July 28, 2003

PRIVILEGED AND CONFIDENTIAL  
ATTORNEY-CLIENT COMMUNICATION

Brian J. Powers, General Manager  
Indiantown Gas Company  
16600 S.W. Warfield Boulevard  
Indiantown, Florida 34956

Re: Responses to PSC Staff's Questions Regarding Indiantown Gas  
Company's Petition for Transition Cost Recovery

Dear Mr. Powers:

Per your request, this letter provides some explanatory notes regarding our billing statements dated 1/01/03 and 3/01/03 for matters billed to the account of Indiantown Gas Company ("IGC") under Matter No. 763.01, General Matters.

1/01/03 Statement. The time entries reflected on this statement, which were for time worked by members of Landers & Parsons between December 11 and 19, 2002, were for conferences and research regarding the issue of the applicability of gross receipts taxes to IGC's charges for transportation service provided by IGC under its then-newly approved transportation service tariff. The conferences with Florida Department of Revenue personnel also addressed the issue of gross receipts tax liability for the Pool Manager under IGC's transportation service program. These entries were made to the General Matters billing matter because they uniquely applied to the gross receipts tax issue about which you inquired. We used the General Matters billing matter for two reasons: (1) we wanted you to be able to easily identify the amounts expended on this gross receipts tax matter, and therefore we used a separate billing matter for the work; and (2) since we did not expect this issue to require a great deal of work, we simply used the General Matters billing matter to keep it separate.

3/01/03 Statement. The time entry under our billing matter 763.07, General Rate Case, on this statement reflects my time spent in a lengthy conference with you and Jeff Householder on

February 25, 2003. In the course of that conference, my recollection is that we covered a range of topics, including the impact of the Indiantown Cogeneration plant's reduced throughput on IGC's operations and revenues, the possibility that continued reduced Cogen plant throughput would necessitate a general rate case for IGC, the determination of the proper transportation service rate schedule applicable to the Cogen plant under IGC's transportation service tariff, the possibility of legal proceedings involving the Cogen plant's status under the tariff, the status of the citrus plant under the tariff, the revenue responsibility impact of the Cogen plant's operations on other IGC customers, and related matters. Since it was my thought that our conversation dealt predominantly with the possibility of a general rate case resulting from the situation involving the Cogen plant, I recorded my time accordingly.

I hope that these explanations are clear, understandable, and satisfactory. Note that although this letter is identified as being a privileged attorney-client communication, the privilege is yours to waive. Please call if you have any questions.

Cordially yours,

  
Robert Scheffel Wright

INDIANTOWN GAS COMPANY, DOCKET NO. 030462-GU

SUPPLEMENTAL RESPONSES TO PSC STAFF'S DATA REQUESTS

WORKSHEET SHOWING ADJUSTMENTS TO TCR COSTS  
AS SHOWN IN REVISED EXHIBIT D

Total raw TCR costs per 5/28 Petition:	\$ 55,048.52
Regulatory Assessment Fee gross-up per 5/28 Petition (@ 1/8th of 1 percent):	\$ 68.90
Total TCR costs shown in 5/28 Petition (rounded):	\$ 55,117.00

Adjustments Shown in Revised Exhibit D

Total raw TCR costs per 5/28 Petition:	\$ 55,048.52
Less: Zimmerman et al. Legal Services:	- \$ 1,440.85
Landers & Parsons Legal Services:	- \$ 150.00
Adjustment per PSC Staff	- <u>\$ 3,643.25</u>
Revised, non-grossed-up total TCR costs:	\$ 49,814.42
Plus: RAF Gross-up @ 0.5 percent:	\$ 50,064.74

(Rounded to \$50,065.00 in Revised Exhibit D)

**INDIANTOWN GAS COMPANY - ALLOCATION OF TCR COSTS AND PGA OVER-RECOVERY CREDITS, BY RATE CLASS**      **Exhibit D - Revised  
12-Aug-03**

RATE CLASS	NUMBER OF CUSTOMERS	2002 THERMS	ALLOCATED TCR COSTS	TCR UNIT COST	ALLOCATED PGA OVER-RECOVERY	PGA UNIT REFUND	NET CREDIT (-) OR CHARGE (+)	ALLOCATION FACTORS - TOTAL THERMS	ALLOCATION FACTORS - EXCLUDING CITRUS PLANT
RESIDENTIAL	660	154,748	1,534	2.32	2,055	3.11	-522	0.030634239	0.055936665
COMMERCIAL	22	129,715	1,286	<b>58.44</b>	1,723	<b>78.31</b>	-437	0.025678654	0.046888002
CITRUS PLANT	1	2,284,986	22,646	0.009911	0	0.000000	22,646	0.452340625	0
COGEN PLANT	1	2,482,023	24,599	0.009911	32,965	0.013281	-8,366	0.491346483	0.897175334
TOTAL	684	5,051,472	<b>50,065</b>		36,743		13,322		1
EXCLUDE CITRUS	683	2,766,486							
CHECK TOTALS	684				36,743		13,322		

NOTE: Unit costs for Residential and Commercial customers are express in dollars per customer; unit costs for all other customers are expressed in dollars per therm, based on 2002 therm consumption. **The value shown for Total Allocated TCR Costs has also been reduced by \$1,590.85 to reflect the elimination of two cost items from the Company's request for TCR recovery, and further revised to reflect the correct regulatory assessment fee rate of 0.5 percent.**

**BILLING ADJUSTMENTS**  
(Continued)

- (e) In the event Company experiences unaccounted for Gas on its distribution system, Company shall be entitled to recover the cost of such unaccounted for Gas. Costs associated with transportation shrinkage shall be based upon Company's operating experience, and Company shall have the right to adjust such cost from time to time to reflect operating experience and/or any change in methodology used by Company to calculate the amount of Gas deemed as transportation shrinkage. Upon request, Company shall furnish to Customer, Customer's Agent or Pool Manager information to support such cost allocation.
- (f) This mechanism should not be considered to preclude the Company from recovering other penalties and charges from its customers as defined in the Terms and Conditions for Transportation Service of this Tariff, the Transportation Service Agreement or Aggregated Transportation Service Agreement.

**3. TAXES AND OTHER ADJUSTMENTS APPLICABLE TO ALL RATE SCHEDULES:**

There shall be added to all bills rendered, all applicable local utility and franchise taxes and state gross receipts and sales taxes presently assessed by governmental authority; as well as future changes or new assessments by any governmental authority subsequent to the effective date of this tariff. All such assessments as described above shall be shown on Customer or Shipper bills, as applicable.

**4. FINAL PURCHASED GAS ADJUSTMENT TRUE-UP CREDITS:**

As soon as practicable following approval of this tariff by the PSC, all customers who received sales service from the Company during 2002 shall receive a credit to implement the refunding of the Company's final Purchased Gas Adjustment true-up over-recovery. For Residential customers (now served under Rate Schedule TS-1), the credit shall be \$3.11. For Commercial customers, other than the cogeneration plant, who received sales service in 2002 and who are now served under any applicable Transportation Service rate schedule, the credit shall be \$78.31 per customer. The amount of each customer's credit will be reduced by

the applicable Transportation Cost Recovery Charge described in Subsection 5 immediately following. Residential customers will receive a credit on their bills equal to the net of the PGA true-up refund minus the Transportation Cost Recovery Charge. Participating commercial customers will receive bill credits equal to the per customer PGA true-up refund amount minus the per customer Transportation Cost Recovery Charge. The cogeneration plant will receive a check equal to the difference between its applicable PGA true-up refund amount minus its applicable Transportation Cost Recovery Charge

**5. TRANSPORTATION COST RECOVERY CHARGE:**

In July 2003, all of the Company's customers will be charged the Transportation Cost Recovery ("TCR") Charge, by which the Company will recover its incremental, non-recurring costs incurred in implementing transportation service for all of its customers. For Residential customers, the TCR Charge is \$2.32 per customer. For Commercial customers other than the citrus plant and the cogeneration plant, the TCR Charge is 58.44 cents per customer. As stated in Subsection 4 immediately above, Residential customers will receive a net bill credit of the PGA true-up refund amount minus the TCR Charge; the net credit for each Residential customer will be \$0.79. Commercial customers, other than the citrus plant and the cogeneration plant, will receive a net bill credit of the PGA true-up refund amount less the applicable TCR Charge; the net credit for these customers will be \$19.87. The net credit for the cogeneration plant will be \$8,366.00. The TCR charge to the citrus plant will be \$22,646.00, which the Company will collect via 24 equal monthly payments of \$943.58.