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November 1, 1995

Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

HAND DELIVERY

Re: Docket No. 950002-EG; West Florida Natural Gas Company

Dear Ms. Bayo:

Enclosed for filing on behalf of West Florida Natural Gas Company in connection with the hearing scheduled to begin February 21, 1996 in this docket are an original and 15 copies of the following:

- 10782-95 1) Petition for Approval of West Florida Natural Gas Company's Conservation Cost Recovery True-Up Amounts;
- 10783-95 { 2) Direct Testimony of Cindy Arnold; and
- 3) Schedules CT-1, CT-2, CT-3, CT-4, CT-5 and CT-6.

Please acknowledge receipt of these documents by stamping the enclosed extra copy of this letter.

Thank you for your assistance.

Very truly yours,

RECEIVED & FILED
mar
FPSC-BUREAU OF RECORDS

Norman H. Horton, Jr.
Norman H. Horton, Jr.

Petition
DOCUMENT NUMBER-DATE

10782 NOV-1 1995

FPSC-RECORDS/REPORTING

NHH/amb
Enclosures
cc: Parties of Record
Ms. Cindy Arnold
Mr. J. E. McIntyre

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950002-EG
CONSERVATION COST RECOVERY
DIRECT TESTIMONY OF
CINDY ARNOLD
ON BEHALF OF WEST FLORIDA NATURAL GAS COMPANY

Q. Please state your name, address, and employment position.

A. My name is Cindy Arnold. My business address is 301 Maple Avenue, Panama City, Florida. I am employed as the conservation accountant for West Florida Natural Gas Company.

Q. What is the purpose of your testimony?

A. My testimony supports Schedules CT-1 through CT-6 (composite Prehearing Identification Number (CA-1)), which I prepared and which have been filed with the commission.

Q. What is the total amount of program costs which the Company incurred during the period of October 1994 through September 1995?

A. That amount, which appears on Schedule CT-2, page 2 of 3, is \$679,618,00.

Q. What is the amount of the true-up for the period

1

2 October 1994 through September 1995?

3 A. The Company has over-recovered \$147,426.00
4 including interest. This amount appears on
5 Schedule CT-3, page 2 of 3.

6 Q. What is the amount of the adjusted net true-up
7 for the period October 1994 through September
8 1995?

9 A. This amount which appears on Schedule CT-1, page
10 1 of 1 is \$362,409.00 over-recovery.

11 Q. Does that complete your testimony?

12 A. Yes.

Exhibit No.
Docket No: 950000-53
West Florida Natural
Gas Company
(CA-1) (Composite)

True-up Calculations
October 1994 - September 1995

Schedule CT-1	True-up Calculation
Schedule CT-2	Analysis of Energy Conservation Program Costs
Schedule CT-3	Energy Conservation Adjustment Calculation of True-up and Interest Provision
Schedule CT-4	Capital Investment Analysis
Schedule CT-5	Reconciliation and Explanation of Differences Between Filing and PSC Audit Report for October 1994 through September 1995
Schedule CT-6	Program Summaries

Docket No. 950002 EG
Conservation Cost Recovery

SCHEDULE CT-1 COMPANY: WEST FLORIDA NATURAL GAS COMPANY

ADJUSTED NET TRUE-UP
OCTOBER 1994 THROUGH SEPTEMBER 1995

END OF PERIOD NET TRUE-UP

PRINCIPLE	(135,762)	
INTEREST	(11,663)	(147,426)

LESS PROJECTED TRUE-UP

PRINCIPLE	220,648	
INTEREST	(5,665)	214,983

ADJUSTED NET TRUE-UP		(362,409)
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() REFLECTS OVER-RECOVERY

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COMPANY: WEST FLORIDA NATURAL GAS COMPANY

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM
 FOR MONTHS: OCTOBER 1994 THROUGH SEPTEMBER 1995

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: REPLACEMENT PROGRAM	0	17,182	0	79,307	167,250	0	0	0	263,739
PROGRAM 2: HOMEBUILDER PROGRAM	0	32,290	0	28,814	208,050	0	0	0	269,154
PROGRAM 3: ESP PROGRAM	0	2,799	0	14,827	24,800	0	0	0	42,426
PROGRAM 4: LEGAL & PROFESSIONAL	0	0	0	0	0	6,596	0	0	6,596
PROGRAM 5: WATER HEATER RETENTION	0	8,453	0	14,909	39,900	0	0	0	63,261
PROGRAM 6: GAS SPACE CONDITIONING	0	1,281	0	3,956	6,300	0	0	0	11,536
PROGRAM 7: COMMERCIAL REPLACEMENT	0	3,184	0	1,391	18,330	0	0	0	22,905
PROGRAM 8: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 9: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 10: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 11: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 12: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 13: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 14: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 15: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 16: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 17: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 18: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 19: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 20: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
TOTAL	0	65,189	0	143,203	464,630	6,596	0	0	679,618

COMPANY WEST FLORIDA NATURAL GAS COMPANY
 ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE UP AND INTEREST PROVISION
 SUMMARY OF EXPENSES BY PROGRAM BY MONTH
 FOR MONTHS OCTOBER 1994 THROUGH SEPTEMBER 1995

EXPENSES	MONTH NO 1	MONTH NO 2	MONTH NO 3	MONTH NO 4	MONTH NO 5	MONTH NO 6	MONTH NO 7	MONTH NO 8	MONTH NO 9	MONTH NO 10	MONTH NO 11	MONTH NO 12	TOTAL
PROGRAM 1	23,502	22,617	30,229	19,007	27,616	22,431	21,568	16,443	19,125	17,043	17,434	16,725	263,739
PROGRAM 2	14,515	13,777	26,360	26,044	23,120	13,092	18,218	32,993	32,404	26,562	19,026	22,438	263,154
PROGRAM 3	4,319	3,877	4,818	4,837	4,359	3,971	4,337	1,551	1,220	2,270	3,043	3,124	42,426
PROGRAM 4	360	0	178	2,384	2,218	1,427	0	31	0	0	0	0	6,596
PROGRAM 5	6,546	5,493	7,940	6,187	4,535	5,305	5,942	4,172	4,222	5,185	2,906	4,831	63,261
PROGRAM 6	2	489	542	2	2	2	527	527	586	2	6,482	2,375	11,536
PROGRAM 7	3,999	1,899	9	964	848	284	12	13	11,272	713	1,374	949	22,905
PROGRAM 8	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 9	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 10	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 11	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 12	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 13	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 14	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 15	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 16	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 17	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 18	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 19	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 20	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	53,243	48,151	70,675	63,424	62,698	46,481	50,603	55,729	69,529	51,779	50,864	50,442	679,618
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	53,243	48,151	70,675	63,424	62,698	46,481	50,603	55,729	69,529	51,779	50,864	50,442	679,618

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COMPANY: WEST FLORIDA NATURAL GAS COMPANY
FOR MONTHS: OCTOBER 1994 THROUGH SEPTEMBER 1995

CONSERVATION REVENUES	MONTH OCT	MONTH NOV	MONTH DEC	MONTH JAN	MONTH FEB	MONTH MAR	MONTH APR	MONTH MAY	MONTH JUN	MONTH JUL	MONTH AUG	MONTH SEP	TOTAL
1. RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROGRAM REVS	(3,797)	(3,874)	(3,301)	(3,471)	(3,185)	(3,465)	(2,059)	(3,076)	(2,110)	(2,146)	(5,377)	(3,412)	(39,873)
3. CONSERV. ADJ REVS	(28,412)	(43,513)	(51,629)	(102,514)	(106,611)	(72,113)	(45,275)	(30,624)	(29,833)	(28,393)	(27,150)	(20,660)	(592,727)
4. TOTAL REVENUES	(32,209)	(47,380)	(54,930)	(105,986)	(109,796)	(75,578)	(47,933)	(33,701)	(31,943)	(30,539)	(32,527)	(30,072)	(632,600)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(15,232)	(15,232)	(15,232)	(15,232)	(15,232)	(15,232)	(15,232)	(15,232)	(15,232)	(15,232)	(15,232)	(15,232)	(182,780)
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(47,441)	(62,618)	(70,162)	(121,217)	(125,028)	(90,810)	(63,165)	(48,932)	(47,175)	(45,771)	(47,758)	(45,304)	(815,380)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	53,243	48,151	70,675	69,424	62,298	46,481	50,603	55,729	69,529	51,779	50,864	50,442	679,618
8. TRUE-UP THIS PERIOD	5,802	(14,466)	513	(51,793)	(62,330)	(44,329)	(12,502)	6,797	22,254	6,008	3,106	5,138	(135,782)
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(722)	(721)	(753)	(838)	(1,055)	(1,255)	(1,331)	(1,270)	(1,128)	(968)	(855)	(770)	(11,663)
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(182,780)	(162,468)	(162,424)	(147,431)	(184,831)	(237,984)	(263,336)	(261,998)	(241,239)	(204,781)	(184,500)	(167,027)	
11. PRIOR TRUE-UP COLLECTED (REFUNDED)	15,232	15,232	15,232	15,232	15,232	15,232	15,232	15,232	15,232	15,232	15,232	15,232	
12. TOTAL NET TRUE-UP (SUM LINES 8 + 9 + 10 + 11)	(162,468)	(162,424)	(147,431)	(184,831)	(232,984)	(263,336)	(261,998)	(241,239)	(204,781)	(184,500)	(167,027)	(147,427)	(147,426)

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COMPANY: WEST FLORIDA NATURAL GAS COMPANY

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: OCTOBER 1994 THROUGH SEPTEMBER 1995

	MONTH NO. 1	MONTH NO. 2	MONTH NO. 3	MONTH NO. 4	MONTH NO. 5	MONTH NO. 6	MONTH NO. 7	MONTH NO. 8	MONTH NO. 9	MONTH NO. 10	MONTH NO. 11	MONTH NO. 12	TOTAL
1. INTEREST PROVISION	(182,780)	(162,468)	(162,424)	(147,431)	(184,831)	(232,984)	(263,336)	(261,998)	(241,239)	(204,781)	(184,509)	(167,027)	
2. BEGINNING TRUE-UP	(161,746)	(161,703)	(146,078)	(183,993)	(231,929)	(262,081)	(260,667)	(239,969)	(203,653)	(183,541)	(166,172)	(146,657)	
3. ENDING TRUE-UP BEFORE INTEREST	(344,526)	(324,170)	(309,102)	(331,425)	(416,760)	(495,065)	(524,003)	(501,967)	(444,891)	(388,322)	(350,680)	(313,684)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(172,263)	(162,085)	(154,551)	(165,712)	(208,380)	(247,533)	(262,002)	(250,983)	(222,446)	(194,161)	(175,340)	(156,842)	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	5.040%	5.000%	5.660%	6.030%	6.100%	6.050%	6.120%	6.070%	6.070%	6.100%	5.860%	5.840%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	5.000%	5.660%	6.030%	6.100%	6.050%	6.120%	6.070%	6.070%	6.100%	5.800%	5.840%	5.940%	
7. TOTAL (SUM LINES 5 & 6)	10.040%	10.660%	11.690%	12.130%	12.150%	12.170%	12.190%	12.140%	12.170%	11.960%	11.700%	11.780%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	5.020%	5.330%	5.845%	6.065%	6.075%	6.085%	6.095%	6.070%	6.085%	5.980%	5.850%	5.890%	
9. MONTHLY AVG INTEREST RATE	0.418%	0.444%	0.487%	0.505%	0.508%	0.507%	0.508%	0.506%	0.507%	0.490%	0.488%	0.491%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	(722)	(721)	(753)	(838)	(1,055)	(1,255)	(1,331)	(1,270)	(1,128)	(968)	(855)	(770)	(11,663)

Exhibit No. _____
Docket No. 950002-EG
West Florida Natural Gas Company
(CA-1) (composite)
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Schedule CT-4

CAPITAL INVESTMENT ANALYSIS

"NOT APPLICABLE"

Schedule CT-5

Reconciliation and Explanation of Differences Between Filing and PSC
Audit Report for October 1994 through September 1995

"NOT APPLICABLE"

WEST FLORIDA NATURAL GAS COMPANY
PROGRAM DESCRIPTION AND PROGRESS

Program Name:

ELECTRIC RESISTANCE APPLIANCE & OIL HEATING
REPLACEMENT PROGRAM

Program Description:

This program will promote the replacement of all electric appliances: water heaters, central heaters, ranges and dryers where it is cost effective to do so.

This program offers customers an installation allowance to assist in defraying the additional cost of gas piping and appliance venting required when converting from electric to energy conserving natural gas appliances.

The second phase of this program offers an installation allowance to assist in defraying the cost of replacing an oil central heater.

The installation allowances are:

WATER HEATER.....	\$ 250.00
CENTRAL HEATER.....	\$ 500.00
RANGE.....	\$ 150.00
DRYER.....	\$ 150.00
SPACE HEATERS.....	
<50,000 BTUs.....	\$ 150.00
>50,000 BTUs.....	\$ 300.00

Program Projections:

For the 12 month period ending September 30, 1995 we estimated 1060 appliances would be converted from electric to natural gas.

Accomplishments:

Under this program we converted 712 appliances to natural gas for the period ending September 30, 1995.

Fiscal

Expenditures:

For the 12 month period ending September 30, 1995 we estimated the program expenses of \$362,601.00. For the same period we incurred expenses of \$263,739.00.

Program Progress

Summary: Replacement of electric and fuel oil appliances have progressed as expected during this six month period. Expenses incurred during the period were slightly lower than anticipated; however, the continuation of a new promotion program this fall should bring expected participation up to projections.

Program Title:

SINGLE & MULTI-FAMILY RESIDENTIAL HOME BUILDERS
PROGRAM

Program Description:

This program is designed to increase the use of efficient natural gas in the residential sector by encouraging home builders to install energy conserving natural gas appliances in new residences as a substitute for electrical appliances.

The allowances are:

WATER HEATER.....	\$ 150.00
CENTRAL HEATER.....	\$ 250.00
RANGE.....	\$ 100.00
DRYER.....	\$ 100.00

Program Projections:

For the 12 month period ending September 30, 1995 we estimated 493 new single and multi-family residences would be constructed. A total of 1234 natural gas appliances would be installed in these homes.

Accomplishments:

Under this program we installed 1164 natural gas appliances for the period ending September 30, 1995.

Fiscal

Expenditures:

For the 12 month period ending September 30, 1995 we estimated the program expenses of \$296,442.00. For this same period we incurred expenses of \$269,154.00.

Program Progress

Summary:

This program is well accepted by area home builders and buyers and should continue to increase at projected levels.

Program Title: GAS APPLIANCE ENERGY SAVINGS PAYBACK (ESP) PROGRAM

Program Description:

This program has been designed to promote replacement of standard gas appliances with energy efficient natural gas appliances and will focus on water heaters, central heaters, ranges and dryers. Installation allowances are added to the program to encourage customers to consider the extra expense of energy efficient natural gas appliances in lieu of standard gas appliances or electric appliances.

The installation allowances are:

WATER HEATER.....	\$ 50.00
CENTRAL HEATER.....	\$ 50.00
RANGE.....	\$ 50.00
DRYER.....	\$ 50.00

Program Projections:

For the 12 month period ending September 30, 1995 we estimated 553 appliances would be installed under this program.

Accomplishments:

Under this program, we installed 496 energy efficient appliances for the period ending September 30, 1995.

Fiscal Expenditures:

For the period ended September 30, 1995 we estimated the program expenses of \$36,676.00. For this same period we incurred expenses of \$42,426.00.

Program Progress

Summary:

Public acceptance of this program continues to increase, especially with the inception of new energy conservation directives. This program should show steady growth in the future.

Program Title: GAS WATER HEATER LOAD RETENTION PROGRAM

Program Description: This program is designed to urge the continued use of natural gas water heaters, effectively reducing conversions from natural gas to electricity. It offers customers an incentive allowance to help defray the additional costs of installing a new gas water heater.

The installation allowance is:

WATER HEATER.....\$ 100.00

Program Projections: For the 12 month period ending September 30, 1995 we estimated that 511 natural gas water heaters would be retained.

Accomplishments: Under this program we retained 399 natural gas water heaters for the period ending September 30, 1995.

Fiscal Expenditures: For the period ended September 30, 1995 we estimated the program expenses of \$68,067.00. For this same period we incurred expenses of \$63,261.00.

Program Progress Summary: This program has been in effect since July 1, 1991. It has been well received by the public. We anticipate continued growth in it through the next several reporting periods.

Program Title: GAS SPACE CONDITIONING ALLOWANCE PROGRAM

Program Description: This program is designed to convert customers from electric space conditioning equipment to energy efficient natural gas space conditioning equipment and to initially install gas space conditioning instead of electric equipment.

The installation allowances are:

\$100.00 per TON

Program Projections:

For the 12 month period ending September 30, 1995 we estimated that 275 tons of space conditioning equipment would be installed.

Accomplishments:

Under this program, we installed 63 tons for the period ending September 30, 1995.

Fiscal Expenditures:

For the period ended September 30, 1995 we estimated the program expenses of \$42,690.00. For this same period we incurred expenses of \$11,536.00.

Program Progress

Summary:

This program has been in effect since July 1, 1991. We have focused our efforts towards the commercial market. Cost and payback analyses are in various stages of preparation and we expect some "on-line" units to be installed during the next reporting period.

Program Title:

COMMERCIAL ELECTRIC RESISTANCE APPLIANCE
REPLACEMENT PROGRAM

Program Description:

This program is designed to promote the use of natural gas to non-residential, high priority, customers. This program applies to all energy efficient commercial gas appliances including, but not limited to, water heaters and boilers, central heating furnaces, fryers and other cooking equipment.

The installation allowances are:

\$30.00 per KWD

The formula for determining the KWD, is:

$$\frac{\text{no. of watts input (min. 6000)}}{1,000} = \text{KWD}$$

Conservation Cost Recovery
Schedule CT-6
Page 6 of 6

Exhibit No. _____
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West Florida Natural
Gas Company
(CA-1) (composite)
Page 15 of 15

Program Projections:

For the 12 month period ending September 30, 1995 we estimated that 660 electric commercial kilowatt hours would be displaced by installing commercial natural gas equipment.

Accomplishments:

Under this program we installed commercial natural gas equipment which has replaced electric commercial equipment with rated hourly kilowatt input of 611 KWHs for the period ending September 30, 1995.

Fiscal
Expenditures:

For the period ended September 30, 1995 we estimated the program expenses of \$35,498.00. For this same period we incurred expenses of \$22,905.00.

Program Progress
Summary:

This program has been in effect July 1, 1991. Promotional literature is presently being distributed and interest in this program is growing. We anticipate rapid growth in it during the next two years.