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Public Service Commission

February 24, 2004

Robert Scheffel Wright
Landers & Parsons, P.A.
P.O. Box 271
Tallahassee, FL 32302-0271

STAFF'S SECOND DATA REQUEST

Re: Docket No. 030954-GU - Petition for rate increase by Indiantown Gas Company

Dear Mr. Wright:

By this letter, the Commission staff requests that Indiantown Gas Company (Indiantown or utility) provide responses to the following the data requests:

1. What is the actual amount of service revenue and miscellaneous revenue collected by the utility in calendar year 2003?
2. For 2002, has the company included nonutility expenses in Accounts, 903, Customer Records & Collections, 905, Miscellaneous, 910, Sales Promotion Expense, 920, A&G salaries, 921, Office Supplies, 923, Outside Services, 926, Pensions & Benefits, 930, Miscellaneous General Expense, 931, Rents, or 933, Transportation. If so, in what amount and in which accounts?
3. Please refer to Brian Powers' Testimony, page 25, concerning the return to the basic level of staffing and employee benefits that existed in the past.
 - A. Please provide the number of full time and part time employees and the amount and description of employee benefits for the past 5 years.
 - B. According to Brian Powers' Testimony, page 21, what is the "normal staffing level"?
 - C. How many employees (part-time and full-time) did the utility have in 2003?
 - D. How many employees (part-time and full-time) does the utility have as of the current date?
 - E. For all officers and employees, list the annual salaries, including bonuses, the hours worked per week and the hourly rate of pay for each in 2003.

AUS _____
 CAF _____
 CMP _____
 COM _____
 CTR _____
 ECR _____
 SCL _____
 OPC _____
 AMS _____
 IEC 1
 JTH _____

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- F. According to Brian Powers' Testimony, page 25, what is the "basic level of employee benefits that existed in the past"?
 - G. Please describe in detail all benefits provided to employees and officers in 2002 and 2003 and the cost of each.
4. Please refer to MFR Schedule G-2, page 18 of 30, Bate Stamp page 190, NOI Trend Schedule. The utility included \$7,000 in Account 926, Pensions & Benefits, to reinstate contributions to the 401K plan. According to Brian Powers' Testimony, pages 26-27, "Company contributions were suspended for the 2002 fiscal year and it is unlikely that contributions will be made the 2003 fiscal year."
- A. For the past five years, what was the amount of the utility's contribution to the 401K program?
 - B. For 2003, what was the utility's contribution to the 401K program?
5. Please refer to MFR Schedule G-2, page 18 of 31, Bate Stamp page 190, NOI Trend Schedule. The utility included \$5,400 in Account 926, Pensions & Benefits, to meet actuarial requirements in Indiantown's defined benefits retirement program. According to Brian Powers' Testimony, page 27, "The plan administrator advises that an increased contribution is needed to meet the expected future payout requirements of the plan."
- A. Please provide a copy of the actuarial report requiring the \$5,400 contribution.
 - B. Please provide a detailed description of the utility's defined benefits retirement program and a copy of the program.
6. Please refer to MFR Schedule C-11, Bate Stamp page 54, Industry Association Dues.
- A. What percentage of Associated Gas Association (AGA), Florida Natural Gas Association and American Gas Association dues is lobbying?
 - B. Are these dues paid annually? If not, what is the annual amount?
7. Please refer to MFR Schedule C-31, Bate Stamp page 76, Outside Professional Services.
- A. Please describe in detail what AGDF dues are and what comprises the total of \$2,800.
 - B. Please describe in detail the federal and state legislative projects covered by the AGDF.
 - C. Please state what percentage of their services are attributable to lobbying?

- D. Please explain why these are ongoing expenses.
8. For 2002 and 2003, please describe all employee activities such as picnics, awards, flowers, gifts, parties, or similar social activities, etc. provided by the utility and the cost of each activity.
 9. Regarding the cost of odorant.
 - A. Please explain in detail how the utility accounts for the purchase of gas odorant.
 - B. What is the amount of odorant cost included in the 2004 test year and in which account is it recorded?
 - C. How often and in what quantity does the utility purchase odorant?
 - D. How many months does one batch of odorant last?
 - E. What date was odorant last purchased and what was the cost?
 10. Please refer to MFR Schedule G-2, page 10 of 31, Bate Stamp page 182, NOI Trend Schedule. The utility included \$13,498 in Acct. 874, Mains & Services for 50% of a construction/maintenance worker – the remaining 50% to be capitalized.
 - A. Please provide a detailed job description for the above worker and the hours to be worked.
 - B. Please provide the justification for hiring this employee. Why is this employee needed by the utility?
 - C. Has the utility hired the requested construction/maintenance worker? If so, what date was the person hired and at what salary? If not, when does the utility plan to hire this employee?
 - D. Will this employee perform any nonutility functions? If so, what percentage of the duties will be nonutility?
 11. Please refer to MFR Schedule G-2, page 11 of 31, Bate Stamp page 183, NOI Trend Schedule. Indiantown included \$9,380 in Acct. 880, Other Expenses, for 50% of a customer service representative – the remaining \$9,380 to be recorded in Acct. 889, Maintenance of Measuring and Regulating Stations.
 - A. Please provide a detailed job description for the above worker and the hours to be worked.

- B. Please provide the justification for hiring this employee. Why is this employee needed by the utility?
 - C. Has the utility hired the requested customer service representative? If so, what date was the person hired and at what salary? If not, when does the utility plan to hire this employee?
 - D. Will this employee perform any nonutility functions? If so, what percentage of the duties will be nonutility?
12. Please refer to MFR Schedule G-2, page 17 of 31, Bate Stamp page 189, NOI Trend Schedule. The utility included \$14,000 in Acct. 920, A&G Salaries, to increase Melissa Powers' work schedule from one-half to three quarter time.
- A. Please provide a detailed job description for Melissa Powers and the hours to be worked.
 - B. Provide the justification for increasing Melissa Powers' work schedule to three quarter time.
 - C. Has Melissa Powers begun working three quarter time? If so, on what date did this begin? If not, when does the utility plan to extend her hours?
13. Please refer to MFR Schedule G-2, page 17 of 31, Bate Stamp page 190, NOI Trend Schedule. The utility included \$18,000 for director fees for nonemployees. According to the 2002 annual report there are only three directors: Colette Powers, Brian Powers, and Melissa Powers. Please identify the three nonemployee directors and their relationship to the utility.
14. Please refer to MFR Schedule G-2, page 17 of 31, Bate Stamp page 189, NOI Trend Schedule. In 2002, the utility made an adjustment to remove \$982 in Account 923, Outside Services. What does this represent?
15. Please refer to MFR Schedule C-31, Bate Stamp page 76, Outside Services.
- A. The utility included \$665 for lawn maintenance and \$250 for building maintenance.
 - i. Should these costs be allocated to nonutility operations?
 - ii. Who owns the building? If the utility does not own the building, what amount of rent does the utility pay?
 - iii. Does the utility share the space with other operations? If so, please list them.

- B. Please describe in detail the services provided by Dunncom, Inc. in the amount of \$2,411 and explain why these are ongoing expenses.
 - C. Please describe in detail the services provided by Landers & Parsons in the amount of \$7,668, i.e. what matters were at issue. Indicate which of the dockets are ongoing.
 - D. Please describe in detail the services provided by Jeff Householder in the amount of \$554 and explain why these are ongoing expenses.
 - i. Was the consulting fee of \$554 included in rate case expense?
 - E. Please describe in detail the services provided by Joe Howell in the amount of \$990 and explain why these are ongoing expenses.
16. Please refer to MFR Schedule C-13, Bate Stamp page 56, Rate Case Expense.
- A. Please provide support for the following fees: Consultants \$35,000, Legal \$5,050 and \$10,000 Other. Please provide copies of all invoices and estimated expenses to complete the case through the agenda. This documentation should include a cost breakdown by hourly rate and time as well as a description of the type of service provided for each firm providing service.
 - B. Please provide a summary of rate case expense to date and an updated estimate to complete the case.
17. Please refer to MFR Schedule C-14, Bate Stamp page 57, Miscellaneous General Expense.
- A. \$4,761 was allocated to the utility for common expenses. Please explain these common expenses in detail. On what basis were these costs allocated?
 - B. Please provide a list and explanation of the miscellaneous expenses of \$2,628.
18. Please refer to MFR Schedule G-2, pages 11 and 17 of 31, Bate Stamp pages 183 and 190, NOI Trend Schedule.
- A. What is the rent of \$2,576 for in Account 881? What is rented?
 - B. What is the rent of \$2,044 for in Account 931?
19. Please refer to Brian Powers' Testimony, page 25, concerning costs related to compliance with the Periodic Meter Test Rule.
- A. According to the requirements of the May 16, 2003 letter, what is the status of the meter test program?

- B. Please estimate the cost by year (capital additions and retirements and expenses) to bring the utility into compliance with Commission Rule 25-7.064, Florida Administrative Code, Periodic Meter Test, by December 31, 2005.
 - C. By what date does the utility expect to be in compliance with the Rule?
 - D. Please identify the capital additions and retirements and expenses included in the 2002 test year?
 - E. Please identify the capital additions and retirements and expenses included in the 2003 test year?
 - F. Please identify the capital additions and retirements and expenses included in the 2004 projected test year?
 - G. Please estimate the cost on a going forward basis to keep the utility in compliance with the Rule.
 - H. Please list the number of meters changed out for the past 5 years, including 2003.
 - I. What is the amount of expense associated with changing out a meter?
20. Please refer to MFR Schedule G-2, page 10 of 31, Bate Stamp page 182, NOI Trend Schedule.
- A. Please provide support and the calculation of the payroll trend factors for 2003 and 2004.
 - B. Please provide what percent raises were given to each employee and officer for the past five years.
 - C. Please provide support and the calculation of the customer growth trend factor 2004?
21. For the following, please provide the current information as of December 31, 2003:
- Meter Change-out
- A. Hourly wage, including overhead, of personnel performing the meter change-out.
 - B. Approximate number of man-hours required to remove the existing meter and install a new meter. (i.e. perform the meter change-out activity)

- C. Number of employees assigned to the meter change-out program. Do they work together or separately?
- D. Number of man-hours required to secure and make the meters ready for transporting to the Georgia contractor, North America Services Group, for testing.

Meter Test Expenses

- E. Average cost to in-test a meter with a rated capacity of 250 cfh or less, including any transportation charges.
 - F. An average cost per meter for any other expenses associated with the repair, adjustment or retirement of the meters removed and tested due to meter change-out.
 - G. Approximate percentage of meters that have been in-tested and repaired or adjusted to return to service in the Indiantown gas system in the past two years.
 - H. Approximate percentage of meters that have been in-tested then retired without repair in the past two years.
- 22. Please provide a detailed explanation of the methodology for projecting cash on MFR Schedule G-1, page 2 of 28, Bate Stamp page 146. In 2002, the cash balance was \$56,627, in 2003, cash was increased to \$76,644, and in 2004, to \$152,740.
 - 23. Please provide the calculation of the 6.2% net plant allocation, reflected on MFR Schedule B-5, page 1 of 3, Bate Stamp page 15.
 - 24. Please provide the plant and accumulated depreciation components for the unregulated net plant and the total net plant used in the allocation factor.
 - 25. Please explain why this ratio was used as an allocator.
 - 26. On MFR Schedule G-1, Bate Stamp pages 162, 164, 165, and 166, the method of allocation is indicated as payroll. Is this correct or was the net plant allocator used? If a payroll allocation was used, please provide the calculation of the payroll factor and the rationale for using payroll for 2004.
 - 27. Please explain why Accounts 394, Tools And Work Equipment and 396, Power Operated Equipment not allocated to nonutility operations on MFR Schedule G-1, page 18 of 28, Bate Stamp page 162?

28. Please provide copies of property tax bills (including tangible personal property, if any) for 2003. Please summarize using the following spreadsheet format.

<u>Property Description</u>	<u>Tax Basis</u>	<u>2003 Tax Paid</u>	<u>Amount Allocated to Non-Utility</u>
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29. Please provide detailed account names and monthly account balances for 2002, 2003, and 2004 for all the accounts that make up Taxes Accrued-General and Tax Collections Payable.

A. How were these accounts projected?

30. Please refer to MFR Schedule G-1, page 6 of 28, why is Tax Collections Payable zero for each month of 2003? Referring to MFR Schedule G-1, page 8 of 28, why is Tax Collections Payable zero for each month of 2004?
31. For account 303, MFR Schedule G-1, Amortization/Recovery Reserve Balances, Bate Stamp page 157, please explain what plant assets are included in this account.
32. For account 380, Distribution Plant-Service (Plastic), MFR Schedule G-1, Monthly Plant Additions, Bate Stamp page 168, please explain the \$21,105 additions to this account.
33. For account 389, Land and Land Rights, MFR Schedule G-1, Monthly Plant Additions, Bate Stamp page 168, please explain what was added to this account in August 2003.
34. For account 380m Distribution Plant-Services (Steel) MFR Schedule G-1, Monthly Plant Retirement, Bate Stamp page 169, please explain for the month of August the nature of the retirement for \$21,105.
35. Please provide whether the utility has canceled or delayed any capital projects that are included in historic test year plus 1, and the projected test year that are not reflected in the filed MFRs or impact rate base? If so, please provide a schedule showing the effect on plant, accumulated depreciation and depreciation expense for these years.
36. Please identify the number of service lines that have been inactive for five years or more.
37. For each service line that has been inactive for five years or more, please provide the investment and associated reserve as of 2002 and 2003, and the date each service line became inactive.

38. For non-utility plant, MFR Schedule G-6, Calculation of the Projected Test Year-Major Assumptions, Bate Stamp page 217, states actual balances were used through September 2003 and then held constant through the projected test year.
 - A. Please provide the actual balances of non-utility plant through December 2003
 - B. Please provide the adjustments that were made at year end to correct any differences.
39. Please provide the monthly plant investment used to calculate the depreciation expense for MFR Schedule G-2, Calculation of the Projected Test Year-Depreciation and Amortization, Bate Stamp page 192, if different, from MFR Schedule G-1, Calculation of the Projected Test year Rate Base, Bate Stamp page 153. If not, please reconcile the Schedules.
40. Referring to MFR Schedule G-1, Monthly Plant Additions, Bate Stamp page 168, please explain why there are no additions for August that would correspond to the increase in depreciation expense for the historic base year plus one.
41. Referring to MFR Schedule G-1, Depreciation Reserve Balances, Bate Stamp page 155, please explain the nature of the negative monthly reserve balances for plant accounts 378 and 397.
42. Referring to Schedule G-1, Depreciation Reserve Balances, Bate Stamp page 156, please explain the nature of the negative monthly reserve balances for plant account 396.
43. Referring to Schedule G-2, Calculation of the Projected Test Year-Depreciation and Amortization Expense, Bate Stamp page 192, please explain the nature of the negative balances for the month of August for plant accounts 376, 380 (Plastic and Steel), 390, 391, and 392.
44. Please provide revised schedules for plant investment, depreciation expense, and accumulated reserve for the historic base year +1 and the projected test year based upon the Commission's decision in Docket Number 030048-GU.
45. Please provide the work papers which include the investment and reserve associated with active and inactive lines as the lines are placed or removed from service in accordance with the utility's method of booking service lines.
46. Please provide the actual monthly plant balances for the Historic base year +1 through December 2003. Were any adjustments made at year end to correct any differences? If so, please provide the accounting entries for corrections to plant, depreciation expense, and accumulated reserve.

Robert Scheffel Wright

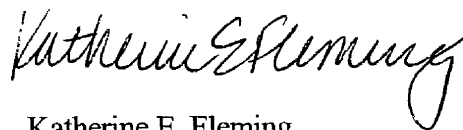
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47. Please refer to Brian Powers' Testimony, page 23, concerning the purchase of a used backhoe. Does the utility plan to sell the backhoe purchased in 1996? If so, what will the salvage cost be? If the utility does not plan to sell, what does the utility plan to do with this equipment?
48. Please refer to MFR Schedule G-1, page 3 of 28, line 2. Please explain the adjustment to reduce accounts payable by \$4,660 for the projected test year.
49. Please refer to MFR Schedule H-3, page 5 of 5, line 15. Please explain the difference for TS-1 stated here at \$.09250 and in the proposed tariff stated at \$.0950.
50. What is the square footage of showroom space for the sale of appliances at the utility's offices compared to the total square footage of the building occupied by the utility?
51. Are other business activities being conducted at the utility's offices at 16600 S.W. Warfield Blvd. other than the propane, gas, and appliances sales operations?
52. Is the utility involved in appliance service work or the sales and services of appliances other than stoves/ovens, refrigerators, and gas logs?

Please file the original and five copies of the requested information by March 25, 2004, with Ms. Blanca Bayó, Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. If you have any questions, please do not hesitate to contact me at (850) 413-6218 or Troy Rendell, Public Utilities Supervisor, at (850) 413-6934.

Sincerely,



Katherine E. Fleming
Staff Attorney

KEF

cc: Brian J. Powers, Indiantown Gas Company (via facsimile)
Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Rendell, Merta)