

ORIGINAL

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 2, 2004

TO: Blanca S. Bayó, Commission Clerk and Administrative Services Director

FROM: Division of Auditing & Safety (Mills) *AM* *AMS*

RE: Docket No. 030954-GU

Please place the following in the above docket file.

- Indiantown Gas Company, Plant Allocation Engineering Report (Schedules: B5; B8; G1; I1 - I4; and Testimony).

CEM:dr

Attachment

- cc: Without Attachments
- Paul Lowery
 - Katherine Fleming
 - Tracey Biggins
 - Betty Gardner
 - Craig Hewitt
 - Shannon Hudson
 - Chrissy Kenny
 - Pete Lester
 - Sam Merta
 - Troy Rendell
 - Paul Stallcup
 - David Wheeler
 - Marshall Willis
 - Lisa Winters
 - Roger Fletcher
 - Edward Mills
 - Denise Vandiver
 - Norman Witman

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3625 NW 82nd AVENUE
SUITE 400
MIAMI, FLORIDA
33166-7602

Public Service Commission

February 27, 2004

TO: C.E.MILLS, BUREAU CHIEF SAFETY, BUREAU OF SAFETY, DIVISION OF AUDIT & SAFETY, TALLAHASSEE.

FROM: NORMAN C. WITMAN, SAFETY ENGINEER, BUREAU OF SAFETY, DIVISION OF AUDIT & SAFETY, MIAMI. *ncw*

RE: INDIANTOWN GAS COMPANY, INC., RATE CASE, DOCKET NUMBER 030954-GU/PLANT ALLOCATION (SCHEDULES B-5, B-8, G1, & I-1 to 3 and I-4).

BRIEF

The Engineering Staff (N. Witman; R. Fletcher) of the Bureau of Safety (Natural Gas) were requested to verify the construction work in progress (cwip), common plant allocations, construction budgets, monthly plant additions and retirements, and meter testing program for Indiantown Gas Company Inc., as contained in their Minimum Filing Requirement (MFR), Schedules B-5, B-8, G-1, and I-3. Additionally, we reviewed customer service interruptions, FPSC rule violations, and vehicle allocations for 2002, as listed in Schedules I-1, I-2, and I-4.

An evaluation was conducted during January and February 2004. This evaluation consisted of on site inspections of these facilities, verification as to the use/usefulness of those facilities and a determination of the allocation between regulated and non regulated utility operations of the facilities.

It should be noted the FPSC'S Miami Accounting Department has analyzed/verified the monthly plant balances for the Base Year, Base Year +1, and Projected Test Year. Please see their audit report concerning these matters.

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

RECOMMENDATION

It is recommended that the findings of this report should be entered into the record of Indiantown Gas Company Inc., Rate Case, Docket Number 030954-GU and that any necessary allocations and adjustments be made by the Commission Analysts.

DISCUSSION

Staff's evaluation of Schedule B-5 "Allocation of Common Plant" for the Historic Base Year, pages 15 - 17, focused on each individual account by line item. Please see Exhibit #1. The Base Year findings are listed below:

Base Year.
Schedule B-5, Account 374.
Account Adjustments: None.

- 1) **Account:** 374 (page 16, lines 1-13).
- Description:** None.
- Company Allocation:** No charges.
- Staff Findings:** Accept as stated.

Base Year.
Schedule B5, Account 375.
Account Adjustments: None.

- 1) **Account:** 375 (page 16, lines 14 -24).
- Description:** None.
- Company Allocation:** No charges.
- Staff Findings:** Accept as stated.

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Base Year.
Schedule B5, Account 387.
Account Adjustments: None.

- 1) **Account:** 387 (page 15, lines 1 & 13).
Description: Other Equipment.
Company Allocation: No charges.
Staff Findings: Accept as stated.

Base Year.
Schedule B-5, Account 389.
Account Adjustments: None.

- 1) **Account:** 389 (page 15, lines 2 & 14).
Description: Land & Land Rights.
Company Allocation: No charges.
Staff Findings: Accept as stated.

Base Year.
Schedule B-5, Account 390.
Account Adjustments: +\$96,258 increase to utility plant.

- 1) **Account:** 390 (page 15, lines 3 & 15; page 17, lines 5 - 11).
Description: Office Building (Structures & Improvements).
Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$29,225 | \$1,929 | \$31,154 |

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Staff Findings: Company dollars listed above were for computers and incorrectly classified to this account. The correct dollar amounts/ classification/allocations are listed below. These allocations are based on the three factor method. See Exhibit #2 for explanation and calculations concerning the three factor method.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$125,483 | \$46,412 | \$171,895 |

Base Year.

Schedule B-5, Account 391.

Account Adjustments: (-\$12,014) reduction to utility plant.

1) **Account:** 391 (page 15, lines 4 & 16).

Description: Office Furniture & Equipment.

Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$24,913 | \$1,644 | \$26,557 |

Staff Findings: These allocations are based on the three factor method. See Exhibit #2 for explanation and calculations concerning the three factor method.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$19,387 | \$7,170 | \$26,557 |

2) **Account:** 391 (page 15, lines 5 & 17).

Description: Office Computers.

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$29,230 | \$1,924 | \$31,154 |

Staff Findings:

These allocations are based on the three factor method. See Exhibit #2 for explanation and calculations concerning the three factor method.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$22,742 | \$8,412 | \$31,154 |

Base Year.

Schedule B-5, Account 392.

Account Adjustments: (-\$29,589) reduction to utility plant.

1) **Account:** 392 (page 15, lines 6 & 18).

Description: Transportation Equipment.

Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$133,394 | \$8,805 | \$142,199 |

Staff Findings:

These allocations are based on the three factor method. See Exhibit #2 for explanation and calculations concerning the three factor method.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$103,805 | \$38,394 | \$142,199 |

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Base Year.
Schedule B-5, Account 393.
Account Adjustments: None.

- 1) **Account:** 393 (page 15, lines 7 & 19).
- Description:** Stores Equipment.
- Company Allocation:** No charges.
- Staff Findings:** Accept as stated.

Base Year.
Schedule B-5, Account 394.
Account Adjustments: None.

- 1) **Account:** 394 (page 15, lines 8 & 20).
- Description:** Tools and Work Equipment.
- Company Allocation:** \$5,975 - Utility.
- Staff Findings:** These are for utility use only. Accept as stated.

Base Year.
Schedule B-5, Account 396.
Account Adjustments: None.

- 1) **Account:** 396 (page 15, lines 9 & 21).
- Description:** Power Operated Equipment.
- Company Allocation:** \$9,824 - Utility.
- Staff Findings:** These are for utility use only. Accept as stated.

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Base Year.

Schedule B-5, Account 397.

Account Adjustments: (-\$1,206) reduction to utility plant.

1) **Account:** 397 (page 15, lines 10 & 22).

Description: Communication equipment.

Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$3,408 | \$225 | \$3,633 |

Staff Findings: All allocations based on three factor method. See Exhibit #2.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$2,652 | \$981 | \$3,633 |

Base Year.

Schedule B-5, Account 398.

Account Adjustments: None.

1) **Account:** 398 (page 15, lines 11 & 23).

Description: Misc. Equipment.

Company Allocation: No charges.

Staff Findings: Accept as stated.

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Base Year +1
Schedule G-1

Staff's Evaluation of Schedule G-1 "Allocation of Common Plant" for the Base Year +1 looked at each individual account by line item. Please see Exhibit #3. The findings are listed below:

Base Year +1.
Schedule G-1, Account 374.
Account Adjustments: None.

- 1) **Account:** 374 (page 160, lines 1-13).
- Description:** None.
- Company Allocation:** No charges.
- Staff Findings:** Accept as stated.

Base Year +1.
Schedule G-1 Account 375.
Account Adjustments: None.

- 1) **Account:** 375 (page 160, lines 14 -24).
- Description:** None.
- Company Allocation:** No charges.
- Staff Findings:** Accept as stated.

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Base Year +1.
Schedule G-1, Account 387.
Account Adjustments: None.

- 1) **Account:** 387 (page 159, lines 1 & 15).
Description: Other Equipment.
Company Allocation: No charges.
Staff Findings: Accept as stated.

Base Year +1.
Schedule G-1, Account 389.
Account Adjustments: (-\$656) Reduction to utility plant.

- 1) **Account:** 389 (page 159, lines 2 & 16; page 161, lines 1 - 11).
Description: Land & Land Rights - Office/work yard location.
Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$1,064 | \$70 | \$1,134 |

Staff Findings: Allocations based on square footage/usage and three factor method. See Exhibits #1 and #4.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$ 408 | \$726 | \$1,134 |

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Base Year +1.
Schedule G-1, Account 390.
Account Adjustments: (-\$37,487) reduction to utility plant.

- 1) **Account:** 390 (page 159, lines 3 & 17).
Description: Office Building (Structures & Improvements).
Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$161,251 | \$10,644 | \$171,895 |

Staff Findings: These allocations are based on the three factor method. See Exhibit #2 for explanation and calculations concerning the three factor method.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$123,764 | \$48,131 | \$171,895 |

Base Year +1.
Schedule G-1 Account 391.
Account Adjustment: (-\$12,747) reduction to utility plant.

- 1) **Account:** 391 (page 159, lines 4 & 18).
Description: Office Furniture & Equipment.
Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$26,054 | \$1,720 | \$27,774 |

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Staff Findings: All allocations based on three factor method. See Exhibit #2.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$19,997 | \$7,777 | \$27,774 |

2) **Account:** 391 (page 159, lines 5 & 19).

Description: Office Computers.

Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$28,777 | \$1,899 | \$30,676 |

Staff Findings: All allocations based on three factor method. See Exhibit #2.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$22,087 | \$8,589 | \$30,676 |

Base Year +1.

Schedule G-1 Account 392.

Account Adjustment: (-\$30,643) reduction to utility plant.

1) **Account:** 392 (page 159, lines 6 & 20).

Description: Transportation Equipment.

Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$131,810 | \$8,700 | \$140,510 |

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Staff Findings: All allocations based on three factor method. See Exhibit #2.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$101,167 | \$39,343 | \$140,510 |

Base Year +1.
Schedule G-1 Account 393.
Account Adjustment:

- 1) **Account:** 393 (page 159, lines 7 & 21).
Description: Stores Equipment.
Company Allocation: No charges.
Staff Findings: Accept as stated.

Base Year +1.
Schedule G-1 Account 394.
Account Adjustment: None.

- 1) **Account:** 394 (page 159, lines 8 & 22).
Description: Tools and Work Equipment.
Company Allocation: \$6,024 - Utility.
Staff Findings: These are for utility use only. Accept as stated.

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Base Year +1.
Schedule G-1 Account 396.
Account Adjustment: None.

- 1) **Account:** 396 (page 159, lines 9 & 23).
Description: Power Operated Equipment.
Company Allocation: \$9,824 - Utility.
Staff Findings: These are for utility use only. Accept as stated.

Base Year +1.
Schedule G-1 Account 397.
Account Adjustment: (-\$1,243) reduction to utility plant.

- 1) **Account:** 397 (page 159, lines 10 & 24).
Description: Communication equipment.
Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$3,408 | \$225 | \$3,633 |

Staff Findings: All allocations based on three factor method. See Exhibit #2.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$2,616 | \$1,017 | \$3,633 |

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Base year + 1.
Schedule B-5, Account 398.
Account Adjustments: None.

- 1) **Account:** 398 (page 159, lines 11 & 25).
Description: Misc. Equipment.
Company Allocation: No charges.
Staff Findings: Accept as stated.

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Construction Budget
Base Year + 1

An evaluation was performed to determine the status of the Construction Budget for the Base Year +1 ending December 31, 2003 on Schedule G-1, page 167 of the MFRs. Shown below is a list of capital expenditures, by account, proposed by the Company for the Base Year + 1, with any recommended/applicable Staff adjustments. Exhibit # 5.

| Line Number | Account Number | Description | Company System Costs | Staff Adjustments | Staff System Costs |
|------------------|----------------|-------------------------|----------------------|-------------------|--------------------|
| 6 | 376 | Mains (Plastic) | \$3,813 | + \$1,069 | \$4,882 |
| 10 | 380 | Service Lines (Plastic) | \$23,736 | + \$589 | \$24,325 |
| 11 | 381 | Meters | \$8,425 | None | \$8,425 |
| 12 | 382 | Meter Installations | \$833 | + \$2,389 | \$3,222 |
| 17 | 389 | Land/Land Rights | \$2,948 | None | \$2,948 |
| Total Additions: | | | \$39,755 | + \$4,047 | \$43,802 |

Staff Findings:

Line 6, Account 376.

This account includes expenditures for the Company's plastic main installations during 2003. Staff's review of Capitol Work Orders indicates \$4,882 was actually spent on main installations rather than \$3,813. It is recommended this account should be increased by \$1,069.

Line 10, Account 380.

This account includes \$2,631 in expenditures for service line installations during 2003. Staff review of Capitol Work Orders indicated \$3,220 was actually spent on service line installations during 2003. Therefore, we recommend this account be increased by \$589. Additionally, \$21,105 was retired from Account 380 - steel services and transferred to this account. This \$21,105, apparently, was originally classified incorrectly by the Company to steel services instead of plastic services.

February 27, 2004

Line 11, Account 381.

The \$8,425 shown on line 11 includes the purchase of new meters during 2003. Staff has reviewed the purchase orders and recommends this amount be accepted as stated.

Line 12, Account 382.

The Company has advised us that they actually had 97 meter installations during 2003. The final cost of these installations was \$3,222. This was verified from their Capitol Work Orders. It is recommended this account should be increased by \$2,389.

Line 17, Account 389.

The \$2,948 represents a transfer of the land the Company's office and a work yard is located on, to this account. The FPSC's Miami Accounting Office is analyzing this transaction. Please see their report for details concerning this matter.

Monthly Plant Additions
Base Year + 1

An evaluation was performed to determine the status of the monthly plant additions for the Base Year +1 ending December 31, 2003 on Schedule G-1, page 168 of the MFRs. Shown below is a list of total year end monthly plant additions by account for the Base Year + 1, with any recommended/applicable Staff adjustments. Exhibit # 6.

| Line Number | Account Number | Description | Total Plant Additions | Staff Adjustments | Staff Total Plant Additions |
|------------------|----------------|-------------------------|-----------------------|-------------------|-----------------------------|
| 6 | 376 | Mains (Plastic) | \$3,813 | + \$1,069 | \$4,882 |
| 10 | 380 | Service Lines (Plastic) | \$23,736 | + \$589 | \$24,325 |
| 11 | 381 | Meters | \$8,425 | None | \$8,425 |
| 12 | 382 | Meter Installations | \$833 | + \$2,389 | \$3,222 |
| 17 | 389 | Land/Land Rights | \$2,948 | None | \$2,948 |
| Total Additions: | | | <u>\$39,755</u> | <u>+ \$4,047</u> | <u>\$43,802</u> |

Staff Findings:

Line 6, Account 376.

This account includes expenditures of \$3,813 for the Company's plastic main installations through October 2003. This was increased by \$1,069 in November and December 2003. It is recommended the \$1,069 increase be divided equally between the November and December 2003 monthly plant additions, or \$534.50 per month.

Line 10, Account 380.

This account includes \$2,631 in expenditures for service line installations through October 2003. Staff review of Capitol Work Orders indicated \$3,220 was actually spent on service line installations during 2003. Therefore, we recommended this account be increased by \$589 and this should be divided equally between November and December 2003 monthly plant additions, or \$294.50 per month.

Page 18
Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

February 27, 2004

Line 12, Account 382.

This account includes \$833 in expenditures for meter installations through October 2003. Staff review of Capitol Work Orders indicated \$3,220 was actually spent during 2003. Therefore, we recommend this account should be increased by \$2,389, and this should be divided equally between October, November, and December 2003 monthly plant additions, or \$796.33 per month.

Line 17, Account 389.

The \$2,948 represents a transfer of the land that the Company's office and work yard is located on to this account. The FPSC's Miami Accounting Office is analyzing this transaction. Please see their report for details concerning this matter.

Monthly Plant Retirements
Base Year + 1

An evaluation was performed to determine the status of the monthly plant retirements for the Base Year +1 ending December 31, 2003 on Schedule G-1, page 169 of the MFRs. Shown below is a list of total year end monthly plant retirements by account for the Base Year + 1, with any recommended/applicable Staff adjustments. Exhibit # 7.

| <u>Line Number</u> | <u>Account Number</u> | <u>Description</u> | <u>Company Retirements</u> | <u>Staff Adjustments</u> | <u>Staff Retirements</u> |
|--------------------|-----------------------|-----------------------|----------------------------|--------------------------|--------------------------|
| 9 | 380 | Service Lines (Steel) | \$21,105 | None | \$21,105 |
| 20 | 391 | Office Computers | \$1,350 | None | \$1,350 |
| 21 | 392 | Transportation Equip. | \$23,405 | None | \$23,405 |
| 23 | 394 | Tools/Work Equip. | \$636 | None | \$636 |
| Total Additions: | | | <u>\$46,486</u> | <u>None</u> | <u>\$46,486</u> |

Staff Findings:

Line 9, Account 380.

This represents a retirement of \$21,105 for steel services which was incorrectly booked to this account during 2003. This money was transferred to plastic services in August 2003.

Line 20, Account 391.

This retirement in the amount of \$1,350 represents one lap top computer.

Line 21, Account 392.

This retirement, in the amount of \$23,405, represents a retired 1999 Chrysler Sedan. It is no longer in service. Accept as stated.

Line 23, Account 394.

This retirement in the amount of \$636 represents a wire welder which was transferred to non utility plant. Accept as stated.

Projected Test Year
Schedule G-1

Staff evaluation of Schedule G-1 "Allocation of Common Plant" for the projected test year focused on each individual account by line item. Please see Exhibit #8. The findings are listed below:

Projected Test Year.
Schedule G-1, Account 374.
Account Adjustment: None.

- 1) **Account:** 374 (page 163, lines 1-13).
Description: None.
Company Allocation: No charges.
Staff Findings: Accept as stated.

Projected Test Year.
Schedule G-1 Account 375.
Account Adjustments: None.

- 1) **Account:** 375 (page 163, lines 14 - 24).
Description: None.
Company Allocation: No charges.
Staff Findings: Accept as stated.

Projected Test Year.
Schedule G-1, Account 387.
Account Adjustments: None.

- 1) **Account:** 387 (page 162, lines 1 & 15).
Description: Other Equipment.
Company Allocation: No charges.
Staff Findings: Accept as stated.

Projected Test Year.
Schedule G-1, Account 389.
Account Adjustments: (-\$1,704) Reduction to utility plant.

- 1) **Account:** 389 (page 162, lines 2 & 16; page 164, lines 1 - 4).
Description: Land & Land Rights - Office/work yard location.
Company Allocation:
- | <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$2,765 | \$183 | \$2,948 |
- Staff Findings:** Allocations based on square footage/usage and three factor method. See Exhibits #2 and #4.
- | <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$1,061 | \$1,887 | \$2,948 |

Projected Test Year.
Schedule G-1, Account 390.
Account Adjustments: (-\$37,487) reduction to utility plant.

1) **Account:** 390 (page 162, lines 3 & 17; page 164, lines 5 - 11).

Description: Office Building (Structures & Improvements).

Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$161,251 | \$10,644 | \$171,895 |

Staff Findings: All allocations based on three factor method. See Exhibit #2.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$123,764 | \$48,131 | \$171,895 |

Projected Test Year.
Schedule G-1 Account 391.
Account Adjustment: (-\$12,681) reduction to utility plant.

1) **Account:** 391 (page 162, lines 4 & 18).

Description: Office Furniture & Equipment.

Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$26,054 | \$1,720 | \$27,774 |

Staff Findings: All allocations based on three factor method. See Exhibit #2.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$19,997 | \$7,777 | \$27,774 |

2) **Account:** 391 (page 162, lines 5 & 19).

Description: Office Computers.

Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$28,581 | \$1,887 | \$30,468 |

Staff Findings: All allocations based on three factor method. See Exhibit #2.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$21,937 | \$8,531 | \$30,468 |

Projected Test Year.
Schedule G-1 Account 392.
Account Adjustment: (-\$35,539) reduction to utility plant.

1) **Account:** 392 (page 162, lines 6 & 20).

Description: Transportation Equipment.

Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$152,874 | \$10,091 | \$162,965 |

Staff Findings: All allocations based on three factor method. See Exhibit #2.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$117,335 | \$45,630 | \$162,965 |

Projected Test Year.
Schedule G-1 Account 393.
Account Adjustment: None.

1) **Account:** 393 (page 162, lines 7 & 21).

Description: Stores Equipment.

Company Allocation: No charges.

Staff Findings: Accept as stated.

Projected Test Year.
Schedule G-1 Account 394.
Account Adjustment: None.

1) **Account:** 394 (page 162, lines 8 & 22).

Description: Tools and Work Equipment.

Company Allocation: \$26,226 - Utility.

Staff Findings: These are for utility use only. Accept as stated.

Projected Test Year.
Schedule B-5, Account 396.
Account Adjustments: None.

1) **Account:** 396 (page 162, lines 9 & 23).

Description: Power Operated Equipment.

Company Allocation: \$13,419 - Utility.

Staff Findings: These are for utility use only. Accept as stated.

Projected Test Year.
Schedule B-5, Account 397.
Account Adjustments: (-\$1,243) reduction to utility plant.

1) **Account:** 397 (page 162, lines 10 & 24).

Description: Communication equipment.

Company Allocation:

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$3,408 | \$225 | \$3,633 |

Staff Findings: All allocations based on three factor method. See Exhibit #2.

| <u>Utility</u> | <u>Non Utility</u> | <u>Total</u> |
|----------------|--------------------|--------------|
| \$2,615 | \$1,017 | \$3,633 |

Projected Test Year.
Schedule B-5, Account 398.
Account Adjustments: None.

- 1) **Account:** 398 (page 162, lines 11 & 25).
Description: Misc. Equipment.
Company Allocation: No charges.
Staff Findings: Accept as stated.

Projected Test Year
Schedule G-1
Proposed Construction Budget

An evaluation was performed to determine the feasibility and status of the Construction Budget for the Projected Test Year ending December 31, 2004 on Schedule G-1, page 170 of the MFRs. Shown below is a list of capital expenditures, by account, proposed by the Company for the Projected Test Year, with any recommended/applicable Staff adjustments. Exhibit # 9.

| <u>Line Number</u> | <u>Account Number</u> | <u>Description</u> | <u>Projected System Costs</u> | <u>Staff Adjustments</u> | <u>Staff Projected Costs</u> |
|--------------------|-----------------------|--------------------------|-------------------------------|--------------------------|------------------------------|
| 2 | 303 | Intangible Plant | \$42,750 | None | \$42,750 |
| 6 | 376 | Mains(Plastic) | \$13,404 | +\$2,379 | \$15,783 |
| 10 | 380 | Service Lines(Plastic) | \$14,095 | (-\$565) | \$13,530 |
| 11 | 381 | Meters | \$8,250 | (-\$1,210) | \$7,040 |
| 12 | 382 | Meter Installations | \$1,692 | +\$288 | \$1,980 |
| 13 | 383 | Regulators | \$2,732 | (-\$389) | \$2,343 |
| 21 | 392 | Transportation Equipment | \$85,000 | None | \$85,000 |
| 24 | 394 | Tools/Work Equipment | \$37,700 | (-\$1,021) | \$36,679 |
| 26 | 396 | Power Operated Equip. | \$16,500 | +\$14,495 | \$30,995 |
| | | Total Additions | <u>\$222,123</u> | <u>+\$13,977</u> | <u>\$236,100</u> |

Staff Findings:

Line 2, Account 303.

This account includes estimated dollar expenditures for a new Customer Information System to replace/upgrade the existing system during 2004. See Exhibit # for cost breakdown details. Staff recommends this estimate be accepted as stated by the Company.

Line 6, Account 376.

This account includes estimated expenditures for the Company's bare steel main replacement program during 2004. The Company has advised Staff they will replace approximately 3,351 feet of bare steel main with plastic main (polyethylene).

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The original estimate cost was \$4 per foot or $\$4 \times 3,351 \text{ ft.} = \$13,404$. According to Company CPR records, the average cost per foot of main in 2002 was \$4.71 or $\$4.71 \times 3,351 \text{ ft.} = \$15,783$. Staff recommends this account be adjusted upward by \$2,379 from the original estimate of \$13,404 to \$15,783.

Line 10, Account 380.

This account includes estimated expenditures for both the Company's bare steel service line replacement program and installation of new service lines during 2004. The Company has advised Staff they will replace approximately 80 bare steel service lines at \$140 each ($\$140 \times 80 = \$11,200$) with plastic (polyethylene) ones, and install 10 new plastic service lines at \$233 each ($\$233 \times 10 = \$2,330$) for a total of \$13,530. Staff recommends this account be reduced by \$565 to \$13,530 .

Line 11, Account 381.

The \$8,250 shown on line 11 includes the purchase of 110 meters for both the meter testing/ replacement program and the 10 new service lines to be installed during 2004. Staff has reviewed the purchase order which showed each meter costs approximately \$64. This makes the total \$7,040. It is recommended this account should be reduced by \$1,210 to a total of \$7,040. These amounts do not include taxes.

Line 12, Account 382.

The Company has advised us that the average cost of a meter installation is approximately \$18 each. This cost appears reasonable. Applying this to 110 new meters purchased in Account 381 equals a total of \$1,980. It is recommended this account should be increased by \$288.

Line 13, Account 383.

The \$2,732 shown on line 13 includes the purchase of 110 new regulators for the meter testing/ replacement program and the 10 new service lines to be installed during 2004. Staff has reviewed the purchase order which showed each regulator costs approximately \$21.30. This makes the total \$2,343. It is recommended this account should be reduced by \$389 to a total of \$2,343. These amounts do not include taxes.

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Line 21, Account 392.

It is recommended that the cost of \$85,000 for the replacement of 2 trucks during 2004 be accepted as estimated by the Company.

Line 24, Account 394.

This account includes tools, shop, and garage equipment. Staff has established the following expenditures for this account; \$16,084 - generator, \$11,130 - air compressor/trailer, \$6,130 - safety equipment, \$3,335 - line locator for a total of \$36,679. These amounts do not include taxes. It is recommended this account be reduced by \$1,021 to \$36,679.

Line 26, Account 396.

This account includes power operated equipment. Originally, the Company planned to purchase, for \$16,500, a used backhoe to replace their current one. This price did not include money for a trailer to move the backhoe around. Estimates for a trailer are \$3,995. It is recommended the \$3,995 be added/included in this account. Additionally, it is recommended the Company purchase a new improved backhoe for \$27,000 instead of the used backhoe. Staff believes this is necessary to assure equipment reliability, especially concerning safety-related issues(i.e., being able to respond to an emergency/incident such as line breaks). There was some concern the used replacement backhoe might not be capable of digging deep enough to reach their high pressure line should it become necessary for repairs or in an emergency. Also, the new backhoe would assure on time, scheduled completion of the bare steel replacement program, which is a major safety concern, and continued full compliance with State and Federal Safety Codes. It is therefore recommended this account be increased by \$14,495 to \$30,995.

Summary

Staff recommends the Projected Test Year Construction Budget should be increased by \$13,977 to a total of \$236,100.

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Monthly Plant Additions
Projected Test Year

An evaluation was performed to determine the status of the monthly plant additions for the Projected Test Year ending December 31, 2004 on Schedule G-1, page 171 of the MFRs. Shown below is a list of total year end monthly plant additions by account for the Projected Test Year, with any recommended/applicable Staff adjustments. Exhibit # 10.

| <u>Line Number</u> | <u>Account Number</u> | <u>Description</u> | <u>Total Plant Additions</u> | <u>Staff Total Adjustments</u> | <u>Staff Total Plant Additions</u> |
|--------------------|-----------------------|--------------------------|------------------------------|--------------------------------|------------------------------------|
| 2 | 303 | Intangible Plant | \$42,750 | None | \$42,750 |
| 6 | 376 | Mains(Plastic) | \$13,404 | +\$2,379 | \$15,783 |
| 10 | 380 | Service Lines(Plastic) | \$14,095 | (-\$565) | \$13,530 |
| 11 | 381 | Meters | \$8,250 | (-\$1,210) | \$7,040 |
| 12 | 382 | Meter Installations | \$1,692 | +\$288 | \$1,980 |
| 13 | 383 | Regulators | \$2,732 | (-\$389) | \$2,343 |
| 21 | 392 | Transportation Equipment | \$85,000 | None | \$85,000 |
| 23 | 394 | Tools/Work Equipment | \$37,700 | (-\$1,021) | \$36,679 |
| 24 | 396 | Power Operated Equip. | \$16,500 | +\$14,495 | \$30,995 |
| Total Additions: | | | \$222,123 | +\$13,977 | \$236,100 |

Staff Findings:

Line 2, Account 303.

These expenditures are for the installation of a new Customer Information System to replace/upgrade the existing system during June 2004. Staff recommends this be accepted as stated by the Company.

Line 6, Account 376.

This account includes estimated expenditures for the Company's bare steel main replacement program during 2004. The Company has advised Staff they will replace approximately 3,351 feet of bare steel main with plastic main (polyethylene).

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According to Company CPR records, the average cost per foot of main in 2002 was \$4.71 or $\$4.71 \times 3,351 \text{ ft.} = \$15,783$ total projected cost for the Projected Test Year. These costs have been spread out equally on a monthly basis throughout 2004. Staff recommends this account be adjusted upward by \$2,379 from the original estimate of \$13,404 to \$15,783 or \$1,315 per month.

Line 10, Account 380.

This account includes estimated expenditures for both the Company's bare steel service line replacement program and installation of new service lines during 2004. The Company has advised Staff they will replace approximately 80 bare steel service lines at \$140 each ($\$140 \times 80 = \$11,200$) with plastic (polyethylene) ones, and install 10 new plastic service lines at \$233 each ($\$233 \times 10 = \$2,330$) for a total of \$13,530 or approximately \$1,128 per month. Staff recommends this account be reduced by \$565 to \$13,530 .

Line 11, Account 381.

The \$8,250 shown on line 11 includes the purchase of 110 meters for both the meter testing/ replacement program and the 10 new service lines to be installed during 2004. Staff has reviewed the purchase order which showed each meter costs approximately \$64. This makes the total \$7,040. It is recommended this account be reduced by \$1,210 to a total of \$7,040. These amounts do not include taxes. 100 of these meters were ordered on 12/8/03 and are scheduled for shipping the week of 2/2/04.

Line 12, Account 382.

The Company has advised us that the average cost of a meter installation is approximately \$18 each. This cost appears reasonable. Applying this to the 110 new meters purchased in Account 381 equals a total of \$1,980. It is recommended this account be increased by \$288. This cost has been divided equally on a monthly basis throughout 2004. Staff recommends this be accepted as stated.

Line 13, Account 383.

The \$2,732 shown on line 13 includes the purchase of 110 new regulators for the

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meter testing/ replacement program and the 10 new service lines to be installed during 2004. Staff has reviewed the purchase order which showed each regulator costs approximately \$21.30. This makes the total \$2,343. It is recommended this account be reduced by \$389 to a total of \$2,343. These amounts do not include taxes. 100 of these regulators were ordered on 12/8/03 and are scheduled for shipping the week of 1/26/04.

Line 21, Account 392.

This represents an estimated cost of \$85,000 for the replacement of 2 trucks during 2004. One truck has already been delivered to the Company in February 2004. The other is scheduled to be purchased/delivered in June 2004. It is recommended this should be accepted as stated.

Line 23, Account 394.

This account includes tools, shop, and garage equipment. Staff has established the following expenditures for this account; \$16,084 - generator, \$11,130 - air compressor/trailer, \$6,130 - safety equipment, \$3,335 - line locator for a total of \$36,679. These amounts do not include taxes. It is recommended this account be reduced by \$1,021 to \$36,679. The Company has advised us they expect to purchase this equipment in June 2004. Staff recommends this be accepted with the revision in total dollar amount stated above.

Line 24, Account 396.

This account includes power operated equipment. Originally, the Company planned to purchase, a used backhoe for \$16,500 to replace the existing one. This price did not include money for a trailer to move the backhoe around. Estimates for a trailer are \$3,995. It is recommended the \$3,995 be added/included in this account. Additionally, it is recommended the Company purchase a new improved backhoe for \$27,000 instead of the used backhoe. Staff believes this is necessary to assure equipment reliability, especially concerning safety-related issues(i.e., to be able to quickly and effectively respond to an emergency/incident such as a line break). Also, there is concern that the used replacement backhoe might not be capable of digging deep enough at all locations to reach the Company's high pressure line

Re: Indiantown Gas Company, Inc.,
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should it become necessary for repairs or in an emergency. Finally, the new backhoe would assure on time, scheduled completion of the bare steel replacement program, which is a public safety matter, and continued full compliance with State and Federal Safety Codes. The Company would like to purchase this equipment in June 2004. It is, therefore, recommended this account should be increased a total of \$14,495 to \$30,995.

Re: Indiantown Gas Company, Inc.,
Rate Case, Docket Number 030954-GU.

Monthly Plant Retirements
Projected Test Year

An evaluation was performed to determine the status of the monthly plant retirements for the Projected Test Year ending December 31, 2004 on Schedule G-1, page 172 of the MFRs. Shown below is a list of total year end monthly plant retirements by account for the Base Year + 1, with any recommended/applicable Staff adjustments. Exhibit # 11.

| Line Number | Account Number | Description | Company Retirements | Staff Adjustments | Staff Retirements |
|-----------------|----------------|-----------------------|---------------------|-------------------|-------------------|
| 4 | 376 | Mains (Steel) | \$12,804 | (-\$4,527) | \$8,277 |
| 21 | 392 | Transportation Equip. | \$49,034 | None | \$49,034 |
| 24 | 396 | Tools/Work Equip. | \$9,824 | None | \$9,824 |
| Total Additions | | | \$71,662 | (-\$4,527) | \$67,135 |

Staff Findings:

Line 4, Account 376.

This retirement represents bare steel mains to be replaced by new plastic (polyethylene) mains during 2004. The total footage of new plastic mains to be installed is estimated to be approximately 3,351 feet, therefore, it can be extrapolated that approximately 3,351 feet of bare steel mains will need to be retired. According to the Handy-Whitman Index, the average cost of 3/4" main from 1964 - 1970 was \$2.47/foot. See Exhibit #17. Therefore, it appears the retirement should be $\$2.47 \times 3,351 \text{ ft.} = \$8,277$. This could be spread out equally over the 12 months. It is recommended this account should be reduced by a total of \$4,527 or \$377 per month to \$690 per month.

Line 21, Account 392.

This retirement is for two Company trucks which are scheduled to be replaced with two new trucks. One truck, the 1999 Ford F150, has already been replaced with a new one in February 2004. The retirement amount according to the Company is \$25,107. The other one, a 1996 Dodge 2500, is scheduled to be replaced in June 2004. The retirement amount according to the Company for this vehicle will be \$23,937.

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Re: Indiantown Gas Company, Inc.,
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These amounts appear reasonable, were checked to original invoices, and it is recommended they be accepted as stated.

Line 24, Account 396.

This retirement, for the amount of \$9,824, represents the existing backhoe. It is scheduled to be replaced in June 2004 with a new backhoe. Accept as stated.

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Re: Indiantown Gas Company, Inc.,
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Schedule B - 8
Construction Work in Progress (CWIP) for 2002

Staff's review and analysis of the Company's Capital Work Orders and the General Plant Ledger entries for 2002 indicated the Company's CWIP amounts appear accurate and should be accepted as stated in Schedule B-8, page 21. Please see Exhibit #12.

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Re: Indiantown Gas Company, Inc.,
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Schedule I - 1
Customer Service Interruptions for 2002

The FPSC Bureau of Safety - Natural Gas is not aware of, nor was advised of by the Company of any reportable customer service interruptions, as defined/required by FPSC Rule 25 - 12.084(2), occurring during 2002, 2003, or to date (2/27/04) in 2004. Exhibit #13.

Re: Indiantown Gas Company, Inc.,
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Schedule I - 2
Notification of Commission Rule Violations

It is Staff's understanding that any/all Commission Rule Violations that occurred during 1998,1999, 2000, and 2002 have been resolved and rescinded. Please see Exhibit #14 for details.

Schedule I -4
Vehicle Allocation 2002
Exhibit #15

- 1) **1993 Ford F700** - Should be allocated 100% non utility. Propane use only.
- 2) **1980 Ford F700** - Should be allocated 100% non utility. Propane use only.
- 3) **1996 Dodge 2500** - Should be allocated using the three factor method; 73% utility; 27% non utility. See Exhibit # 2. This vehicle is scheduled for replacement/retirement in 6/04.
- 4) **2002 Ford F450** - Should be allocated using the three factor method; 73% utility; 27% non utility. See Exhibit # 2.
- 5) **2000 Chevy 2500 Van** - Should be allocated using the three factor method; 73% utility; 27% non utility. See Exhibit # 2.
- 6) **1999 Chrysler Sedan** - Should be allocated using the three factor method; 73% utility; 27% non utility. See Exhibit # 2. This was retired from service in 2003.
- 7) **1998 Ford F150** - Should be allocated using the three factor method; 73% utility; 27% non utility. See Exhibit # 2. This vehicle was retired/replaced in 2004.

Testimony of Brian Powers

The testimony of Brian Powers can basically be divided into three parts; 1. Major projected capital expenditures for 2004, 2. System improvements for 2004, and 3. O&M expenditures for 2004. Exhibit #16.

Engineering Staff has specifically addressed parts 1 and 2 listed above on the previous pages of this report, under the respective related Company Schedules provided in the MFRs. Please refer to them for details and information concerning these matters.

Part 3 is being analyzed/reviewed by the FPSC'S Miami Accounting Department. Please refer to their report for information concerning these matters.



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE : FEBRUARY 10, 2004

TO : C. EDWARD MILLS
BUREAU CHIEF SAFETY
BUREAU OF SAFETY
DIVISION OF AUDITING & SAFETY,

FROM : ROGER W. FLETCHER *RWF*
UTILITY SYSTEMS ENGINEER, BUR
DIVISION OF AUDITING & SAFETY
ORLANDO DISTRICT OFFICE

RE : INDIANTOWN GAS COMPANY
RATE CASE DOCKET NUMBER 0309:
METER TEST AND REFUND EVALU

*EXHIBITS REFERENCED
IN THE METER REPORT
ARE WITH THE REPORT*

*DO NOT REFER TO
TABED EXHIBITS*

ISSUE

Has the management of Indiantown Gas Company periodically tested customer meters within a ten-year interval as required by Commission Rule Chapter 25-7.064 (1) (a) and (2), Florida Administrative Code (F.A.C.), and has customer refunds been made for all meters tested and found to measure more than 2 percent fast?

On January 15, 2004, an evaluation was conducted of the Indiantown Gas Company to determine the status of the company's meter test program and refund records. The evaluation determined that approximately 42 percent of the company's 687 meters are violation of Commission's periodic meter test Chapter 25-7.064 (1) (a) and (2), F.A.C. It was further determined that customer refunds were made in violation of Commission Rule Chapter 25-7.087 (1), F.A.C. requirements. Details of my findings will be presented in the Discussion portion of this memorandum.

RECOMMENDATIONS

It is recommended that the findings of this report be entered into the rate case proceedings of Indiantown Gas Company, Docket Number 030954-GU. Agency action should be initiated to assure each of the two violations are corrected in a timely manner and penalties issued as the Commission deems appropriate.

Memorandum

February 10, 2004

RE: INDIANTOWN GAS COMPANY, RATE CASE - DOCKET NUMBER 030954-GU
METER TEST AND REFUND EVALUATION

It is also recommended that the refunds for the 24 meters tested during calendar year 2003 and any meters tested during calendar year 2004 and found to register more than 2 percent fast be recalculated to include the period of time the meter has remained in service beyond the ten-year test interval required by Commission Rule Chapter 25-7.064, F.A.C.

If the exact period of time beyond the ten-year test interval can not be established due to inadequate records, it is recommended that the calculation of the refund should be based on ten times the customer's average annual therm usage obtained from available company records. If a customer moves from the service area without providing a forwarding address, a reasonable effort should be made to locate the individual. If the refund can not be completed, a record should be established in accordance with Commission Rule Chapter 25-7.091, Subpart 7 (c), F.A.C., and the Commission informed of all unclaimed refunds and a method of disposal established.

It is further recommended that the management of Indiantown Gas Company be directed to accelerate its meter test program to have all customer meters with a rated capacity of 2500 cubic feet per hour (cfh) or less be tested within a ten-year period as required by Commission Rule Chapter 25-7.064, Subparts 1 and 2, F.A.C. Meters should be tested at a rate that will assure full compliance by December 31, 2005.

Finally, it is recommended that a copy of this evaluation report be forwarded to the liaison officer of the Indiantown Gas Company so that they may be informed of its findings and take the appropriate action to correct the noted deficiencies.

DISCUSSION

On March 21, 2003, an evaluation was conducted of the periodic meter test program of Indiantown Gas Company. The purpose of this evaluation was to determine if the program is in compliance with the rule requirements of Commission Rule Chapter 25-7.064, F.A.C. The evaluation determined that Indiantown Gas Company was not performing periodic meter tests in accordance with Commission Rule Chapter 25-7.064 (1) and (2), F.A.C. System management indicated that the meters tested in the past years were not chosen based on the period of time in service, but due to apparent inaccurate measurement, inactivity, or possible damage. The ten-year limitation for a meter to remain in service was not a factor in the testing of customer meters.

A review of company records determined data was not available to document either the date of installation or the date of the last test for the 687 natural gas meters installed at the customers' premises. At the time of the evaluation, it was not possible to determine the number of meters in violation of the periodic test requirements due to the lack of meter history data. The management of Indiantown Gas Company has since developed a computer program to input and maintain the meter history information required by Commission Rule Chapter 25-7.021, F.A.C. This new computer program has made it possible for company personnel to determine the actual number of

Memorandum

February 10, 2004

RE: INDIANTOWN GAS COMPANY, RATE CASE - DOCKET NUMBER 030954-GU
METER TEST AND REFUND EVALUATION

meters in violation of Commission Rule requirements. As part of its rate case Minimum Filing Requirements (MFRs), the company has submitted Schedule I-3 that indicates there are 340 meters in violation of Commission periodic meter test requirements. A copy of the list is attached as Exhibit 1.

With the information provided in Schedule I-3 of the MFRs, the exact number of meters in violation of the Commission's periodic meter test requirements has been established, and company personnel have increased the number of meters being tested. During calendar year 2003, a total of 111 meters with a rated capacity of 2500 cfh or less were removed from service for testing. Of the 111 meters tested, only 70 of the meters were determined to be those meters identified in Schedule I-3 as being in violation of the periodic test requirement. The remaining 41 were meters removed for various causes, such as possible inaccuracies, meters that do not register or meters removed at the customer's request which have been tested within the past ten years. The evaluation of January 15, 2004, determined that there is a total of 270 meters that remain in violation of Commission Rule Chapter 25-7.064 (1) and (2), F.A.C., requirements. A list of the 270 meters that remain in violation is attached as Exhibit 2.

Agency action will be necessary to establish a reasonable date for full compliance to be achieved for the periodic testing of customer meters that remain in violation of Commission rule requirements. The primary factor that must be considered in development of an accelerated meter test program for Indiantown Gas Company is the limited manpower that will be available to perform the actual meter change-out function. According to system management, there are two employees that are qualified to perform the meter change-out task. These individuals are also responsible for all other routine field operations and maintenance activities for the natural gas system. Considering the limited manpower factor, it is estimated that approximately 20 months will be necessary to complete the change-out and test the 270 meters that remain in violation of Commission Rule requirements. It is therefore recommended that the operator be directed to have all customer meters in compliance with Commission Rule Chapter 25-7.064 (1) and (2), F.A.C., by December 31, 2005.

The March 21, 2003, evaluation of Indiantown Gas Company's meter test program also noted one additional deficiency that results from the operator's failure to make proper adjustments to customers' bills due to meter error. It was determined that 24 of the 64 meters tested during calendar year 2002 were found to have measurement inaccuracies in excess of 2 percent fast. A list of these 24 meters is attached as Exhibit 2. Commission Rule Chapter 25-7.087 (1), F.A.C., requires a utility to make adjustments to the bill of any customer whose meter was tested and found to measure in excess of 2 percent fast. This refund is to be calculated based on the amount billed in error for one half the period since the last test. This refund period should not exceed 12 months, unless the meter has not been tested in accordance with Commission Rule Chapter 25-7.064, F.A.C. If the meter is in violation of the period meter test requirement, then the period of time for which the meter has been in service beyond the regular ten-year test period shall be added to the 12 months in computing the refund. By letter dated May 16, 2003, the Commission staff directed Indiantown Gas Company to initiate prompt action and make the appropriate refunds by July 31, 2003, for the 24 customers' bills whose meters were tested and found to measure in excess of 2 percent fast. Said refunds were to be made in accordance with Commission Rule Chapter 25-7.087 (1), F.A.C.

RE: INDIANTOWN GAS COMPANY, RATE CASE - DOCKET NUMBER 030954-GU
METER TEST AND REFUND EVALUATION

The evaluation of January 15, 2004, determined that the utility made partial refunds for 19 of the 24 customer meters found in violation during the initial evaluation. Listed below are the 19 meters and the accounts that were credited as the result of the meters being tested and found more than 2 percent fast. Exhibit 3 is a copy of the company's calculations of the refunds.

A review of the method of calculation determined that these refunds were based on only calendar year 2002 consumption. No attempt was made to determine if the meters in question were beyond the ten-year periodic test limit. Commission Rule Chapter 25-7.087 (1), F.A.C., requires that refund calculations for a meter that has exceeded the ten-year periodic test cycle shall include the additional period of time the meter has been in service beyond the required periodic test. In the event that the utility's meter history records can not establish a date of the last test for a meter, it is the staff's recommendation that the refunds be recalculated using a multiplier of 10 times the average annual consumption to arrive at an equitable refund for the affected customer. Shown below is a summary of adjustments recommended by staff to compensate for the meters being in violation of the Commission's periodic meter test requirements.

| <u>Meter Number</u> | <u>Intest Percentage</u> | <u>Test Date</u> | <u>Refund Amount</u> | <u>Staff Adjusted Amount</u> |
|---------------------|--------------------------|------------------|----------------------|------------------------------|
| 1016259 | +2.1 % | 2/6/03 | \$1.43 | 14.30 |
| 609604 | + 2.2 % | 2/7/03 | 2.34 | 23.40 |
| 6825836 | + 2.2 % | 1/16/03 | 3.17 | 31.70 |
| 792295 | + 2.4 % | 2/7/03 | 1.98 | 19.80 |
| 679591 | + 2.6 % | 2/7/03 | 3.77 | 37.70 |
| 975254 | + 2.7 % | 2/7/03 | 5.20 | 52.00 |
| 796165 | + 2.8 % | 2/6/03 | 1.81 | 18.10 |
| 865340 | + 2.8 % | 2/6/03 | 2.94 | 29.40 |
| 400679 | + 3.4 % | 2/6/03 | 3.59 | 35.90 |
| 343236 | + 3.4 % | 2/7/03 | 5.91 | 59.10 |
| 383653 | + 3.4 % | 2/7/03 | 3.88 | 38.80 |
| 361524 | + 3.6 % | 2/6/03 | 3.61 | 36.10 |
| 397179 | + 3.7 % | 2/6/03 | 3.66 | 36.60 |
| 387982 | + 4.0 % | 2/7/03 | 6.67 | 66.70 |
| 383687 | + 4.2 % | 2/7/03 | 5.48 | 54.80 |
| 326694 | + 4.2 % | 2/7/03 | 4.60 | 46.00 |
| 398750 | + 4.2 % | 2/6/03 | 1.11 | 11.10 |
| 999320 | + 6.7 % | 2/6/03 | 3.14 | 31.40 |
| 609611 | + 7.4 % | 2/6/03 | <u>15.05</u> | <u>150.50</u> |
| | | | Total \$ 79.34 | \$793.40 |

The January 15, 2003, evaluation further noted that records were not available to document refunds being made for five of the 24 fast meters found in violation of Commission's refund requirements. The five meters listed below remain in violation of Commission Rule Chapter 25-7.087 (1), F.A.C., as the result of no refunds being made for meters registering in excess of 2 percent fast.

Memorandum

February 10, 2004

RE: INDIANTOWN GAS COMPANY, RATE CASE - DOCKET NUMBER 030954-GU
METER TEST AND REFUND EVALUATION

| <u>Meter Number</u> | <u>Intest Percentage</u> | <u>Date of Test</u> |
|---------------------|--------------------------|---------------------|
| 540009 (10 Al-110) | 2.5 % | 1/16/03 |
| 540009 (10 Am-250) | 2.5 % | 1/16/03 |
| 2008618 | 3.1 % | 1/16/03 |
| 2011583 | 3.5 % | 1/16/03 |
| 1860083 | 4.5 % | 1/16/03 |

It is recommended that Indiantown Gas Company be directed to make refunds for each of the meters tested during calendar years 2003 and 2004 and found to register more than 2 percent fast. The refunds should be calculated in a manner to include the period of time the meter has remained in service beyond the ten-year test interval required by Commission Rule Chapter 25-7.064, F.A.C.

If the exact period of time beyond the ten-year test interval can not be established due to inadequate records, it is recommended that the calculation of the refund should be based on ten times the customer's average annual therm usage obtained from available company records. If a customer moves from the service area without providing a forwarding address, a reasonable effort should be made to locate the individual. If the refund can not be completed, a record should be established in accordance with Commission Rule Chapter 25-7.091, Subpart 7 (c), F.A.C., and the Commission informed of all unclaimed refunds and a method of disposal established.

CONCLUSION

The evaluation conducted on January 15, 2004, determined that 270 in-service meters have not been tested in accordance with the ten-year limitation imposed by Commission Rule Chapter 25-7.064, Subparts 1 and 2, F.A.C. Finally, it was determined that refunds were not made in accordance with Commission Rule Chapter 25-7.087 (1), F.A.C., for 24 meters tested during calendar year 2002 and found to be in excess of 2 percent fast.

RWF
Attachments

EXHIBIT 1

/

METER TESTING - PERIODIC TESTING

EXPLANATION: OF THOSE METERS WITH A RATED CAPACITY OF 250 cfm OR LESS AND NOT INCLUDED IN AN APPROVED STATISTICAL SAMPLING PLAN, PROVIDE A LIST OF ALL METERS THAT HAVE NOT BEEN TESTED FOR ACCURACY WITHIN 120 MONTHS. (AS OF TEST YEAR)

TYPE OF DATA SHOWN: HISTORIC BASE YEAR DATA: 12/31/02
WITNESS: B. POWERS

| COMPANY ID NUMBER | MANUFACTURER | TYPE / SIZE | COMPANY ID NUMBER | MANUFACTURER | TYPE / SIZE | COMPANY ID NUMBER | MANUFACTURER | TYPE / SIZE |
|-------------------|--------------|-------------|-------------------|--------------|-------------|-------------------|--------------|-------------|
| 000453 | ROCKWELL | S120 | 000501 | ROCKWELL | S120 | 002351 | ROCKWELL | S200 |
| 002077 | ROCKWELL | S110 | 000502 | ROCKWELL | S110 | 000621 | ROCKWELL | S110 |
| 002187 | ROCKWELL | S110 | 000504 | ROCKWELL | S110 | 000424 | ROCKWELL | S110 |
| 001978 | ROCKWELL | S110 | 000505 | ROCKWELL | S110 | 002752 | ROCKWELL | S110 |
| 000454 | ROCKWELL | S110 | 000506 | ROCKWELL | S110 | 000428 | ROCKWELL | S110 |
| 000415 | ROCKWELL | S110 | 000508 | ROCKWELL | S120 | 000424 | ROCKWELL | S110 |
| 000456 | ROCKWELL | S110 | 000513 | ROCKWELL | S120 | 001753 | ROCKWELL | S120 |
| 000457 | ROCKWELL | S110 | 000514 | ROCKWELL | S110 | 000423 | ROCKWELL | S200 |
| 000458 | ROCKWELL | S110 | 000516 | ROCKWELL | S110 | 000422 | ROCKWELL | S110 |
| 000459 | ROCKWELL | S110 | 000517 | ROCKWELL | S110 | 000029 | ROCKWELL | S110 |
| 000460 | ROCKWELL | S110 | 000520 | ROCKWELL | S110 | 000030 | ROCKWELL | S110 |
| 000462 | ROCKWELL | S110 | 000517 | ROCKWELL | S110 | 000031 | ROCKWELL | S110 |
| 000463 | ROCKWELL | S110 | 000526 | ROCKWELL | S110 | 000032 | ROCKWELL | S110 |
| 000464 | ROCKWELL | S110 | 000524 | ROCKWELL | S110 | 000037 | ROCKWELL | S110 |
| 000466 | ROCKWELL | S110 | 000525 | ROCKWELL | S110 | 000038 | ROCKWELL | S110 |
| 000467 | ROCKWELL | S110 | 001842 | ROCKWELL | S110 | 000040 | ROCKWELL | S110 |
| 000468 | ROCKWELL | S110 | 000523 | ROCKWELL | S110 | 000041 | ROCKWELL | S200 |
| 010469 | ROCKWELL | S110 | 000532 | ROCKWELL | S110 | 000042 | ROCKWELL | S200 |
| 000470 | ROCKWELL | S110 | 000531 | ROCKWELL | S110 | 000043 | ROCKWELL | S200 |
| 000471 | ROCKWELL | S110 | 000598 | ROCKWELL | S110 | 000047 | ROCKWELL | S110 |
| 000472 | ROCKWELL | S110 | 000528 | ROCKWELL | S110 | 000045 | ROCKWELL | S110 |
| 010473 | ROCKWELL | S110 | 000528 | ROCKWELL | S110 | 000044 | ROCKWELL | S110 |
| 000474 | ROCKWELL | S110 | 000602 | ROCKWELL | S200 | 000043 | ROCKWELL | S110 |
| 000475 | ROCKWELL | S210 | 000603 | ROCKWELL | S200 | 000058 | ROCKWELL | S110 |
| 000476 | ROCKWELL | S110 | 002128 | AMERICAN | S200 | 000047 | ROCKWELL | S110 |
| 000479 | ROCKWELL | S110 | 000006 | ROCKWELL | S200 | 000045 | ROCKWELL | S110 |
| 001840 | ROCKWELL | S200 | 000008 | ROCKWELL | S200 | 000044 | ROCKWELL | S110 |
| 000491 | ROCKWELL | S110 | 002727 | ROCKWELL | S200 | 000043 | ROCKWELL | S110 |
| 000492 | ROCKWELL | S110 | 002758 | ROCKWELL | S200 | 002195 | ROCKWELL | S110 |
| 000493 | ROCKWELL | S110 | 000009 | ROCKWELL | S200 | 000059 | ROCKWELL | S110 |
| 000494 | ROCKWELL | S110 | 001024 | ROCKWELL | S200 | 000101 | ROCKWELL | S110 |
| 000495 | ROCKWELL | S110 | 002317 | ROCKWELL | S200 | 000103 | ROCKWELL | S110 |
| 000497 | ROCKWELL | S110 | 000812 | ROCKWELL | S200 | 000104 | ROCKWELL | S110 |
| 000498 | ROCKWELL | S110 | 000611 | ROCKWELL | S200 | 000105 | ROCKWELL | S110 |
| 000499 | ROCKWELL | S110 | 000014 | ROCKWELL | S200 | 000107 | ROCKWELL | S110 |
| | | | 000017 | ROCKWELL | S110 | 000109 | ROCKWELL | S110 |
| | | | 000021 | ROCKWELL | S200 | 000114 | ROCKWELL | S110 |
| | | | 000023 | ROCKWELL | S200 | 000241 | ROCKWELL | S110 |

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UDA PUBLIC SERVICE COMMISSION

PANY: INDIANTOWN GAS COMPANY

LET NO: 030954-GU

EXPLANATION: OF THOSE METERS WITH A RATED CAPACITY OF 250 cfh OR LESS AND NOT INCLUDED IN AN APPROVED STATISTICAL SAMPLING PLAN, PROVIDE A LIST OF ALL METERS THAT HAVE NOT BEEN TESTED FOR ACCURACY WITHIN 120 MONTHS. (AS OF TEST YEA

TYPE OF DATA SHOWN:
HISTORIC BASE YEAR DATA: 12/31/02
WITNESS: B. POWERS

| COMPANY ID NUMBER | MANUFACTURER | TYPE / SIZE | COMPANY ID NUMBER | MANUFACTURER | TYPE / SIZE | COMPANY ID NUMBER | MANUFACTURER | TYPE / SIZE |
|-------------------|--------------|-------------|-------------------|--------------|-------------|-------------------|--------------|-------------|
| 000207 | ROCKWELL | S110 | 000177 | ROCKWELL | S110 | 000577 | ROCKWELL | S200 |
| 000208 | ROCKWELL | S110 | 000178 | ROCKWELL | S110 | 000578 | ROCKWELL | S200 |
| 000209 | ROCKWELL | S110 | 000179 | ROCKWELL | S110 | 000579 | ROCKWELL | S200 |
| 000210 | ROCKWELL | S110 | 000180 | ROCKWELL | S110 | 000580 | ROCKWELL | S200 |
| 000211 | ROCKWELL | S110 | 000181 | ROCKWELL | S110 | 000581 | ROCKWELL | S200 |
| 000212 | ROCKWELL | S110 | 000182 | ROCKWELL | S110 | 000582 | ROCKWELL | S200 |
| 000213 | ROCKWELL | S110 | 000183 | ROCKWELL | S110 | 000583 | ROCKWELL | S200 |
| 000214 | ROCKWELL | S110 | 000184 | ROCKWELL | S110 | 000584 | ROCKWELL | S200 |
| 000215 | ROCKWELL | S110 | 000185 | ROCKWELL | S110 | 000585 | ROCKWELL | S200 |
| 000216 | ROCKWELL | S110 | 000186 | ROCKWELL | S110 | 000586 | ROCKWELL | S200 |
| 000217 | ROCKWELL | S110 | 000187 | ROCKWELL | S110 | 000587 | ROCKWELL | S200 |
| 000218 | ROCKWELL | S110 | 000188 | ROCKWELL | S110 | 000588 | ROCKWELL | S200 |
| 000219 | ROCKWELL | S110 | 000189 | ROCKWELL | S110 | 000589 | ROCKWELL | S200 |
| 000220 | ROCKWELL | S110 | 000190 | ROCKWELL | S110 | 000590 | ROCKWELL | S200 |
| 000221 | ROCKWELL | S110 | 000191 | ROCKWELL | S110 | 000591 | ROCKWELL | S200 |
| 000222 | ROCKWELL | S110 | 000192 | ROCKWELL | S110 | 000592 | ROCKWELL | S200 |
| 000223 | ROCKWELL | S110 | 000193 | ROCKWELL | S110 | 000593 | ROCKWELL | S200 |
| 000224 | ROCKWELL | S110 | 000194 | ROCKWELL | S110 | 000594 | ROCKWELL | S200 |
| 000225 | ROCKWELL | S110 | 000195 | ROCKWELL | S110 | 000595 | ROCKWELL | S200 |
| 000226 | ROCKWELL | S110 | 000196 | ROCKWELL | S110 | 000596 | ROCKWELL | S200 |
| 000227 | ROCKWELL | S110 | 000197 | ROCKWELL | S110 | 000597 | ROCKWELL | S200 |
| 000228 | ROCKWELL | S110 | 000198 | ROCKWELL | S110 | 000598 | ROCKWELL | S200 |
| 000229 | ROCKWELL | S110 | 000199 | ROCKWELL | S110 | 000599 | ROCKWELL | S200 |
| 000230 | ROCKWELL | S110 | 000200 | ROCKWELL | S110 | 000600 | ROCKWELL | S200 |
| 000231 | ROCKWELL | S110 | 000201 | ROCKWELL | S110 | 000601 | ROCKWELL | S200 |
| 000232 | ROCKWELL | S110 | 000202 | ROCKWELL | S110 | 000602 | ROCKWELL | S200 |
| 000233 | ROCKWELL | S110 | 000203 | ROCKWELL | S110 | 000603 | ROCKWELL | S200 |
| 000234 | ROCKWELL | S110 | 000204 | ROCKWELL | S110 | 000604 | ROCKWELL | S200 |
| 000235 | ROCKWELL | S110 | 000205 | ROCKWELL | S110 | 000605 | ROCKWELL | S200 |
| 000236 | ROCKWELL | S110 | 000206 | ROCKWELL | S110 | 000606 | ROCKWELL | S200 |
| 000237 | ROCKWELL | S110 | 000207 | ROCKWELL | S110 | 000607 | ROCKWELL | S200 |
| 000238 | ROCKWELL | S110 | 000208 | ROCKWELL | S110 | 000608 | ROCKWELL | S200 |
| 000239 | ROCKWELL | S110 | 000209 | ROCKWELL | S110 | 000609 | ROCKWELL | S200 |
| 000240 | ROCKWELL | S110 | 000210 | ROCKWELL | S110 | 000610 | ROCKWELL | S200 |
| 000241 | ROCKWELL | S110 | 000211 | ROCKWELL | S110 | 000611 | ROCKWELL | S200 |
| 000242 | ROCKWELL | S110 | 000212 | ROCKWELL | S110 | 000612 | ROCKWELL | S200 |
| 000243 | ROCKWELL | S110 | 000213 | ROCKWELL | S110 | 000613 | ROCKWELL | S200 |
| 000244 | ROCKWELL | S110 | 000214 | ROCKWELL | S110 | 000614 | ROCKWELL | S200 |
| 000245 | ROCKWELL | S110 | 000215 | ROCKWELL | S110 | 000615 | ROCKWELL | S200 |
| 000246 | ROCKWELL | S110 | 000216 | ROCKWELL | S110 | 000616 | ROCKWELL | S200 |
| 000247 | ROCKWELL | S110 | 000217 | ROCKWELL | S110 | 000617 | ROCKWELL | S200 |
| 000248 | ROCKWELL | S110 | 000218 | ROCKWELL | S110 | 000618 | ROCKWELL | S200 |
| 000249 | ROCKWELL | S110 | 000219 | ROCKWELL | S110 | 000619 | ROCKWELL | S200 |
| 000250 | ROCKWELL | S110 | 000220 | ROCKWELL | S110 | 000620 | ROCKWELL | S200 |
| 000251 | ROCKWELL | S110 | 000221 | ROCKWELL | S110 | 000621 | ROCKWELL | S200 |
| 000252 | ROCKWELL | S110 | 000222 | ROCKWELL | S110 | 000622 | ROCKWELL | S200 |
| 000253 | ROCKWELL | S110 | 000223 | ROCKWELL | S110 | 000623 | ROCKWELL | S200 |
| 000254 | ROCKWELL | S110 | 000224 | ROCKWELL | S110 | 000624 | ROCKWELL | S200 |
| 000255 | ROCKWELL | S110 | 000225 | ROCKWELL | S110 | 000625 | ROCKWELL | S200 |
| 000256 | ROCKWELL | S110 | 000226 | ROCKWELL | S110 | 000626 | ROCKWELL | S200 |
| 000257 | ROCKWELL | S110 | 000227 | ROCKWELL | S110 | 000627 | ROCKWELL | S200 |
| 000258 | ROCKWELL | S110 | 000228 | ROCKWELL | S110 | 000628 | ROCKWELL | S200 |
| 000259 | ROCKWELL | S110 | 000229 | ROCKWELL | S110 | 000629 | ROCKWELL | S200 |
| 000260 | ROCKWELL | S110 | 000230 | ROCKWELL | S110 | 000630 | ROCKWELL | S200 |
| 000261 | ROCKWELL | S110 | 000231 | ROCKWELL | S110 | 000631 | ROCKWELL | S200 |
| 000262 | ROCKWELL | S110 | 000232 | ROCKWELL | S110 | 000632 | ROCKWELL | S200 |
| 000263 | ROCKWELL | S110 | 000233 | ROCKWELL | S110 | 000633 | ROCKWELL | S200 |
| 000264 | ROCKWELL | S110 | 000234 | ROCKWELL | S110 | 000634 | ROCKWELL | S200 |
| 000265 | ROCKWELL | S110 | 000235 | ROCKWELL | S110 | 000635 | ROCKWELL | S200 |
| 000266 | ROCKWELL | S110 | 000236 | ROCKWELL | S110 | 000636 | ROCKWELL | S200 |
| 000267 | ROCKWELL | S110 | 000237 | ROCKWELL | S110 | 000637 | ROCKWELL | S200 |
| 000268 | ROCKWELL | S110 | 000238 | ROCKWELL | S110 | 000638 | ROCKWELL | S200 |
| 000269 | ROCKWELL | S110 | 000239 | ROCKWELL | S110 | 000639 | ROCKWELL | S200 |
| 000270 | ROCKWELL | S110 | 000240 | ROCKWELL | S110 | 000640 | ROCKWELL | S200 |
| 000271 | ROCKWELL | S110 | 000241 | ROCKWELL | S110 | 000641 | ROCKWELL | S200 |
| 000272 | ROCKWELL | S110 | 000242 | ROCKWELL | S110 | 000642 | ROCKWELL | S200 |
| 000273 | ROCKWELL | S110 | 000243 | ROCKWELL | S110 | 000643 | ROCKWELL | S200 |
| 000274 | ROCKWELL | S110 | 000244 | ROCKWELL | S110 | 000644 | ROCKWELL | S200 |
| 000275 | ROCKWELL | S110 | 000245 | ROCKWELL | S110 | 000645 | ROCKWELL | S200 |
| 000276 | ROCKWELL | S110 | 000246 | ROCKWELL | S110 | 000646 | ROCKWELL | S200 |

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PSC

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RIDA PUBLIC SERVICE COMMISSION

CITY: INDIANTOWN GAS COMPANY

METER NO: 030854-GU

EXPLANATION: PROVIDE A LIST OF ALL METERS WITH A RATED CAPACITY OF 251 cfm THROUGH 2500 cfm THAT HAVE NOT BEEN TESTED FOR ACCURACY WITHIN 120 MONTHS. (AS OF TEST YEAR END)

TYPE OF DATA SHOWN:
HISTORIC BASE YEAR DATA: 12/31/02
WITNESS: B. POWERS

PANY IDENTIFICATION NUMBER:

000016
000008

MANUFACTURER

ROCKWELL
ROCKWELL

TYPE / SIZE

1000
5000

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PSC

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EXHIBIT 2

1

METERS IN EXCESS OF TEN-YEAR TEST LIMIT

AS OF JANUARY 2004

| | Rt-Stop | Equip# | Make | Model | Serial Nbr |
|----|---------|--------|----------|-------|------------|
| 1 | 01 8212 | 000453 | ROCKWELL | S110 | 387942 |
| 2 | 03 7151 | 000453 | ROCKWELL | S110 | 387942 |
| 3 | 08 7754 | 003024 | ROCKWELL | S200 | 008231648 |
| 4 | 06 7245 | 000166 | ROCKWELL | S110 | 1016260 |
| 5 | 04 7325 | 000397 | ROCKWELL | S110 | 1016263 |
| 6 | 06 7271 | 000426 | ROCKWELL | S110 | 1016266 |
| 7 | 04 7545 | 000418 | ROCKWELL | S110 | 1016267 |
| 8 | 06 7207 | 002195 | ROCKWELL | S110 | 1066894 |
| 9 | 05 7600 | 000384 | ROCKWELL | S110 | 130723 |
| 10 | 08 7706 | 000291 | ROCKWELL | S110 | 134437 |
| 11 | 01 8302 | 000120 | ROCKWELL | S110 | 142987 |
| 12 | 01 8342 | 000492 | ROCKWELL | S110 | 1516708 |
| 13 | 01 8328 | 000508 | ROCKWELL | S120 | 1516709 |
| 14 | 08 7750 | 000501 | ROCKWELL | S120 | 1516710 |
| 15 | 01 8352 | 002127 | ROCKWELL | S120 | 1516712 |
| 16 | 01 8324 | 000513 | ROCKWELL | S120 | 1516713 |
| 17 | 08 7812 | 000499 | ROCKWELL | S120 | 1516714 |
| 18 | 08 7722 | 000152 | ROCKWELL | S120 | 1517566 |
| 19 | 08 7826 | 000134 | ROCKWELL | S110 | 156552 |
| 20 | 03 7105 | 000159 | ROCKWELL | S110 | 157711 |
| 21 | 03 7165 | 000003 | ROCKWELL | S200 | 182471 |
| 22 | 08 7700 | 000011 | ROCKWELL | S200 | 182503 |
| 23 | 05 7582 | 000127 | ROCKWELL | S110 | 182741 |
| 24 | 01 8256 | 000282 | ROCKWELL | S110 | 196116 |
| 25 | 05 7416 | 000472 | ROCKWELL | S110 | 2011586 |
| 26 | 06 7246 | 000248 | ROCKWELL | S110 | 2011587 |
| 27 | 08 7816 | 002013 | ROCKWELL | S110 | 209388 |
| 28 | 05 7560 | 000154 | ROCKWELL | S110 | 213653 |
| 29 | 03 7230 | 000340 | ROCKWELL | S110 | 214828 |
| 30 | 05 7500 | 000021 | ROCKWELL | S200 | 2158530 |
| 31 | 03 7145 | 000339 | ROCKWELL | S110 | 2158534 |
| 32 | 05 7578 | 000009 | ROCKWELL | S200 | 2216310 |
| 33 | 07 7722 | 000280 | ROCKWELL | S110 | 312417 |
| 34 | 08 7728 | 000215 | ROCKWELL | S110 | 324160 |
| 35 | 01 8398 | 000131 | ROCKWELL | S110 | 326649 |
| 36 | 06 7151 | 000528 | ROCKWELL | S110 | 339996 |
| 37 | 08 7790 | 000367 | ROCKWELL | S110 | 345051 |
| 38 | 08 7726 | 000179 | ROCKWELL | S110 | 345054 |
| 39 | 07 7719 | 000132 | ROCKWELL | S110 | 361039 |
| 40 | 08 7752 | 000212 | ROCKWELL | S110 | 361521 |
| 41 | 05 7496 | 000165 | ROCKWELL | S110 | 361523 |
| 42 | 01 8260 | 000334 | ROCKWELL | S110 | 361532 |
| 43 | 08 7766 | 000474 | ROCKWELL | S110 | 361533 |
| 44 | 07 7713 | 000172 | ROCKWELL | S110 | 361536 |
| 45 | 06 7198 | 000207 | ROCKWELL | S110 | 361537 |
| 46 | 08 7818 | 000445 | ROCKWELL | S110 | 361547 |

| | | | | | |
|-----|---------|--------|----------|------|--------|
| 47 | 07 7711 | 000155 | ROCKWELL | S110 | 361549 |
| 48 | 05 7604 | 0205 | ROCKWELL | S110 | 361563 |
| 49 | 05 7586 | 000293 | ROCKWELL | S110 | 368725 |
| 50 | 08 7716 | 000284 | ROCKWELL | S110 | 368731 |
| 51 | 05 7504 | 002783 | ROCKWELL | S110 | 368734 |
| 52 | 05 7426 | 000331 | ROCKWELL | S110 | 368735 |
| 53 | 01 8238 | 000252 | ROCKWELL | S110 | 379860 |
| 54 | 06 7142 | 000463 | ROCKWELL | S110 | 379961 |
| 55 | 08 7756 | 000363 | ROCKWELL | S110 | 379967 |
| 56 | 06 7197 | 000167 | ROCKWELL | S110 | 379969 |
| 57 | 01 8220 | 000444 | ROCKWELL | S110 | 379970 |
| 58 | 04 7765 | 000454 | ROCKWELL | S110 | 379979 |
| 59 | 01 8262 | 000105 | ROCKWELL | S110 | 379981 |
| 60 | 08 7804 | 000475 | ROCKWELL | S110 | 379982 |
| 61 | 01 8308 | 000148 | ROCKWELL | S110 | 379988 |
| 62 | 06 7152 | 000495 | ROCKWELL | S110 | 379989 |
| 63 | 08 7762 | 000368 | ROCKWELL | S110 | 380000 |
| 64 | 04 7755 | 000170 | ROCKWELL | S110 | 383644 |
| 65 | 01 8252 | 000103 | ROCKWELL | S110 | 383645 |
| 66 | 06 7216 | 000470 | ROCKWELL | S110 | 383646 |
| 67 | 01 8240 | 000449 | ROCKWELL | S110 | 383647 |
| 68 | 04 7815 | 000464 | ROCKWELL | S110 | 383648 |
| 69 | 01 8216 | 000116 | ROCKWELL | S110 | 383650 |
| 70 | 08 7714 | 001879 | ROCKWELL | S110 | 383651 |
| 71 | 06 7156 | 000124 | ROCKWELL | S110 | 383661 |
| 72 | 08 7794 | 000372 | ROCKWELL | S110 | 383666 |
| 73 | 01 8226 | 000143 | ROCKWELL | S110 | 383677 |
| 74 | 05 7576 | 000457 | ROCKWELL | S110 | 383679 |
| 75 | 04 7495 | 000279 | ROCKWELL | S110 | 383682 |
| 76 | 08 7806 | 000047 | ROCKWELL | S110 | 387937 |
| 77 | 05 7610 | 000149 | ROCKWELL | S110 | 387941 |
| 78 | 05 7420 | 000295 | ROCKWELL | S110 | 387946 |
| 79 | 05 7430 | 000250 | ROCKWELL | S110 | 387949 |
| 80 | 01 8224 | 000254 | ROCKWELL | S110 | 387950 |
| 81 | 05 7584 | 000456 | ROCKWELL | S110 | 387951 |
| 82 | 05 7590 | 000283 | ROCKWELL | S110 | 387958 |
| 83 | 05 7612 | 000286 | ROCKWELL | S110 | 387960 |
| 84 | 05 7608 | 000296 | ROCKWELL | S110 | 387961 |
| 85 | 08 7712 | 000294 | ROCKWELL | S110 | 387962 |
| 86 | 07 7704 | 000125 | ROCKWELL | S110 | 387963 |
| 87 | 05 7488 | 000199 | ROCKWELL | S110 | 387964 |
| 88 | 05 7580 | 000337 | ROCKWELL | S110 | 387968 |
| 89 | 08 7774 | 000281 | ROCKWELL | S110 | 387977 |
| 90 | 06 7212 | 000174 | ROCKWELL | S110 | 387978 |
| 91 | 08 7776 | 001850 | ROCKWELL | S110 | 397156 |
| 92 | 06 7196 | 000175 | ROCKWELL | S110 | 397161 |
| 93 | 08 7710 | 000443 | ROCKWELL | S110 | 397162 |
| 94 | 05 7510 | 000118 | ROCKWELL | S110 | 397164 |
| 95 | 08 7748 | 000328 | ROCKWELL | S110 | 397176 |
| 96 | 01 8298 | 000164 | ROCKWELL | S110 | 397178 |
| 97 | 06 7210 | 000490 | ROCKWELL | S110 | 397184 |
| 98 | 01 8330 | 000385 | ROCKWELL | S110 | 397192 |
| 99 | 05 7508 | 000502 | ROCKWELL | S110 | 397193 |
| 100 | 08 7802 | 000329 | ROCKWELL | S110 | 397194 |

| | | | | | |
|-----|---------|--------|----------|------|----------|
| 101 | 01 8236 | 000147 | ROCKWELL | S110 | 397195 |
| 102 | 01 8246 | 000462 | ROCKWELL | S110 | 397197 |
| 103 | 01 8248 | 000467 | ROCKWELL | S110 | 397198 |
| 104 | 05 7462 | 000468 | ROCKWELL | S110 | 397199 |
| 105 | 06 7153 | 000268 | ROCKWELL | S125 | 397202 |
| 106 | 01 8354 | 000369 | ROCKWELL | S110 | 397203 |
| 107 | 05 7494 | 000514 | ROCKWELL | S110 | 398751 |
| 108 | 07 7735 | 000335 | ROCKWELL | S110 | 398752 |
| 109 | 05 7512 | 000228 | ROCKWELL | S110 | 398755 |
| 110 | 01 8278 | 000327 | ROCKWELL | S110 | 398760 |
| 111 | 08 7820 | 000481 | ROCKWELL | S110 | 398763 |
| 112 | 08 7708 | 000156 | ROCKWELL | S110 | 398764 |
| 113 | 05 7588 | 000119 | ROCKWELL | S110 | 398780 |
| 114 | 01 8380 | 000285 | ROCKWELL | S110 | 398786 |
| 115 | 01 8374 | 001842 | ROCKWELL | S110 | 398789 |
| 116 | 04 7780 | 000524 | ROCKWELL | S110 | 398790 |
| 117 | 06 7104 | 000109 | ROCKWELL | S110 | 398791 |
| 118 | 06 7203 | 002285 | ROCKWELL | S110 | 4106027 |
| 119 | 05 7484 | 002046 | ROCKWELL | S110 | 413343 |
| 120 | 08 7746 | 000277 | ROCKWELL | S110 | 43489 |
| 121 | 08 7780 | 000163 | ROCKWELL | S110 | 454069 |
| 122 | 06 7143 | 000177 | ROCKWELL | S110 | 457275 |
| 123 | 01 8264 | 000364 | ROCKWELL | S110 | 457292 |
| 124 | 07 7706 | 000476 | ROCKWELL | S110 | 485820 |
| 125 | 08 7810 | 000201 | ROCKWELL | S110 | 51860990 |
| 126 | 04 7550 | 000151 | ROCKWELL | S110 | 536561 |
| 127 | 05 7418 | 000059 | ROCKWELL | S110 | 536793 |
| 128 | 03 7130 | 000249 | ROCKWELL | S110 | 541333 |
| 129 | 08 7822 | 000008 | ROCKWELL | S200 | 6038405 |
| 130 | 06 7155 | 000157 | ROCKWELL | S110 | 609594 |
| 131 | 08 7760 | 000371 | ROCKWELL | S110 | 609603 |
| 132 | 05 7490 | 000169 | ROCKWELL | S110 | 609605 |
| 133 | 08 7808 | 000435 | ROCKWELL | S110 | 609606 |
| 134 | 08 7764 | 000150 | ROCKWELL | S110 | 609608 |
| 135 | 05 7602 | 000171 | ROCKWELL | S110 | 609612 |
| 136 | 01 8316 | 000292 | ROCKWELL | S110 | 621628 |
| 137 | 06 7150 | 000497 | ROCKWELL | S110 | 632365 |
| 138 | 08 7792 | 000366 | ROCKWELL | S110 | 632369 |
| 139 | 08 7778 | 000180 | ROCKWELL | S110 | 634924 |
| 140 | 08 7758 | 000176 | ROCKWELL | S110 | 634926 |
| 141 | 05 7470 | 000168 | ROCKWELL | S110 | 634929 |
| 142 | 06 7199 | 000272 | ROCKWELL | S110 | 642810 |
| 143 | 05 7478 | 000446 | ROCKWELL | S110 | 642918 |
| 144 | 03 7200 | 000276 | ROCKWELL | S110 | 6822275 |
| 145 | 01 8276 | 000017 | ROCKWELL | S110 | 6822286 |
| 146 | 01 8364 | 001844 | ROCKWELL | S200 | 6825824 |
| 147 | 06 7148 | 000520 | ROCKWELL | S110 | 6825834 |
| 148 | 07 7720 | 000438 | ROCKWELL | S110 | 6825844 |
| 149 | 01 8232 | 000213 | ROCKWELL | S110 | 682587 |
| 150 | 08 7742 | 000460 | ROCKWELL | S110 | 682588 |
| 151 | 03 7240 | 000162 | ROCKWELL | S110 | 682589 |
| 152 | 08 7718 | 002151 | ROCKWELL | S200 | 6835180 |
| 153 | 03 7100 | 000122 | ROCKWELL | S110 | 697572 |
| 154 | 07 7721 | 000002 | ROCKWELL | S200 | 697573 |

| | | | | | |
|-----|---------|--------|----------|------|-----------|
| 155 | 01 8258 | 000214 | ROCKWELL | S110 | 697576 |
| 156 | 05 7422 | 000473 | ROCKWELL | S110 | 705209 |
| 157 | 05 7506 | 000251 | ROCKWELL | S110 | 705213 |
| 158 | 06 7113 | 000330 | ROCKWELL | S110 | 705216 |
| 159 | 06 7157 | 000348 | ROCKWELL | S110 | 705217 |
| 160 | 08 7782 | 000373 | ROCKWELL | S110 | 705257 |
| 161 | 05 7486 | 000178 | ROCKWELL | S110 | 705259 |
| 162 | 05 7464 | 000338 | ROCKWELL | S110 | 705260 |
| 163 | 01 8382 | 000269 | ROCKWELL | S110 | 705314 |
| 164 | 06 7215 | 000523 | ROCKWELL | S110 | 705318 |
| 165 | 07 7723 | 000448 | ROCKWELL | S110 | 705321 |
| 166 | 01 8214 | 000216 | ROCKWELL | S110 | 735753 |
| 167 | 05 7428 | 001877 | ROCKWELL | S110 | 735755 |
| 168 | 07 7716 | 000253 | ROCKWELL | S110 | 77603 |
| 169 | 06 7138 | 000209 | ROCKWELL | S110 | 77898 |
| 170 | 05 7502 | 000360 | ROCKWELL | S110 | 77956 |
| 171 | 05 7598 | 000332 | ROCKWELL | S110 | 77971 |
| 172 | 08 7798 | 000290 | ROCKWELL | S110 | 77974 |
| 173 | 05 7492 | 000145 | ROCKWELL | S110 | 77977 |
| 174 | 01 8250 | 000336 | ROCKWELL | S110 | 77990 |
| 175 | 05 7498 | 000469 | ROCKWELL | S110 | 792293 |
| 176 | 01 8218 | 000333 | ROCKWELL | S110 | 811009 |
| 177 | 01 8272 | 001878 | ROCKWELL | S110 | 811011 |
| 178 | 07 7703 | 000479 | ROCKWELL | S110 | 811013 |
| 179 | 03 7235 | 000198 | ROCKWELL | S110 | 83681 |
| 180 | 04 7345 | 000023 | ROCKWELL | S200 | 8821445 |
| 181 | 06 7114 | 000425 | AMERICAN | 250 | 94W010660 |
| 182 | 05 7594 | 000349 | ROCKWELL | S110 | 972633 |
| 183 | 05 7412 | 000288 | ROCKWELL | S110 | 972634 |
| 184 | 01 8254 | 000246 | ROCKWELL | S110 | 972635 |
| 185 | 05 7592 | 000471 | ROCKWELL | S110 | 972637 |
| 186 | 05 7414 | 000287 | ROCKWELL | S110 | 972638 |
| 187 | 05 7480 | 000247 | ROCKWELL | S110 | 973817 |
| 188 | 05 7400 | 000275 | ROCKWELL | S200 | 973818 |
| 189 | 05 7476 | 000241 | ROCKWELL | S110 | 973819 |
| 190 | 01 8388 | 000274 | ROCKWELL | S110 | 973821 |
| 191 | 01 8294 | 000532 | ROCKWELL | S110 | 973822 |
| 192 | 05 7406 | 000488 | ROCKWELL | S110 | 973823 |
| 193 | 05 7402 | 000243 | ROCKWELL | S110 | 973824 |
| 194 | 08 7704 | 000242 | ROCKWELL | S110 | 973825 |
| 195 | 05 7410 | 000121 | ROCKWELL | S110 | 973826 |
| 196 | 05 7438 | 000245 | ROCKWELL | S110 | 973827 |
| 197 | 05 7442 | 000258 | ROCKWELL | S110 | 974624 |
| 198 | 05 7436 | 000260 | ROCKWELL | S110 | 974625 |
| 199 | 05 7440 | 000257 | ROCKWELL | S110 | 974626 |
| 200 | 05 7432 | 000259 | ROCKWELL | S110 | 974627 |
| 201 | 05 7434 | 000255 | ROCKWELL | S110 | 974628 |
| 202 | 05 7446 | 000256 | ROCKWELL | S110 | 974629 |
| 203 | 05 7452 | 000262 | ROCKWELL | S110 | 974631 |
| 204 | 05 7450 | 000264 | ROCKWELL | S110 | 974632 |
| 205 | 06 7115 | 000263 | ROCKWELL | S110 | 974633 |
| 206 | 01 8244 | 000350 | ROCKWELL | S110 | 974634 |
| 207 | 05 7472 | 000466 | ROCKWELL | S110 | 975245 |
| 208 | 07 7717 | 000273 | ROCKWELL | S110 | 975247 |

| | | | | | |
|-----|---------|--------|----------|------|------------|
| 209 | 04 7760 | (J210 | ROCKWELL | S110 | 975249 |
| 210 | 08 7824 | 000104 | ROCKWELL | S110 | 975250 |
| 211 | 06 7111 | 000158 | ROCKWELL | S110 | 975251 |
| 212 | 06 7217 | 000346 | ROCKWELL | S110 | 975252 |
| 213 | 06 7117 | 000450 | ROCKWELL | S110 | 975253 |
| 214 | 06 7116 | 000352 | ROCKWELL | S110 | 975255 |
| 215 | 01 8370 | 000351 | ROCKWELL | S110 | 975256 |
| 216 | 01 8372 | 000537 | ROCKWELL | S110 | 979784 |
| 217 | 01 8390 | 000536 | ROCKWELL | S110 | 979785 |
| 218 | 06 7121 | 000531 | ROCKWELL | S110 | 979786 |
| 219 | 06 7135 | 000356 | ROCKWELL | S110 | 979789 |
| 220 | 06 7136 | 000357 | ROCKWELL | S110 | 979790 |
| 221 | 06 7137 | 000358 | ROCKWELL | S110 | 979791 |
| 222 | 06 7119 | 000359 | ROCKWELL | S110 | 979792 |
| 223 | 06 7107 | 000354 | ROCKWELL | S110 | 979794 |
| 224 | 01 8356 | 000344 | ROCKWELL | S110 | 979798 |
| 225 | 05 7542 | 000516 | ROCKWELL | S110 | 979803 |
| 226 | 05 7458 | 000313 | ROCKWELL | S110 | 979804 |
| 227 | 01 8358 | 000266 | ROCKWELL | S110 | 979805 |
| 228 | 01 8376 | 000517 | ROCKWELL | S110 | 979806 |
| 229 | 07 7699 | 000525 | ROCKWELL | S110 | 979809 |
| 230 | 08 7720 | 000195 | ROCKWELL | S110 | 979812 |
| 231 | 06 7261 | 000434 | ROCKWELL | S110 | 979815 |
| 232 | 06 7100 | 000408 | ROCKWELL | S110 | 979817 |
| 233 | 01 8394 | 000342 | ROCKWELL | S110 | 979819 |
| 234 | 03 7135 | 000598 | ROCKWELL | S110 | 979820 |
| 235 | 03 7140 | 002727 | ROCKWELL | S200 | 9851015016 |
| 236 | 01 8284 | 002758 | ROCKWELL | S200 | 9925963 |
| 237 | 01 8336 | 000484 | ROCKWELL | S110 | 999318 |
| 238 | 05 7454 | 000505 | ROCKWELL | S110 | 999321 |
| 239 | 05 7606 | 000267 | ROCKWELL | S110 | 999322 |
| 240 | 01 8222 | 001825 | ROCKWELL | S110 | 999323 |
| 241 | 01 8280 | 000455 | ROCKWELL | S110 | 999324 |
| 242 | 01 8304 | 000482 | ROCKWELL | S110 | 999331 |
| 243 | 01 8230 | 000493 | ROCKWELL | S110 | 999332 |
| 244 | 01 8228 | 000459 | ROCKWELL | S110 | 999333 |
| 245 | 01 8334 | 000458 | ROCKWELL | S110 | 999336 |
| 246 | 01 8338 | 000504 | ROCKWELL | S110 | 999337 |
| 247 | 03 7150 | 000506 | ROCKWELL | S110 | 999340 |
| 248 | 06 7154 | 002841 | AMERICAN | 250 | 99A359931 |
| 249 | 04 7775 | 000370 | ROCKWELL | S110 | C36152 |
| 250 | 04 7745 | 000107 | ROCKWELL | S110 | C383671 |
| 251 | 08 7828 | 000101 | ROCKWELL | S110 | CA972642 |
| 252 | 03 7195 | 000160 | ROCKWELL | S110 | CS697578 |
| 253 | 06 7158 | 003305 | AMERICAN | 250 | K215778 |
| 254 | 03 7160 | 000374 | ROCKWELL | S110 | R540005 |
| 255 | 07 7708 | 000012 | ROCKWELL | S200 | R540006 |
| 256 | 07 7707 | 000203 | ROCKWELL | S110 | S15100222 |
| 257 | 07 7705 | 000202 | ROCKWELL | S110 | S1860982 |
| 258 | 07 7715 | 000200 | ROCKWELL | S110 | S2011622 |
| 259 | 07 7718 | 000208 | ROCKWELL | S110 | S2011623 |
| 260 | 03 7128 | 000211 | ROCKWELL | S110 | S2130292 |
| 261 | 06 7247 | 003196 | AMERICAN | 250 | S9947289 |
| 262 | 03 7225 | 002010 | ROCKWELL | S110 | W209370 |

| | | | | | |
|-----|---------|--------|----------|------|---------|
| 263 | 03 7234 | 002124 | AMERICAN | 250 | W456906 |
| 264 | 05 7456 | 00195 | AMERICAN | 250 | W456907 |
| 265 | 03 7115 | 002088 | AMERICAN | 250 | W456910 |
| 266 | 03 7207 | 002126 | AMERICAN | S200 | W456913 |
| 267 | 03 7215 | 002906 | AMERICAN | 250 | Y106003 |
| 268 | 03 7210 | 000018 | AMERICAN | 250 | Y106022 |
| 269 | 06 7120 | 002328 | AMERICAN | 250 | Y106028 |
| 270 | 03 7220 | 003433 | AMERICAN | 250 | Y106132 |
| | | 003065 | AMERICAN | 250 | Y106141 |

EXHIBIT 3

1
1

DIANTOWN GAS COMPANY
METER REFUND

| MONTH | METER # 679591 | METER # 387982 | METER # 343236 | METER # 383687 | METER # 326694 | METER # 252530 | METER # 383653 | METER # 609604 | METER # 792295 | METER # 975254 | METER # 1016259 | METER # 999320 | METER # 398762 |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|
| 1 | 47 | 50 | 49 | 30 | 41 | 17 | 25 | 25 | 14 | 52 | 11 | 14 | 9 |
| 2 | 33 | 47 | 42 | 26 | 21 | 12 | 22 | 25 | 13 | 46 | 18 | 14 | 7 |
| 3 | 29 | 39 | 29 | 31 | 19 | 10 | 21 | 21 | 15 | 42 | 14 | 10 | 3 |
| 4 | 19 | 20 | 30 | 19 | 17 | 8 | 17 | 19 | 11 | 30 | 14 | 11 | 2 |
| 5 | 22 | 26 | 33 | 19 | 19 | 8 | 18 | 23 | 13 | 30 | 17 | 11 | 4 |
| 6 | 23 | 37 | 33 | 24 | 15 | 11 | 23 | 18 | 15 | 33 | 10 | 10 | 4 |
| 7 | 17 | 28 | 34 | 21 | 12 | 10 | 24 | 18 | 14 | 32 | 12 | 10 | 4 |
| 8 | 17 | 25 | 28 | 23 | 20 | 11 | 24 | 18 | 18 | 31 | 13 | 11 | 4 |
| 9 | 21 | 27 | 30 | 26 | 24 | 9 | 23 | 22 | 17 | 31 | 3 | 12 | 6 |
| 10 | 30 | 29 | 31 | 26 | 20 | 10 | 24 | 19 | 20 | 37 | 23 | 7 | 8 |
| 11 | 33 | 27 | 41 | 28 | 20 | 11 | 24 | 23 | 20 | 40 | 15 | 0 | 9 |
| 12 | 49 | 36 | 28 | 33 | 29 | 17 | 23 | 18 | 24 | 48 | 10 | 0 | 7 |
| TOTAL ANNUAL CONSUMPTION | 340 | 391 | 408 | 306 | 257 | 134 | 268 | 249 | 194 | 452 | 160 | 110 | 67 |
| FAST | 0.026 | 0.04 | 0.034 | 0.042 | 0.042 | 0.02 | 0.034 | 0.022 | 0.024 | 0.027 | 0.021 | 0.067 | 0.02 |
| VOLUME TO BE REFUNDED | 8.84 | 15.64 | 13.87 | 12.85 | 10.79 | 2.68 | 9.11 | 5.48 | 4.66 | 12.20 | 3.36 | 7.37 | 1.34 |
| W/G FUEL | 0.42632 | 0.42632 | 0.42632 | 0.42632 | 0.42632 | 0.42632 | 0.42632 | 0.42632 | 0.42632 | 0.42632 | 0.42632 | 0.42632 | 0.42632 |
| TOTAL REFUND | \$3.77 | \$6.67 | \$5.91 | \$5.48 | \$4.60 | \$1.14 | \$3.88 | \$2.34 | \$1.98 | \$5.20 | \$1.43 | \$3.14 | \$0.57 |

| METER # | METER # | METER # | METER # | METER # | METER # | METER # | METER # |
|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 397179 | 609611 | 400679 | 361524 | 796165 | 398750 | 865340 | 6825836 |
| 16 | 44 | 22 | 17 | 12 | 13 | 33 | 27 |
| 22 | 29 | 12 | 19 | 14 | 4 | 22 | 18 |
| 18 | 36 | 13 | 21 | 10 | 1 | 30 | 26 |
| 25 | 33 | 14 | 24 | 18 | 0 | 24 | 28 |
| 21 | 36 | 8 | 17 | 12 | 0 | 43 | 23 |
| 21 | 32 | 16 | 20 | 12 | 3 | 32 | 26 |
| 28 | 34 | 17 | 26 | 14 | 1 | 29 | 26 |
| 24 | 61 | 32 | 14 | 11 | 2 | 15 | 33 |
| 27 | 38 | 29 | 27 | 13 | 9 | 0 | 31 |
| 7 | 45 | 27 | 15 | 11 | 11 | 2 | 36 |
| 10 | 38 | 35 | 16 | 13 | 16 | 4 | 32 |
| 13 | 51 | 23 | 19 | 12 | 2 | 12 | 32 |
| 232 | 477 | 248 | 235 | 152 | 62 | 246 | 338 |
| 0.037 | 0.074 | 0.034 | 0.036 | 0.028 | 0.042 | 0.028 | 0.022 |
| 8.58 | 35.30 | 8.43 | 8.46 | 4.26 | 2.60 | 6.89 | 7.44 |
| 0.42632 | 0.42632 | 0.42632 | 0.42632 | 0.42632 | 0.42632 | 0.42632 | 0.42632 |
| \$3.66 | \$15.05 | \$3.59 | \$3.61 | \$1.81 | \$1.11 | \$2.94 | \$3.17 |

EXHIBIT 1

ALLOCATION OF COMMON PLANT

EXPLANATION: PROVIDE A SCHEDULE SHOWING THE REGULATED AND NON-REGULATED ITEMS OF COMMON PLANT WITH THE 13 MONTH AVERAGE OF THE HISTORIC BASE YEAR SEGREGATED BY THE AMOUNTS ACCORDING TO REGULATED AND NON-REGULATED ITEMS. THE METHOD OF ALLOCATING BETWEEN REGULATED AND NON-REGULATED PORTIONS SHALL BE DESCRIBED.

TYPE OF DATA SHOWN
HISTORIC BASE YEAR DATA 12/31/02
WITNESS M. POWERS

| | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 | 13 MONTH AVERAGE |
|-----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------------|
| \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 895 | 171,895 | 171,895 | 171,895 | 171,895 | 171,895 | 171,895 | 171,895 | 171,895 | 171,895 | 171,895 | 171,895 | 171,895 | 171,895 |
| 138 | 25,138 | 25,138 | 25,138 | 25,138 | 25,138 | 27,774 | 27,774 | 27,774 | 27,774 | 27,774 | 27,774 | 27,774 | 26,557 |
| 495 | 31,245 | 31,245 | 31,245 | 31,245 | 31,245 | 31,245 | 31,245 | 31,245 | 31,245 | 31,245 | 31,245 | 31,245 | 31,154 |
| 958 | 121,958 | 121,958 | 121,958 | 121,958 | 121,958 | 127,201 | 165,868 | 165,866 | 165,866 | 165,866 | 165,866 | 160,314 | 142,199 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 926 | 5,926 | 5,926 | 5,926 | 5,926 | 5,926 | 5,926 | 5,926 | 5,926 | 5,926 | 5,926 | 5,926 | 5,926 | 5,975 |
| 824 | 9,824 | 9,824 | 9,824 | 9,824 | 9,824 | 9,824 | 9,824 | 9,824 | 9,824 | 9,824 | 9,824 | 9,824 | 9,824 |
| 633 | 3,633 | 3,633 | 3,633 | 3,633 | 3,633 | 3,633 | 3,633 | 3,633 | 3,633 | 3,633 | 3,633 | 3,633 | 3,633 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 867 | 368,617 | 368,617 | 368,617 | 368,617 | 368,617 | 377,498 | 416,163 | 416,163 | 416,163 | 416,163 | 416,163 | 411,820 | 391,237 |

| TH | NONUTILITY | 13 MONTH AVG | METHOD OF ALLOCATION |
|---------------|------------|-------------------|---|
| GE | % | NONUTILITY | |
| \$0 | 0.0% | \$0 | |
| 0 | 0.0% | 0 | |
| 1,895 | 6.2% | 10,844 | BASED ON PERCENTAGE OF UNREGULATED NET PLANT TO TOTAL NET PLANT |
| 5,557 | 6.2% | 1,844 | BASED ON PERCENTAGE OF UNREGULATED NET PLANT TO TOTAL NET PLANT |
| 1,154 | 6.2% | 1,929 | BASED ON PERCENTAGE OF UNREGULATED NET PLANT TO TOTAL NET PLANT |
| 2,199 | 6.2% | 8,805 | BASED ON PERCENTAGE OF UNREGULATED NET PLANT TO TOTAL NET PLANT |
| 0 | 0.0% | 0 | |
| 5,975 | 0.0% | 0 | |
| 9,824 | 0.0% | 0 | |
| 3,633 | 6.2% | 225 | BASED ON PERCENTAGE OF UNREGULATED NET PLANT TO TOTAL NET PLANT |
| 0 | 0.0% | 0 | |
| <u>11,237</u> | | <u>\$23,247</u> ✓ | |

RECAP SCHEDULES B-2, B-3

015

EXPLANATION: PROVIDE A SCHEDULE SHOWING A DETAILED DESCRIPTION OF EACH PARCEL OF LAND AND STRUCTURE BY ADDRESS OF COMMON UTILITY PLANT BY PRIMARY ACCOUNT ALSO, SHOW THE 13-MONTH AVERAGE PLANT AND ACCUMULATED DEPRECIATION AMOUNT ALLOCATED TO UTILITY AND NON-UTILITY OPERATIONS AND THE ALLOCATION BASIS

TYPE OF DATA SHOWN
 HISTORIC BASE YEAR DATA 12/31/02
 WITNESS M POWERS

13-MONTH AVERAGE

| PLANT | | | ACCUMULATED DEPRECIATION/AMORTIZATION | | | BASIS FOR ALLOCATION |
|----------|-------------|----------|---------------------------------------|-------------|---------|---|
| UTILITY | NON-UTILITY | TOTAL | UTILITY | NON-UTILITY | TOTAL | |
| 0 | 0 | 0 | 0 | 0 | 0 | BASED ON PERCENTAGE OF UNREGULATED NET PLANT TO TOTAL NET PLANT |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| \$29,225 | \$1,929 | \$31,154 | \$8,686 | \$573 | \$9,259 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| \$29,225 | \$1,929 | \$31,154 | \$8,686 | \$573 | \$9,259 | |

Should be detail of structure

EXHIBIT 2

**Indiantown Gas Company
Docket No. 030954-GU
Company's Response to
Audit Document/Record Request by
Division of Auditing & Safety**

- 1.) What are the average number of customers for propane operations and natural gas operations for 2002 & 2003?

Propane - 2002 = 540
 2003 = 550

Natural- 2002 = 659
 2003 = 663

- 2.) What is the utility/non-utility payroll allocation for 2002 & 2003?

| | | | |
|----------------|-------|----------------|-------|
| 2002 - Utility | = 71% | 2003 - Utility | = 66% |
| Non-Utility | = 29% | Non-Utility | = 34% |

- 3.) How is the Net Plant allocation derived?

See attached Schedule A.

SCHEDULE "A"

RE: Allocation of Regulated and Non Regulated Plant

The amounts and calculations (13 month average Historic Base Year 2002) are as follows :

| | | |
|---|-------------|------------|
| Utility Plant | \$1,205,273 | |
| less A/D Utility Plant | 639,362 | |
| <hr/> | | |
| Net Utility Plant | | \$ 581,053 |
| | | |
| Non-Utility Plant | \$ 248,908 | |
| less A/D Non-Utility Plant | 210,554 | |
| <hr/> | | |
| Net Non-Utility Plant | | \$ 38,354 |
| | | |
| Total Net Plant | | \$ 619,407 |
| | | ===== |
| Net Non-Utility Plant / Total Net Plant = | | |
| 38,354 / 619,407 = .062 or 6.2% | | |

2002 Payroll Allocation

| | Total Payroll | Utility | Non-Utility |
|--------------|---------------------|---------------------|--------------------|
| Jan | \$22,674.63 | \$16,912.78 | \$5,761.85 |
| Feb | \$20,898.21 | \$16,309.74 | \$4,588.47 |
| Mar | \$21,701.46 | \$16,871.75 | \$4,829.71 |
| Apr | \$24,091.95 | \$16,123.35 | \$7,968.60 |
| May | \$24,011.41 | \$17,375.96 | \$6,635.45 |
| Jun | \$20,062.79 | \$14,529.59 | \$5,533.20 |
| Jul | \$20,784.17 | \$15,326.01 | \$5,458.16 |
| Aug | \$25,018.65 | \$16,726.64 | \$8,292.01 |
| Sep | \$23,916.61 | \$15,819.48 | \$8,097.13 |
| Oct | \$25,083.97 | \$18,116.13 | \$6,967.84 |
| Nov | \$21,333.99 | \$15,693.30 | \$5,640.69 |
| Dec | \$20,420.64 | \$13,114.68 | \$7,305.96 |
| Total | \$269,998.48 | \$192,919.41 | \$77,079.07 |
| | | 71% | 29% |

2003 Payroll Allocation

| | Total Payroll | Utility | Non-Utility |
|--------------|---------------------|---------------------|---------------------|
| Jan | \$29,275.16 | \$18,018.46 | \$11,256.70 |
| Feb | \$23,800.68 | \$17,040.49 | \$6,760.19 |
| Mar | \$24,268.29 | \$16,435.54 | \$7,832.75 |
| Apr | \$23,434.73 | \$16,016.97 | \$7,417.76 |
| May | \$26,643.98 | \$16,961.62 | \$9,682.36 |
| Jun | \$22,331.44 | \$14,477.10 | \$7,854.34 |
| Jul | \$24,956.11 | \$16,625.41 | \$8,330.70 |
| Aug | \$23,360.96 | \$15,452.67 | \$7,908.29 |
| Sep | \$24,230.70 | \$15,801.42 | \$8,429.28 |
| Oct | \$25,069.25 | \$16,194.06 | \$8,875.19 |
| Nov | \$24,040.25 | \$15,060.85 | \$8,979.40 |
| Dec | \$26,290.55 | \$18,107.43 | \$8,183.12 |
| Total | \$297,702.10 | \$196,192.02 | \$101,510.08 |
| | | 66% | 34% |

THREE FACTOR CALCULATIONS
2002

1) CUSTOMERS:

- a) PROPANE = 540 ; (NON UTILITY) = $\frac{540}{1199} = 45\%$
b) NATURAL GAS = 659 ; (UTILITY) = $\frac{659}{1199} = 55\%$
c) TOTAL = 1,199 customers

2) PAYROLL ALLOCATION:

- a) NON UTILITY = 29% (UNAUDITED; PER COMPANY)
b) UTILITY = 71% (UNAUDITED; PER COMPANY)

3) NET PLANT ALLOCATION: (13 MONTH AVERAGE - 2002)

- a) NON UTILITY PLANT = 6.2% (UNAUDITED; PER COMPANY)
b) UTILITY PLANT = 93.8% (UNAUDITED; PER COMPANY)

4) THREE FACTOR AVERAGE:

a) UTILITY

- 1) 55%
2) + 71%
3) + 93.8%

b) NON UTILITY

- 1) 45%
2) 29%
3) 6.2%

THREE FACTOR CALCULATIONS

2003 (USE FOR 2004, ALSO)

1) CUSTOMERS:

- a) PROPANE = 550 ; (NON UTILITY) = $550/1213 = 45\%$
b) NATURAL = 663 ; (UTILITY) = $663/1213 = 55\%$
c) TOTAL = 1,213 customers

2) PAYROLL ALLOCATION:

- a) NON UTILITY = 34% (UNAUDITED; PER COMPANY)
b) UTILITY = 66% (UNAUDITED; PER COMPANY)

3) NET PLANT ALLOCATION: (13 MONTH AVERAGE - 2002)

- a) NON UTILITY PLANT = 6.2% (UNAUDITED; PER COMPANY)
b) UTILITY PLANT = 93.8% (UNAUDITED; PER COMPANY)

4) THREE FACTOR AVERAGE:

a) UTILITY

- 1) 55%
2) + 66%
3) + 93.8%
214.8%

4) THREE FACTOR = $\frac{214.8}{3} = 71.6\%$

b) NON UTILITY

- 1) 45%
2) + 34%
3) + 6.2%
85.2%

4) THREE FACTOR = $\frac{85.2}{3} =$

EXHIBIT 3

EXPLANATION PROVIDE A SCHEDULE SHOWING THE REGULATED AND NON-REGULATED ITEMS OF COMMON PLANT WITH THE 13 MONTH AVERAGE OF THE HISTORIC BASE YEAR + 1 SEGREGATED BY THE AMOUNTS ACCORDING TO REGULATED AND NON-REGULATED ITEMS THE METHOD OF ALLOCATING BETWEEN REGULATED AND NON-REGULATED PORTIONS SHALL BE DESCRIBED

TYPE OF DATA SHOWN
HISTORIC BASE YEAR + 1 12/31/03
WITNESS B POWERS

| Jan-03 | Feb-03 | Mar-03 | Apr-03 | May-03 | Jun-03 | Jul-03 | Aug-03 | Sep-03 | Oct-03 | Nov-03 | Dec-03 | 13 MONTH AVERAGE |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,948 | \$2,948 | \$2,948 | \$2,948 | \$2,948 | 1,134 |
| \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | 171,895 |
| \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | 27,774 |
| \$31,818 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | 30,676 |
| \$160,314 | \$136,909 | \$136,909 | \$136,909 | \$136,909 | \$136,909 | \$136,909 | \$136,909 | \$136,909 | \$136,909 | \$136,909 | \$136,909 | 140,510 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0 |
| \$6,562 | \$5,926 | \$5,926 | \$5,926 | \$5,926 | \$5,926 | \$5,926 | \$5,926 | \$5,926 | \$5,926 | \$5,926 | \$5,926 | 6,024 |
| \$9,824 | \$9,824 | \$9,824 | \$9,824 | \$9,824 | \$9,824 | \$9,824 | \$9,824 | \$9,824 | \$9,824 | \$9,824 | \$9,824 | 9,824 |
| \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | 3,633 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| \$411,820 | \$386,429 | \$386,429 | \$386,429 | \$386,429 | \$386,429 | \$386,429 | \$389,377 | \$389,377 | \$389,377 | \$389,377 | \$389,377 | \$391,469 |

NONUTILITY 13 MONTH AVG
% NONUTILITY

METHOD OF ALLOCATION

| | | |
|-------------|-----------------|---|
| 0 0% | \$0 | |
| 6 2% | \$70 | |
| 6 2% | \$10,644 | BASED ON PERCENTAGE OF UNREGULATED NET PLANT TO TOTAL NET PLANT |
| 6 2% | \$1,720 | BASED ON PERCENTAGE OF UNREGULATED NET PLANT TO TOTAL NET PLANT |
| 6 2% | \$1,899 | BASED ON PERCENTAGE OF UNREGULATED NET PLANT TO TOTAL NET PLANT |
| 6 2% | \$8,700 | BASED ON PERCENTAGE OF UNREGULATED NET PLANT TO TOTAL NET PLANT |
| 0 0% | \$0 | |
| 0 0% | \$0 | |
| 0 0% | \$0 | |
| 6.2% | \$225 | BASED ON PERCENTAGE OF UNREGULATED NET PLANT TO TOTAL NET PLANT |
| 0 0% | \$0 | |
| 0 0% | \$0 | |
| 0 0% | \$0 | |
| 0 0% | \$0 | |
| | \$23,259 | |

EXPLANATION PROVIDE A SCHEDULE SHOWING A DETAILED DESCRIPTION OF EACH PARCEL OF LAND AND STRUCTURE BY ADDRESS OF COMMON UTILITY PLANT BY PRIMARY ACCOUNT FOR THE HISTORIC BASE YEAR + 1 ALSO, SHOW THE 13-MONTH AVERAGE PLANT AND ACCUMULATED DEPRECIATION AMOUNT ALLOCATED TO UTILITY AND NON-UTILITY OPERATIONS AND THE ALLOCATION BASIS

TYPE OF DATA SHOWN
HISTORIC BASE YEAR + 1 12/31/03
WITNESS B POWERS

13-MONTH AVERAGE

| PLANT | | | ACCUMULATED DEPRECIATION/AMORTIZATION | | | BASIS FOR ALLOCATION |
|----------------|---------------|----------------|---------------------------------------|--------------|---------------|---|
| UTILITY | NON-UTILITY | TOTAL | UTILITY | NON-UTILITY | TOTAL | |
| 1,064 | 70 | 1,134 | 0 | 0 | 0 | BASED ON PERCENTAGE OF UNREGULATED NET PLANT TO TOTAL NET PLANT |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | | | | |
| <u>1,064</u> | <u>70</u> | <u>1,134</u> | <u>0</u> | <u>0</u> | <u>0</u> | |
| 161,251 | 10,644 | 171,895 | 19,061 | 1,258 | 20,320 | BASED ON PERCENTAGE OF UNREGULATED NET PLANT TO TOTAL NET PLANT |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| <u>161,251</u> | <u>10,644</u> | <u>171,895</u> | <u>19,061</u> | <u>1,258</u> | <u>20,320</u> | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | |

EXHIBIT 4

TO OKEECHOBEE

S.R. 71

321.50

ADDITIONAL 30,000 GAL STORAGE TANK

EXISTING OFFICE

18' F

EXISTING 12,000



8' FENCE

VACANT

LOT 5

9'6" x 12'

135.50

135.50

TO ONEECHOBAE

S.R. 7

321.50

VACANT

LOT 5

AREA - A (92' x 135.5')
12,466 S.F.

ADDITIONAL 30,000
GAL. STORAGE TANK

EXISTING OFFICE

AREA D (8' x 4')
32 S.F.

AREA C (45' x 63')
2,835 S.F.
EXISTING 12,000

AREA B (165' x 43')
7,095 S.F.

B FENCE

AREA E (ALL PROPANE
USE)

(92.5' x 229.5')
21,229.0 S.F.
- 2,835.0 S.F.
- 32.0 S.F.

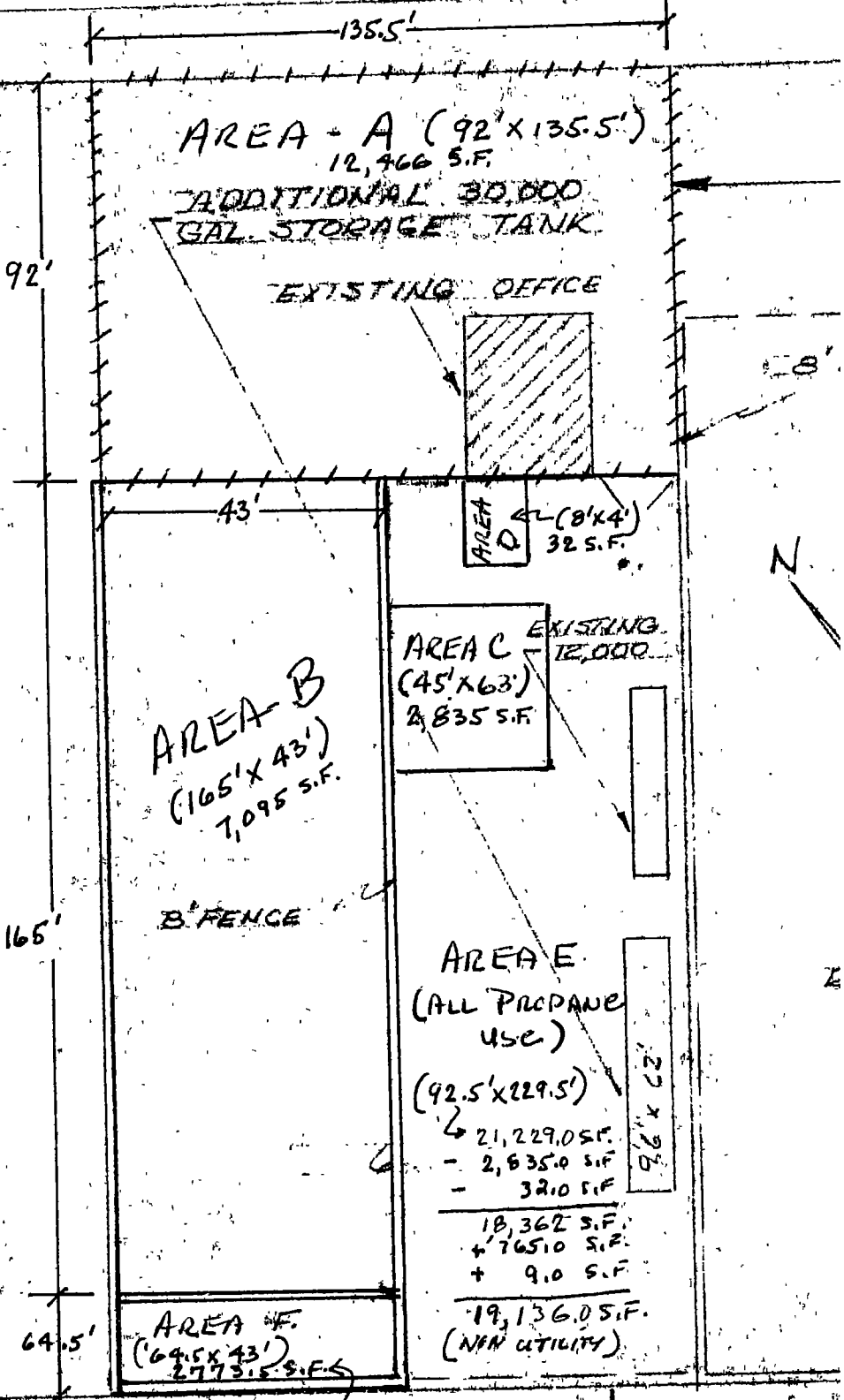
18,362 S.F.
+ 7,651 S.F.
+ 9.0 S.F.

19,136.0 S.F.
(NON UTILITY)

AREA F (64.5' x 43')
2,773.5 S.F.

135.50

135.50



LAND CALCULATIONS

1) TOTAL AREA: (Area F)
 $321.5' \times 135.5' = 43,563 \text{ S.F.} - 2,774 \text{ S.F.} =$
40,789 S.F. (OWNED BY UTILITY)

- 2) Area A - COMMON AREA, UTILITY AND NON UTILITY.
USE 3 FACTOR FOR ALLOCATION
- a) 2003 = 72% UTILITY ; 28% NON UTILITY
 - b) 2004 = 72% UTILITY ; 28% NON UTILITY

Area A = $135.5' \times 92' = 12,466 \text{ S.F.}$

- a) 8,976 S.F. UTILITY ; 3,490 S.F. NON UTILITY
- b) 8,976 S.F. UTILITY ; 3,490 S.F. NON UTILITY

- 3) Area B - CATHODIC PROTECTION AREA / PROPANE TANK STORAGE
- a) 2003 / 2004 - 50% UTILITY ; 50% NON UTILITY

Area B = $165' \times 43' = 7,095 \text{ S.F.}$

- a) 3,548 S.F. UTILITY ; 3,547 NON UTILITY

- 4) Area C - COMMON AREA - COMPANY VEHICLE PARKING
USE 3 FACTOR FOR ALLOCATION
- a) 2003 = 72% UTILITY ; 28% NON UTILITY
 - b) 2004 = 72% UTILITY ; 28% NON UTILITY

LAND CALCULATIONS

5) Area D - Generation for Emergency Power

USE 3 FACTOR FOR ALLOCATION

- a) 2003 = 72% utility; 28% non utility
- b) 2004 = 72% utility; 28% non utility

$Area D = 8' \times 4' = 32 \text{ s.f.}$

- a) 2003 = 23 s.f. utility; 9 s.f. non utility
- b) 2004 = 23 s.f. utility; 9 s.f. non utility

6) Land Area Allocations - SAME FOR 2003 AND 2004

| Area | Utility | Non Utility |
|--------|---------------|--------------|
| Area A | 8,976 s.f. | 3,490 s.f. |
| Area B | 3,548 s.f. | 3,547 s.f. |
| Area C | 2,041 s.f. | 794 s.f. |
| Area D | 23 s.f. | 9 s.f. |
| TOTALS | 14,588 s.f. * | 7,840 s.f. * |

* REMAINDER OF LAND IS PROPERTY/APPLICANT USE EXCLUSIVELY.

TOTAL LAND AREA = 40,789 s.f.

UTILITY = $\frac{14,588}{40,789} = 36\%$

NON UTILITY = $\frac{26,201}{40,789} = 64\%$

EXHIBIT 5

EXHIBIT 6

EXHIBIT 7

EXHIBIT 8

ALLOCATION OF COMMON PLANT

EXPLANATION PROVIDE A SCHEDULE SHOWING THE REGULATED AND NON-REGULATED ITEMS OF COMMON PLANT WITH THE 13 MONTH AVERAGE OF THE PROJECTED TEST YEAR SEGREGATED BY THE AMOUNTS ACCORDING TO REGULATED AND NON-REGULATED ITEMS THE METHOD OF ALLOCATING BETWEEN REGULATED AND NON-REGULATED PORTIONS SHALL BE DESCRIBED

TYPE OF DATA SHOWN
PROJECTED TEST YEAR 12/31/04
WITNESS B POWERS

| Jan-04 | Feb-04 | Mar-04 | Apr-04 | May-04 | Jun-04 | Jul-04 | Aug-04 | Sep-04 | Oct-04 | Nov-04 | Dec-04 | 13 MONTH AVERAGE |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$2,948 | \$2,948 | \$2,948 | \$2,948 | \$2,948 | \$2,948 | \$2,948 | \$2,948 | \$2,948 | \$2,948 | \$2,948 | \$2,948 | 2,948 |
| \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | \$171,895 | 171,895 |
| \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | \$27,774 | 27,774 |
| \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | \$30,468 | 30,468 |
| \$154,302 | \$154,302 | \$154,302 | \$154,302 | \$154,302 | \$172,875 | \$172,875 | \$172,875 | \$172,875 | \$172,875 | \$172,875 | \$172,875 | 162,965 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0 |
| \$5,926 | \$5,926 | \$5,926 | \$5,926 | \$5,926 | \$43,626 | \$43,626 | \$43,626 | \$43,626 | \$43,626 | \$43,626 | \$43,626 | 26,226 |
| \$9,824 | \$9,824 | \$9,824 | \$9,824 | \$9,824 | \$16,500 | \$16,500 | \$16,500 | \$16,500 | \$16,500 | \$16,500 | \$16,500 | 13,419 |
| \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | \$3,633 | 3,633 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| \$406,770 | \$406,770 | \$406,770 | \$406,770 | \$406,770 | \$469,719 | \$469,719 | \$469,719 | \$469,719 | \$469,719 | \$469,719 | \$469,719 | \$439,328 |

NONUTILITY 13 MONTH AVG
% NONUTILITY

METHOD OF ALLOCATION

| | | |
|------|-----------------|---|
| 0 0% | \$0 | |
| 6 2% | \$183 | BASED ON PERCENTAGE OF UNREGULATED PAYROLL TO TOTAL PAYROLL |
| 6 2% | \$10,644 | BASED ON PERCENTAGE OF UNREGULATED PAYROLL TO TOTAL PAYROLL |
| 6 2% | \$1,720 | BASED ON PERCENTAGE OF UNREGULATED PAYROLL TO TOTAL PAYROLL |
| 6 2% | \$1,887 | BASED ON PERCENTAGE OF UNREGULATED PAYROLL TO TOTAL PAYROLL |
| 6 2% | \$10,091 | BASED ON PERCENTAGE OF UNREGULATED PAYROLL TO TOTAL PAYROLL |
| 0 0% | \$0 | |
| 0 0% | \$0 | |
| 0 0% | \$0 | |
| 6 2% | \$225 | BASED ON PERCENTAGE OF UNREGULATED PAYROLL TO TOTAL PAYROLL |
| 0 0% | \$0 | |
| 0 0% | \$0 | |
| 0 0% | \$0 | |
| | <u>\$24,749</u> | |

DETAIL OF COMMON PLANT

EXPLANATION PROVIDE A SCHEDULE SHOWING A DETAILED DESCRIPTION OF EACH PARCEL OF LAND AND STRUCTURE BY ADDRESS OF COMMON UTILITY PLANT BY PRIMARY ACCOUNT FOR THE PROJECTED TEST YEAR ALSO, SHOW THE 13-MONTH AVERAGE PLANT AND ACCUMULATED DEPRECIATION AMOUNT ALLOCATED TO UTILITY AND NON-UTILITY OPERATIONS AND THE ALLOCATION BASIS

TYPE OF DATA SHOWN
PROJECTED TEST YEAR 12/31/04
WITNESS B POWERS

13-MONTH AVERAGE

| PLANT | | | ACCUMULATED DEPRECIATION/AMORTIZATION | | | BASIS FOR ALLOCATION |
|----------------|---------------|----------------|---------------------------------------|--------------|---------------|---|
| UTILITY | NON-UTILITY | TOTAL | UTILITY | NON-UTILITY | TOTAL | |
| 2,765 | 183 | 2,948 | 0 | 0 | 0 | BASED ON PERCENTAGE OF UNREGULATED PAYROLL TO TOTAL PAYROLL |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | | | | |
| <u>2,765</u> | <u>183</u> | <u>2,948</u> | <u>0</u> | <u>0</u> | <u>0</u> | |
| 161,251 | 10,644 | 171,895 | 22,889 | 1,511 | 24,400 | BASED ON PERCENTAGE OF UNREGULATED PAYROLL TO TOTAL PAYROLL |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| <u>161,251</u> | <u>10,644</u> | <u>171,895</u> | <u>22,889</u> | <u>1,511</u> | <u>24,400</u> | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | |

EXHIBIT 9

EXPLANATION. PROVIDE A DETAILED CONSTRUCTION BUDGET FOR THE TYPE OF DATA SHOWN
 PROJECTED TEST YEAR. 12/31/04
 WITNESS B POWERS

| PURCHASES PROJECTS* | DATE OF PROPOSED PURCHASE OR CONSTR (12/31/04) | PURCHASE PRICE OR CONSTRUCTION COST | DATE OF RELATED RETIREMENT (12/31/04) | RETIREMENT AMOUNT OF RELATED RETIREMENT | SALVAGE VALUE OF RELATED RETIREMENT |
|------------------------|--|--|---|---|---|
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| | 12 months ended 12/31/04 | \$42,750 | | \$0 | |
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| | 12 months ended 12/31/04 | \$0 | | \$12,804 | (\$3,841) |
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| | 12 months ended 12/31/04 | \$13,404 | | \$0 | |
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| | 12 months ended 12/31/04 | \$14,085 | | \$0 | |
| | 12 months ended 12/31/04 | \$8,250 | | \$0 | |
| | 12 months ended 12/31/04 | \$1,692 | | \$0 | |
| | 12 months ended 12/31/04 | \$2,732 | | \$0 | |
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| | 12 months ended 12/31/04 | \$85,000 | | \$49,034 | \$8,000 |
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| | 12 months ended 12/31/04 | \$37,700 | | \$0 | |
| | 12 months ended 12/31/04 | \$16,500 | | \$9,824 | |
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| | 12 months ended 12/31/04 | \$0 | | \$0 | |
| TOTAL | | <u>\$222,123</u> | | <u>\$71,662</u> | <u>\$2,159</u> |

BUDGETARY PROCESS IF DETAIL IS NOT AVAILABLE

EXHIBIT 10

EXPLANATION PROVIDE THE MONTHLY PLANT ADDITIONS BY ACCOUNT FOR THE PROJECTED TEST YEAR

TYPE OF DATA SHOWN
PROJECTED TEST YEAR: 12/31/04
WITNESS B. POWERS

| Feb-04 | Mar-04 | Apr-04 | May-04 | Jun-04 | Jul-04 | Aug-04 | Sep-04 | Oct-04 | Nov-04 | Dec-04 | TOTAL |
|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 42,750 | 0 | 0 | 0 | 0 | 0 | 0 | 42,750 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1,117 | 1,117 | 1,117 | 1,117 | 1,117 | 1,117 | 1,117 | 1,117 | 1,117 | 1,117 | 1,117 | 13,404 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 980 | 980 | 980 | 980 | 980 | 980 | 980 | 980 | 980 | 980 | 980 | 14,085 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,250 |
| 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 1,692 |
| 0 | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,732 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 42,500 | 0 | 0 | 0 | 0 | 0 | 0 | 85,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 37,700 | 0 | 0 | 0 | 0 | 0 | 0 | 37,700 |
| 0 | 0 | 0 | 0 | 18,500 | 0 | 0 | 0 | 0 | 0 | 0 | 18,500 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>2,223</u> | <u>2,248</u> | <u>2,223</u> | <u>2,223</u> | <u>141,673</u> | <u>2,223</u> | <u>2,223</u> | <u>2,223</u> | <u>2,223</u> | <u>2,223</u> | <u>2,223</u> | <u>222,123</u> |

EXHIBIT 11

EXHIBIT 12

EXHIBIT 13

CUSTOMER SERVICE - INTERRUPTIONS

PAGE 1 OF 1

EXPLANATION PROVIDE A LIST OF ANY INTERRUPTIONS IN
SERVICES AFFECTING THE LESSER OF TEN PERCENT OR 500
OR MORE OF DIVISION METERS

TYPE OF DATA SHOWN
HISTORIC BASE YEAR DATA 12/31/02
WITNESS B POWERS

CAUSE

DATE

DURATION

R TEN PERCENT OR 500 METERS DURING THE HISTORIC TEST YEAR ENDING 12/31/02

RECAP SCHEDULES

EXHIBIT 14

NOTIFICATION OF COMMISSION RULE VIOLATIONS

PAGE 1 OF 1

EXPLANATION PROVIDE A SUMMARY OF NOTICES RECEIVED BACK TO
TO THE LAST RATE CASE NOT TO EXCEED FIVE YEARS

TYPE OF DATA SHOWN
HISTORIC BASE YEAR DATA 12/31/
HIS YR LAST RATE CASE N/A
WITNESS B POWERS

SUMMARY

CURRENT STATUS

Failure to have written drug and alcohol plan

Violation has been corrected

Inadequate odorant injection Improper meter identification
Inadequate pressure test records for new mains Failure to cut and cap abandoned service lines

Violations have been corrected

Failure to report an outage Failure to update O&M Manual
Failure to repair Grade 3 leak timely

Violations have been corrected

RECAP SCHEDULES

Norman Witman

From: Karl Chen
Sent: Tuesday, January 20, 2004 9:23 AM
To: Norman Witman
Subject: RE: INTGCC VIOLATIONS

Norm, the information is as follows:

1999 - Two violations. GS-727-ITGCI. Resolved and rescinded.
2000 - Four violations. GS-745-ITGCI. Resolved and rescinded.
2002 - Three violations. GS-770-ITGCI. Resolved and rescinded.

-----Original Message-----

From: Norman Witman
Sent: Sun 1/18/2004 1:57 PM
To: Karl Chen
Cc:
Subject: INTGCC VIOLATIONS

Karl, how many Violations have you written concerning ITGCC since you've been doing their Annual Review?

What are the notification numbers of each Violation?

Have all Violations been resolved and recinded?

I need this information in regards to the ITGCC Rate Case.

Thank-you.

EXHIBIT 15

EXPLANATION PROVIDE A LIST OF VEHICLES INCLUDING A
DESCRIPTION AND ANY ALLOCATION OF USE TO NON-UTILITY
ACCOUNTS

TYPE OF DATA SHOWN
HISTORIC BASE YEAR DATA 12/31/02
WITNESS B POWERS

| <u>Vehicle #</u> | <u>Description</u> | <u>Department Name</u> | <u>Allocation to Non-Utility</u> |
|------------------|---------------------|------------------------|----------------------------------|
| 1 | 1993 Ford F-700 | Propane Delivery Truck | |
| 2 | 1980 Ford F-700 | Propane Delivery Truck | |
| 3 | 1998 Dodge 2500 | Construction / Service | |
| 4 | 2002 Ford F-450 | Construction / Service | |
| 5 | 2000 Chevy 2500 Van | Service / Measurement | |
| 6 | 1999 Chrysler Sedan | Management | |
| 7 | 1998 Ford F-150 | Management | |

See MFR schedule B-5, B-11, C-19 for allocati

EXHIBIT 16

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DIRECT TESTIMONY
OF BRIAN J. POWERS
ON BEHALF OF INDIANTOWN GAS COMPANY, INC
DOCKET NO. 030954-GU
DECEMBER 2003

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Brian J. Powers. My business address is Indiantown Gas Company, Inc., P.O. Box 8, Indiantown, FL 34956

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am the President of Indiantown Gas Company, Inc. ("IGC" or the "Company").

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. I graduated from the University of Florida in 1988 with a Bachelor of Science degree in Food and Resource Economics.

Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE PRIOR TO BECOMING PRESIDENT OF IGC.

A. IGC was founded as a propane distribution company by my family in

1 measures including: curtailing increases in operating costs, limiting or
2 delaying staff salary increases, postponing the addition of operations and
3 customer service staff, discontinuing the practice of hiring seasonal and
4 part-time employees, delaying the needed replacement of utility vehicles,
5 ceasing the payment of dividends to shareholders, and foregoing making
6 any contributions to the Company's 401K retirement plan for the first time
7 since the creation of that plan.

8 **Q. YOU ALSO INDICATED THAT THE COMPANY HAS DEFERRED OR**
9 **POSTPONED SEVERAL IMPORTANT CAPITAL AND O&M**
10 **EXPENSES AS A RESULT OF ITS REDUCED FINNANCIAL**
11 **CAPABILITY. PLEASE ELABOATE.**

12 A. The following sections of my testimony provide detailed descriptions of
13 the Company's 2004 capital budget as well as proposed increases in
14 expenses beyond trended levels. Most of the items included in the
15 capital list are for vehicles, tools and equipment that are due or overdue
16 for replacement, i.e. they meet or exceed the approved depreciation life
17 of the asset. The expense items primarily allow the Company to return to
18 a normal staffing level and continue to fund employee retirement
19 programs

1 A. The company's capital budget for the year 2003 was \$39,755 as
2 reflected in Schedule G-1 of the MFRs. Of the total, \$36,807 was
3 allocated to mains, service lines and meters related to the Company's
4 bare steel and meter replacement activities. An additional \$2,948 reflects
5 the transfer of the book value of the Company's office building property
6 from non-utility operations to the utility.

7 **Q. WHAT IS THE AMOUNT OF THE COMPANY'S PROJECTED**
8 **CAPITAL EXPENDITURES FOR 2004?**

9 A. The company has projected a capital budget for the year 2004 of
10 \$217,987 as reflected in Schedule G-1 of the MFRs.

11 **Q. PLEASE DESCRIBE THE MAJOR ITEMS INCLUDED IN THE**
12 **COMPANY'S PROJECTED CAPITAL EXPENDITURES FOR 2004.**

13 A. The following expenditures are included in the capital budget for 2004.

- 14 • \$42,500 in Transportation Equipment for a heavy-duty pick-up truck
15 to replace an existing, 1998 Ford pick-up truck. This vehicle would be
16 *primarily used by the President. Given the size of the Company and*
17 *limited number of employees, the President is heavily involved in the*
18 *physical operation of the system. His existing truck is used on a daily*

1 • \$42,500 in Transportation Equipment for a heavy-duty pick-up truck
2 to replace an existing fully depreciated 1996 Dodge pick-up truck
3 used for construction, service and maintenance.

4 • \$16,500 in Power Operated Equipment for a replacement backhoe.
5 The existing small backhoe was purchased used in 1996. It is only
6 marginally operational at this time. The Company again plans to
7 purchase a previously owned backhoe replace the current unit.

8 • \$42,750 for a new Customer Information System (CIS). The
9 Company's current computer system has been pieced together over
10 ten years from several sources of software. The technical support
11 experts retained by the Company to maintain the system and
12 implement periodic revisions have recommended replacement. The
13 current system has a limited capability to handle the customer
14 accounting, reporting and billing requirements required in a
15 transportation only environment. Additionally, many of the record and
16 reporting requirements established by the Commission are not
17 supported by our existing system. For example, the meter record
18 system to provide the information required by Commission Rule 25-

19 7.021 Records of Meters and Meter Tests. FAC is a manual process

- 1 • \$37,700 for Tools, Shop and Garage Equipment. A detail of the
2 expenditures projected for this category include:
- 3 ○ \$16,500 for a back-up gas-fired generator for the Company
 - 4 office. The existing generator is no longer operational.
 - 5 ○ \$12,500 for a portable, trailer mounted air compressor required
 - 6 for pressure testing pipe systems.
 - 7 ○ \$6,500 for replacement safety equipment (Combustible Gas
 - 8 Indicator, Flame pack and oderometer).
 - 9 ○ \$2,200 for a replacement underground line locator.
- 10 • \$8,250 for new meters required for the meter replacement program
- 11 described below and for ten new services projected during 2004.
- 12 • \$180 for the meter installations related to ten new residences forecast
- 13 for 2004.

14 **Q. PLEASE DESCRIBE ANY SYSTEM IMPROVEMENTS THAT MAKE**
15 **UP PART OF THE 2004 CAPITAL-SPENDING PLAN.**

16 A. The Company's 2004 capital plan includes funds for replacing bare steel
17 mains and services, and for installation costs related to meter
18 replacements.

- 1 • \$12,691 for bare steel service line removal. Approximately 58
2 services remain to be replaced. Completion is scheduled for
3 December 2005.
- 4 • \$1,512 for meter installation costs related to compliance with
5 Commission Rule 25-7.064 Periodic Meter Test, FAC, Subparts 1
6 and 2. The Commission noted in a letter to the Company on May 16,
7 2003 that an accelerated meter test program should be initiated and
8 the Company brought into full compliance with the rule by December
9 31, 2005.

10 **Q. PLEASE DESCRIBE ANY SIGNIFICANT ADDITIONS TO THE**
11 **COMPANY'S HISTORIC O&M EXPENDITURES PROJECTED FOR**
12 **2004.**

13 A. First let me say that our expenses for operations and maintenance have
14 been substantially reduced over the past two years as revenues have
15 declined. In my view it is not appropriate to assume that a trending of
16 expenses over the recent past will point to an appropriate level of future
17 expense for the Company. While the O&M expenses that I describe
18 below represent an increase in costs compared to 2002 or 2003, they
19 are primarily intended to return the Company to the basic level of staffing

1 O&M expenditures projected for 2004 above the trend amounts include
2 the following items:

- 3 • \$13,498 in Account 874 (50% FTE) Construction/Maintenance
4 Worker. The remaining 50% FTE would be capitalized.
- 5 • \$9,380 in Account 800 (50% FTE) and \$9,380 (50% FTE) in
6 Account 889 for a Customer Service Representative.
- 7 • \$14,000 in Account 920 (25% FTE) to increase Melissa Powers'
8 work schedule from one-half to three quarter time. Ms. Powers' is
9 principally responsible for administering the Company's
10 Aggregated Transportation Service Program. The increased
11 reporting, customer information, and accounting functions directly
12 related to the program have necessitated the increase in work
13 hours. These are recurring, on-going activities unrelated to the
14 one-time expenses the Company is recovering in its authorized
15 TCR mechanism (Order No. PSC-02-1655-TRF-GU). Jeff
16 Householder's testimony describes the Company's proposed
17 allocation of these costs to the new Third Party Supplier (TPS)
18 rate class. Establishing the TPS class would enable the Company

1 conditions, it is unlikely that contributions will be made for the
2 2003 fiscal year.

3 • \$5,400 in Account 920 to meet actuarial requirements in the
4 Company's defined benefits retirement program. This program is
5 closed to new entrants. The plan administrator has informed
6 management that an increased contribution is needed to meet the
7 expected future payout requirements of the plan.

8 • \$18,000 in Account 930 for Directors Fees. The Company
9 currently has three non-employee Directors that actively
10 participate in establishing strategic and budget objectives as well
11 as setting the overall direction and policies of the Company.

12 • \$25,013 in Account 928 for the amortization of rate case
13 expenses over a proposed four-year period.

14 **Q. IN YOUR OPINION IS THERE A FUTURE OPPORTUNITY TO ADD**
15 **CUSTOMERS IN THE IGS SERVICE AREA?**

16 A. Yes. It appears that over the next decade that the western areas in the
17 County may began to grow. Indiantown is situated along the St. Lucie
18 canal, a navigable waterway connecting Lake Okeechobee to the

1 growth in Indiantown. In addition, Indiantown and the surrounding area
2 offer good locations for industrial development away from the population
3 centers closer to the coast. Unfortunately, it is not likely that any
4 significant development will occur in the near future that will affect IGC's
5 customer base or revenues. I remain optimistic that before the end of this
6 decade we will begin to see opportunities to serve growth in the
7 Company's territory.

8 **Q. IS THE COMPANY REQUESTING SUBSTANTIVE REVISIONS TO ITS**
9 **PRESENT TARIFF OTHER THAN THOSE REALTED TO RATE**
10 **DESIGN?**

11 A. No. The proposed changes to the present tariff reflect the proposed rate
12 design and new rates included in the Company's filing.

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 A. Yes, it does.

EXHIBIT 17

Kathy Welch

From: Roger Fletcher
To: Kathy Welch
Cc: Edward Mills; Roger Fletcher; Norman Witman
Subject: Estimate of Original Cost O Indiantown Distribution System
Attachments:

Sent: Mon 2/16/2004 12:02 PM

In response to your verbal request to establish an original cost for 37,000 feet of 3/4-inch steel main and 250 services, I have made calculations based on the Handy-Whitman Index of Public Utility Cost Trends. The cost associated with the purchase and installation of 37,000 feet of 3/4-inch steel main during the period of 1964 through 1970 would be approximately \$91,535. The Cost of 250 service lines and installation would be approximately \$65,000. These costs were derived on the assumption that equal amounts of footage was installed each year during the seven years the distribution system was constructed. The entire system is estimated to have cost approximately \$156,535.

PLANT MAINS 1964 - 1970.

1) MAINS

a) \$91,535 for 3/4" - 37,000' of STEEL MAINS
FROM HAUDY-WHITMAN PER R. FLETCHER
FOR 1964-1970.

$$b) \frac{\$91,535}{37,000 \text{ FT.}} = \$2.47/\text{FT.}; \text{ AVE. COST}$$