FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

MAY 18, 2004

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

Issue 1: Is IGC's projected test period of the 12 months ending December 31, 2004 appropriate?
Recommendation: Yes. With the adjustments recommended by staff in the following issues, the 2002 and 2004 test years are appropriate.

APPROVED

Issue 2: Are IGC's forecasts of customer growth and therms by rate class for the projected test year appropriate?
Recommendation: Yes. The number of bills and therms by rate class contained in revised MFR Schedule G-2, page 8 of 31 (dated January 16, 2004) are appropriate.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY	DISSENTING

REMARKS/DISSENTING COMMENTS:

Commissioner Davidson participated in the conference by telephone. He agreed with/dissented from the majority vote and will sign the vote sheet upon return to the office.

DOCUMENT NUMBER-DATE
05724 MAY 19 ♂
FPSC-COMMISSION CLERK

VOTE SHEET
MAY 18, 2004
Docket No. 030954-GU - Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 3: Has Indiantown Gas Company periodically tested customer meters within a ten-year interval as required by Rule 25-7.064(1) and (2), Florida Administrative Code (F.A.C.), and have customer refunds been made for all meters tested and found to measure more than 2 percent fast, as required by Rule 25-7.087(1), F.A.C.?
Recommendation: No. IGC should be ordered 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 Rule 25-7.064(1) and (2), F.A.C. Meters should be tested at a rate that will assure full compliance by December 31, 2005.

Further, IGC should be ordered to make refunds for each of the meters tested during calendar years 2003 and 2004 that are found to register more than two percent fast. The refunds should be calculated based on the time the meter has remained in service beyond the ten-year test interval required by Rule 25-7.064, F.A.C.

If the exact period of time beyond the ten-year test interval cannot 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 cannot be completed, a record should be established in accordance with Rule 25-7.091(7)(c), F.A.C., and the Commission informed of all unclaimed refunds and a method of disposal established.

MODIFIED

Company is put on notice that if full compliance is not achieved by 12/31/05, a show cause proceeding will be initiated

Issue 4: Is the quality of service provided by IGC adequate?
Recommendation: Yes. The quality of service provided by IGC is satisfactory.

APPROVED

Issue 5: Should an adjustment be made for the transfer of the office building land?
Recommendation: Yes. An adjustment should be made to increase plant and non-utility operations by $1,552 and $524, respectively, for the projected test year.

APPROVED

VOTE SHEET
MAY 18, 2004
Docket No. 030954-GU - Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 6: Should an adjustment be made to IGC's proposed level of plant additions for the projected test year?
Recommendation: Yes. Plant, Accumulated Depreciation, and Depreciation Expense should be increased by a total of $13,060, $646, and $1,040, respectively.

APPROVED

Issue 7: Should an adjustment be made to plant retirements for the projected test year?
Recommendation: Yes. The adjustment to correct the overstated retirements should be to increase Plant, Accumulated Depreciation, and Depreciation Expense for the projected test year by $2,264, $2,359, and $190, respectively.

APPROVED

Issue 8: Should an adjustment be made to Plant, Accumulated Depreciation, and Depreciation Expense for the installation of a gas distribution system that occurred prior to 1970 which was incorrectly booked to IGC's Continuing Property Records in the amount of $182,252?
Recommendation: Yes. Plant, Accumulated Depreciation, and Depreciation Expense should be reduced by $81,347, $81,110 and $3,417, respectively, for the projected test year.

APPROVED

Issue 9: Should an adjustment be made to Plant, Accumulated Depreciation, and Depreciation Expense for the installation of mains at the New Hope Subdivision in Booker Park in 1980?
Recommendation: Yes. Plant, Accumulated Depreciation, and Depreciation Expense should be increased by $30,536, $21,040 and $1,283, respectively.

APPROVED

(Continued from previous page)

Issue 10: Is IGC's requested level of Plant in Service in the amount of $1,341,330 for the projected test year appropriate?
Recommendation: No. The appropriate Plant in Service amount should be $1,307,395 for the projected test year.

APPROVED

Issue 11: Should an adjustment be made to non-utility Common Plant, Accumulated Depreciation, and Depreciation Expense for non-utility operations?
Recommendation: Yes. Common Plant Allocated, Accumulated Depreciation-Common Plant Allocated, and Depreciation Expense for non-utility operations should be increased by a total of $110,303, $13,800, and $9,420, respectively.

APPROVED

Issue 12: Is IGC's requested level of non-utility Common Plant Allocated in the amount of $24,749 for the projected test year appropriate?
Recommendation: No. The appropriate amount of Common Plant Allocated for the projected test year is $135,575, which reflects an increase to non-utility plant by $110,827.

APPROVED

Issue 13: Is IGC's Total Plant of $1,316,581 for the projected test year appropriate?
Recommendation: No. The appropriate amount of Total Plant for the projected test year is $1,171,820, a total reduction of $144,762 for the projected test year.

APPROVED

VOTE SHEET
MAY 18, 2004
Docket No. 030954-GU - Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 14: Is IGC's requested level of Accumulated Depreciation and Accumulated Amortization of Gas Plant in Service in the amount of $685,574 for the projected test year appropriate?
Recommendation: No. The appropriate amount of Accumulated Depreciation and Amortization of Plant in Service for the projected test year is $614,709.

APPROVED

Issue 15: Should an adjustment be made to the amount of cash in working capital for the 2004 projected test year?
Recommendation: Yes. Cash for the 2004 projected test year should be decreased by $96,081 to reflect cash based on the three year average.

APPROVED

Issue 16: Should an adjustment be made to allocate working capital to reflect non-utility operations allocations?
Recommendation: Yes. Working Capital should be decreased by $10,400 to reflect the non-utility operations allocations.

APPROVED

VOTE SHEET
MAY 18, 2004
Docket No. 030954-GU - Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 17: Should an adjustment be made to Deferred Debits?
Recommendation: Yes. Deferred Debits should be increased by $8,137.

APPROVED

Issue 18: Should an adjustment be made to Accrued Taxes Payable in Working Capital?
Recommendation: Yes. Accrued Taxes Payable should be increased by $2,609. This adjustment results in a $2,609 decrease to Working Capital Allowance.

APPROVED

Issue 19: Is IGC's requested level of Working Capital Allowance in the amount of $124,804 for the projected test year appropriate?
Recommendation: No. The appropriate amount of Working Capital Allowance for the projected test year is $31,814.

APPROVED

Issue 20: Is IGC's requested level of Rate Base in the amount of $755,812 for the projected test year appropriate?
Recommendation: No. The appropriate amount of Rate Base for the projected test year is $588,925.

APPROVED

(Continued from previous page)

Issue 21: What is the appropriate cost rate for common equity to use in establishing IGC's revenue requirement for the projected test year?
Recommendation: The appropriate return on equity for IGC for the projected test year is 11.50% with a range of plus or minus 100 basis points.

APPROVED

Issue 22: What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the projected test year?
Recommendation: The appropriate weighted average cost of capital for the projected test year is 9.53%.

APPROVED

Issue 23: Are IGC's estimated revenues from sales of gas by rate class at present rates for the projected test year appropriate?
Recommendation: No. Revenues should be increased by $392 to correct estimated sales of gas by rate class for the projected test year.

APPROVED

Issue 24: Is IGC's projected level of Total Operating Revenues in the amount of $342,918 for the projected test year appropriate?
Recommendation: No. The appropriate amount of Total Operating Revenues for the projected test year is $343,310.

APPROVED

(Continued from previous page)

Issue 25: Has IGC made the appropriate adjustment to Account 921, Office Supplies, Account 930, General Advertising and Miscellaneous General Expense, and Account 932, Maintenance of General Plant, to remove non-utility expenses?
Recommendation: No. Account 921, Office Supplies, Account 930, General Advertising and Miscellaneous General Expense, and Account 932, Maintenance of General Plant Expenses, should be reduced by $2,042, $118, and $393, respectively, for a total adjustment of $2,553 to remove non-utility expenses.

APPROVED

Issue 26: Has IGC properly allocated expenses between regulated and non-regulated operations?
Recommendation: No. Expenses should be increased by $10,341 to properly allocate expenses between regulated and non-regulated operations.

APPROVED

Issue 27: Should an adjustment be made to IGC's requested level of Administrative & General (A&G) salaries for the projected test year?
Recommendation: Yes. A&G salaries should be reduced by $44,459 for non-utility allocations.

APPROVED

Issue 28: Should an adjustment be made to Account 932, Maintenance of General Plant, and Account 926, Employee Pensions and Benefits, to remove certain memberships and dues?
Recommendation: Yes. Account 932, Maintenance of General Plant, should be reduced by $169 and Account 926, Employee Pensions and Benefits, Expenses should be reduced by $290 for a total adjustment of $459 to remove certain memberships and dues.

APPROVED

(Continued from previous page)

Issue 29: Should an adjustment be made to Account 880, Other Expenses, Account 921, Office Supplies, and Account 923, Outside Services, to remove nonrecurring expenses?
Recommendation: Yes, Account 880, Other Expenses, Account 921, Office Supplies, and Account 923, Outside Services, should be reduced by $456, $527, and $5,878, respectively, for a total adjustment of $6,861 to remove nonrecurring expenses.

APPROVED

Issue 30: Should an adjustment be made to Account 874, Mains & Services, for the projected test year?
Recommendation: Yes. Account 874, Mains & Services, should be decreased by $12,666 for the projected test year.

APPROVED

Issue 31: Should an adjustment be made to Account 878, Meter and House Regulator Expenses, to include periodic meter and regulator change-out expense?
Recommendation: Yes. Account 878, Meter and House Regulator Expenses, should be increased by $4,832 and Miscellaneous Deferred Debits should be increased by $7,249 to include periodic meter and regulator change-out expense.

APPROVED

VOTE SHEET
MAY 18, 2004
Docket No. 030954-GU - Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 32: Should an adjustment be made to Accounts 880, Other Expenses, and 889, Measuring and Regulating Station Equipment, to remove non-utility related salary for the projected test year?
Recommendation: Yes. Accounts 880, Other Expenses, and 889, Measuring and Regulating Station Equipment, should be reduced by ~~$3,169~~ **$1,876** each for a total of ~~$6,338~~ **$3,752** **to remove the non-utility** related salary of a Customer Service representative.

APPROVED

Issue 33: Should an adjustment be made to Account 880, Miscellaneous Distribution Expense, to include odorant costs?
Recommendation: Yes. Account 880, Miscellaneous Distribution Expense, should be increased by $714 for odorant costs for the 2004 projected test year. In addition, an adjustment should be made to increase working capital Prepayments by $715.

APPROVED

Issue 34: Should an adjustment be made to Account 902, Meter Reading, for the projected test year?
Recommendation: Yes. Account 902 should be increased by $220.

APPROVED

Issue 35: Should an adjustment be made to Account 920, A&G Salaries, for the projected test year?
Recommendation: Yes. Account 920 should be decreased by ~~$4,731~~ **$5,193** to allocate the non-utility increase in the Chief Financial Officer's (CFO) salary due to an increase in her work hours.

APPROVED

(Continued from previous page)

Issue 36: Should an adjustment be made to Account 921, Office Supplies, to remove one-half of the charges for employee activities?
Recommendation: Yes. Account 921, Office Supplies, should be reduced by $614 to remove one-half of the charges for employee activities.

APPROVED

Issue 37: Should an adjustment be made to Account 921, Office Supplies and Expenses, to remove non-utility entertainment expenses for the projected test year?
Recommendation: Yes. Account 921, Office Supplies and Expenses, should be reduced by $1,394 to remove non-utility entertainment expenses.

APPROVED

Issue 38: Should an adjustment be made to Account 923, Outside Services?
Recommendation: Yes. Account No. 923, Outside Services, should be reduced by $11,800.

APPROVED

Issue 39: Should an adjustment be made to Account 926, Employee Pensions and Benefits, to remove non-utility life insurance expenses for the projected test year?
Recommendation: Yes. Account 926, Employee Pensions and Benefits, should be reduced by $475 to remove non-utility life insurance expenses.

APPROVED

VOTE SHEET
MAY 18, 2004
Docket No. 030954-GU - Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 40: Should an adjustment be made to Account No. 923, Outside Services, and Account No. 926, Employee Pensions and Benefits, to remove out of period expenses?
Recommendation: Yes. Account No. 923, Outside Services, and Account No. 926, Employee Pensions and Benefits, should be reduced by $1,966 and $3,445, respectively, for a total adjustment of $5,411 to remove out of period expenses.

APPROVED

Issue 41: Should an adjustment be made to Account 928, Regulatory Commission Expense, for rate case expense for the projected test year and what is the appropriate amortization period?
Recommendation: Yes. Account 928, Regulatory Commission Expense, should be decreased by $13,888 for rate case expense for the projected test year. The appropriate amortization period is four years.

MODIFIED

allow additional $2,000 annually in rate case expense.

Issue 42: Should an adjustment be made to Account 930, Miscellaneous General Expense, to remove a portion of American Gas Association (AGA) dues?
Recommendation: Yes, Account 930, Miscellaneous General Expense, should be reduced by $208 to remove a portion of AGA dues related to lobbying and advertising that is not informational or educational in nature.

APPROVED

Issue 43: Should an adjustment be made to Account 930, Miscellaneous General Expense, to remove image building or other inappropriate advertising expenses?
Recommendation: Yes. Account No. 930, Miscellaneous General Expense, should be reduced by $1,487 for non-utility advertising.

APPROVED

(Continued from previous page)

Issue 44: Should an adjustment be made to Account 930, Miscellaneous General Expense, to remove charitable contributions?
Recommendation: Yes. Account 930, Miscellaneous General Expense, should be reduced by $1,536 to remove charitable contributions.

APPROVED

Issue 45: Should an adjustment be made to Account 930, Miscellaneous General Expense, for director fees?
Recommendation: Yes. Account 930, Miscellaneous General Expense, should be reduced by $12,000 for director fees.

APPROVED

Issue 46: Should an adjustment be made to Account 930, Miscellaneous General Expenses, to remove interest expense for the projected test year?
Recommendation: Yes. Account 930, Miscellaneous General Expenses, should be reduced by $490 to remove interest expense.

APPROVED

(Continued from previous page)

Issue 47: Are the trend rates used by IGC to calculate projected O&M expenses appropriate?
Recommendation: No. The appropriate trend rates are:

	2003	2004
Inflation	1.9%	2.1%
Customer Growth	0.0%	1.5%
Customer Growth x Inflation	1.9%	3.63%
Payroll	2.5%	2.5%

APPROVED

Issue 48: Should the projected test year expense be adjusted for the effect of any changes to trend rates or bases?
Recommendation: Yes. Projected test year expenses should be reduced by $5,954 for the effect of changing the trend rates.

APPROVED

Issue 49: Is IGC's O&M Expense of $447,301 for the projected test year appropriate?
Recommendation: No. The appropriate amount of O&M Expense for the projected test year is $330,083.

APPROVED

VOTE SHEET
MAY 18, 2004
Docket No. 030954-GU - Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 50: Is IGC's Depreciation and Amortization Expense of $68,248 for the projected test year appropriate?
Recommendation: No. The appropriate amount of Depreciation and Amortization Expense for the projected test year is $57,924.

APPROVED

Issue 51: Is IGC's Taxes Other Than Income of $24,924 for the projected test year appropriate?
Recommendation: No. The appropriate amount of Taxes Other Than Income is $17,677, a decrease of $7,247.

APPROVED

Issue 52: Is IGC's Income Tax Expense of ($83,452) for the projected test year appropriate?
Recommendation: No. The appropriate income tax expense for the December 2004 projected test year is ($16,826).

APPROVED

Issue 53: Is IGC's Total Operating Expenses of $457,022 for the projected test year appropriate?
Recommendation: No. The appropriate amount of Total Operating Expenses for the projected test year is $388,857.

APPROVED

VOTE SHEET
MAY 18, 2004
Docket No. 030954-GU - Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 54: Is IGC's Net Operating Income of ($114,103) for the projected test year appropriate?
Recommendation: No. The appropriate amount of Net Operating Income for the projected test year is ($45,547).

APPROVED

Issue 55: What is the appropriate projected test year revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for IGC?
Recommendation: The appropriate revenue expansion factor is 1.2512.

APPROVED

Issue 56: Is IGC's requested annual operating revenue increase of $306,751 for the projected test year appropriate?
Recommendation: No. The appropriate annual operating revenue increase for the projected test year is $127,211.

APPROVED

Issue 57: What is the appropriate cost of service methodology to be used in allocating costs to the rate classes?
Recommendation: The appropriate methodology is contained in Attachment 6 to staff's May 6, 2004 memorandum.

APPROVED

VOTE SHEET
MAY 18, 2004
Docket No. 030954-GU - Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 58: Is IGC's proposal to bill certain of its customers a demand charge based on their Maximum Daily Transportation Quantity appropriate?
Recommendation: No. The Commission should not approve IGC's demand charge as proposed. Instead, the Commission should approve a demand charge of $.53, applicable only to the TS-4 rate schedule.

APPROVED

Issue 59: Should IGC's proposal to change the applicability provisions of its TS-2 and TS-3 rate schedules be approved?
Recommendation: Yes.

APPROVED

Issue 60: Should IGC's proposal to eliminate the TS-5 rate schedule and to remove the upper annual therm consumption limit for the TS-4 rate schedule be approved?
Recommendation: Yes.

APPROVED

Issue 61: Is IGC's proposed new Third Party Supplier (TPS) rate schedule appropriate?
Recommendation: No. The appropriate TPS charge is $2.09.

APPROVED

(Continued from previous page)

Issue 62: If the Commission grants a revenue increase to IGC, how should the increase be allocated to the rate classes?
Recommendation: Staff's recommended allocation of the revenue increase to the rate classes is contained in Attachment 6 to staff's memorandum, page 16 of 16.

APPROVED

Issue 63: What are the appropriate Customer Charges?
Recommendation: Staff's recommended customer charges are as follows:

Rate Class	Staff Recommended Customer Charge
TS-1	$9.00
TS-2	$25.00
TS-3	$60.00
TS-4	$2,000.00

APPROVED

Issue 64: What are the appropriate per therm Transportation Charges?
Recommendation: Staff's recommended per therm Transportation Charges are contained in Attachment 7 to staff's memorandum, page 1.

APPROVED

VOTE SHEET
MAY 18, 2004
Docket No. 030954-GU - Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 65: What is the appropriate Demand Charge?
Recommendation: The appropriate demand charge is $.53 per Maximum Daily Transportation Quantity (MDTQ).

APPROVED

Issue 66: What is the appropriate effective date for IGC's revised rates and charges?
Recommendation: The revised rates and charges should become effective for meter readings on or after 30 days following the date of the Commission vote approving the rates and charges.

APPROVED

Issue 67: Should any portion of the $137,014 interim increase granted by Order No. PSC-04-0180-PCO-GU, issued on February 24, 2004, be refunded to the customers?
Recommendation: No portion of the $137,014 interim revenue increase should be refunded.

APPROVED

Issue 68: Should IGC be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records that will be required as a result of the Commission's findings in this rate case?
Recommendation: Yes. The company should be required to fully describe the entries and adjustments that will be either recorded or used in preparing reports submitted to the Commission within 90 days after the final order in this docket.

APPROVED

VOTE SHEET
MAY 18, 2004
Docket No. 030954-GU - Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 69: Should this docket be closed?
Recommendation: Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.

APPROVED

Additionally, staff was give administrative authority to make the necessary fallout calculations on rates.