

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**
2 **DETERMINATION OF CONSERVATION COST RECOVERY FACTORS**

3 **DIRECT TESTIMONY OF JEFF HOUSEHOLDER**

4 **On behalf of**

5 **INDIANTOWN GAS COMPANY, INC.**

6 **DOCKET NO. 070004-GU**

7
8 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS**
9 **ADDRESS.**

10 A. My name is Jeff Householder. I am President of Jeff Householder and
11 Company, Inc. My firm provides energy consulting, regulatory affairs and
12 business development services to natural gas utilities, natural gas
13 marketers, propane gas retailers, government agencies, and a number of
14 industrial and commercial clients. My business address is 2333 West
15 33rd Street, Panama City, Florida, 32405.

16 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND**
17 **EDUCATIONAL BACKGROUND.**

18 A. Prior to beginning my consulting business in October 1999, I was Vice
19 President of Marketing and Sales for TECO Peoples Gas. While with
20 TECO, I was also responsible for the management of TECO Gas
21 Services, an unregulated energy marketing company. I joined Peoples
22 Gas subsequent to the TECO Energy acquisition of West Florida Natural
23 Gas Company. At West Florida Natural Gas, I served as Vice President
24 of Regulatory Affairs and Gas Management. Before that, I was Vice

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1 President of Marketing and Sales at City Gas Company, a division of the
2 NUI Corporation. Prior to joining City Gas, I was employed as Utility
3 Administrative Officer for the City of Tallahassee, (an electric, gas, water
4 and waste water utility). Early in my career, I was a Section Manager
5 with the Florida Department of Community Affairs, responsible for
6 administering the Florida Energy Code and related construction industry
7 regulatory standards. I began my career as an analyst in the Florida
8 Governor's Energy Office. From 1984 to 1995, concurrent with my other
9 positions, I provided part-time consulting services to the natural gas,
10 propane gas and homebuilding industries involving a variety of building
11 code, marketing and energy regulatory matters. I received a Bachelor of
12 Science Degree in 1978 from the Florida State University with an
13 interdisciplinary major in Social Science (Economics and Business), and
14 additional majors in Government and International Relations.

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
16 **PROCEEDING?**

17 A. I will briefly describe the status of the Company's recently implemented
18 conservation programs. In addition, I will propose cost recovery factors
19 for the twelve-month period ending December 31, 2008.

20 **Q. ARE YOU FAMILIAR WITH INDIANTOWN GAS COMPANY'S (THE**
21 **COMPANY) ENERGY CONSERVATION PROGRAMS AND THE**
22 **REVENUES AND COSTS RELATED TO THEIR IMPLEMENTATION?**

1 A. Yes. I was retained by the Company in January 2007 to develop its initial
2 energy conservation programs. I prepared the Company's RIM Test and
3 Participants Test analysis for each conservation program filed before the
4 Commission on April 5, 2007, in Docket No. 070246.

5 **Q. PLEASE DESCRIBE THE CURRENT STATUS OF THE COMPANY'S**
6 **CONSERVATION PROGRAMS.**

7 A. Until recently, the Company had no Commission approved energy
8 conservation programs and did not participate in the Commission's
9 annual conservation cost recovery docket. As noted above, the
10 Company petitioned the Commission in May of this year to implement
11 the following conservation programs:

- 12 • Residential New Construction Program
- 13 • Residential Appliance Replacement Program
- 14 • Residential Appliance Retention Program
- 15 • Conservation Education Program

16 The Commission approved the Company's proposed conservation
17 programs on June 26, 2007 in Order No. PSC-07-0531-TRF-EG. The
18 Company has completed the modification of its billing system to
19 accommodate the approved energy conservation cost recovery factors.
20 The Company has modified its accounting system to address
21 conservation related revenues and expenses. The Company has
22 established internal administrative processing procedures for
23 conservation incentive payments and has been working with local

1 appliances vendors and homebuilders to review the conservation
2 program features and administrative requirements. A mailing to
3 consumers announcing the new programs is scheduled for October
4 2007.

5 **Q. HAS THE COMPANY BILLED CONSUMERS THE APPROVED**
6 **CONSERVATION COST RECOVERY FACTOR?**

7 A. Yes. The Commission established a June 5, 2007 effective date for the
8 Company's tariff modification, including the cost recovery factors. The
9 Company billed consumers the new conservation recovery factor in the
10 months of July and August and will bill the month of September on or
11 about October 1, 2007. The total conservation revenues received by the
12 Company to date are \$6,735.19.

13 **Q. PLEASE DESCRIBE THE CONSERVATION PROGRAM EXPENSES**
14 **INCURRED BY THE COMPANY TO DATE.**

15 A. The program expenses incurred to date are related entirely to the
16 development and filing of the programs before the Commission
17 (consultant and legal expenses) and minor expenses to adjust the
18 Company's billing system as described above. No program incentive
19 payments have been made to consumers.

20 **Q. IS THERE ANY REASON TO ANTICIPATE THAT PROJECTED 2008**
21 **CONSERVATION REVENUES OR EXPENSES WOULD**
22 **SIGNIFICANTLY AFFECT THE COMPANY'S RECENTLY APPROVED**
23 **RECOVERY FACTORS?**

1 A. No. In its May 25, 2007 conservation program petition, the Company
2 provided several schedules that calculated the conservation cost
3 recovery factors subsequently approved by the Commission. The
4 schedules assumed a seven month (June 2007-December 2007) period.
5 Much of the expense in the initial recovery period, as noted above, is
6 related to program development and filing costs. The Company has no
7 actual experience offering conservation programs in its market area, and
8 so has no historical basis for estimating participation levels or actual
9 expenses. There are no known projected material changes in the
10 Company's 2008 number of customers, therm usage levels or other
11 components used in calculating the recovery factors. If the Company
12 were to file projections for 2008, they would not be substantively different
13 from the projections used in its determining the existing recovery factors.

14 **Q. WHAT CONSERVATION COST RECOVERY FACTORS IS THE**
15 **COMPANY PROPOSING FOR THE ANNUAL PERIOD ENDING**
16 **DECEMBER 31, 2008?**

17 A. The Company proposes to continue the conservation factors approved
18 by the Commission, effective September 14, 2007, through the annual
19 period ending December 31, 2008. The Company would participate in
20 the 2008 Conservation Cost Recovery docket with the benefit of actual
21 expense and revenue history to guide the determination of its proposed
22 recovery factors for the 2009 annual period.

1 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

2 A. Yes.