

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **In Re: Conservation Cost Recovery True-Up**

3 **Direct Testimony of Melissa M. Powers**

4 **On Behalf of**

5 **Indiantown Gas Company, Inc.**

6 **Docket No. 080004-GU**

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8 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

9 A. My name is Melissa M. Powers. My business address is Indiantown
10 Gas Company, Inc., P.O. Box 8, Indiantown, FL 34956.

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

12 A. I am the Chief Financial Officer of Indiantown Gas Company, Inc. (the
13 "Company").

14 **Q. ARE YOU FAMILIAR WITH THE COMPANY'S APPROVED ENERGY
15 CONSERVATION PROGRAMS AND THE REVENUES AND COSTS
16 THAT ARE ASSOCIATED WITH THESE PROGRAMS?**

17 A. Yes.

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
19 DOCKET?**

20 A. The purpose of my testimony is to submit the recoverable energy
21 conservation program expenses incurred during the period January
22 2007 through December 2007, and to identify the final true-up amount
23 for that period.

CMP _____
COM 5 18
CTR 1 19
ECR 1 20
GCL 1 20
OPC _____ 21
RCA _____ 22
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COMMISSION NUMBER-DATE
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1 **Q. IS THIS THE COMPANY'S FIRST PARTICIPATION IN THE**
2 **COMMISSION'S ANNUAL ENERGY CONSERVATION TRUE-UP**
3 **PROCEEDING?**

4 A. Yes. The Company received authorization from the Commission in
5 Order No. PSC-07-0531-TRF-EG, issued June 26, 2007, to offer
6 energy conservation programs to its customers. The expenses
7 included in this true-up filing are for the initial development of the
8 programs, and the administrative and allowance expenses and
9 revenues associated with program implementation subsequent to
10 Commission approval. Given that the Company's programs were
11 initiated in mid-2007, there is no beginning true-up amount from a prior
12 annual period.

13 **Q. DID THE COMPANY PARTICIPATE IN THE ENERGY**
14 **CONSERVATION COST RECOVERY FACTOR PROCEEDINGS IN**
15 **DOCKET NO. 070004-EG?**

16 A. Yes. On September 14, 2007, the Company filed a petition and
17 testimony in Docket 070004-GU requesting that the Company's initial
18 cost recovery factors approved by the Commission on August 24, 2007
19 be continued through 2008. The Commission authorized the Company
20 to continue the application of its existing cost recovery factors through
21 2008 in Order No. PSC-07-0935-FOF-GU issued on November 26,
22 2007. No projected revenues or expenses from the 070004 Docket

1 have been included in this filing. The Company's true-up amount
2 reflects actual expenses and actual revenues in 2007.

3 **Q HAVE YOU PREPARED SUMMARIES OF THE COMPANY'S**
4 **CONSERVATION PROGRAMS AND THE COSTS ASSOCIATED**
5 **WITH THEM?**

6 A. Yes. Summaries of the four (4) approved programs for which the
7 Company incurred recoverable costs during the period January 2007
8 through December 2007 are included in Schedule CT-6 of Exhibit
9 MMP-1. The programs are: the Residential New Construction Program,
10 the Residential Appliance Replacement Program, the Residential
11 Appliance Retention Program, and the Conservation Education
12 Program.

13 **Q. HAVE YOU PREPARED SCHEDULES WHICH SHOW THE**
14 **EXPENDITURES ASSOCIATED WITH THE COMPANY'S ENERGY**
15 **CONSERVATION PROGRAMS FOR THE APPLICABLE PERIOD?**

16 A. Yes. I have prepared and filed with this testimony Exhibit MMP-1
17 consisting of Schedules CT-1, CT-2 and CT-3.

18 **Q. WHAT WAS THE TOTAL COST INCURRED BY THE COMPANY IN**
19 **CONNECTION WITH THE FOUR (4) PROGRAMS DURING THE**
20 **TWELVE MONTHS ENDING DECEMBER 2007?**

21 A. As shown in Exhibit MMP-1, Schedule CT-2, page 2, total program
22 costs were \$15,563.

1 Q. **WHAT IS THE COMPANY'S FINAL TRUE-UP FOR THE TWELVE**
2 **MONTHS ENDED DECEMBER 2007?**

3 A. An over recovery of \$1,633.

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

5 A. Yes, it does.

Docket No. 080004-GU

Exhibit _____ (MMP-1)

INDIANTOWN GAS COMPANY, INC.

CONSERVATION COST RECOVERY TRUE-UP

January 1, 2007 through December 31, 2007

CONTENTS

Schedule CT-1

(1 of 1)	Adjusted Net True-up	1
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Schedule CT-4

(1 of 1)	Schedule of Capital Investments, Depreciation and Return	8
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Schedule CT-5

(1 of 1)	Reconciliation and Explanation of Differences between Filing and PSC Audit Report for January 2007 through December 2007.	9
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Schedule CT-6 **Program Description and Progress**

(1 of 4)	Residential New Construction Program	10
(2 of 4)	Residential Appliance Replacement Program	11
(3 of 4)	Residential Appliance Retention Program	12
(4 of 4)	Conservation Education Program	13

DOCUMENT NUMBER - DATE

03629 MAY -18

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SCHEDULE CT-1

COMPANY: Indiantown Gas Company
Docket No. 080004-GU
Exhibit MMP-1
Page 1 of 13

ADJUSTED NET TRUE-UP
FOR MONTHS: JANUARY 2007 THROUGH DECEMBER 2007

END OF PERIOD NET TRUE-UP

PRINCIPLE	(1,862)	
INTEREST	<u>228</u>	(1,633)

LESS PROJECTED TRUE-UP

PRINCIPLE	0	
INTEREST	<u>0</u>	<u>0</u>

ADJUSTED NET TRUE-UP		<u>(1,633)</u>
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() REFLECTS OVER-RECOVERY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VERSUS ESTIMATED

JANUARY 2007 THROUGH DECEMBER 2007

	<u>ACTUAL</u>	<u>PROJECTED</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	2,930	0	2,930
MATERIALS & SUPPLIES	0	0	0
ADVERTISING	0	0	0
INCENTIVES	1,100	0	1,100
OUTSIDE SERVICES	11,534	0	11,534
VEHICLES	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
SUB-TOTAL	15,563	0	15,563
PROGRAM REVENUES	<u>(17,425)</u>	<u>0</u>	<u>(17,425)</u>
TOTAL PROGRAM COSTS	15,563	0	15,563
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(17,425)	0	(17,425)
ROUNDING ADJUSTMENT	<u>0</u>	<u>0</u>	<u>0</u>
TRUE-UP BEFORE INTEREST	(1,862)	0	(1,862)
INTEREST PROVISION	<u>228</u>	<u>0</u>	<u>228</u>
END OF PERIOD TRUE-UP	<u>(1,633)</u>	<u>0</u>	<u>(1,633)</u>

() REFLECTS OVER-RECOVERY

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM
FOR MONTHS: JANUARY 2007 THROUGH DECEMBER 2007

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: Residential New Construction Program	0	977	0	0	0	3,845	0	0	4,821
PROGRAM 2: Residential Appliance Replacement Program	0	977	0	0	0	3,845	0	0	4,821
PROGRAM 3: Residential Appliance Retention Program	0	977	0	0	1,100	3,845	0	0	5,921
PROGRAM 4: Conservation Education	0	0	0	0	0	0	0	0	0
PROGRAM 5:	0	0	0	0	0	0	0	0	0
PROGRAM 6:	0	0	0	0	0	0	0	0	0
PROGRAM 7:	0	0	0	0	0	0	0	0	0
PROGRAM 8:	0	0	0	0	0	0	0	0	0
PROGRAM 9:	0	0	0	0	0	0	0	0	0
PROGRAM 10:	0	0	0	0	0	0	0	0	0
PROGRAM 11:	0	0	0	0	0	0	0	0	0
PROGRAM 12:	0	0	0	0	0	0	0	0	0
PROGRAM 13:	0	0	0	0	0	0	0	0	0
PROGRAM 14:	0	0	0	0	0	0	0	0	0
PROGRAM 15:	0	0	0	0	0	0	0	0	0
PROGRAM 16:	0	0	0	0	0	0	0	0	0
PROGRAM 17:	0	0	0	0	0	0	0	0	0
PROGRAM 18:	0	0	0	0	0	0	0	0	0
PROGRAM 19:	0	0	0	0	0	0	0	0	0
PROGRAM 20:	0	0	0	0	0	0	0	0	0
TOTAL	0	2,930	0	0	1,100	11,534	0	0	15,563

CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED
FOR MONTHS: JANUARY 2007 THROUGH DECEMBER 2007

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: Residential New Construction Program	0	977	0	0	0	3,845	0	0	4,821
PROGRAM 2: Residential Appliance Replacement Program	0	977	0	0	0	3,845	0	0	4,821
PROGRAM 3: Residential Appliance Retention Program	0	977	0	0	1,100	3,845	0	0	5,921
PROGRAM 4: Conservation Education	0	0	0	0	0	0	0	0	0
PROGRAM 5: 0	0	0	0	0	0	0	0	0	0
PROGRAM 6: 0	0	0	0	0	0	0	0	0	0
PROGRAM 7: 0	0	0	0	0	0	0	0	0	0
PROGRAM 8: 0	0	0	0	0	0	0	0	0	0
PROGRAM 9: 0	0	0	0	0	0	0	0	0	0
PROGRAM 10: 0	0	0	0	0	0	0	0	0	0
PROGRAM 11: 0	0	0	0	0	0	0	0	0	0
PROGRAM 12: 0	0	0	0	0	0	0	0	0	0
PROGRAM 13: 0	0	0	0	0	0	0	0	0	0
PROGRAM 14: 0	0	0	0	0	0	0	0	0	0
PROGRAM 15: 0	0	0	0	0	0	0	0	0	0
PROGRAM 16: 0	0	0	0	0	0	0	0	0	0
PROGRAM 17: 0	0	0	0	0	0	0	0	0	0
PROGRAM 18: 0	0	0	0	0	0	0	0	0	0
PROGRAM 19: 0	0	0	0	0	0	0	0	0	0
PROGRAM 20: 0	0	0	0	0	0	0	0	0	0
TOTAL	0	2,930	0	0	1,100	11,534	0	0	15,563

() REFLECTS PROJECTED OVER ACTUAL EXPENSE ESTIMATES

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
SUMMARY OF EXPENSES BY PROGRAM BY MONTH
FOR MONTHS: JANUARY 2007 THROUGH DECEMBER 2007

EXPENSES:	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
PROGRAM 1: Residential New Construction Program	0	0	1,667	450	75	1,653	0	0	90	150	120	451	4,656
PROGRAM 2: Residential Appliance Replacement Program	0	0	1,667	450	75	1,653	15	150	90	150	120	451	4,821
PROGRAM 3: Residential Appliance Retention Program	0	0	1,667	450	75	1,653	215	450	290	250	120	751	5,921
PROGRAM 4: Conservation Education	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 5:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 6:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 7:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 8:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 9:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 10:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 11:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 12:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 13:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 14:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 15:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 16:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 17:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 18:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 19:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 20:	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	5,000	1,350	225	4,959	245	751	470	551	361	1,652	15,563
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	0	0	5,000	1,350	225	4,959	245	751	470	551	361	1,652	15,563

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2007 THROUGH DECEMBER 2007

CONSERVATION REVENUES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1. RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROGRAM REVS	0	0	0	0	0	0	0	0	0	0	0	0	0
3. CONSERV. ADJ REVS	0	0	0	0	0	(701)	(2,544)	(2,745)	(2,178)	(2,649)	(2,821)	(3,787)	(17,425)
4. TOTAL REVENUES	0	0	0	0	0	(701)	(2,544)	(2,745)	(2,178)	(2,649)	(2,821)	(3,787)	(17,425)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	0	0	0	0	0	(701)	(2,544)	(2,745)	(2,178)	(2,649)	(2,821)	(3,787)	(17,425)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	0	0	5,000	1,350	225	4,959	245	751	470	551	361	1,652	15,563
8. TRUE-UP THIS PERIOD	0	0	5,000	1,350	225	4,258	(2,299)	(1,994)	(1,707)	(2,099)	(2,460)	(2,135)	(1,862)
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	0	0	11	25	28	39	43	36	26	16	7	(2)	228
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	0	0	0	5,011	6,386	6,639	10,936	8,680	6,722	5,040	2,958	504	
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	0	0	0	0	0	0	0	0	0	0	0	0	0
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	0	0	5,011	6,386	6,639	10,936	8,680	6,722	5,040	2,958	504	(1,633)	(1,633)

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: JANUARY 2007 THROUGH DECEMBER 2007

INTEREST PROVISION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1. BEGINNING TRUE-UP	0	0	0	5,011	6,386	6,639	10,936	8,680	6,722	5,040	2,858	504	
2. ENDING TRUE-UP BEFORE INTEREST	0	0	5,000	6,361	6,611	10,897	8,637	6,686	5,014	2,942	497	(1,631)	
3. TOTAL BEGINNING & ENDING TRUE-UP	0	0	5,000	11,372	12,997	17,537	19,573	15,365	11,736	7,982	3,455	(1,127)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	0	0	2,500	5,686	6,498	8,768	9,786	7,683	5,868	3,991	1,728	(563)	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	5.27%	5.26%	5.26%	5.26%	5.26%	5.28%	5.24%	5.62%	5.62%	5.05%	4.75%	4.98%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	5.26%	5.26%	5.26%	5.26%	5.26%	5.28%	5.24%	5.62%	5.05%	4.72%	4.75%	4.98%	
7. TOTAL (SUM LINES 5 & 6)	10.53%	10.52%	10.52%	10.52%	10.52%	10.56%	10.48%	11.24%	10.67%	9.77%	9.50%	9.96%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	5.27%	5.26%	5.26%	5.26%	5.26%	5.28%	5.24%	5.62%	5.34%	4.89%	4.75%	4.98%	
9. MONTHLY AVG INTEREST RATE	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.47%	0.44%	0.41%	0.40%	0.42%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	0	0	11	25	28	39	43	36	26	16	7	(2)	228

Schedule CT-5

Indiantown Gas Company, Inc.

Reconciliation and Explanation of Differences between Filing and PSC Audit Report
for January 2007 through December 2007.

NO DIFFERENCES AS OF THE DATE OF THIS FILING

Schedule CT-6

Page 1 of 4

**Indiantown Gas Company, Inc.
Program Description and Progress**

Program Title:

Residential New Construction Program

Program Description:

This program is designed to increase the overall penetration of natural gas in the single family and multi-family residential construction markets of the Company's service territory by expanding consumer energy options in new homes. Incentives are offered to any homebuilder or developer who installs the below listed energy efficient appliances.

Allowances:

Conservation allowances for 2007 are:

- \$350 Gas Storage Tank Water Heating
- \$450 Gas Tankless Water Heating
- \$350 Gas Heating
- \$100 Gas Cooking
- \$100 Gas Clothes Drying

Program Projections:

For the twelve-month period January 2007 through December 2007, The Company estimated that 17 homes would be connected to the system. During this period, zero (0) new home allowances were paid, although several homes are currently under construction for completion in 2008.

Program Fiscal Expenditures:

During the twelve-month period, expenditures for this program totaled \$4,821 for associated start-up costs.

Program Progress Summary:

Since the program's inception in July 2007, zero (0) new homes allowances have been paid. Company representatives continue to work closely with area builders to promote the installation of natural gas appliances in new residences. The company is currently in negotiations for a 50-home Habitat for Humanity project, which is scheduled to bring 4 to 6 homes into service in 2008.

Schedule CT-6
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Indiantown Gas Company, Inc.
Program Description and Progress

Program Title:
Residential Appliance Replacement Program

Program Description:
This program is designed to encourage the replacement of inefficient non-natural gas residential appliances with energy efficient natural gas appliances. Incentives are offered for the replacement of non-gas water heating, heating, cooking, or clothes drying appliances through the purchase and/or lease of energy efficient natural gas appliances.

Allowances:
Conservation allowances for 2007 are:
 \$525 Gas Storage Tank Water Heating
 \$525 Gas Tankless Water Heating
 \$625 Gas Heating
 \$100 Gas Cooking
 \$100 Gas Clothes Drying

Program Projections:
For the twelve-month period January 2007 through December 2007, we estimated that 5 residences would qualify for incentives during this period. The Company recorded 0 residential appliance replacement program payments in 2007.

Program Fiscal Expenditures:
For this twelve-month period, IGC incurred program costs of \$4,821 for program initiation.

Program Summary:
Since inception, 0 residences have qualified for this program. The company plans to expand its informational campaign during 2008 for this program.

Schedule CT-6
Page 3 of 4

**Indiantown Gas Company, Inc.
Program Description and Progress**

Program Title:

Residential Appliance Retention Program

Program Description:

The Company offers this program to existing customers to promote the retention of energy-efficient appliances and encourage the continued use of natural gas in the home. As an incentive to continue to provide substantial benefits to the customer and utilize our resources effectively, this program offers cash allowances to the customer.

Allowances:

Conservation allowances are currently:

- \$350 Gas Storage Tank Water Heating
- \$450 Gas Tankless Water Heating
- \$350 Gas Heating
- \$100 Gas Cooking
- \$100 Gas Clothes Drying

Program Activity and Projections:

For the twelve-month period January 2007 through December 2007, we estimated that 7 natural gas appliances would qualify for this program. The Company recorded 11 residential appliance retention allowance payments in 2007.

Program Fiscal Expenditures:

For this twelve-month period, IGC incurred program costs of \$5,921. Of this amount, incentive payments were \$1,100.

Program Summary:

Since inception, 11 natural gas appliances have been retained through this program. The Company will continue to work closely with homeowners to promote the continued use of energy efficient natural gas.

Schedule CT-6

Page 4 of 4

**Indiantown Gas Company, Inc.
Program Description and Progress**

Program Title:

Conservation Education Program

Program Description:

The objective of this program is to inform consumers about the Company's energy conservation programs and provide general information on energy efficiency measures that will reduce energy consumption and cost.

Program Activity and Projections:

The Company initiated its conservation programs following Commission approval in June 2007. The Company committed to participation in the Get Gas Florida consumer education program (a statewide advertising and web based information service). The Company communicated with several homebuilders, appliance retailers and contractors in its service area to provide information on its programs. A large percentage (estimated at 75% of the Company's approximately 600 customers) visit its office location in Indiantown to pay monthly bills. The Company's office staff has personally described the programs and allowance amounts to these customers. In addition, signage in the office has provided program information. The company plans to expand the education program further in 2008.

Program Fiscal Expenditures:

Program costs totaled \$0 for this twelve-month period. However, invoices for some of these activities are still pending.