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October 6, 2009

**VIA Hand Delivery**

Ms. Ann Cole  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

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09 OCT -6 PM 4:39  
COMMISSION  
CLERK

**Re: Docket No. 090004-GU – Natural Gas Conservation Cost Recovery Clause**

Dear Ms. Cole:

Enclosed for filing in the above referenced Docket, please find the original and 15 copies of the Rebuttal Testimony of Carolyn Bermudez, along with Exhibit CB-3, filed on behalf of Florida City Gas.

Your assistance in this matter is greatly appreciated. If you have any questions, please do not hesitate to contact me.

Sincerely,

**Beth Keating**  
**AKERMAN SENTERFITT**  
106 East College Avenue, Suite 1200  
Tallahassee, FL 32302-1877  
Phone: (850) 224-9634  
Fax: (850) 222-0103

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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 REBUTTAL TESTIMONY OF CAROLYN BERMUDEZ

3 ON BEHALF OF

4 FLORIDA CITY GAS

5 DOCKET NO. 090004-GU

6 October 6, 2009

7

8 **Q. Please state your name, business address, by whom you are employed, and in what**  
9 **capacity.**

10

11 A. My name is Carolyn Bermudez and my business address is 955 East 25th Street, Hialeah,  
12 Florida 33013-3498. I am employed by Florida City Gas as Director Strategic Business  
13 and Financial Planning.

14

15 **Q. Are you familiar with the energy conservation programs of Florida City Gas?**

16

17 A. Yes, I am.

18

19 **Q. Are you familiar with the costs that have been incurred and are projected to be**  
20 **incurred by Florida City Gas in implementing its energy conservation programs?**

21

22 A. Yes, I am.

23 **Q. Have you previously filed testimony in this proceeding?**

DOCUMENT NUMBER-DATE

10323 OCT-6 8

FPSC-COMMISSION CLERK

1 Yes. I submitted Direct Testimony and Exhibit CB-1 on May 1,2009, regarding the true up  
2 for calendar year 2008, as well as Direct Testimony and Exhibit CB-2 on September 11,  
3 2009.

4  
5 **Q. What is the purpose of your rebuttal testimony submitted in this docket?**

6  
7 A. To respond to the direct testimony offered by staff member Kathy Welch on September  
8 23, 2009.

9  
10 **Q. Witness Welch has indicated that Florida City Gas's requested increase of \$240,532**  
11 **for 2008 included duplicate costs that were allowed in base rates in the Company's**  
12 **last rate case. Can you explain the rationale upon which the Company based its**  
13 **decision to include this amount in its initial filing?**

14 A. The \$240,532 included in the initial filing represents expenses associated with printing and  
15 design of billing inserts which includes ECCR information regarding rebates available to  
16 customers through the Energy Conservation Programs; as a result, the Company  
17 included costs for the printing, production, mailing, postage, and office supplies  
18 associated with these bill inserts for recovery through the ECCR Clause.

19  
20 **Q. Witness Welch also expressed concern that supplies included in the Office**  
21 **Supplies category were unrelated to conservation. How has the Company**  
22 **responded to this concern?**

23 A. The Company has reviewed every line item included in the office supplies category and  
24 removed all items unrelated to ECCR. As a result of this review, the Company discovered  
25 not all expenses associated with the processing of ECCR rebates were included in its

1 original analysis. The office supplies account does not include expenses for copier ink  
2 used for printing. These expenses are embedded in the monthly lease charges for the  
3 copiers. In addition to the office supplies expenses mentioned above, the Company  
4 should be allowed to recover a portion of the monthly lease expense. To determine the  
5 appropriate level of office supplies and monthly copier lease expense recoverable through  
6 ECCR, the Company calculated the percentage of employees charged to conservation  
7 compared to the total office employees using the copiers and supplies. Included is the  
8 revised office supplies calculation.

9  
10 **Q. Witness Welch further questioned the Company's revised Office Supplies category,**  
11 **indicating that it was unclear whether these expenses were included in base rates.**  
12 **Can you explain how the Company determined the costs in the Office Supplies**  
13 **category that should be assigned to the Conservation Clause?**

14 **A.** The audit report categorized office supplies into three categories: (1) office supplies that  
15 included items like acetylene, oxygen, water for office supplies and door hangers; (2)  
16 Office supplies which included some expenses incurred by the employees charged to  
17 conservation and (3) credit line item for the offset to supplies. The office supplies  
18 expenses included in the Company supplemental audit response dated September 3,  
19 2009 only included category (2) offices supplies which was the only line item identified  
20 during the audit that was applicable to ECCR.

21  
22 **Q. Has Witness Welch revised any of her initial audit findings?**

23 **A.** Yes. In her direct testimony, she now agrees that \$16,152 of the initially requested  
24 amount of \$240,532, which includes amounts associated with conservation-related bill  
25 inserts, should be allowed.

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**Q. Has Witness Welch acknowledged any further changes to the findings in her audit report?**

**A.** Yes. Based on the Company's responses to staff data requests, Witness Welch indicates in her testimony that she agrees that the new costs of processing and paying the incentive payments by check are incremental and should be allowed.

**Q. Did the Company offer a revised request for conservation costs for 2008 based upon Witness Welch's findings?**

**A.** Yes. Based upon Ms. Welch's findings, the Company revisited and revised its analysis of costs for 2008 in an effort to address the concerns identified. As a result, the Company revised its request for incremental conservation costs for 2008 from \$240,532 to \$109,468, as set forth in my direct testimony filed on September 11, 2009. The revised amount reflects the Company's removal of the \$240,532 questioned by Witness Welch and inclusion of \$109,468 associated with manually processing rebate checks.

**Q. Does Witness Welch agree that the entire \$109,468 that should be recovered through the Clause?**

**A.** No. While Witness Welch agrees that the \$821 associated with postage to mail the incentives should be allowed as an incremental cost, as well as the \$16,152 associated with printing the bill inserts, she has questioned \$72,491 in costs associated with the labor required to process the checks, as well as the \$20,003 in the Office Supplies category.

**Q. Do you agree that the \$72,491 for labor associated with processing the checks should be disallowed?**

**A.** No.

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**Q. Please explain why these costs should be allowed?**

**A.** The Florida City Gas billing system, which was used to apply ECP rebates directly to customer's billing accounts as credits to the jobbing and merchandising business was eliminated after the acquisition by AGL Resources as the Company exited the merchandising function. The new billing system does not have the functionality to apply rebate credits to customer accounts. As a result, all rebate incentive payments are currently paid by check. The current rebate payment method is a manual process which requires that, for each rebate issued, all documentation be reviewed and verified, the customer account status checked, a check-request be completed and submitted, the payment be approved for processing, each payment recipient be set up as a new vendor in our accounts payable system, a voucher request issued, reviewed and approved, a check printed and finally mailed.

Staff Witness Welch agrees on page 4 lines 18 through 20 of her testimony that the new costs of processing and paying the incentive payments by check are incremental and should be allowed. However, Staff has concerns regarding the cost per check and the Company's documentation for the costs. The Company has provided an analysis to Staff detailing the time and labor costs to process the rebate checks and believes that the total cost of \$72,491 is reasonable for recovery.

**Q. Has the Company considered other alternatives for processing rebates?**

**A.** Yes. The Company is exploring other options to streamline the process and lower costs, such as the use of an outside vendor to perform this function.

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**Q. With regard to Witness Welch's assessment of the costs included in the Office Supplies category, do you agree that these costs were not properly allocated to conservation?**

**A.** No.

**Q. Please explain how the Company determined that the \$20,003 in office supplies was a proper allocation for recovery through the Conservation Clause.**

**A.** The Company processed 1,955 rebate payments in 2008 which includes printing account information, making photo copies of proof of appliance purchases and the printing of check requests for all approved rebate payments. Since all office supplies are recorded in one account, an allocation factor was applied to total office supplies account to determine the portion applicable to ECCR.

**Q. Witness Welch also indicates concern that the beginning true-up amount of \$954,338 used by the Company in its September 2009 filing does not match with removal of the \$240,532 in costs the Company originally requested and substitution of the revised amount of \$109,468, which would amount to \$971,074. Can you explain why the beginning true up amount for 2009 differs from the \$971,074 Witness Welch suggests is appropriate?**

**A.** The beginning true up amount of \$954,338 for 2009 differs from the \$971,074 Witness Welch calculated because in addition to the \$240,532 which covered the period January 2008 through November 2008, the Company also removed \$14,973 in similar expenses

1 that was recorded in December 2008 and the correlating interest. See attached Pro  
2 Forma Revised 2008 ECP True up Schedule CT-3, Page 4 of 5.

3  
4  
5 **Q. During the annual ECP Audit of 2008 expenses, the FPSC Auditors found that ECP**  
6 **expenses should be reduced by \$240,531.87. What adjustments should be made to**  
7 **Florida City Gas' conservation expenses for the period January 2008 through**  
8 **December 2008?**

9  
10 A. The Company will reduce the 2008 ECP expenses by \$240,531.87 and include \$109,468  
11 in incremental ECCR expenses for the period January 2008 through December 2008; this  
12 amount includes the cost to process ECCR incentive rebate checks, postage to mail  
13 rebate checks, office supply expenses for processing rebate checks, and bill inserts  
14 production and printing expenses.

15  
16 **Q. If the Company is allowed recovery of the \$109,468, what will be the 2008 end of**  
17 **year true up for ECCR?**

18  
19 A. If the Company is allowed recovery of the \$109,468, the 2008 end of year true up for  
20 ECCR would be \$954,338 (See Pro Forma Revised 2008 ECP True up Schedules  
21 attached as Exhibit No. CB-3).

22 **Q. Does this conclude your testimony?**

23  
24 A. Yes, it does.

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ADJUSTED NET TRUE UP  
JANUARY 2008 THROUGH DECEMBER 2008

END OF PERIOD NET TRUE-UP

PRINCIPLE	947,249	
INTEREST	7,089	954,338

LESS PROJECTED TRUE-UP

PRINCIPLE	904,867	
INTEREST	8,217	913,084

ADJUSTED NET TRUE-UP		41,254
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( ) REFLECTS OVER-RECOVERY

DOCUMENT NUMBER-DATE

10323 OCT-6 8

FPSC-COMMISSION CLERK

REVISED

**ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS  
ACTUAL VERSUS ESTIMATED  
JANUARY 2008 THROUGH DECEMBER 2008**

	<u>ACTUAL</u>	<u>PROJECTED ***</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	-		-
PAYROLL & BENEFITS	675,026	680,053	(5,027)
MATERIALS & SUPPLIES	-	-	-
ADVERTISING	689,237	729,238	(40,001)
INCENTIVES	998,531	925,596	72,935
OUTSIDE SERVICES	-	33,984	(33,984)
VEHICLES	59,197	61,063	(1,866)
OTHER	<u>256,659</u>	<u>1,074</u>	<u>255,585</u>
SUB-TOTAL	2,678,650	2,431,008	247,642
PROGRAM REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL PROGRAM COSTS	2,678,650	2,431,008	247,642
LESS:			
2008 Audit Adjustment	(255,505)	-	(255,505)
2008 Incremental Expenses	109,468	-	109,468
CONSERVATION ADJUSTMENT REVENUES	(1,585,364)	(1,526,141)	(59,223)
ROUNDING ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>
TRUE-UP BEFORE INTEREST	947,249	904,867	42,382
INTEREST PROVISION	7,089	8,217	(1,128)
END OF PERIOD TRUE-UP	<u>954,338</u>	<u>913,084</u>	<u>41,254</u>

( ) REFLECTS OVER-RECOVERY

\*\*\* Seven months actual and four months projected (Jan-Dec'2008)

REVISED

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM  
JANUARY 2008 THROUGH DECEMBER 2008

PROGRAM NAME	CAPITAL	PAYROLL & MATERIALS				OUTSIDE			TOTAL
	INVESTMENT	BENEFITS & SUPPLIES	ADVERTISING	INCENTIVES	SERVICES	VEHICLE	OTHER		
PROGRAM 1: SINGLE FAMILY HOME BUILDER	-	125,355	-	-	111,180	-	8,031	-	244,566
PROGRAM 2: MULTI FAMILY HOME BUILDER	-	-	-	-	-	-	-	-	-
PROGRAM 3: ELECTRIC REPLACEMENT	-	145,736	-	655,007	85,729	-	11,867	-	898,339
PROGRAM 4: DEALER PROGRAM	-	-	-	-	-	-	-	-	-
PROGRAM 5: SCHOOLS PROGRAM	-	-	-	-	-	-	-	-	-
PROGRAM 6: PROPANE CONVERSION	-	-	-	-	425	-	-	-	425
PROGRAM 7: WATER HEATER RETENTION	-	70,875	-	-	740,840	-	-	-	811,715
PROGRAM 8: RESIDENTIAL CUT AND CAP	-	6,138	-	-	800	-	-	-	6,938
PROGRAM 9: COMM/IND CONVERSION	-	252,341	-	-	59,557	-	33,338	-	345,236
PROGRAM 10: ALTERNATIVE TECHNOLOGY	-	36,133	-	-	-	-	2,586	-	38,719
COMMON COSTS	-	38,448	-	34,230	-	-	3,375	256,659	332,712
TOTAL TOTAL OF ALL PROGRAMS	-	675,026	-	689,237	998,531	-	59,197	256,659	2,678,650
LESS: 2008 Audit Adjustments	-	-	-	-	-	-	-	(255,505)	(255,505)
PLUS: 2008 Incremental Expenses	-	-	20,003	16,152	73,313	-	-	-	109,468
RECOVERABLE CONSERVATION EXPENSES	-	675,026	20,003	705,389	1,071,844	-	59,197	1,154	2,532,613

**REVISED**

CITY GAS COMPANY OF FLORIDA

PROJECTED CONSERVATION COSTS PER PROGRAM  
JANUARY 2008 THROUGH DECEMBER 2008  
SEVEN MONTHS ACTUAL AND FOUR MONTHS ESTIMATED

PROGRAM NAME	CAPITAL		PAYROLL & MATERIALS			OUTSIDE			TOTAL
	INVESTMENT	BENEFITS	& SUPPLIES	ADVERTISING	INCENTIVES	SERVICES	VEHICLE	OTHER	
PROGRAM 1: SINGLE FAMILY HOME BUILDE	-	111,477	-	-	182,476	-	8,225	-	302,178
PROGRAM 2: MULTI FAMILY HOME BUILDER	-	-	-	-	-	-	-	-	-
PROGRAM 3: ELECTRIC REPLACEMENT	-	131,485	-	708,518	84,336	33,984	12,992	-	971,315
PROGRAM 4: DEALER PROGRAM	-	-	-	-	-	-	-	-	-
PROGRAM 5: SCHOOLS PROGRAM	-	-	-	-	-	-	-	-	-
PROGRAM 6: PROPANE CONVERSION	-	-	-	-	1,270	-	-	-	1,270
PROGRAM 7: WATER HEATER RETENTION	-	77,772	-	-	604,735	-	-	-	682,507
PROGRAM 8: RESIDENTIAL CUT AND CAP	-	-	-	-	400	-	-	-	400
PROGRAM 9: COMM/IND CONVERSION	-	277,747	-	-	52,379	-	33,559	-	363,685
PROGRAM 10: ALTERNATIVE TECHNOLOGY	-	33,185	-	-	-	-	2,792	-	35,977
COMMON COSTS	-	48,387	-	20,720	-	-	3,495	1,074	73,676
TOTAL TOTAL OF ALL PROGRAMS	-	680,053	-	729,238	925,596	33,984	61,063	1,074	2,431,008
LESS: 2008 Audit Adjustments	-	-	-	-	-	-	-	-	-
PLUS: 2008 Incremental Expenses	-	-	-	-	-	-	-	-	-
RECOVERABLE CONSERVATION EXPENSES	-	680,053	-	729,238	925,596	33,984	61,063	1,074	2,431,008

REVISED

CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED  
JANUARY 2008 THROUGH DECEMBER 2008

PROGRAM NAME	CAPITAL	PAYROLL & MATERIALS	OUTSIDE				TOTAL		
	INVESTMENT	BENEFITS	& SUPPLIES	ADVERTISING	INCENTIVES	SERVICES		VEHICLE	OTHER
PROGRAM 1: SINGLE FAMILY HOME BUILDER	-	13,878	-	-	(71,296)	-	(194)	-	(57,612)
PROGRAM 2: MULTI FAMILY HOME BUILDER	-	-	-	-	-	-	-	-	-
PROGRAM 3: ELECTRIC REPLACEMENT	-	14,251	-	(53,511)	1,393	(33,984)	(1,125)	-	(72,976)
PROGRAM 4: DEALER PROGRAM	-	-	-	-	-	-	-	-	-
PROGRAM 5: SCHOOLS PROGRAM	-	-	-	-	-	-	-	-	-
PROGRAM 6: PROPANE CONVERSION	-	-	-	-	(845)	-	-	-	(845)
PROGRAM 7: WATER HEATER RETENTION	-	(6,897)	-	-	136,105	-	-	-	129,208
PROGRAM 8: RESIDENTIAL CUT AND CAP	-	6,138	-	-	400	-	-	-	6,538
PROGRAM 9: COMM/IND CONVERSION	-	(25,406)	-	-	7,178	-	(221)	-	(18,449)
PROGRAM 10: ALTERNATIVE TECHNOLOGY	-	2,948	-	-	-	-	(206)	-	2,742
COMMON COSTS	-	(9,939)	-	13,510	-	-	(120)	255,585	259,036
TOTAL TOTAL OF ALL PROGRAMS	-	(5,027)	-	(40,001)	72,935	(33,984)	(1,866)	255,585	247,642
LESS: 2008 Audit Adjustments	-	-	-	-	-	-	-	(255,505)	(255,505)
PLUS: 2008 Incremental Expenses	-	-	20,003	16,152	73,313	-	-	-	109,468
RECOVERABLE CONSERVATION EXPENSES	-	(5,027)	20,003	(23,849)	146,248	(33,984)	(1,866)	80	101,605

( ) REFLECTS PROJECTED OVER ACTUAL EXPENSE ESTIMATES

REVISED

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
SUMMARY OF EXPENSES BY MONTH  
JANUARY 2008 THROUGH DECEMBER 2008

EXPENSES:	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Total
PROGRAM 1:	22,044	14,992	10,981	16,211	31,433	18,509	28,457	13,534	17,807	14,917	23,369	32,312	244,566
PROGRAM 2:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 3:	53,480	125,579	75,912	115,819	48,744	104,426	179,397	(10,450)	50,709	54,553	56,578	43,592	898,339
PROGRAM 4:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 5:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 6:	425	-	-	-	-	-	-	-	-	-	-	-	425
PROGRAM 7:	41,100	75,145	42,977	69,892	54,939	55,219	132,744	75,259	81,768	70,381	58,924	53,367	811,715
PROGRAM 8:	-	200	-	-	-	-	200	-	-	1,258	-	5,280	6,938
PROGRAM 9:	20,899	23,194	32,078	25,076	33,954	40,347	26,140	25,239	29,937	27,638	31,681	29,053	345,236
PROGRAM 10:	1,759	1,427	2,356	1,910	1,763	2,046	2,198	1,140	6,657	7,036	5,781	4,646	38,719
COMMON COSTS	2,568	1,780	5,667	3,609	4,859	3,339	3,879	3,591	3,718	38,587	243,806	17,309	332,712
TOTAL	142,275	242,317	169,971	232,517	175,692	223,886	373,015	108,313	190,596	214,370	420,139	185,559	2,678,650
LESS: 2008 Audit Adjustments	(21,866)	(21,866)	(21,866)	(21,866)	(21,866)	(21,867)	(21,867)	(21,867)	(21,867)	(21,867)	(21,867)	(14,973)	(255,505)
PLUS: 2008 Incremental Expenses	9,122	9,122	9,122	9,122	9,122	9,122	9,122	9,122	9,123	9,123	9,123	9,123	109,468
RECOVERABLE CONSERVATION EXPENSES	129,531	229,573	157,227	219,773	162,948	211,141	360,270	95,568	177,852	201,626	407,395	179,709	2,532,613

**REVISED**

PRO FORMA SCHEDULE CT-2  
PROJECTED CONSERVATION COSTS PER MONTH  
JANUARY 2008 THROUGH DECEMBER 2008  
SEVEN MONTHS ACTUAL AND FOUR MONTHS ESTIMATED

EXPENSES:

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Total
PROGRAM 1:	22,044	14,992	10,981	16,211	31,433	18,509	28,457	31,421	31,498	32,367	32,176	32,088	302,177
PROGRAM 2:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 3:	53,480	125,579	75,912	115,819	48,744	104,426	179,398	52,862	52,821	55,378	53,551	53,346	971,316
PROGRAM 4:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 5:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 6:	425	-	-	-	-	-	-	167	168	169	170	171	1,270
PROGRAM 7:	41,100	75,145	42,977	69,892	54,939	55,219	132,744	41,588	41,841	42,096	42,353	42,612	682,506
PROGRAM 8:	-	200	-	-	-	-	200	-	-	-	-	-	400
PROGRAM 9:	20,899	23,193	32,078	25,076	33,954	40,347	26,140	29,195	36,522	29,895	37,607	28,779	363,685
PROGRAM 10:	1,759	1,427	2,356	1,910	1,763	2,046	2,198	4,510	4,459	4,479	4,577	4,493	35,977
COMMON COSTS	<u>2,568</u>	<u>1,780</u>	<u>5,667</u>	<u>3,609</u>	<u>4,859</u>	<u>3,339</u>	<u>3,879</u>	<u>9,366</u>	<u>9,375</u>	<u>10,062</u>	<u>9,611</u>	<u>9,562</u>	<u>73,677</u>
TOTAL	<u>142,275</u>	<u>242,316</u>	<u>169,971</u>	<u>232,517</u>	<u>175,692</u>	<u>223,886</u>	<u>373,016</u>	<u>169,109</u>	<u>176,684</u>	<u>174,446</u>	<u>180,045</u>	<u>171,051</u>	<u>2,431,008</u>
LESS: 2008 Audit Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
PLUS: 2008 Incremental Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
RECOVERABLE CONSERVATION EXPENSES	<u>142,275</u>	<u>242,316</u>	<u>169,971</u>	<u>232,517</u>	<u>175,692</u>	<u>223,886</u>	<u>373,016</u>	<u>169,109</u>	<u>176,684</u>	<u>174,446</u>	<u>180,045</u>	<u>171,051</u>	<u>2,431,008</u>

**REVISED**

PRO FORMA SCHEDULE CT-2

SUMMARY OF EXPENSES BY PROGRAM  
VARIANCE ACTUAL VERSUS PROJECTED  
JANUARY 2008 THROUGH DECEMBER 2008

EXPENSES:	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Total
PROGRAM 1:	-	-	-	-	-	-	-	(17,887)	(13,691)	(17,450)	(8,807)	224	(57,611)
PROGRAM 2:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 3:	-	-	-	-	-	-	(1)	(63,312)	(2,112)	(825)	3,027	(9,754)	(72,977)
PROGRAM 4:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 5:	-	-	-	-	-	-	-	-	-	-	-	-	-
PROGRAM 6:	-	-	-	-	-	-	-	(167)	(168)	(169)	(170)	(171)	(845)
PROGRAM 7:	-	-	-	-	-	-	-	33,671	39,927	28,285	16,571	10,755	129,209
PROGRAM 8:	-	-	-	-	-	-	-	-	-	1,258	-	5,280	6,538
PROGRAM 9:	-	1	-	-	-	-	-	(3,956)	(6,585)	(2,257)	(5,926)	274	(18,449)
PROGRAM 10:	-	-	-	-	-	-	-	(3,370)	2,198	2,557	1,204	153	2,742
COMMON COSTS	-	-	-	-	-	-	-	(5,775)	(5,657)	28,525	234,195	7,747	259,035
TOTAL	-	1	-	-	-	-	(1)	(60,796)	13,912	39,924	240,094	14,508	247,642
LESS: 2008 Audit													
Adjustments	(21,866)	(21,866)	(21,866)	(21,866)	(21,866)	(21,867)	(21,867)	(21,867)	(21,867)	(21,867)	(21,867)	(14,973)	(255,505)
PLUS: 2008 Incremental													
Expenses	<u>9,122</u>	<u>9,123</u>	<u>9,123</u>	<u>9,123</u>	<u>9,123</u>	<u>109,468</u>							
RECOVERABLE													
CONSERVATION													
EXPENSES	<u>(12,744)</u>	<u>(12,743)</u>	<u>(12,744)</u>	<u>(12,744)</u>	<u>(12,744)</u>	<u>(12,745)</u>	<u>(12,746)</u>	<u>(73,541)</u>	<u>1,168</u>	<u>27,180</u>	<u>227,350</u>	<u>8,658</u>	<u>101,605</u>

REVISED

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
JANUARY 2008 THROUGH DECEMBER 2008

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Total
1 RCS AUDIT FEES	-	-	-	-	-	-	-	-	-	-	-	-	-
2 OTHER PROGRAM REVS	-	-	-	-	-	-	-	-	-	-	-	-	-
3 CONSERV. ADJ REVS	(145,334)	(140,700)	(136,555)	(129,671)	(115,100)	(106,568)	(102,569)	(95,892)	(107,659)	(103,963)	(127,436)	(147,575)	(1,459,022)
4 TOTAL REVENUES	(145,334)	(140,700)	(136,555)	(129,671)	(115,100)	(106,568)	(102,569)	(95,892)	(107,659)	(103,963)	(127,436)	(147,575)	(1,459,022)
5 PRIOR PERIOD TRUE UP NOT APPLICABLE TO THIS PERIOD	(10,529)	(10,529)	(10,529)	(10,529)	(10,529)	(10,529)	(10,529)	(10,529)	(10,529)	(10,528)	(10,527)	(10,526)	(126,342)
6 CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(155,863)	(151,229)	(147,084)	(140,200)	(125,629)	(117,097)	(113,098)	(106,421)	(118,186)	(114,491)	(137,963)	(158,101)	(1,585,364)
7 CONSERVATION EXPENSES (FROM CT-3, PAGE 1)	129,531	229,573	157,227	219,773	162,948	211,141	360,270	95,568	177,852	201,626	407,395	179,709	2,532,613
8 TRUE-UP THIS PERIOD	(26,332)	78,344	10,143	79,573	37,319	94,044	247,172	(10,853)	59,664	87,135	269,432	21,608	947,249
9 INTEREST PROVISION THIS PERIOD (FROM CT-3 PAGE 3)	(451)	(252)	(104)	27	177	319	690	953	1,553	1,940	1,443	795	7,089
10 TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(126,342)	(142,596)	(53,975)	(33,407)	56,721	104,746	209,639	468,029	468,659	540,405	640,007	921,409	
11 PRIOR PERIOD TRUE UP													
COLLECTED/(REFUNDED)	10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,528	10,527	10,526	
12 TOTAL NET TRUE UP (SUM LINES 8+9+10+11)	(142,596)	(53,975)	(33,407)	56,721	104,746	209,639	468,029	468,659	540,405	640,007	921,409	954,338	954,338

REVISED

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
JANUARY 2008 THROUGH DECEMBER 2008

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Total
1. INTEREST PROVISION BEGINNING TRUE-UP	(126,342)	(142,596)	(53,975)	(33,407)	56,721	104,746	209,639	468,029	468,659	540,405	640,007	921,409	
2. ENDING TRUE-UP BEFORE INTEREST	(142,145)	(53,723)	(33,303)	56,695	104,569	209,319	467,340	467,705	538,852	638,068	919,966	953,543	
3. TOTAL BEGINNING & ENDING TRUE-UP	(268,487)	(196,319)	(87,278)	23,288	161,291	314,066	676,978	935,735	1,007,510	1,178,473	1,559,974	1,874,953	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(134,244)	(98,159)	(43,639)	11,644	80,645	157,033	338,489	467,867	503,755	589,236	779,987	937,476	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	4.980%	3.080%	3.090%	2.630%	2.840%	2.430%	2.450%	2.440%	2.450%	4.950%	2.950%	1.490%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	3.080%	3.090%	2.630%	2.840%	2.430%	2.450%	2.440%	2.450%	4.950%	2.950%	1.490%	0.540%	
7. TOTAL (SUM LINES 5 & 6)	8.060%	6.170%	5.720%	5.470%	5.270%	4.880%	4.890%	4.890%	7.400%	7.900%	4.440%	2.030%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	4.030%	3.085%	2.860%	2.735%	2.635%	2.440%	2.445%	2.445%	3.700%	3.950%	2.220%	1.015%	
9. MONTHLY AVG INTEREST RATE	0.336%	0.257%	0.238%	0.228%	0.220%	0.203%	0.204%	0.204%	0.308%	0.329%	0.185%	0.085%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	(451)	(252)	(104)	27	177	319	690	953	1,553	1,940	1,443	795	7,089
10. a. INT. ADJ													

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the Prepared Rebuttal Testimony and Exhibits of Carolyn Bermudez has been furnished by U.S. Mail to the following parties of record this 6<sup>th</sup> day of October, 2009:

Florida Public Utilities Company Marc Seagrave P.O. Box 3395 West Palm Beach, FL 33402-3395	MacFarlane Ferguson Law Firm Ansley Watson, Jr. P.O. Box 1531 Tampa, FL 33601-1531
Messer Law Firm Norman H. Horton, Jr. P.O. Box 15579 Tallahassee, FL 32317	Office of Public Counsel J.R. Kelly/Patricia Christensen c/o The Florida Legislature 111 West Madison Street Room 812 Tallahassee, FL 32399-1400
Peoples Gas System Paula Brown P.O. Box 111 Tampa, FL 33601-0111	St. Joe Natural Gas Company, Inc. Mr. Stuart L. Shoaf P.O. Box 549 Port St. Joe, FL 32457-0549
TECO Energy, Inc. Matthew Costa P.O. Box 111 Tampa, FL 33601-0111	AGL Resources Inc. Elizabeth Wade/David Weaver Ten Peachtree Place Location 1470 Atlanta, GA 30309
Florida City Gas Melvin Williams 955 East 25 <sup>th</sup> Street Hialeah, FL 33013-3498	Katherine Fleming Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399

Florida Division of Chesapeake Utilities Corporation Thomas A. Geoffroy P.O. Box 960 Winter Haven, FL 33882-0960	Indiantown Gas Company Brian J. Powers P.O. Box 8 Indiantown, FL 34956-0008
Sebring Gas System, Inc. Jerry H. Melendy, Jr. 3515 U.S. Highway 27 South Sebring, FL 33870	Robert Scheffel Wright/ John T. LaVia 225 South Adams Street, Suit 200 Tallahassee, FL 32301

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