

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DIRECT TESTIMONY**

3 **OF MELISSA M. POWERS**

4 **ON BEHALF OF INDIANTOWN GAS COMPANY, INC**

5 **DOCKET NO. 100004-GU**

6 **May 2010**

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

9 A. My name is Melissa M. Powers. My business address is Indiantown Gas
10 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 (IGC or the
13 Company).

14 **Q. WHAT ARE YOUR CURRENT DUTIES AS THE COMPANY'S CFO?**

15 A. I oversee all of the Company's accounting, customer billing and regulatory
16 reporting functions. I am also responsible for administering the Company's
17 energy conservation programs. In that capacity, I am familiar with each program
18 and the costs and revenues associated with their administration.

19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

20 A. My testimony presents data and summaries that describe the planned and
21 actual activities and expenses for the Company's energy conservation

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1 programs incurred during the period January 2009 through December 2009.
2 My testimony also presents the final conservation true-up amount for the above
3 referenced period.

4 **Q. HAVE YOU PREPARED A SUMMARY OF THE COMPANY'S**
5 **CONSERVATION PROGRAMS AND THE COSTS ASSOCIATED WITH**
6 **THESE PROGRAMS?**

7 A. Yes. Summaries of IGC's four approved programs for which costs were
8 incurred during the period January 2009 through December 2009 are included
9 in Schedule CT-6 of Exhibit ____ (MMP-1). Included are the Residential New
10 Construction Program, the Residential Appliance Replacement Program, the
11 Residential Appliance Retention Program, and the Conservation Education
12 Program.

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

16 A. Yes. Exhibit ____ (MMP-1) includes schedules CT-1, CT-2 and CT-3, which
17 detail the Company's actual conservation-related expenditures for the period,
18 along with a comparison of actual program costs and true-up to projected
19 program costs and true-up for the period.

20 **Q. WHAT WAS THE TOTAL COST INCURRED BY THE COMPANY TO**
21 **ADMINISTER ITS FOUR ENERGY CONSERVATION PROGRAMS FOR THE**
22 **TEWLVE MONTH PERIOD ENDING DECEMBER 2009?**

1 A. As indicated on Schedule CT-2, page 2, of Exhibit ____ (MMP-1), the
2 Company's total 2009 program costs were \$21,682.

3 **Q. HAVE YOU PREPARED A SCHEDULE THAT SHOWS THE VARIANCE OF**
4 **ACTUAL FROM PROJECTED COSTS BY CATEGORIES OF EXPENSES?**

5 A. Yes. Schedule CT-2, page 3, of Exhibit ____ (MMP-1), displays these
6 variances.

7 **Q. WHAT IS THE COMPANY'S FINAL TRUE-UP FOR THE TWELVE MONTHS**
8 **ENDING DECEMBER 2009?**

9 A. The final true-up amount as shown on Schedule CT-1 of Exhibit ____ (MMP-1),
10 is an over-recovery of \$27,707.

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

12 A. Yes.

Docket No. 100004-GU

Exhibit _____ (MMP-1)

INDIANTOWN GAS COMPANY, INC.

CONSERVATION COST RECOVERY TRUE-UP

January 1, 2009 through December 31, 2009

CONTENTS

Schedule CT-1

(1 of 1) Adjusted Net True-up for January 2009 through December 2009

Schedule CT-2

(1 of 3) Analysis of Energy Conservation Program Costs Actual vs. Estimated

(2 of 3) Actual Conservation Program Costs per Program

(3 of 3) Conservation Costs per Program- Variance Actual vs. Projected

Schedule CT-3

(1 of 3) Energy Conservation Adjustment Calculation of True-Up and Interest Provision- Summary of Expenses by Program by Month

(2 of 3) Energy Conservation Adjustment Calculation of True-Up and Interest Provision

(3 of 3) Calculation of True-Up and Interest Provision

Schedule CT-4

(1 of 1) Schedule of Capital Investments, Depreciation and Return

Schedule CT-5

(1 of 1) Reconciliation and Explanation of Differences between Filing and PSC Audit Report for January 2009 through December 2009.

Schedule CT-6 Program Description and Progress

(1 of 4) Residential New Construction Program

(2 of 4) Residential Appliance Replacement Program

(3 of 4) Residential Appliance Retention Program

(4 of 4) Conservation Education Program

SCHEDULE CT-1

COMPANY: Indiantown Gas Company
Docket No. 100004-GU
Exhibit MMP-1
Page 1 of 13

ADJUSTED NET TRUE-UP
FOR MONTHS: JANUARY 2009 THROUGH DECEMBER 2009

END OF PERIOD NET TRUE-UP

PRINCIPLE	(19,930)	
INTEREST	<u>(118)</u>	(20,049)

LESS PROJECTED TRUE-UP

PRINCIPLE	(47,637)	
INTEREST	<u>(119)</u>	<u>(47,756)</u>

ADJUSTED NET TRUE-UP		<u>27,707</u>
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() REFLECTS OVER-RECOVERY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VERSUS ESTIMATED

JANUARY 2009 THROUGH DECEMBER 2009

	<u>ACTUAL</u>	<u>PROJECTED</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	3,606	3,603	3
MATERIALS & SUPPLIES	0	63	(63)
ADVERTISING	4,800	6,800	(2,000)
INCENTIVES	5,750	5,150	600
OUTSIDE SERVICES	7,464	5,550	1,914
VEHICLES	0	0	0
OTHER	<u>63</u>	<u>0</u>	<u>63</u>
SUB-TOTAL	21,682	21,166	516
PROGRAM REVENUES	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PROGRAM COSTS	21,682	21,166	516
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(41,613)	(26,471)	(15,142)
ROUNDING ADJUSTMENT	<u>0</u>	<u>0</u>	<u>0</u>
TRUE-UP BEFORE INTEREST	(19,930)	(47,637)	27,707
INTEREST PROVISION	<u>(118)</u>	<u>(119)</u>	<u>1</u>
END OF PERIOD TRUE-UP	<u>(20,049)</u>	<u>(47,756)</u>	<u>27,707</u>

() REFLECTS OVER-RECOVERY

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM
FOR MONTHS: JANUARY 2009 THROUGH DECEMBER 2009

PROGRAM NAME	<u>CAPITAL INVESTMENT</u>	<u>PAYROLL & BENEFITS</u>	<u>MATERIALS & SUPPLIES</u>	<u>ADVERTISING</u>	<u>INCENTIVES</u>	<u>OUTSIDE SERVICES</u>	<u>VEHICLE</u>	<u>OTHER</u>	<u>TOTAL</u>
PROGRAM 1: Residential New Construction Program	0	1,202	0	0	0	2,488	0	0	3,690
PROGRAM 2: Residential Appliance Replacement Program	0	1,202	0	0	550	2,488	0	63	4,302
PROGRAM 3: Residential Appliance Retention Program	0	1,202	0	0	5,200	2,488	0	0	8,890
PROGRAM 4: Conservation Education	0	0	0	4,800	0	0	0	0	4,800
TOTAL	<u>0</u>	<u>3,606</u>	<u>0</u>	<u>4,800</u>	<u>5,750</u>	<u>7,464</u>	<u>0</u>	<u>63</u>	<u>21,682</u>

CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED
FOR MONTHS: JANUARY 2009 THROUGH DECEMBER 2009

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: Residential New Construction Program	0	1	0	0	0	638	0	0	639
PROGRAM 2: Residential Appliance Replacement Program	0	1	0	0	100	638	0	63	801
PROGRAM 3: Residential Appliance Retention Program	0	1	(63)	0	500	638	0	0	1,076
PROGRAM 4: Conservation Education	0	0	0	(2,000)	0	0	0	0	(2,000)
TOTAL	0	3	(63)	(2,000)	600	1,914	0	63	516

() 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 2009 THROUGH DECEMBER 2009

EXPENSES:	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
PROGRAM 1: Residential New Construction Program	131	1,075	90	130	575	60	0	0	704	357	90	347	3,561
PROGRAM 2: Residential Appliance Replacement Program	131	1,075	90	580	575	60	75	75	804	357	90	347	4,261
PROGRAM 3: Residential Appliance Retention Program	481	1,375	440	130	1,325	160	625	1,425	1,054	457	290	1,147	8,911
PROGRAM 4: Conservation Education	0	0	0	0	1,800	0	0	0	0	0	0	3,000	4,800
TOTAL	742	3,525	620	841	4,276	280	775	1,575	2,563	1,170	470	4,842	21,682
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	742	3,525	620	841	4,276	280	775	1,575	2,563	1,170	470	4,842	21,682

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2009 THROUGH DECEMBER 2009

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	(783)	(748)	(602)	(1,535)	(974)	(601)	(286)	(427)	(320)	(250)	(402)	(767)	(7,696)
4. TOTAL REVENUES	(783)	(748)	(602)	(1,535)	(974)	(601)	(286)	(427)	(320)	(250)	(402)	(767)	(7,696)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(2,826)	(2,826)	(2,826)	(2,826)	(2,826)	(2,826)	(2,826)	(2,826)	(2,826)	(2,826)	(2,826)	(2,826)	(33,917)
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(3,609)	(3,574)	(3,428)	(4,361)	(3,801)	(3,427)	(3,113)	(3,253)	(3,147)	(3,077)	(3,229)	(3,593)	(41,613)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	742	3,525	620	841	4,276	280	775	1,575	2,563	1,170	470	4,842	21,682
8. TRUE-UP THIS PERIOD	(2,867)	(49)	(2,808)	(3,520)	476	(3,147)	(2,338)	(1,678)	(583)	(1,907)	(2,758)	1,248	(19,930)
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(19)	(21)	(17)	(12)	(9)	(8)	(8)	(6)	(5)	(5)	(4)	(4)	(118)
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(33,917)	(33,976)	(31,220)	(31,218)	(31,924)	(28,631)	(28,960)	(28,478)	(27,336)	(25,099)	(24,184)	(24,120)	
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	2,826	2,826	2,826	2,826	2,826	2,826	2,826	2,826	2,826	2,826	2,826	2,826	
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(33,976)	(31,220)	(31,218)	(31,924)	(28,631)	(28,960)	(28,478)	(27,336)	(25,099)	(24,184)	(24,120)	(20,049)	(20,049)

CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2009 THROUGH DECEMBER 2009

INTEREST PROVISION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1. BEGINNING TRUE-UP	(33,917)	(33,976)	(31,220)	(31,218)	(31,924)	(28,631)	(28,960)	(28,478)	(27,336)	(25,099)	(24,184)	(24,120)	
2. ENDING TRUE-UP BEFORE INTEREST	(33,958)	(31,199)	(31,201)	(31,912)	(28,622)	(28,952)	(28,471)	(27,330)	(25,093)	(24,179)	(24,115)	(20,045)	
3. TOTAL BEGINNING & ENDING TRUE-UP	(67,875)	(65,175)	(62,421)	(63,129)	(60,546)	(57,583)	(57,430)	(55,808)	(52,430)	(49,277)	(48,299)	(44,165)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(33,937)	(32,588)	(31,210)	(31,565)	(30,273)	(28,791)	(28,715)	(27,904)	(26,215)	(24,639)	(24,150)	(22,082)	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	0.54%	0.79%	0.75%	0.55%	0.40%	0.30%	0.35%	0.30%	0.25%	0.25%	0.22%	0.20%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	0.79%	0.75%	0.55%	0.40%	0.30% #	0.35% #	0.30% #	0.25% #	0.25% #	0.22% #	0.20% #	0.20%	
7. TOTAL (SUM LINES 5 & 6)	1.33%	1.54%	1.30%	0.95%	0.70%	0.65%	0.65%	0.55%	0.50%	0.47%	0.42%	0.40%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	0.67%	0.77%	0.65%	0.48%	0.35%	0.33%	0.33%	0.28%	0.25%	0.24%	0.21%	0.20%	
9. MONTHLY AVG INTEREST RATE	0.06%	0.06%	0.05%	0.04%	0.03%	0.03%	0.03%	0.02%	0.02%	0.02%	0.02%	0.02%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	(19)	(21)	(17)	(12)	(9)	(8)	(8)	(6)	(5)	(5)	(4)	(4)	(118)

Schedule CT-5

Indiantown Gas Company, Inc.

Reconciliation and Explanation of Differences between Filing and PSC Audit Report for
January 2009 through December 2009.

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 2009 were:

\$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 2009 through December 2009, the Company estimated that zero (0) homes would be connected to the system. During this period, zero (0) new home allowances were paid.

Program Fiscal Expenditures:

During 2009, expenditures for this program totaled \$3,711.

Program Progress Summary:

Since the program's inception in July 2009, zero (0) new home allowances have been paid. Company representatives continue to work closely with area builders to promote the installation of natural gas appliances in new residences.

Schedule CT-6

Page 2 of 4

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 2009 were:

- \$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 2009 through December 2009, IGC estimated that zero (0) residential appliance replacements would qualify for incentives during this period. The Company recorded two (2) actual residential appliance replacement installations (one tankless water heater and one cooking appliance) with associated allowance payments in 2009.

Program Fiscal Expenditures:

During 2009, expenditures for this program totaled \$4,302

Program Summary:

Since the program's inception in July 2007, two (2) appliances have been converted through this program.

Schedule CT-6

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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 for 2009 were:

- \$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 2009 through December 2009, IGC estimated that twenty-eight (28) natural gas appliance installations would qualify for this program. The Company recorded twenty-seven (27) actual residential appliance retention installations with associated allowance payments in 2009 (seventeen cooking appliances and ten storage water heaters).

Program Fiscal Expenditures:

During 2009, expenditures for this program totaled \$8,890.

Program Summary:

Since inception in July 2007, sixty-five (65) natural gas appliances have been retained through this program.

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 participates in the Florida gas industry's Get Gas Florida consumer education program (a statewide advertising and web based information service). The Get Gas Florida funding commitment is based on the number of active gas meters served by a given LDC. In 2009, the Company's Get Gas Florida expense totaled \$1,800.00. An additional expense of \$3,000 was incurred to begin development of a conservation related web site.

Program Fiscal Expenditures:

Program costs totaled \$4,800 for this twelve-month period.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing have been furnished by U.S. Mail, this 4th day of May, 2010, to the following:

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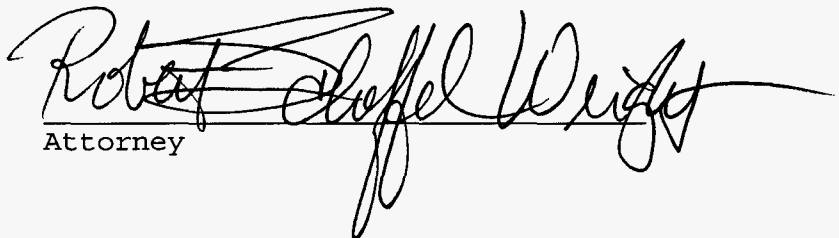
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