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August 25, 2000

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Blanca Bayó
Director, Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: NUI City Gas Company of Florida
Petition for Rate Increase
Docket No. 000768-GU

Dear Ms. Bayó:

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Enclosed for filing on behalf of NUI City Gas Company of Florida (Company) are the original and 20 copies of its Petition for Rate Increase, including the prefiled testimony of seven witnesses and the Minimum Filing Requirements (MFRs) specified by the Commission's rules. This filing requests the establishment of both interim and permanent rates.

As indicated in the Petition, the Company requests that this petition be processed in accordance with the Commission's Proposed Agency Action procedures.

If you have any questions regarding this filing, please give me a call.

Very truly yours,

Richard D. Melson

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NUI City Gas Company of Florida

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 000768-GU

# PETITION, DIRECT TESTIMONY AND EXHIBITS

VOLUME I

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

| | | |
|---|---|---|
| In re: Application for a Rate Increase<br>By City Gas Company of Florida | ) | Docket No. 000768-GU |
| | ) | Filed: August 25, 2000 |

**PETITION FOR RATE INCREASE**

City Gas Company of Florida, a division of NUI Corporation ("NUI City Gas" or "the Company") petitions for an increase in rates and charges for natural gas service pursuant to Sections 366.06 and 366.071, Florida Statutes.

Background

1. City Gas Company of Florida was incorporated under the laws of Florida in 1949. Its headquarters are located at 955 East 25th Street, Hialeah, Florida 33013-3498. The Company began its operations as a distributor of liquid petroleum gas ("LPG") through underground pipelines in Dade County, Florida. In 1960, the Company began to purchase natural gas for distribution, and thus became a "public utility" within the meaning of Section 366.02, Florida Statutes, subject to the regulatory jurisdiction of the Florida Public Service Commission.

2. The representatives of the Company to receive notices and other pleadings in this case are:

Richard D. Melson
Hopping Green Sams & Smith, P.A.
P.O. Box 6526
Tallahassee, FL 32314

Michael A. Palecki
NUI City Gas
PMB 224
3539 Apalachee Parkway
Tallahassee, FL 32311-5331

3. In 1988, the Company was acquired by NUI Corporation. NUI City Gas is now a division of NUI Corporation, a New Jersey Corporation whose principal offices are located at Route 202-206, Bedminster, New Jersey. NUI Corporation operates natural gas distribution systems in six states: Florida, New Jersey, New York, Pennsylvania, Maryland and North Carolina.

4. NUI City Gas currently serves over 100,000 customers in Dade, Broward, Brevard, St. Lucie, Indian River, and Martin Counties, Florida.

5. By this petition, NUI City Gas seeks the approval of interim rates, the determination of an appropriate cost of equity capital, the determination of a fair and reasonable overall rate of return, the approval of new and revised rate schedules, and a permanent increase in its rates and charges.

6. NUI City Gas last filed for a general rate increase with the Florida Public Service Commission on June 18, 1996, in Docket No. 960502-GU. In Order No. PSC-96-1404-FOF-GU, issued November 20, 1996, the Commission found that the Company's cost of equity capital was 11.30% and that a fair and reasonable overall rate of return for NUI City Gas was 7.87%.

7. The test period for the permanent rates requested in this proceeding is the projected 12-month period ending September 30, 2001. The test period for the requested interim rates is the historical 12-month period ended September 30, 1999.

Request for Proposed Agency Action

8. Section 366.06(4) Florida Statutes, authorizes natural gas utilities subject to the Commission's jurisdiction to elect to have their petitions for rate relief

processed under the Commission's procedures governing proposed agency action ("PAA"). NUI City Gas hereby elects to proceed under the Commission's PAA procedures.

9. Generally, when the Commission proceeds under its PAA procedures, parties do not file testimony unless and until the PAA Order is protested and the issues arising from the protest have been set for hearing. Given the complex subject of the Company's request for an increase in rates -- and in an effort to facilitate the Commission's review of this Petition -- NUI City Gas is submitting this Petition with the prefiled testimony of seven witnesses. By the inclusion of prefiled testimony at this point, the Company does not imply that it believes a protest and hearing will be involved in the disposition of the Petition. In addition, the Company does not waive -- in fact, specifically reserves -- its right to submit additional testimony following the issuance of the PAA Order addressing any and all issues that may be identified in any protest of the PAA Order, including a protest (if applicable) by the Company.

Reasons For Rate Increase

10. The Company's existing rates, as previously approved by the Commission, are insufficient to allow it to realize fair and reasonable compensation for the services provided. Despite the Company's best efforts to control costs, and to increase throughput, the rates established in Docket No. 960502-GU have failed to produce revenues sufficient to provide an adequate return on the Company's investment.

11. NUI City Gas achieved an overall rate of return of 5.76% during the historic base year ended September 30, 1999. Absent rate relief, the overall rate of return is expected to drop below 5.36% for the year ending September 30, 2000. This return denies the Company the financial strength and integrity necessary to undertake capital additions designed to improve the Company's quality of service and extend that service to more customers.

12. Expenses have increased for NUI City Gas. In Order No. PSC-99-2505-PAA-GU, issued December 21, 1999, the Company's depreciation expense was increased by $469,735 annually. Also in 1999, the entire natural gas industry in Florida saw an increase in its regulatory assessment fee. The Company's O&M expenses have also increased. Despite these increases, O&M expenses for NUI City Gas are still within the benchmark established by the Commission in the last rate case. Revenues have not kept up with expenses, however.

13. Despite aggressive marketing efforts, and success in adding substantial numbers of new customers, natural gas throughput from residential and commercial ratepayers has not materialized at the rate projected in the last case. Throughput from these rate classes was substantially less in fiscal 1997, 1998, 1999, and the first two quarters of 2000, than the projected throughput levels on which current rates are based. This is because projected increases in throughput per customer made in the last rate case have simply not occurred. In fact, with the increased efficiency in modern natural gas appliances and the effect of conservation programs, throughput per customer has decreased for NUI City Gas over the past three years. Moreover, improvements have been made in the

Company's forecasting methodology, allowing for more accurate projections in this case.

14. NUI City Gas is increasing its investment in rate base from $92 million in 1997 to $114 million in the projected test year of 2001. A major distribution system expansion to Clewiston and Belle Glade Florida will occur in the test year itself. This project, like others completed by NUI City Gas since 1995, satisfies Commission-approved criteria of economic feasibility, as well as the Company's own stringent internal criteria. Economically feasible expansion benefits all ratepayers by spreading fixed costs across a wider base. Rate relief will allow NUI City to pursue expansion opportunities that ultimately benefit all ratepayers.

15. Steps are being taken to strengthen the capital structure of NUI City Gas by the planned creation in 2001 of a separate utility-only subsidiary of NUI, to be known as NUI Utilities, Inc. City Gas Company of Florida will become a division of this new entity. The calculation of the Company's capital structure in this filing reflects the projected capital structure of this new company, consisting of 56.62% debt and 43.38% equity.

16. A just and reasonable return on common equity capital for NUI City Gas at this time is a midpoint of 11.7%. Taking into account capitalization proportions and the embedded cost of debt, the Company's weighted average cost of capital is 7.88%. The 11.7% return on equity being requested is 40 basis points higher than the 11.3% currently allowed by the Commission for NUI City Gas. Nevertheless, the Company's analysis of its cost of capital has been conservative.

If interest rates or risk premiums change significantly after the date of filing of this Petition, the Company reserves the right to revise upward its requested return on equity.

17. NUI City Gas requests approval to permanently increase its rates so as to generate total base rate revenues of $40,756,626, representing an increase of $7,181,988. The requested permanent rate increase would permit NUI City Gas to earn a fair and reasonable rate of return of 7.88%, including a return on equity of 11.7%, plus or minus 100 basis points, on a projected average rate base of $113,986,770.

18. Simultaneous with the filing of this petition, NUI City Gas is filing minimum filing requirements ("MFRs") and proposed rate schedules as required by Commission Rule 25-7.039, Florida Administrative Code. The Company is also filing the prefiled direct testimony and exhibits of Victor A. Fortkiewicz, Richard F. Wall, Richard Gruber, Leonard J. Willey, Robert J. Clancy, Jr., Roger A. Morin and Thomas E. Smith. As stated above, by the inclusion of prefiled testimony at this point, the Company does not waive -- in fact, specifically reserves -- its right to submit additional testimony following the issuance of the PAA Order.

Interim Rate Request

19. NUI City Gas requests that annual revenues be increased by $1,886,605 on an interim basis, to $31.2 million, in accordance with Section 366.071, Florida Statutes. The Revenue Deficiency for the interim increase is calculated on Schedule F-7 of the MFRs, based on an Adjusted Rate Base of

$94,745,493, and a Requested Rate of Return of 6.99%, yielding a Net Operating Income ("NOI") Requirement of $6,622,710.

20. The Company's requested interim award has been calculated in accordance with the Commission's policy governing interim awards. Specifically, the calculation of Rate Base, Requested Rate of Return and Adjusted NOI reflect all adjustments required to be consistent with those made by the Commission in City Gas' last rate case (Docket No. 960502-GU), except that adjustments have been updated to reflect the actual amounts for the historical period. The Requested Rate of Return is based on a cost of equity that is at the low end (100 basis points below the midpoint) of the Company's last authorized rate of return.

21. The Company will allocate the interim increase in accordance with Rule 25-7.040(2)(a), Florida Administrative Code. In filing this request for interim relief, the Company recognizes that any increased collections pursuant to interim relief would be subject to refund, and secured by a corporate undertaking.

WHEREFORE, NUI City Gas requests that the Commission:

(1) Authorize NUI City Gas to recover the proposed interim rates attached hereto on MFR Schedule F-10, by allowing an interim increase of $1,886,605, subject to refund.

(2) Enter its Order on Proposed Agency Action finding that the fair and reasonable rate of return for NUI City Gas should be a weighted average cost of capital of 7.88% (including equity capital at a cost of 11.7%), to be applied to the Company's average rate base of $113,986,770 for the year ending September 30, 2001, to produce

base rate revenues of $40,756,626, or an increase of $7,181,988, and finding that the proposed rates attached hereto should become effective on a permanent basis.

(3) Grant to the Company such other and further relief as the Commission may find reasonable and proper.

Respectfully submitted this 25th day of August, 2000.

HOPPING GREEN SAMS & SMITH, P.A.

By: _____

Richard D. Melson
P.O. Box 6526
Tallahassee, FL 32314
(850) 222-7500

Attorneys for City Gas Company of Florida

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY OF**

**VICTOR FORTKIEWICZ**

**ON BEHALF OF CITY GAS COMPANY OF FLORIDA**

**DOCKET NO. 000768-GU**

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

A. My name is Victor Fortkiewicz. My business address is NUI Corporation, One Elizabethtown Plaza, Union, NJ 07083.

**Q. WHAT IS YOUR POSITION WITH NUI CORPORATION?**

A. I am Vice President of Distribution Services for NUI Corporation ("NUI"), the parent company of City Gas Company of Florida (the "Company"). I have responsibility for NUI's utility operations in six states, including City Gas Company of Florida.

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

A. I hold a Bachelor of Science degree with Honors in Civil Engineering from Rutgers University, a Master of Engineering degree in Civil and Environmental Engineering from Cornell University, and a Juris Doctor degree from Seton Hall University School of Law. I am a registered Professional Engineer in the State of New Jersey; I am also a member of the Bar of the State of New Jersey. Among the professional

organizations with which I am associated, I am a member of the American Gas Association. I also serve as President of the New Jersey Utilities Association, the association of investor owned public utilities in New Jersey.

I began my career with NUI in 1978 as a rate analyst with its principal subsidiary, Elizabethtown Gas Company. Over the course of my career I have had responsibility for many functions within both Elizabethtown and NUI, including rates, regulatory affairs, environmental compliance, governmental relations, engineering, and operations. On January 1, 1997, I was named to the position of President of Elizabethtown Gas Company. In June 1998, I assumed the management responsibility for all six of the NUI utility operations: City Gas Company of Florida, Elkton Gas (Maryland), North Carolina Gas, Valley Cities Gas (Pennsylvania), Waverly Gas (New York), and Elizabethtown Gas (New Jersey).

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

A. I will explain generally why the Company is seeking an increase in base rates at this time, and will identify the individuals who are providing detailed support for the rate request. As I do so, I will necessarily address the business environment in which the Company finds itself, and describe the measures we are taking to enable the Company to

successfully perform in that environment.

**Q. HOW HAS CITY GAS ORGANIZED THE PRESENTATION OF ITS RATE REQUEST?**

A. In addition to filing the detailed Minimum Filing Requirements ("MFRs") specified by the Commission's rules, we are filing the testimony of myself and six other witnesses to explain and support our rate request.

- Rick Wall, Director of Utility Operations South for NUI, will provide and support the Company's capital expenditures budget.
- Richard Gruber, Vice President of Marketing, Sales and Customer Care for NUI, will describe the Company's efforts to increase the utilization of its existing distribution facilities and develop new markets.
- Len Willey, Jr., Senior Forecasting Analyst for NUI, will provide the forecasts of revenues underlying the test year projections.
- Robert Clancy, Director of Financial Analysis and Revenue Requirements for NUI, will sponsor the accounting schedules of the Minimum Filing Requirements, address the proposed capital structure, and discuss significant O&M considerations.
- Dr. Roger Morin, our consultant, will support the authorized return on equity requested by the Company. He will also address capital structure and debt/equity ratio issues.

- Tom Smith, Director of Energy Planning for NUI, will describe the results of the cost of service study prepared for this case and sponsor the Company's proposed rates and tariff revisions.

**Q. WHAT IS THE SIZE OF THE RATE INCREASE FOR WHICH CITY GAS SEEKS APPROVAL IN THIS CASE?**

A. Using a projected test year ending September 30, 2001, the Company requires a rate increase of $7,181,988 in order to earn a fair return on our investment.

**Q. IS NUI CITY GAS ALSO SEEKING INTERIM RATE RELIEF?**

A. Yes. Using the Commission's methodology, we have calculated that the Company needs interim relief in the amount of $1,886,605 based on a historical test year ending September 30, 1999. Our calculation of the interim and permanent revenue requirements are addressed in the testimony of Robert Clancy.

**Q. WHY IS CITY GAS REQUESTING RATE RELIEF AT THIS TIME?**

A. City Gas, like most businesses, has three fundamental ways to improve its financial performance. The first is to increase sales, in our case the throughput utilization of its pipeline distribution system; the second is to tightly control and reduce expenses; the third is to raise prices, or in our case rates. City Gas has taken aggressive measures to increase sales and to control our costs. Even with these efforts, however, the rates

authorized by the Commission in 1996 have not generated sufficient revenues to provide an adequate return on City Gas' investment. Earnings have eroded to the point that the actual earned rate of return for the Company's most recent reporting period is 5.36%, compared to the range of 7.04% to 7.70% allowed by the Commission in our last rate case. We therefore need to request rate relief at this time to give the Company an opportunity to achieve a fair return on its investment.

**Q. IF THE COMPANY INDEED HAS TAKEN AGGRESSIVE STEPS TO INCREASE SALES AND TO CONTROL COSTS, WHY HAVE ITS EARNINGS CONTINUED TO ERODE?**

A. A major reason is that despite aggressive marketing efforts, natural gas throughput from firm ratepayers has not materialized at the rate projected in the last case. As a result, the overall revenues produced by the Company's current rates have fallen short of the revenues projected in the last case. Looking back, while the Company did a reasonable job in our last rate case of projecting customer growth, our estimates of average usage per customer were simply too high. As Len Willey describes in his testimony, we now have taken several steps to improve the accuracy of our forecasts and are confident that our current sales projections will prove to be more accurate that those we presented in 1996.

**Q. YOU MENTIONED THAT THE FIRST WAY FOR A COMPANY TO INCREASE ITS FINANCIAL PERFORMANCE IS TO INCREASE SALES. WHAT STEPS HAS CITY GAS TAKEN TO INCREASE SALES?**

A. We have taken a number of steps to increase sales:

- The Company has continued to seek out opportunities to expand our system to reach new customers when it is cost-effective to do so. These projects must meet stringent internal criteria to ensure the capital is spent prudently. Together with routine capital projects, these system expansions will have increased the Company's rate base from approximately $92 million in 1997 to approximately $114 million in 2001.
- The Company has actively promoted unbundling of transportation service in the state of Florida in order to provide our industrial and commercial customers with increased options that should increase the throughput on our system.
- The Company is working to increase the retention of residential customers.

In addition, the Company is proposing some rate structure adjustments in this case which are designed to minimize the number of industrial and commercial customers that are motivated to bypass the Company's

system. These changes, which are described in more detail by Tom Smith, should help the Company's efforts to increase sales in the increasingly competitive industrial and commercial markets.

**Q. PLEASE SUMMARIZE THE COMPANY'S EFFORTS TO INCREASE SALES BY EXPANDING ITS SYSTEM IN A COST-EFFECTIVE WAY.**

A. One of the best examples is our Clewiston Expansion Project. This exciting project will extend natural gas service from the FGT transmission line on the Florida Turnpike, along the Highway 80 right-of-way, to the Clewiston/Belle Glade/South Bay area. The initial phase of this project involves laying approximately 84 miles of pipe and providing service to Florida Crystals, a major sugar processor near South Bay. With this anchor load, the project meets the Commission's financial feasibility requirements. As Richard Gruber describes in more detail, this project also gives us the potential to serve proposed new gas-fired generation facilities and a base to ultimately connect to any new interstate pipeline that may be extended into South Florida. An NUI team met with the Commission Staff in June 1999 to introduce the project and discuss its details.

Other examples, which are also discussed by Mr. Gruber, include extensions to the systems in our Brevard County, St. Lucie County and Dade County service areas which will enable us to serve

both new commercial accounts and new residential developments.

**Q. PLEASE EXPLAIN WHY CITY GAS HAS BEEN AGGRESIVE IN UNBUNDLING TRANSPORTATION SERVICE FOR ITS INDUSTRIAL AND COMMERCIAL CUSTOMERS.**

A. This is part of the Company's overall effort to shift its business focus toward capturing a greater share of the industrial market. The original business focus of City Gas Company's natural gas distribution system was to serve predominantly residential and small commercial customers in Miami. As a result, today NUI City Gas serves a higher percentage of residential customers than any other natural gas utility in the state. The profit margins from service to residential customers are thin. The cost to serve is high, with meter reading, billing and collection costs sometimes exceeding margins for low usage customers. Older residential neighborhoods that have been served by City Gas for thirty or more years are changing from owner-occupied to rental neighborhoods. When landlords won't pay for more expensive (and more efficient) gas appliances for their tenants, we lose customers, and in turn bear the heavy expense of cutting and capping discontinued services.

**Q. WHAT IS THE SOLUTION TO THIS HISTORICAL RELIANCE ON THE RESIDENTIAL AND SMALL COMMERCIAL MARKET**

**SEGMENTS?**

A. As I mentioned earlier, one of the best ways to improve our financial performance (and to minimize the need for future rate increases) is to increase the quantity of gas we sell ("throughput"). To increase throughput we need to grow. Given our historical reliance on the residential and small commercial markets, one reaches the inevitable conclusion that the Company must now focus on capturing a greater share of the industrial markets. We believe that over time this strategy will diversify the Company's revenue base. As Richard Gruber describes in more detail, the Company's commitment to unbundling our transportation service is one part of our effort to attract new industrial customers, to retain existing industrial customers, and to encourage existing customers to increase their throughput. When coupled with initiatives like the Clewiston Expansion Project, which extends our system to enable existing industrial facilities to switch to natural gas, as well as to serve new facilities, this increased focus on the industrial market segment should provide a solid basis for continued growth.

**Q. IN LIGHT OF THIS INCREASED FOCUS ON INDUSTRIAL CUSTOMERS, HOW IS THE COMPANY APPROACHING MARKETING EFFORTS IN THE RESIDENTIAL AND COMMERCIAL MARKETS?**

A. The residential and commercial markets are still our core customers. Competition for these customers is more intense than ever, especially among propane retailers and electric utilities. We are motivated to market and serve them better, quicker and smarter. In his testimony Richard Gruber will describe our efforts to develop the residential and commercial markets within our distribution system. He will describe our smooth transition to transportation for commercial customers and express NUI's view of transportation as an opportunity to satisfy existing customers and in the process increase customer throughput. He will also describe changes in our customer care department designed to provide better service and promote better communication with our customers.

**Q. YOU STATED THAT THE SECOND WAY FOR THE COMPANY TO ENHANCE ITS FINANCIAL PERFORMANCE IS TO REDUCE EXPENSES. HOW HAS CITY GAS ATTEMPTED TO CONTROL ITS COSTS OF DOING BUSINESS SINCE THE LAST RATE CASE?**

A. Since City Gas' previous rate case, NUI Corporation has undergone a corporate reorganization which has had the effect of reducing costs. As a result of the reorganization, certain utility functions, (billing for example) have been centralized. These functions are now done better and more efficiently than before when each NUI Division may have had

duplicative staffs performing the same function. The reorganization effort resulted in the "flattening" of corporate management with the elimination of some senior and upper management positions. In addition, early retirements were offered to further reduce costs. We have also made numerous local operational cost saving efforts, including increased automation, labor contract improvements, automated warehouse controls and modernized warehouse facilities, sale of under-performing properties, and budgeting improvements. These efforts are described in greater detail in the testimony of Rick Wall.

**Q. HOW DOES CITY GAS' PROJECTED LEVEL OF EXPENSES COMPARE TO THE COMMISSION'S BENCHMARK?**

A. We compare favorably to the benchmark. When adjusted for inflation and customer growth, our operating expenses are lower today than they were at the time of our last rate case. Nevertheless, the Company has faced increased expenses in some areas which have not been offset by revenue increases. Two examples are Commission-approved increases in our depreciation expense and increases in the level of the regulatory assessment fees that we are required to pay.

**Q. IT IS POSSIBLE FOR COST-CUTTING EFFORTS TO TRANSLATE INTO REDUCED LEVELS OF CUSTOMER SERVICE. HAS CITY**

**GAS EXPERIENCED THIS PROBLEM?**

A. No. In fact, we have taken steps to affirmatively improve the quality of our customer service. As Richard Gruber discusses in his testimony, NUI has consolidated the call center operations for both our Florida system and our New Jersey system at a new call center located in Hialeah. This call center consolidation was designed as a customer service improvement, with our primary objective being to reduce the time our customers need to wait on the telephone line. We have since seen that our cost per call has decreased as a result of the improvement. So what was designed as a customer service improvement has now become a cost cutting measure as well.

**Q. HAS NUI TAKEN ANY OTHER STEPS THAT SHOULD POSITIVELY AFFECT CUSTOMER SERVICE?**

A. Yes. NUI can only succeed as a company when its employees are working together as a team toward common goals. We have recently made a commitment as a company to express and promote NUI's mission, vision and core values to ensure that we are all working together as a team, and working together towards achieving excellence. NUI's core values stress teamwork, customer service, commitment to our investors, and responsibility to the community. Employee response to this initiative has been tremendous. There is a

new feeling at NUI that we're working together as a team. This initiative has already improved employee morale, and in turn, has improved service to our customers. We are also confident that it will improve employee productivity, and the overall profitability of NUI City Gas. We want the Florida Public Service Commission to know that we are not happy that we need to request a rate increase at this time. We also want the Commission to know that we are taking decisive action to make this a better, more productive, and more profitable Company.

**Q. WILL THERE BE A CHANGE IN THE CORPORATE STRUCTURE AT NUI BEFORE THE END OF THE PROJECTED TEST YEAR IN THIS CASE?**

A. Yes, by the close of fiscal 2001, NUI will restructure itself as a holding company and NUI City Gas will become a division of NUI Utilities, Inc., a wholly owned subsidiary of NUI. NUI Utilities, Inc. will maintain a capital structure in line with utility industry standards. The Company is asking the Commission to recognize the capital structure of NUI Utilities, Inc. as the appropriate capital structure for determining rates for NUI City Gas. This matter is more fully discussed in the testimony of Dr. Roger Morin and of Robert Clancy.

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

A. Yes.

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY AND EXHIBITS OF**

**RICHARD WALL**

**ON BEHALF OF CITY GAS COMPANY OF FLORIDA**

**DOCKET NO. 000768-GU**

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

A. My name is Richard Wall. My business address is 955 East 25th Street, Hialeah, Florida 33013-3498.

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

A. I am Director of Utility Operations South for NUI Corporation, the parent company of City Gas Company of Florida.

**Q. PLEASE DESCRIBE YOUR QUALIFICATIONS AND WORK EXPERIENCE.**

A. I began working for City Gas in 1979. Since that time I have been employed in various capacities, including the installation and service of gas equipment and systems, and the inspection of installations of gas and distribution lines. I have also held the positions of Measurement Superintendent; General Manager of Operations; and Assistant Vice President and General Manager of Operations. In 1989 I assumed the position of Vice President of Operations for City Gas. In 1995 I became the Vice President of Operations of NUI's Southern Division. With the

elimination of the Southern Division in 1999, I assumed my present position as Director of Utility Operations South for NUI Corporation.

My education in the natural gas business includes specialized courses in areas such as Distribution, Regulation, Corrosion Control, Natural Gas Distribution Systems, and Measurement & Engineering conducted by the ASME & Institute of Gas Technology, the Southern Natural Gas Association, the American Gas Association and other professional industry groups. I hold master gas fitter licenses in Dade and Broward Counties. I am a GRI (Gas Research Institute) Technical Advisor and the Vice President of the Florida Natural Gas Association. I formerly sat on the Licensing and Examination Board of Dade County.

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

A. I am sponsoring certain MFR schedules and the Company's capital budget. I will describe the operational cost saving efforts made by the Company in attempting to maximize profits and avoid a rate increase. I will describe the Company's continuing efforts to expand and increase the reliability of its distribution systems, including the acquisition of the Homestead Lateral, expansions and improvements in Port St. Lucie and Vero Beach systems, the Brevard County system improvement project, and the Company's development of a new distribution system to be built in the area south of Lake Okeechobee.

**Q. DO YOU HAVE ANY EXHIBITS TO YOUR TESTIMONY?**

A. Yes. Exhibit No. _____ (RW-1) is the list of MFR schedules I am sponsoring. Exhibit No. ____ (RW-2) is a map showing the Homestead lateral. Exhibit ____ (RW-3) is a map showing the St. Lucie expansion. Exhibit No. _____ (RW-4) is a map of the showing the Vero Beach Expansion. Exhibit ____ (RW-5) is a map showing the Kennedy Space Center Expansion and the Brevard System Improvement. Exhibit No. _____ (RW-6) is a map showing our Clewiston Expansion Project to the area south of Lake Okeechobee. Exhibit No. _____ (RW-7) summarizes our actual and projected capital expenditures for the years ending September 30, 2000 and 2001.

**OPERATIONAL COST SAVINGS MEASURES**

**Q. PLEASE BEGIN BY SUMMARIZING THE COST SAVINGS MEASURES THAT HAVE BEEN IMPLEMENTED BY NUI CITY GAS.**

A. Since 1998, NUI City Gas has implemented a variety of cost savings measures at both the local level and corporate headquarters level. These include items such as increased automation, budgeting improvements, sale of under-performing properties, labor contract improvements, eliminating and/or minimizing material inventories, automated warehouse controls and modernized warehouse facilities, and the increased use of shared corporate services.

**Q. PLEASE GIVE SOME EXAMPLES OF THE INCREASED USE OF AUTOMATION.**

A. We have implemented new automated systems in a number of areas, including operations, material management, customer service, and general reporting.

In the operations arena, we have expanded our System Communication and Data Acquisition system (SCADA), which permits real-time remote monitoring of gas pressure and flows. This provides more timely data than was previously available with our prior system and at lower costs. In addition, we have installed an AMR electronic meter reading system in our two newest service areas, Port St. Lucie and Vero, and for hard-to-read meters in other areas. This system dramatically increases the productivity of our meter reading force.

In the material management area, we have implemented automated inventory controls that maintain an appropriate level of inventory with automatic reordering. This has enabled us to reduce inventory levels, while still assuring that sufficient materials are available when required.

We have instituted a number of automated features in our customer service area, including the use of a menu-driven telephone system that allows us to better handle service requests and billing inquiries.

We have also installed automated reporting systems, which make administrative, budgeting and operational data available in a

more timely and cost-efficient manner.

**Q. WHAT BUDGETING IMPROVEMENTS HAVE BEEN IMPLEMENTED?**

A. We have established detailed budgeting procedures and installed new systems that provide more current financial data. Together, these improvements have enabled us to more accurately forecast our costs and to better track actual costs versus budget.

**Q. EXPLAIN WHAT YOU MEANT BY THE SALE OF UNDER-PERFORMING PROPERTIES.**

A. We have disposed of the former 21-acre Medley site, a fueling station, and several propane dispensing sites in Port St. Lucie. These properties were not required for on-going utility operations, and their disposition has enabled us to avoid related maintenance costs, insurance, property taxes, and carrying costs.

**Q. HOW HAVE LABOR CONTRACT IMPROVEMENTS HELPED TO REDUCE COSTS?**

A. The last labor contract that we negotiated includes performance incentives for production, safety and customer satisfaction. These incentives have led to reduced absenteeism, a decrease in accidents which in turn has reduced insurance costs and lost time, and a level of customer satisfaction which our surveys show is at an all-time high.

**Q. WHAT STEPS HAVE YOU TAKEN TO ELIMINATE OR MINIMIZE**

**MATERIAL INVENTORIES?**

A. We have completely eliminated some types of inventory by shifting responsibility for some material purchases (e.g. polyethylene (PE) and steel pipe and fittings) to our installation subcontractors. Because of their buying power, these contractors have been able to provide materials at the same or lower cost than previously available to the Company, while at the same time reducing the burden associated with purchasing, accounting, inventory management and warehousing for these items.

**Q. HOW HAS THE MODERNIZATION OF WAREHOUSE FACILITIES HELPED YOU TO REDUCE COSTS?**

A. We have leased modern warehouse space, which accommodates automated warehouse controls and enables us to maximize the use of our warehouse facilities.

**Q. PLEASE EXPLAIN WHAT YOU MEAN BY INCREASED USE OF SHARED CORPORATE SERVICES.**

A. As Mr. Clancy describes in his testimony, we now obtain a wide variety of shared services from NUI, including such things as accounting, human resources, corporate communications, and engineering. This gives the Company access to a breadth and depth of expertise which is hard to duplicate on an individual company basis.

*One prime example of the value of shared services in the*

engineering area is the availability to us of a Network analysis system, which provides detailed flow and pressure analysis to assist in system design. Maintenance of adequate pressure and flows throughout the distribution system is important for both safety reasons and to provide operational reliability. The use of this system helps analyze alternative system designs to ensure that we are installing adequate system piping and piping improvements in the most cost-effective manner possible.

**Q PLEASE DESCRIBE NUI'S NEW CALL CENTER IN HIALEAH.**

A. Beginning in 1998, NUI consolidated the call center operations for our Florida and New Jersey systems into a new call center in Hialeah. This consolidation was designed as a customer service improvement. Our original purpose was to decrease the time that our customers needed to wait on the line, and with additional training, to improve our level of customer service. In turn, we believe the number of customer complaints received by the Commission will decrease.

**Q. HAS THIS HAPPENED?**

A. It's too early to tell if the level of complaints at the Commission will decrease, but our original objective to reduce the time our customers need to wait on the line has been accomplished. In addition we have seen that our cost per call has decreased as a result of the improvement. This has enabled us to provide expanded hours of coverage with no increase in overall costs.

## SYSTEM EXPANSION AND IMPROVEMENTS

**Q. WHAT IS THE IMPORTANCE OF SYSTEM EXPANSION AND IMPROVEMENT PROJECTS IN THIS RATE PROCEEDING?**

A. As Mr. Fortkiewicz describes, one way to reduce rate pressure is to improve our financial performance by increasing our throughput and customer base in a cost-effective manner. The projects discussed below allow us to expand our revenue base and/or are needed to improve system reliability and safety.

**Q. STARTING AT THE COMPANY'S MOST SOUTHERLY SERVICE AREA, PLEASE DESCRIBE THE HOMESTEAD LATERAL EXPANSION.**

A. This expansion began with the January 2000 acquisition of a 16-mile pipeline lateral that used to be part of Florida Gas Transmission's (FGT's) interstate pipeline system. Efforts to acquire the lateral began in 1995, but were delayed for several years by litigation before FERC between FGT and the City of Homestead. The lateral, which we purchased for $450,000, follows the U.S. 1 Highway corridor. As described in Mr. Gruber's testimony, this lateral provides opportunities for commercial and industrial growth, as well as for expansion in residential areas in unincorporated Dade County and in the City of Homestead. This acquisition meets the financial feasibility criteria in our Commission-approved tariff and enables us to expand into the

Homestead market at a considerably lower cost than if we had to install new pipe to serve this area.

**Q. WHAT FURTHER INVESTMENT DOES THE COMPANY INTEND TO MAKE IN THE HOMESTEAD AREA BEFORE THE END OF THE TEST YEAR?**

A. Before the end of the test year, we intend to make various expansion investments within the Homestead area totaling approximately $325,175. We have identified some 45 potential commercial customers located in the general US 1 corridor of which 15 would be immediately available. In order to accomplish these 15 connections, it will be necessary to install 3 district regulator stations and approximately 5,000 feet of main and services. Furthermore, we plan to install 2 additional district regulator stations in advance of the Florida Department of Transportation's construction plans to upgrade the US 1 corridor. By doing so, we will be prepared to continue the area's expansion in later years without interruption and avoid possible increased costs due to the planned right-of-way changes.

**Q. PLEASE DESCRIBE THE COMPANY'S EXPANSION ACTIVITIES IN THE CITY OF PORT ST. LUCIE SINCE THE LAST RATE CASE.**

A. We have activated the main along St. Lucie Boulevard, which we constructed in 1994 in order to beat the road-widening project. It is now a revenue-producing segment of the system. We have expanded the

distribution system to the Treasure Coast Mall located at the intersection of U.S. Highway 1 and Jensen Beach Boulevard and now serve customers there. The existing main in the St. Lucie west area (originally the Western Energy development) gives us access to hotels and other potential residential and commercial accounts in the vicinity of the Professional Golf Association's major new development. We have extended a 4" P.E. main along Bay Shore Boulevard, and connected it to existing facilities at St. Lucie Boulevard. This route presents us with new opportunities in residential and commercial areas, including the Florida Turnpike corridor. The project has also given us the base from which to complete a system loop during 2001.

**Q. HAS THE COMPANY MADE ANY ACQUISITIONS IN THE PORT ST. LUCIE AREA SINCE THE LAST RATE CASE?**

A. Yes. We purchased the former GDU underground propane system from the City of Port St. Lucie in 1998, and have converted it to natural gas. Among other things, this conversion improves the safety of the system. This major undertaking has immediately allowed us to begin serving 1300 additional customers in the Port St. Lucie area at a much lower cost than if we had installed a new system of this size.

**Q. OF THE COMPANY'S PROPOSED RATE BASE, WHAT AMOUNT REPRESENTS ADDITIONAL INVESTMENTS IN THE CITY OF PORT ST. LUCIE MADE SINCE THE LAST RATE CASE?**

A. The amount of investment in the City of Port St. Lucie since the last rate case is $4,088,983, which includes projected spending of $849,376 for fiscal 2001. I would emphasize that every investment City Gas has made in Port St. Lucie meets the Commission approved feasibility criteria in its tariff, which requires that the Company's capital investment be less than six times the annual revenues from the investment.

**Q. WHAT PROJECTS MAKE UP THE $850,000 OF ADDITIONAL INVESTMENT PLANNED FOR THE TEST YEAR?**

A. The residential market in Port St. Lucie continues to develop. There are currently 4 active developments with build-out expectancies (5 to7 years) of 3,500+ single-family houses. There are 2 developments which are past the design stage that offer another 1,000 single-family units. We plan to install between 500 and 800 new residential services in the test year, with growth rates steadily increasing into the foreseeable future.

The residential upswing has created the need for expansion of the commercial corridors within the area. We expect to install between 20 and 30 new commercial service lines in the next year. We expect the majority of this commercial growth to occur in the St. Lucie West area and extending further into the PGA/Vista area just west of I-95.

The industrial market in Port St. Lucie is also expected to grow.

The development of a commerce center and industrial park located approximately 2 miles north of the PGA development (St. Lucie West exit) along I-95 are poised for commercial and industrial growth.

**Q. IN ADDITION TO THIS EXPANSION TO SUPPORT CUSTOMER GROWTH, ARE THERE ANY SYSTEM IMPROVEMENTS PLANNED BEFORE THE END OF THE TEST YEAR FOR THE PORT ST. LUCIE SYSTEM?**

A. Yes. A system loop is planned in the Port St. Lucie area to fortify the southern end of the system. The loop will provide the necessary pressure and flows needed to maintain safety and operational reliability, and to support future expansion south of the current gate station and west of the turnpike. It will also enable the expansion of the commercial corridor on US 1 south of Westmoreland road.

**Q. PLEASE DESCRIBE THE COMPANY'S EXPANSION ACTIVITIES IN VERO BEACH SINCE THE LAST RATE CASE.**

A. On May 21, 1996, NUI City Gas acquired a four-inch lateral extending 10 miles from Florida Gas Transmission's main transmission trunk on I-95, to the City of Vero Beach along US1 and 14$^{th}$ Street. This acquisition enabled the Company to begin providing service to Indian River County and the City of Vero Beach along the Highway 60 corridor at a lower cost than if we had been required to build new facilities to serve this area. Additionally, we constructed another gate station and

distribution line on Oslo Road. This enabled us to serve new residential developments, a prison and several citrus packing operations in the area. It also allows us to be positioned for added commercial and industrial service planned for the location once the new interchange at I-95 and Oslo Road is constructed in 2002.

**Q. WHAT INVESTMENT IN RATE BASE HAS THE COMPANY MADE IN VERO BEACH SINCE THE LAST RATE CASE?**

A. The total investment in rate base for Vero Beach since the last rate case is $2,601,207. This includes the acquisition and construction activity described above, as well as spending of $1,481,147 for 2001 for the projects described below.

**Q WHAT FURTHER EXPANSION IN THE VERO BEACH AREA IS PLANNED BEFORE THE END OF THE TEST YEAR?**

A. The residential market in Vero Beach is beginning to expand. There are large tracts of abandoned orchards within the service area that are on the market. A large portion of this land has been purchased by developers at the southern end of Oslo road, which is currently being cleared for development. The same is true on the northern end of the system where a 683 single-family home development is proposed. There are 5 residential projects that will commence within the next year with a total build-out potential of 4,000 residential customers. We expect to install between 200 and 250 residential services this

year with growth increasing as the developments expand.

This residential upswing has also created the need for expansion of the commercial corridors within the area. We expect to install between 50 and 60 new commercial service accounts in the test year. The majority of these commercial accounts will be in the US Route 1 corridor south of State Road 60, with 10 to 20 of these commercial accounts located within the above-mentioned residential project areas.

The industrial market in Vero is also developing. One of the driving factors is the addition of the proposed interchange at Oslo Road and I-95. This interchange is planned for construction in 2002 and is planned primarily to allow for the development of commercial and industrial parks within the area, which now is vacant land or abandoned orchards. On the northeastern portion of our existing system we are planning a main extension to reach various industrial, commercial and residential developments, specifically including an Airlight Industries facility. The addition of this significant account will afford us the opportunity to serve large commercial customers, such as an asphalt plant and several citrus packing plants, along the extension route. It will also give us the ability to serve the various residential developments mentioned above.

**Q. IN ADDITION TO THESE SYSTEM EXPANSION PROJECTS, ARE**

**THERE ANY OPERATING SYSTEM IMPROVEMENTS PLANNED FOR THE VERO SYSTEM?**

A. Yes. A system loop is planned in the Vero area to help supply the area at the north end of the system. This loop would extend north of Route 60 on 43rd Avenue to Aviation Blvd, then east to US 1 and north to 37th Street.

**Q. PLEASE DESCRIBE THE SYSTEM IMPROVEMENTS THAT HAVE BEEN MADE TO THE BREVARD COUNTY SYSTEM SINCE THE LAST RATE CASE.**

A. NUI City Gas' service to Kennedy Space Center presented the opportunity to loop the Brevard County system. This looping achieved the needed reliability improvements while simultaneously reaching new markets. The project was completed in August 1999 at a total cost of $2,527,824, or $670,000 under budget. This project involved extending the Kennedy Space Center main to the Cape Canaveral Air Force Station and to Port Canaveral, interconnecting with the existing system south of Port Canaveral at Atlantic Avenue in the City of Cape Canaveral. The Brevard System Improvement offered a unique opportunity to partner with the Air Force to enhance energy conservation programs of the Government. NUI City Gas provided much needed energy alternatives to the Air Force, and the Air Force projects provided additional revenues that defrayed construction costs

for the system improvement.

**Q. HAS THE PROJECT SOLVED YOUR LOW PRESSURE PROBLEMS IN BREVARD COUNTY?**

A. Yes. The Commission's safety engineers are well aware of the dramatic improvement in safety that has resulted from solving this low pressure problem.

**Q. WHAT ADDITIONAL SYSTEM EXPANSION WILL BE MADE IN BREVARD COUNTY BEFORE THE END OF THE TEST YEAR?**

A. The residential market in Brevard is maintaining steady growth with approximately 1200 single-family residences expected to be added to the system during 2001 within existing subdivisions. We will also be installing facilities in 20 new subdivisions or phases involving over 145,000 feet of main. Total build out for these new additions is projected to be about 1700 single-family residences over a period of 3 to 6 years. The primary area of growth is located in the area of Suntree and Viera in the central part of Brevard. However, additional growth areas are expected with the development of Palm Bay in southern Brevard.

Commercial growth also remains steady in Brevard. We expect over 100 new commercial services to be added to the system during the year. We also anticipate that major industries will focus more attention on natural gas technologies.

**Q. ARE THERE ANY SYSTEM IMPROVEMENTS PLANNED FOR THE BREVARD DIVISION DURING THE TEST YEAR?**

A. Yes. The Brevard Division's 2001 capital budget includes a new gate station to be added in the vicinity of the Viera subdivisions along the western section of our distribution system to ensure system reliability and safety. Various smaller system-piping interconnections are planned throughout the division as well. In addition, the division operational offices are scheduled for a major expansion, which is needed to provide a more efficient work environment.

**Q. WHAT IS THE TOTAL INVESTMENT DURING THE TEST YEAR ASSOCIATED WITH THESE PLANNED EXPANSION PROJECTS AND SYSTEM RELIABILITY IMPROVEMENTS?**

A. The total additional investment in rate base for Brevard County for the test year is $4,224,124 for the projects described above.

**CLEWISTON EXPANSION PROJECT**

**Q. WHAT ARE THE COMPANY'S PLANS TO SERVE THE AREA SOUTH OF LAKE OKEECHOBEE?**

A. Our Clewiston Expansion Project is an exciting project that will extend natural gas service from the FGT transmission line on the Florida turnpike, along the Highway 80 right-of-way, to the Belle Glade, South Bay and Clewiston areas.

**Q. WHAT PROGRESS HAS BEEN MADE THUS FAR ON THE**

**PROJECT?**

A. NUI's Marketing Department has been working the area for three years, which has led to a contract with Florida Crystals to supply gas to their major sugar processing facility and an associated cogeneration facility. This customer alone is large enough to act as an anchor for the project and to allow the project to meet Commission feasibility requirements. Negotiations are ongoing with other sugar processors and with an independent power producer to supply gas to two proposed "peaker" power plants. In May of 1999, our engineering contractor completed an extended route selection report for the project. In June 1999, NUI City met with the Commission Staff to announce and discuss the details of the project. We have received franchises from several of the communities in the area. We have completed detailed cost projections for the project, and are in the process of evaluating bids for project engineering. We are negotiating with the major propane distributor in the area, Glades Gas, to provide operational support. Our efforts to start the construction process will begin early in fiscal 2001 and we hope to begin providing service before the end of that year.

**Q. WHAT CAPITAL INVESTMENT IS BEING MADE IN THE PROJECT?**

A. This project will represent a capital investment of approximately $16,800,000.

**Q. HAS CITY GAS PREPARED A CAPITAL-SPENDING BUDGET THAT**

**REFLECTS THE PROJECTS YOU HAVE DESCRIBED?**

A. Yes. In fiscal year 2000, the Company intends to spend $7,574,760, which includes expenditures on the expansion and system improvement projects described above. In the test year, we project capital expenditures of $27,630,724, including nearly $16 million for the Clewiston Expansion Project. These capital expenditure estimates, by division, are shown on Exhibit No. ____ (RW-7).

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

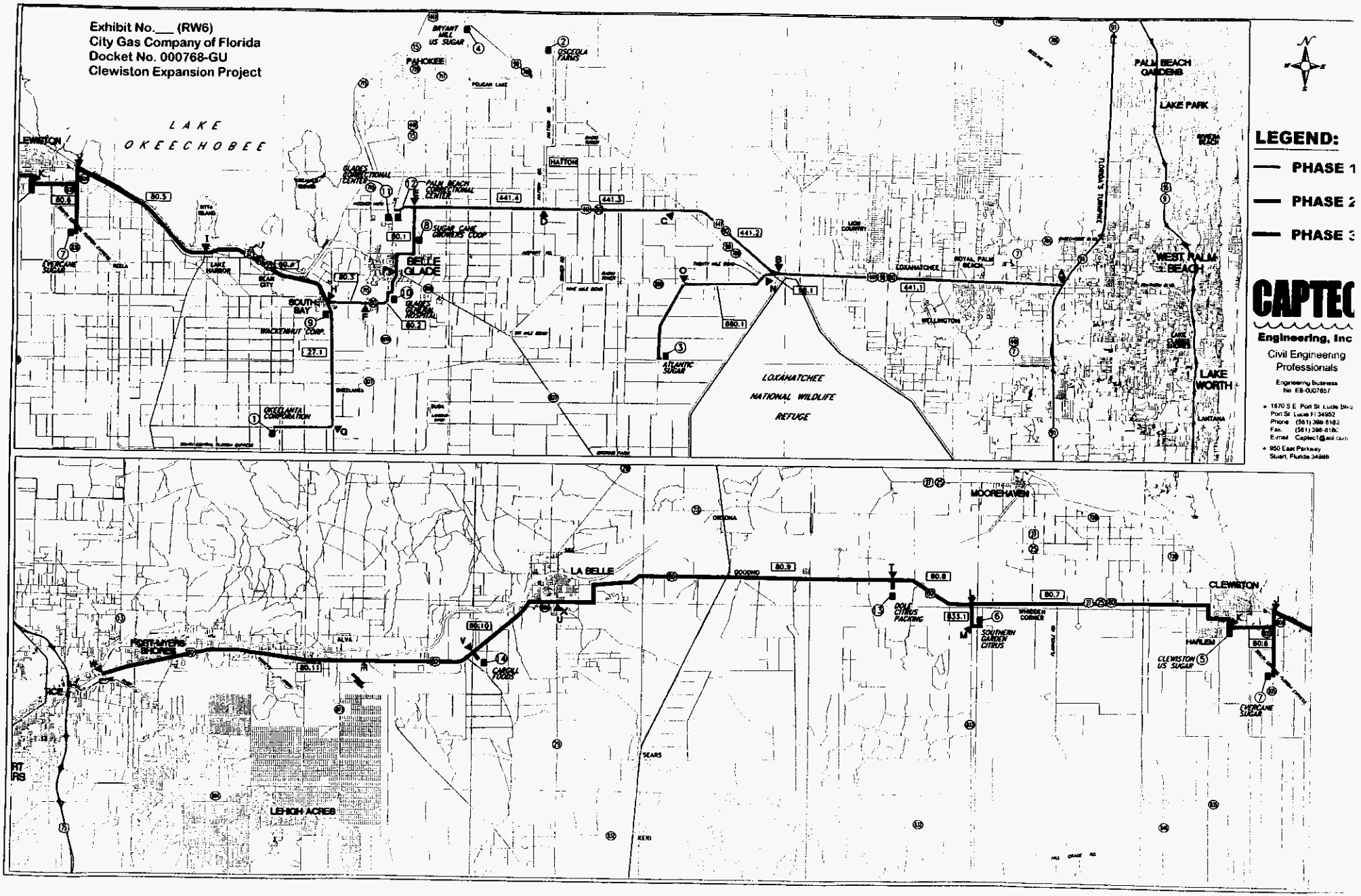
A. Yes.

**List of MFR Schedules Sponsored by Richard Wall**

| Schedule | Title |
|---|---|
| B5, p. 1 | Allocation of common plant |
| B5, p. 2 | Detail of common plant |
| B5, p. 3 | Detail of common plant |
| B8 | CWIP |
| C6 | Allocation of expenses |
| C19 | Allocation of depreciation/amortization - common plant |
| E3, p. 1 | Cost of connections/reconnections |
| E3, p. 2 | Cost of connections/reconnections |
| E3, p. 3 | Cost of connections/reconnections |
| E3, p. 4 | Cost of connections/reconnections |
| E3, p. 5 | Cost of connections/reconnections |
| E3, p. 6 | Cost of name/address change |
| E7 | Cost of meter set |
| E8 | Cost of derivation of facilities |
| G1, p. 15 | Common plant, base + 1 |
| G1, p. 16 | Common plant, detail, base + 1 |
| G1, p. 17 | Common plant, detail, base + 1 |
| G1, p. 18 | Common plant, projected |
| G1, p. 19 | Common plant, detail, projected |
| G1, p. 20 | Common plant, detail, projected |
| G1, p. 21 | Accumulated depreciation common plant, base + 1 |
| G1, p. 22 | Accumulated depreciation common plant, projected |
| G1, p. 23 | CWIP budget, base yr +1 |
| G1, p. 24 | Plant additions, base + 1 |
| G1, p. 25 | Plant retirements, base +1 |
| G1, p. 26 | CWIP budget, projected |

| Schedule | Title |
|---|---|
| G1, p. 27 | Plant additions, base +1 |
| G1, p. 28 | Plant retirements, base +1 |
| G2, p. 25 | Depreciation expense - common plant, base +1 |
| G2, p. 28 | Depreciation expense - common plant, projected |
| I1 | Interruptions |
| I2, p. 1 | Rule Violations |
| I2, p. 2 | Rule Violations |
| I3, p. 1 | Meter testing |
| I3, p. 2 | Meter testing |
| I3, p. 3 | Meter testing |
| I3, p. 4 | Meter testing |
| I3, p. 5 | Meter testing |
| I3, p. 6 | Meter testing |
| I3, p. 7 | Meter testing |
| I3, p. 8 | Meter testing |
| I3, p. 9 | Meter testing |
| I3, p. 10 | Meter testing |
| I3, p. 11 | Meter testing |
| I3, p. 12 | Meter testing |
| I3, p. 13** | Meter testing |
| I4, p. 1 | Vehicle allocation |
| I4, p. 2 | Vehicle allocation |
| I4, p. 3 | Vehicle allocation |
| I4, p. 4 | Vehicle allocation |
| I4, p. 5 | Vehicle allocation |
| I4, p. 6 | Vehicle allocation |
| I4, p. 7 | Vehicle allocation |
| I4, p. 8 | Vehicle allocation |

Exhibit No.___ (RW6)
City Gas Company of Florida
Docket No. 000768-GU
Clewiston Expansion Project




**LEGEND:**

- PHASE 1
- PHASE 2
- PHASE 3


CAPTEC
Engineering, Inc
Civil Engineering Professionals
Engineering Business No. EB-0007607
• 1870 S.E. Port St. Lucie Blvd. Port St. Lucie, Fl 34952 Phone (561) 388-8182 Fax (561) 398-8186 E-mail Captec1@aol.com
• 950 East Parkway Stuart, Florida 34996

Exhibit ____ (RW-7)
City Gas Company of Florida
Docket No. 000768-GU

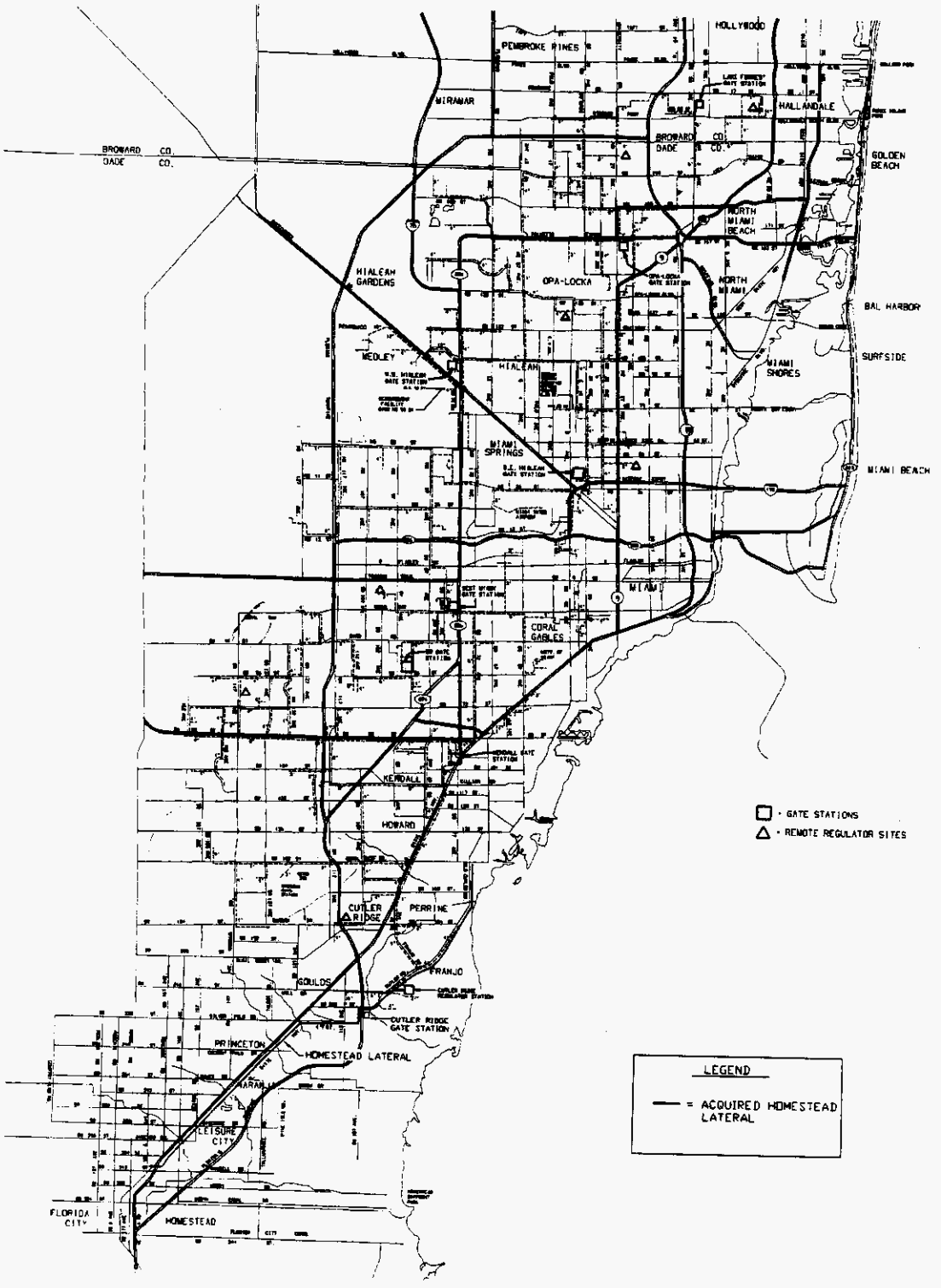
# CITY GAS COMPANY OF FLORIDA
# CAPITAL BUDGET

| | FY 2000 | | FY 2001 |
|---|---|---|---|
| **Miami Division** | | | |
| New Business | 2,689,939 | | 3,433,777 |
| System Improvement | 948,800 | | 1,181,000 |
| Other | 334,800 | | 577,300 |
| **Subtotal** | **3,973,539** | | **5,192,077** |
| | | | |
| **Brevard Division** | | | |
| New Business | 1,348,414 | | 3,184,282 |
| System Improvement | 255,130 | | 517,955 |
| Other | 392,830 | | 521,887 |
| **Subtotal** | **1,996,374** | | **4,224,124** |
| | | | |
| **PSL Division** | | | |
| New Business | 485,918 | | 648,476 |
| System Improvement | 239,500 | | 139,500 |
| Other | 20,800 | | 61,400 |
| **Subtotal** | **746,218** | | **849,376** |
| | | | |
| **Vero Division** | | | |
| New Business | 774,229 | | 1,137,047 |
| System Improvement | 71,900 | | 317,800 |
| Other | 12,500 | | 26,300 |
| **Subtotal** | **858,629** | | **1,481,147** |
| | | | |
| **Clewiston Expansion Project** | | | |
| New Business | 0 | | 15,884,000 |
| System Improvement | 0 | | 0 |
| Other | 0 | | 0 |
| **Subtotal** | **0** | | **15,884,000** |
| | | | |
| **Consolidated** | | | |
| New Business | 5,298,500 | | 24,287,582 |
| System Improvement | 1,515,330 | | 2,156,255 |
| Other | 760,930 | | 1,186,887 |
| **Total** | **7,574,760** | | **27,630,724** |

Exhibit No. ___ (RW2)
City Gas Company of Florida
Docket No. 000768-GU
Homestead Lateral Map

# NUI CITY GAS COMPANY OF FLORIDA
# DISTRIBUTION SYSTEM

## MIAMI DIVISION



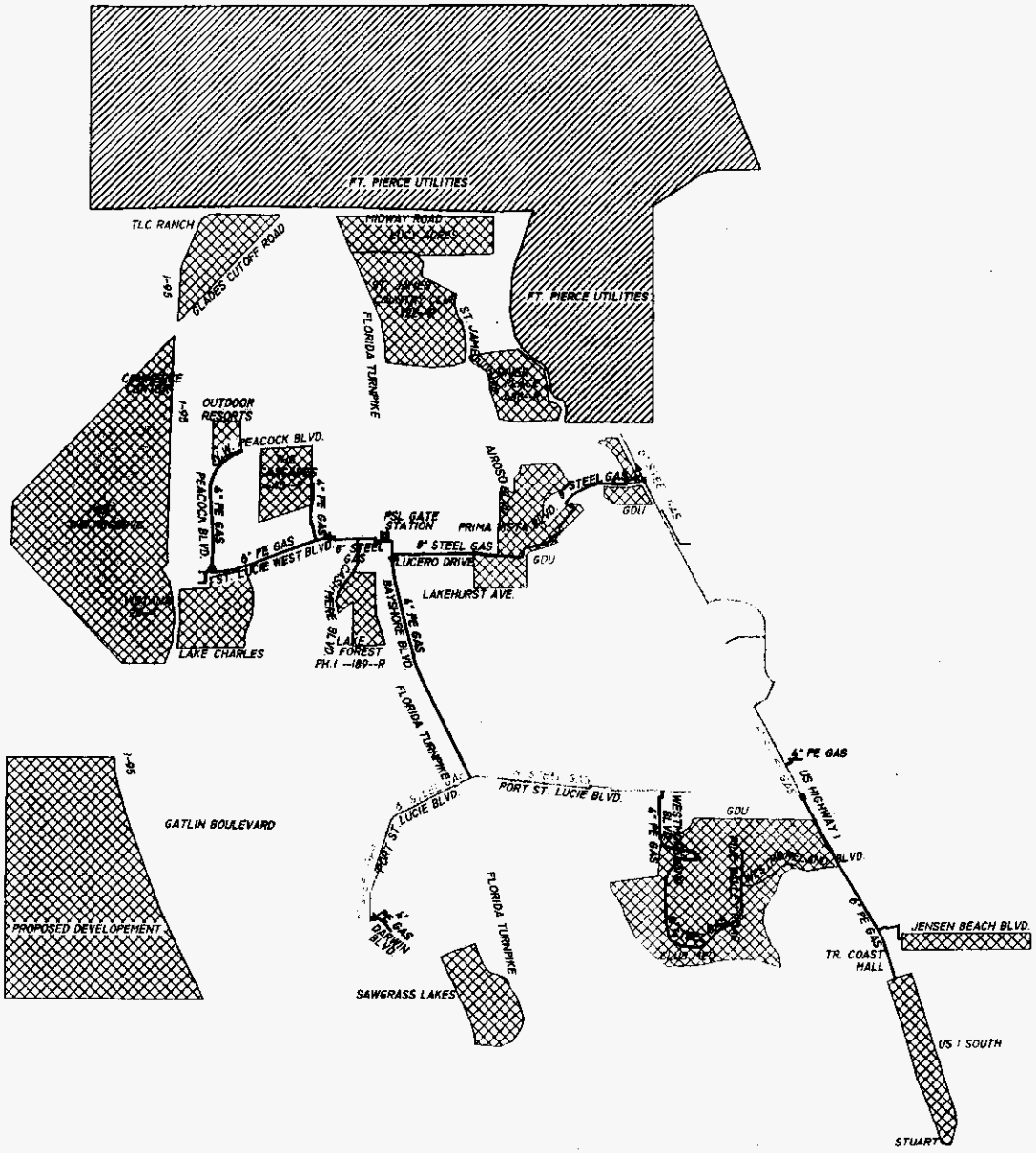



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Exhibit No. ___ (RW3)
City Gas Company of Florida
Docket No. 000768-GU
St. Lucie Expansion Map

LEGEND

- ONGOING PROJECTS
- POTENTIAL PROJECTS
- GDU ACQUISITION
- FT PIERCE UTILITIES

NUI CITY GAS COMPANY OF FLORIDA
TREASURE COAST DIVISION

TREASURE COAST SYSTEM MAP
PORT ST. LUCIE

8-17-00

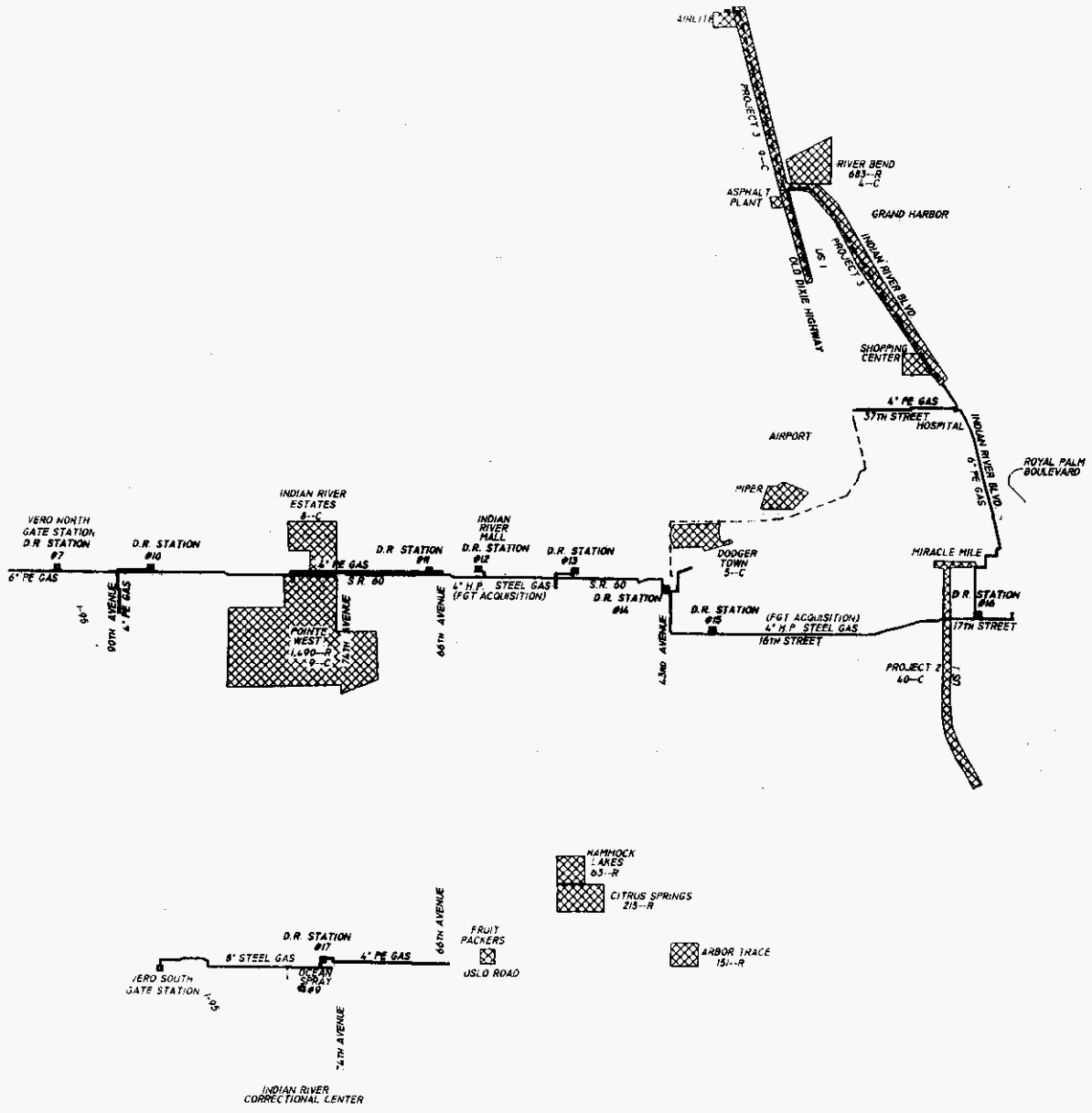



Exhibit No. ___ (RW4)
City Gas Company of Florida
Docket No. 000768-GU
Vero Beach Expansion Map

TREASURE COAST SYSTEM MAP
VERO BEACH

8-17-00

NUI
TREASURE COAST DIVISION

EXHIBIT NO. ___ (KWS)
City Gas Company of Florida
Docket No. 000768-GU
Kennedy Space Center Expansion
& Brevard System Improvement

# CITY GAS COMPANY OF FLORIDA
# DISTRIBUTION SYSTEM

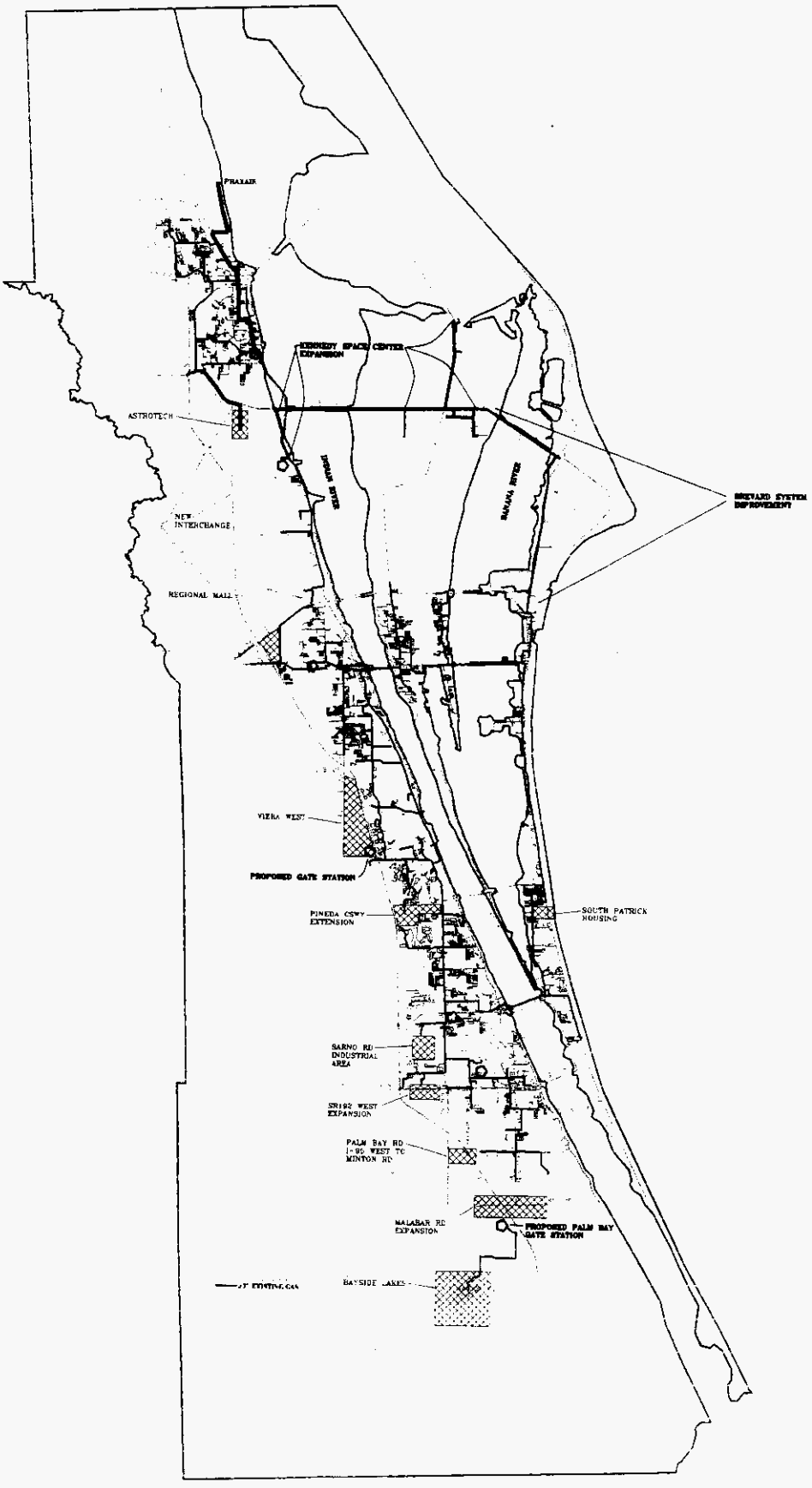
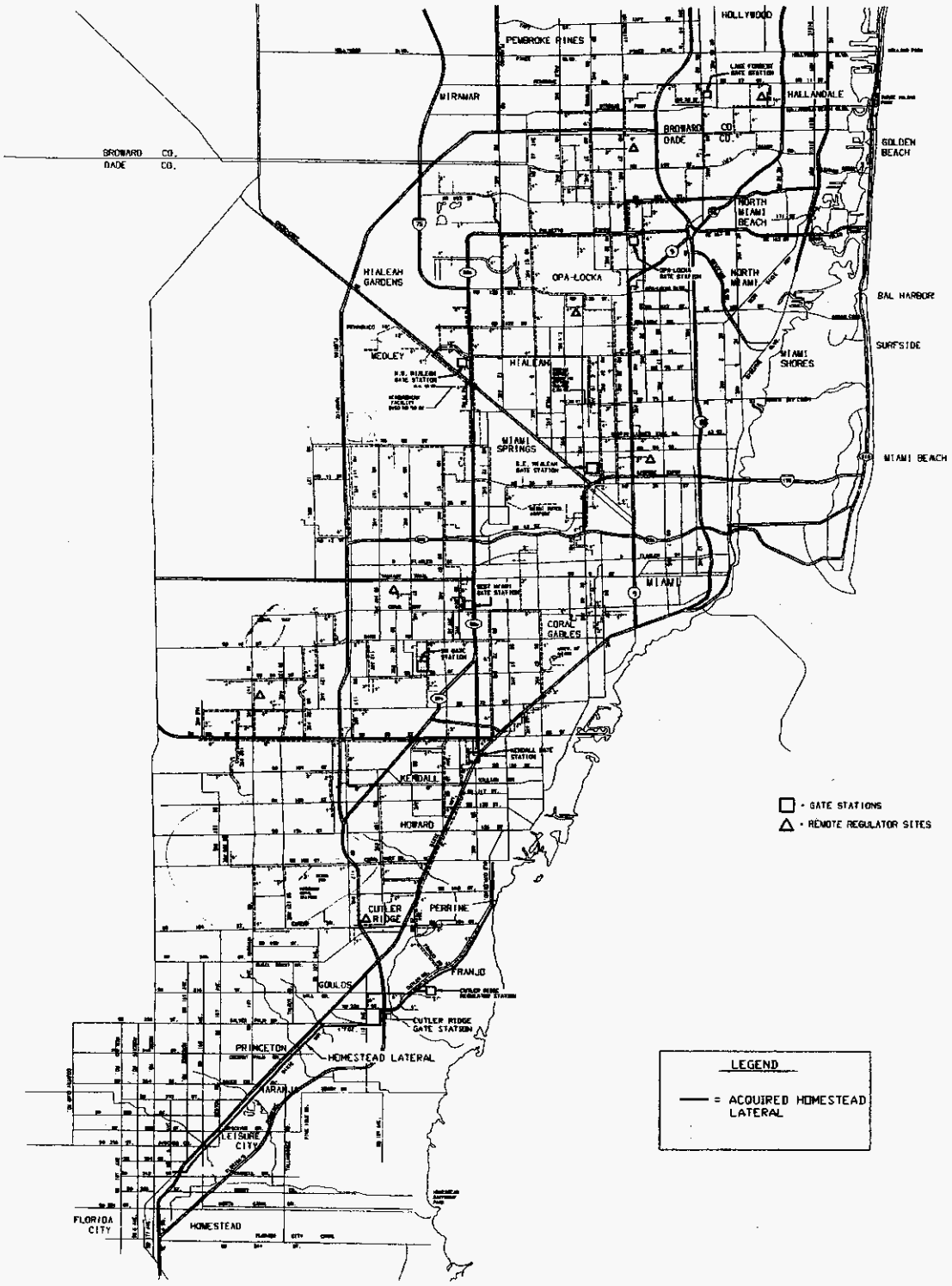
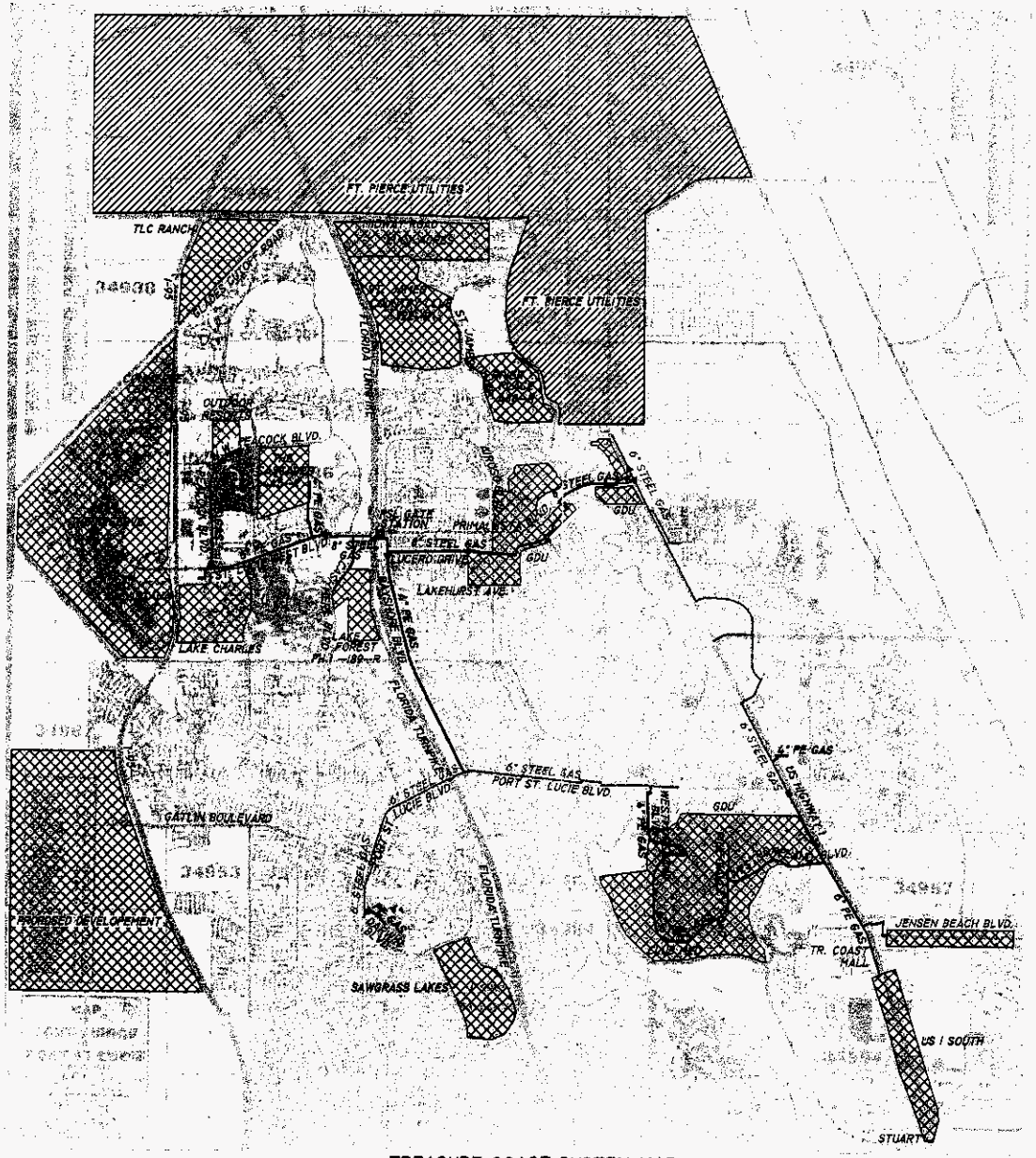


Exhibit No. ___ (RW2)
City Gas Company of Florida
Docket No. 000768-GU
Homestead Lateral Map

# NUI CITY GAS COMPANY OF FLORIDA
# DISTRIBUTION SYSTEM

## MIAMI DIVISION






TREASURE COAST SYSTEM MAP
PORT ST. LUCIE

8-17-00

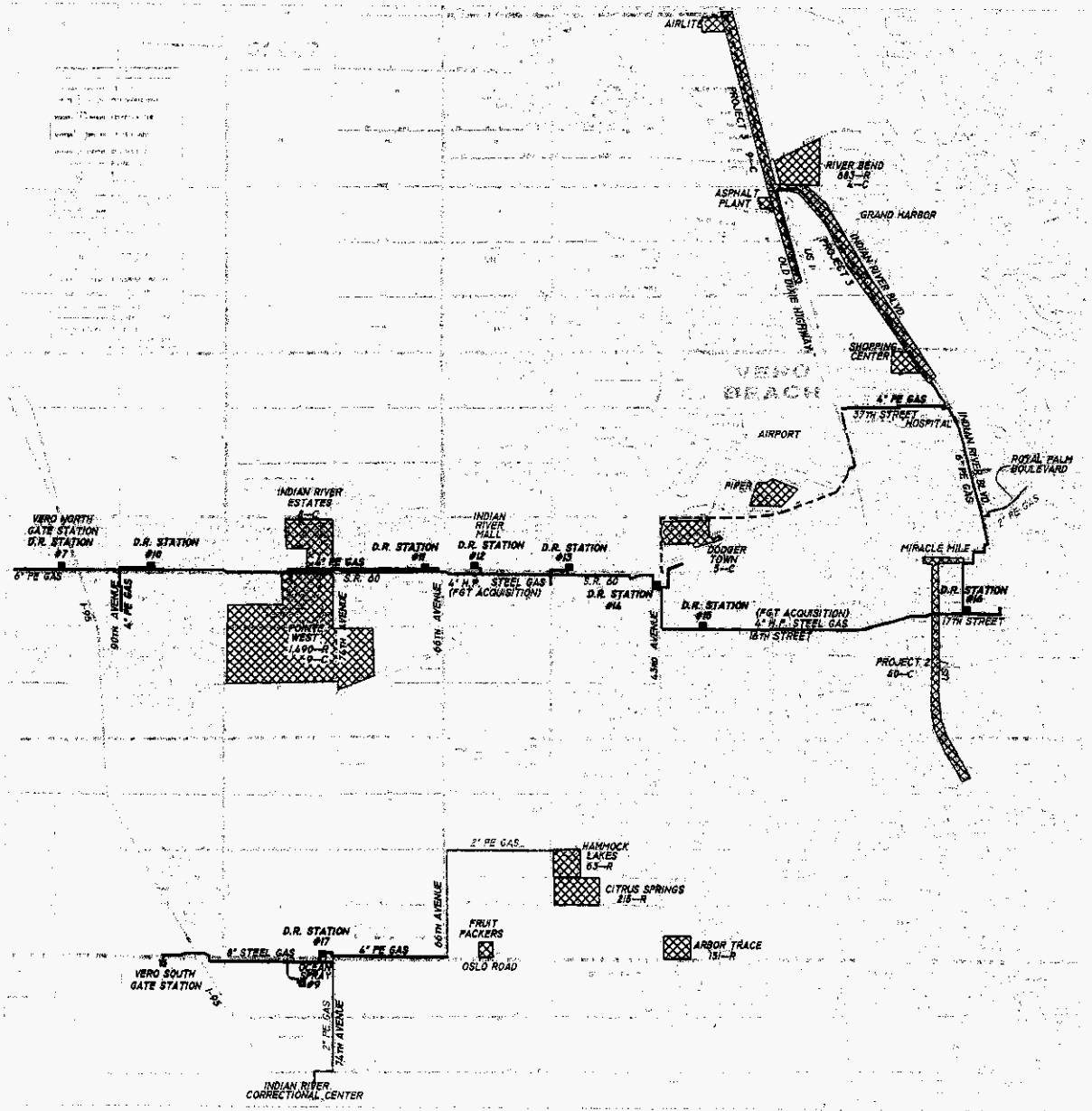
N

Exhibit No. ___ (RW3)
City Gas Company of Florida
Docket No. 000768-GU
St. Lucie Expansion Map

LEGEND

- SYSTEM IMPROVEMENT
- ONGOING PROJECTS
- POTENTIAL PROJECTS
- GDU ACQUISITION
- FT. PIERCE UTILITIES

NUI CITY GAS COMPANY OF FLORIDA
TREASURE COAST DIVISION




TREASURE COAST SYSTEM MAP
VERO BEACH

8-17-00

N

Exhibit No. ___ (RW4)
City Gas Company of Florida
Docket No. 000768-GU
Vero Beach Expansion Map

LEGEND

SYSTEM EXPANSION

SYSTEM IMPROVEMENT

ONGOING PROJECTS

POTENTIAL PROJECTS

NUI CITY GAS COMPANY OF FLORIDA
TREASURE COAST DIVISION

Exhibit No. ___ (RWS)
City Gas Company of Florida
Docket No. 000768-GU
Kennedy Space Center Expansion
& Brevard System Improvement

# CITY GAS COMPANY OF FLORIDA
# DISTRIBUTION SYSTEM

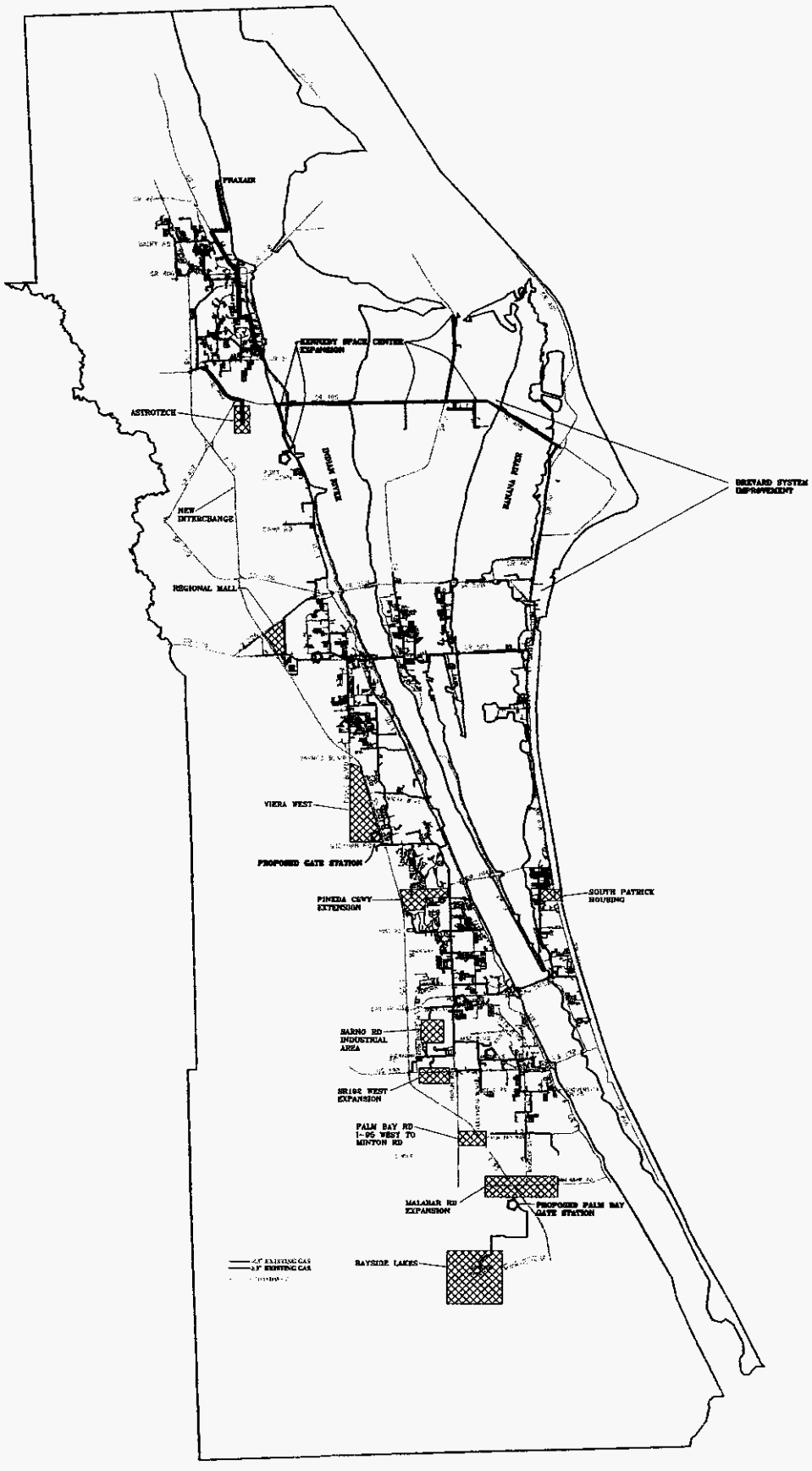
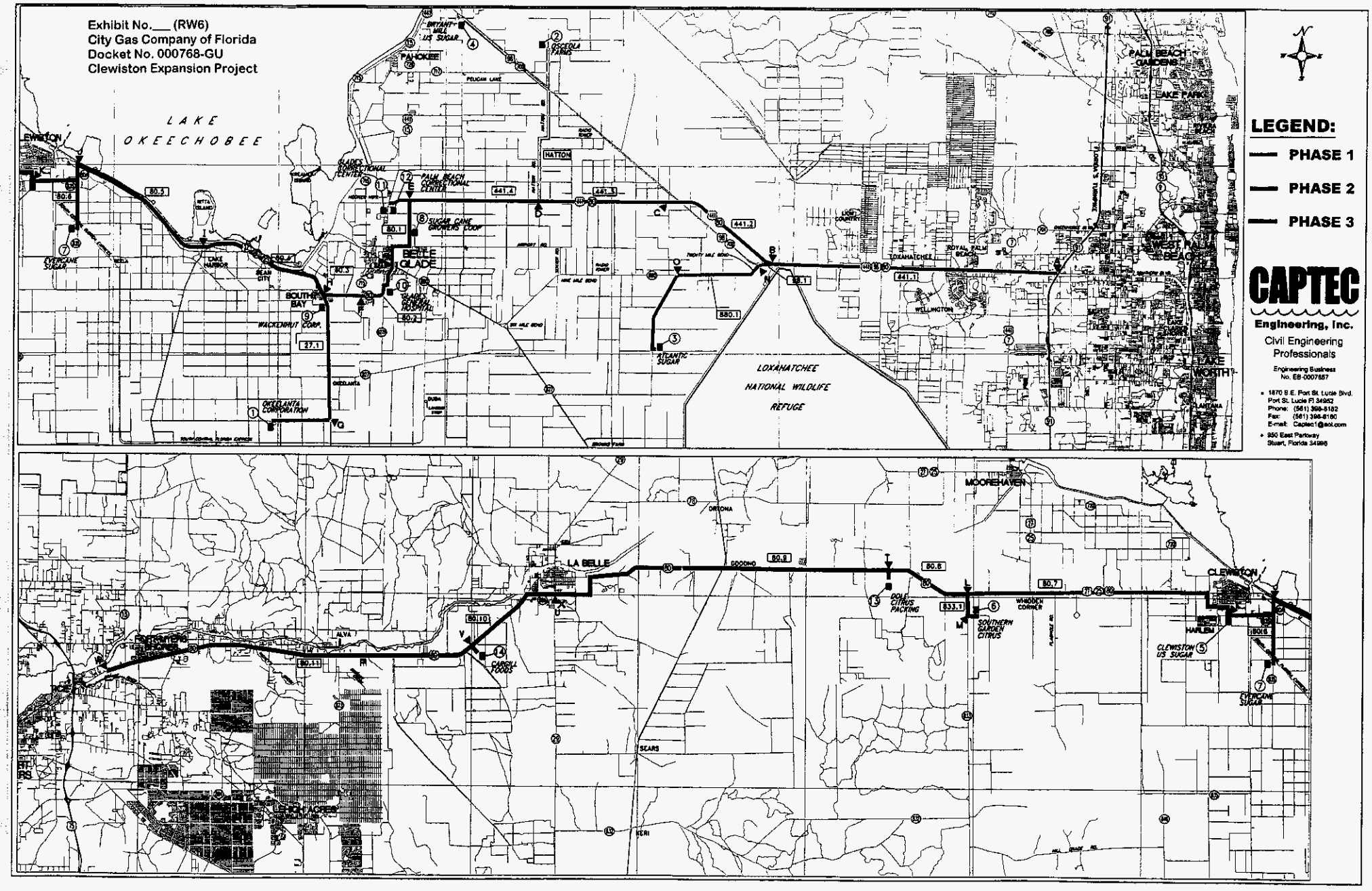


Exhibit No.___ (RW6)
City Gas Company of Florida
Docket No. 000768-GU
Clewiston Expansion Project




**LEGEND:**

- PHASE 1
- PHASE 2
- PHASE 3


**CAPTEC**
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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY AND EXHIBITS OF**

**RICHARD GRUBER**

**ON BEHALF OF CITY GAS COMPANY OF FLORIDA**

**DOCKET NO. 000768-GU**

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

A. My name is Richard Gruber. My business address is NUI Corporation, 550 Route 202-206, PO Box 760, Bedminster, NJ 07921.

**Q. IN WHAT CAPACITY ARE YOU EMPLOYED?**

A. I am Vice President of Marketing, Sales and Customer Care for NUI Corporation. I oversee all of NUI Corporation's efforts in these areas, including those of City Gas Company of Florida. I am responsible for marketing and sales strategies for NUI's operating divisions and for the Company's call center operations.

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL QUALIFICATIONS.**

A. I hold a BA in Economics from Southern Methodist University and an MBA from the University of St. Thomas (Houston). I began my career in the energy industry with Tenneco Gas, an integrated gas transmission and marketing company, in strategic planning and subsequently in marketing.

From 1990 to 1993, I was a Senior Consultant with Energy Management Associates, the Utilities Division of Electronic Data Systems,

Inc. I left EDS to co-found ANGEX, the American Natural Gas Exchange, a cash market exchange for the trading of physical gas contracts. In 1996, I joined NUI in my present position.

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

A. The purpose of my testimony is to describe the commitment that NUI City Gas has made to expand the availability of natural gas for industrial, commercial and residential development in the State of Florida. I will address the steps that NUI City Gas is taking to assure that Florida residents and businesses can realize the benefits of natural gas service and energy source choice at a good value.

I will also address some significant system expansion projects that we have undertaken or have under development since our last rate case in 1996. Specifically, I will speak to the following projects:

- Clewiston Expansion Project. This is a 126-mile distribution system designed to extend natural gas service across the state from Palm Beach County to Lee County Florida. The first two phases of this project, totaling approximately 84 miles, are included in the projected test year.
- Dade County Expansion. This is a 19-mile expansion southward along US 1 from the Cutler Ridge area of Dade County to Homestead and Florida City.

- Port St. Lucie Expansion. This is the expansion of the Port St. Lucie service area, including the acquisition of the former GDU propane system and its conversion to natural gas.
- Vero Expansion. This project involved the acquisition of the Vero lateral and the expansion of the Vero system into Indian River County.
- Brevard County Expansion. This is the ongoing expansion of the Brevard County Service area southward through Palm Bay and to the west into the developing Viera community.

I will also describe the leading role that NUI City Gas has taken to support the unbundling of natural gas services in the State of Florida. I will discuss the importance of energy supply choice to our industrial and commercial customers and will touch on the Company's focus on the new homebuilder markets. In connection with these discussions, I will identify rate design issues and tariff matters we feel are important to supporting the future growth of natural gas service in the NUI City Gas market areas.

Finally, I will address the various customer service initiatives NUI City Gas has undertaken to improve the quality of customer service enjoyed by our customers and the cost effectiveness of providing these services.

**SYSTEM EXPANSION PROJECTS**

**Q. PLEASE ADDRESS THE COMPANY'S ACTIVITIES RELATED TO THE CLEWISTON EXPANSION PROJECT.**

A. This project is the culmination of a multi-year market development effort to bring the benefits of natural gas to the Florida sugar and citrus industries. We have taken the time to develop and refine our market assessment, developed relationships with key customers and community groups, completed engineering and construction studies, and signed a contract with an anchor customer, Florida Crystals. With this information and contract in hand we have determined that it is in the best interests of the Company and our customers to proceed with the project. Accordingly the Company is planning to extend natural gas distribution service westward from Florida Gas Transmission's (FGT) compressor station number 21 (located in West Palm Beach) to an ultimate point of interconnection with FGT in Lee County. At completion, the project will provide service to portions of Palm Beach, Glades, Hendry and Lee Counties. The first two phases of this project involve approximately 83.9 miles of distribution system, and are included in the projected test year. Phase III will add another 42.4 miles and complete the connection to FGT in Glades and Lee Counties.

The Company's proposed route will allow industrial, commercial, and residential customers to receive natural gas distribution service where none is available today. This project is expected to generate approximately $2.3 million in margins annually to the Company by 2002 while providing customers in the area a cost-effective and environmentally preferable energy source. We are proud to play a role in the reduction of

air emissions from boilers currently burning fuel oils in the environmentally sensitive Everglades Agricultural Zone. The use of natural gas by customers along our route will help to improve the environment in this sensitive watershed to the Everglades.

In addition to adding significant connected loads as well as several high load factor customers, the first two phases of this system expansion will position the Company to connect in the future to the FGT Phase IV expansion, as well as to a possible future second pipeline delivering natural gas to the state of Florida. This is a strategic feature of the Clewiston Expansion Project which will enable the Company to provide its general body of ratepayers throughout the state of Florida with benefits that include: 1] improved reliability of supply to mitigate the risk of operational problems on Florida's single existing supply source (FGT), 2] a hedge against the economic impact of often-discussed mileage or zone based rates on FGT, and 3] access to an alternate natural gas production zone and concomitant pricing differentials. We all remember the incident at FGT's Perry Station which left much of the state with limited natural gas service. The Clewiston Expansion Project will serve as a hedge for our customers against interruptions of this nature by providing access to a second supply source. The Clewiston Expansion Project, because of its location as far south as is practical to cross the state, is ideally situated to bring these benefits to our current and future customers.

**Q. PLEASE DESCRIBE THE DADE COUNTY EXPANSION EFFORTS.**

A. NUI City Gas is continuing its expansion from Cutler Ridge into unincorporated Dade County and the Homestead and Florida City areas which began with the acquisition of the Homestead lateral in January 2000. This initial expansion will add 15 commercial customers to the system. This expansion will provide further access into the City of Homestead along its busiest commercial corridor where the heart of the City's downtown businesses reside.

NUI City Gas has plans for a subsequent expansion to the east where the City's new industrial park will be located. This industrial park will be the economic center for Homestead's redevelopment efforts. The Homestead expansion also positions the Company to serve whatever development may occur at the former Homestead Air Force Base.

**Q. PLEASE DESCRIBE THE COMPANY'S EXPANSION EFFORTS IN THE PORT ST. LUCIE SERVICE AREA.**

A. NUI City Gas has been expanding its Port St. Lucie system into Martin County by extending its current system south along Route A1A. This expansion has already resulted in the addition of 20 new commercial customers and provides the Company the ability to offer service to future residential and commercial development within the expansion area.

With the acquisition of the GDU propane system that the Company purchased from the City of Port St. Lucie in 1998, and has subsequently converted to natural gas, NUI City Gas continues to add new customers to the system. The conversion to natural gas results in better service and a

safer system for the former propane customers, and gives us the ability to spread fixed costs over a larger customer base.

**Q. PLEASE DESCRIBE THE COMPANY'S EXPANSION IN THE VERO AREA.**

A. In Indian River County, NUI City Gas purchased the 10.7-mile Route 60 line from FGT in May, 1996. Since then, we have extended mains north and south from the lateral along US 1. Further expansion is underway that will result in a total of 60 new commercial customers and over 1,000 new single and multi-family homes connecting to this system over the next four to five years.

In the southern portion of Vero Beach, we are evaluating an extension of our current facilities to reach Vero Beach's new residential and small commercial sector. This expansion would accommodate the known residential growth of over 1,000 new homes and the future growth in both these market segments.

**Q. PLEASE DESCRIBE THE COMPANY'S EXPANSION EFFORTS IN THE BREVARD COUNTY SERVICE AREA.**

A. NUI City Gas is expanding in several areas within the Brevard service territory. We have recently completed a project to loop the system, providing much-needed operational improvements to the Brevard distribution system. This improvement ensures that further expansion capacity and continued reliable service is available both within the growing Port Canaveral area and along State Road 3. NUI City Gas is continuing

to extend the system in the Viera West community. This community, when completed, will contain an estimated 20,000 single and multi-family residential homes with accompanying commercial, governmental, and educational facilities.

NUI City Gas has also expanded its facilities to the southern portion of Brevard County through various expansion projects. Expansion into Palm Bay's Bayside Lakes community is expected to result in the addition of 2,000 single and multi-family residential homes and over 30 new commercial customers over the next five years. On-going discussions with local and state governments on future projects include a water and wastewater treatment plant, a county office park and several expansions of the Brevard Community College facilities.

**MARKETING EFFORTS**

**Q. HOW HAS NUI ORGANIZED ITS MARKETING EFFORTS TO PURSUE DEVELOPMENT OF THESE NEW GEOGRAPHIC MARKET AREAS AS WELL AS ITS TRADITIONAL MARKET AREAS?**

A. We have created three groups within the Company's Florida operation to better address the needs of existing and potential customers. These three groups include the Key Account, Project Development and Core Markets teams.

**Q. PLEASE EXPLAIN NUI CITY GAS' KEY ACCOUNT PROGRAM.**

A. Our Key Account team provides individually tailored services for our largest commercial and industrial customers. The Key Account team focuses its efforts on retention of these customers and expanding the use of natural gas at their facilities, which employ large numbers of people and are key contributors to the communities we serve. Customers in this category tend to be large sophisticated users and buyers of energy with complex energy needs. They are focused on maintaining a strong competitive position and require a higher level of relationship management than smaller accounts. The Key Account team ensures that these customers are provided with the latest information regarding emerging gas technologies and energy options from both a supply and demand perspective. The Company works not only to retain existing customers, but also to attract new customers to the areas in which the company's natural gas transportation service can be provided. Accordingly, the Key Account team actively participates in local economic development groups to promote customer relocation to areas within its service territory.

**Q. PLEASE EXPLAIN NUI CITY GAS' PROJECT DEVELOPMENT PROGRAM.**

A. The Company's Project Development group focuses on: 1] assisting customers with incorporating cost-effective emerging gas technologies within their operations and 2] expanding NUI City Gas' system in areas where sufficient opportunity exists to support the development of a natural gas distribution infrastructure. The Project Development group has

assisted customers with boiler replacements as well as in technical and economic evaluations relating to desiccant dehumidification, natural gas engine driven chillers and bi-fuel generating applications. The development of the Clewiston Expansion Project is a good example of the group's ability to add new customers to the system.

**Q. PLEASE EXPLAIN THE ROLE OF THE COMPANY'S CORE MARKET TEAM.**

A. The Core Market Team is responsible for day-to-day sales activities for new residential customers along the Company's existing system, for improving retention of existing customers, for sales to the new home builder market, and for sales and support of commercial and light industrial customers.

**Q. PLEASE DESCRIBE THE ROLE THAT THE NEW HOMEBUILDER MARKET PLAYS IN NUI CITY GAS' FUTURE GROWTH.**

A. The new homebuilder market plays a major role in the growth and expansion of NUI City Gas. The Company's current and future expansion efforts have a potential of adding over 6,000 new customers to the Port St. Lucie and Brevard service areas over the next 4 to 5 years. NUI City Gas' ability to provide quality service, along with Energy Conservation Programs and promotional support, are vital to ensuring the Company's success in the new home market. Accordingly, NUI City Gas is constantly evaluating and improving its support to this market segment.

**Q. PLEASE DESCRIBE THE ROLE THAT THE COMMERCIAL MARKET SEGMENT PLAYS IN NUI CITY GAS' FUTURE GROWTH.**

A. NUI City Gas' efforts continue to be focused on this important market which provides a large portion of City Gas' margins. Our current menu of Energy Conservation programs assists NUI City Gas in providing high quality service to our commercial customers. The recent offering of unbundling opportunities to this market segment has had a positive effect on the addition of new customers and on the retention of our existing commercial customers.

**Q. WHAT CHALLENGES DO YOU FACE WITHIN THE RESIDENTIAL MARGET SEGMENT?**

A. One of NUI City Gas' major challenges is the retention of existing residential customers. As Victor Fortkiewicz testifies, we bear a heavy expense in cutting and capping discontinued service. The day-to-day challenge of retaining customers is being addressed through a variety of customer-focused programs and business mechanisms. For example, the Company's Replacement Energy Conservation Program, which provides incentives for continued use of gas appliances, has encouraged our customers to continue using natural gas by keeping the cost of appliance replacement down to acceptable levels. Over the past several years the Company and its customers have experienced escalating installation costs. This program assists in lowering the impact of the local installation costs. Similarly, the addition of our Cut-and-Cap Energy Conservation Program

has allowed the Company to market those customers who have natural gas in their homes but aren't using this energy source. This program has been effective in adding new customers to our system. These programs and others help to ensure that the Company's existing capital investment in infrastructure will continue to be utilized to the maximum extent possible.

**Q. WHAT STEPS HAS NUI CITY GAS TAKEN TO UNBUNDLE THE COMPANY'S SYSTEM?**

A. The Company has pursued an aggressive and proactive plan to unbundle its system. The Company has made transportation service available to all Commercial and Industrial customers, without regard to size or consumption level. The objective of the unbundling process was to provide all Commercial/Industrial customers with a broader spectrum of gas commodity purchase options.

**Q. HAVE YOU BEEN SUCCESSFUL IN THIS ENDEAVOR?**

A. Yes. We have converted 1051 commercial customers and 103 industrial customers to transportation as of August 2000. Transportation currently makes up approximately 48% of the Company's throughput, and is projected to grow to approximately 55% of total throughput during the test year.

**Q. DO YOU CONSIDER THE CONVERSION OF THE NUI CITY GAS SYSTEM FROM PREDOMINANTLY SALES TO PREDOMINANTLY TRANSPORTATION TO BE AN IMPORTANT FACTOR IN THE CONTINUED GROWTH OF THE COMPANY?**

A. Yes. Our customers now have a choice of natural gas commodity suppliers and can purchase their energy needs in a fashion more specifically tailored to their individual needs. Our customers are now able to save on their total energy bills by purchasing gas from marketers and arranging for the Company to deliver their supplies through its distribution system. The sheer number of customers who have signed up is a good indicator of our customers' preference for transportation service. In order to grow further, we need to continue to give our customers the services they want, including the freedom to select a supplier of their choice. If we do not, our customers will switch to other forms of energy provided by our competitors or move their operations to states where energy choice is the norm. We firmly believe that the availability of natural gas transportation service is key to signing up, and retaining, commercial and industrial customers. We expect that many customers will increase throughput when they are able to purchase gas at a lower price from third party suppliers. We believe that over the long term, the availability of transportation service to our customers will result in increased throughput and increased profits.

**Q. IS NUI CITY GAS INVOLVED IN PROMOTING NON-TRADITIONAL END USE EQUIPMENT?**

A. Yes. Due to the significant use of electricity for meeting cooling needs in the state of Florida, the Company has implemented an on-going program that promotes non-traditional end-use equipment to address customer's energy requirements. The Company currently promotes options such as

desiccant dehumidification and natural gas engine driven chillers to address humidity control and cooling problems. In certain applications desiccant dehumidification can be a cost-effective way for a customer to reduce the amount of electric cooling required to maintain comfortable levels. To assist customers in managing their electrical load demands, the Company has initiated efforts to promote "behind the fence" generation using natural gas as the fuel source. In addition to these non-traditional programs for commercial customers, the Company also provides a rebate for the installation of natural gas cooling by residential customers.

**RATE STRUCTURE CHANGES**

**Q. PLEASE ADDRESS PROPOSED CHANGES IN EXISTING TARIFFS THAT YOU BELIEVE ARE NEEDED TO ASSIST CITY GAS IN ACHIEVING ITS COMPETITIVE AND MARKETING NEEDS.**

A. In order to be competitive, the Company has determined that it needs to modify its existing interruptible service tariffs, the IT and ITS rate schedules. These interruptible tariffs will be modified to allow for verification and assurance that customers can in fact be interrupted if needed. The proposed modification would permit the Company to place a customer who does not curtail service onto a higher cost firm service until the customer provides proof that it can curtail service when requested. This modification was deemed necessary to assure that customers who are served under interruptible service schedules in fact are able to curtail their gas use.

**CUSTOMER SERVICE IMPROVEMENTS**

**Q. WHAT EFFORTS HAS NUI CITY GAS MADE TO IMPROVE THE COMPANY'S CUSTOMER SERVICE?**

A. NUI City Gas has made tremendous strides in improving customer service. The company has recently consolidated its call center activities to Florida. In addition, NUI City Gas has taken steps to improve its payment and collection practices, and has increased its communication and awareness activities.

**Q. DESCRIBE HOW THE CONSOLIDATION OF CALL CENTER ACTIVITIES IN FLORIDA HAS IMPROVED THE DELIVERY OF SERVICE TO NUI CITY GAS' CUSTOMERS.**

A. In an effort to better serve all our customer segments, NUI has recently consolidated its call center activities for both our Florida and New Jersey customers in a single center located in Miami. The consolidation provides our customers with greater access and faster information in managing their energy needs. This consolidation improves our service in three ways -- it increases customer satisfaction, achieves enhanced productivity in our day-to-day operations, and reduces employee turnover.

By increasing our hours of operation to provide service seven days a week from 7:00 a.m. to 11:00 p.m., we have made contacting the Company more convenient for our customers. In addition, we have implemented a quality assurance program which includes the recording of all calls. This program enables us to monitor customer interactions for

quality and consistency and has been coupled with an enhanced training program for our customer service representatives.

Due in part to the call center consolidation and in part to a mid-1997 increase in the number of incoming trunks, the overall number of calls that the Company can handle has increased significantly. At the same time, the percentage of calls answered within our 30-second target has also increased.

Exhibit ___ (RG-1) to this testimony outlines in more detail how the call center consolidation improves service in each of the areas identified above.

**Q. DESCRIBE THE METHODS THE COMPANY HAS TAKEN TO IMPROVE ITS PAYMENT AND COLLECTION METHODS.**

A. In response to an increase in delinquencies in its Miami Division, NUI has recently taken a number of steps to increase the payment options available to customers who are in arrears and to improve our overall collection activities. These steps include:

- Credit Card Acceptance: Credit cards are now an option for customers who are in arrears.
- Telephone Check Acceptance: A customer in arrears can now initiate a direct debit from their checking account. It is not necessary to mail a check or visit the office.
- Reminder Calls: A third party vendor now places reminder calls to all customers that are more than thirty days past due.

- Training: Extensive "collections" training has been provided to all representatives to improve negotiating skills. This training includes the "Promises that Pay" curriculum.
- Third Party Field Collections: A third party vendor has been utilized throughout the past year to increase collection efforts in the field.
- Skip Tracing: The Company has contracted with a third party vendor to conduct "skip tracing" on accounts that we have been unsuccessful in contacting. The skip tracing efforts usually produce a forwarding address and/or telephone number allowing us to reach customers who have relocated, yet still owe money to NUI City Gas.
- Renegotiated Contracts with Collection Agencies: Contracts with collection agencies were negotiated to include more defined goals, objectives and measures. Commission rates were decreased from 30% to 24%, more in line with national standards.

**Q. WHAT AWARENESS AND COMMUNICATION ACTIVITIES HAS THE COMPANY IMPLEMENTED TO BETTER SERVE ITS CUSTOMERS?**

A. The Company over the past several years has focused on increasing natural gas awareness within our territories. This has been accomplished by a variety of communications means, including direct mail, radio, cable TV, press releases, employee involvement and voluntary participation in community activities. The communications activities are an effort to make existing and potential customers who reside in our territories, but have not

switched to natural gas, aware that they have a choice when it comes to their energy needs.

In addition, NUI City Gas is committed to being a part of the business and residential communities we serve. We support the local Economic Development Councils, Chambers of Commerce, and municipal, regional and state organizations that support the use of natural gas.

**Q. DOES THIS COMPLETE YOUR TESTIMONY?**

A. Yes.

## CUSTOMER SERVICE IMPROVEMENTS FROM CONSOLIDATION OF CALL CENTER

- ***Customer Satisfaction***

  - *Expanded Coverage*: The consolidation allows us to service customers (within the call center) seven days a week, from 7:00 AM – 11:00 PM. This is an increase of 3,484 annual operating hours.

  - *Quality Assurance Program*: The organization invested in a state of the art monitoring system that allows us to record every telephone interaction. Calls are monitored and evaluated for quality and consistency and are part of an ongoing Quality Assurance Program.

  - *Enhanced Training Program*: The organization is in the process of designing and implementing a "Certification Training and Development" program that focuses on employee leadership and development. The program is based upon an adult learning environment and includes various training techniques. Within the past year, the new hire-training program was developed into a 306-hour requirement. Other training programs introduced include, 1.) Cornerstone of Unbelievable Service 2.) Ask for the Business and Get It 3.) Residential Choice 4.) Promises that Pay.

  - *Rapid Response to Change*: A consolidated call center allows the organization to rapidly respond to changes. Policies, procedures and new programs can easily be communicated to the entire Customer Care team, now that they reside in one location.

  - *Disaster Recovery Option*: The consolidation enables us to answer all incoming calls in one location (Florida) and utilize the New Jersey location as a disaster recovery location.

  - *Enhanced New Hire Standards*: The organization is now able to recruit and hire only experienced, qualified representatives. This is a result of providing a better work environment, more flexible hours and enhanced training and career path options.

- ***Enhanced Productivity***

- *Dialer Efficiency:* A state of the art dialer was purchased that will be used for outbound calling. The consolidation of outbound calling will allow for enhanced dialer efficiency. Outbound calls will initially be placed to customers in arrears. Phase two calling will include reminder calls for scheduled service appointments and customer satisfaction inquiries. The dialer has a call-blending feature that enables the same set of representatives to handle inbound and outbound calls. This feature further enhances productivity.

- *Skill Based Routing:* The purchase of the Symposium switch provides skill based routing. Skill based routing enables us to assign individual representatives various skill sets. The skill sets assigned ensure that callers are directed to representatives qualified to handle the transaction.

- *Scheduling Efficiency:* A large pool of representatives located in one location (consolidated call center) provides scheduling efficiency, resulting in an increase in operating hours and a decrease in the average speed of answer.

- ***Reduction of Employee Turn-over***

  - *Improved Work Environment:* An enhanced work environment, flexible scheduling, career path opportunities and extensive training decrease attrition of representatives. This provides more experienced representatives, while at the same time reducing the Company's overall labor expense.

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY AND EXHIBITS OF**

**LEONARD J. WILLEY**

**ON BEHALF OF CITY GAS COMPANY OF FLORIDA**

**DOCKET NO. 000768-GU**

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

A. My name is Leonard J. Willey. My office is located at 550 Route 202-206, Bedminster, New Jersey, 07921.

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

A. I am currently employed as Senior Forecasting Analyst for NUI Corporation's ("NUI") Energy Planning Department.

**Q. WHAT IS THE SCOPE OF YOUR RESPONSIBILITIES AS SENIOR FORECASTING ANALYST AT NUI?**

A. My current responsibilities as Senior Forecasting Analyst include the management and preparation of long and short term demand and revenue forecasts for all utility divisions of NUI Corporation. In addition, I am responsible for developing and preparing forecast models used by other departments, maintaining and reviewing normal weather criteria, and for providing support for various planning activities and regulatory filings. My department is responsible for analyzing and forecasting gas demand and revenues from gas sales and services on a short and long-

term basis for all utility divisions of NUI including City Gas Company of Florida ("NUI City Gas" or "the Company"). In addition, Energy Planning also performs long and short term portfolio analyses, and develops and maintains operational demand models and guidelines used by other departments. These activities include analyzing demand profiles of the various customer classes, planning and coordinating forecasts of new customer growth and market demand assumptions with other departments, and developing short and long term forecasts of gas demand and revenues used by the Company for budgeting and planning purposes.

**Q. WHAT ARE YOUR PROFESSIONAL QUALIFICATIONS?**

A. I received a Bachelor of Arts degree in Computer Science from Rutgers, The State University of New Jersey with a minor in Economics. During my tenure with NUI, I have attended the American Gas Association's (AGA) "Demand Modeling and Forecasting" seminar, the Institute of Gas Technology's "Energy Modeling" seminar, the Institute for Professional Education (IPE) courses "Applied Time Series: Analysis and Forecasting" and "Forecasting: Methods and Applications". In addition I have attended various conferences and seminars on topics and issues related to my job function. Prior to the AGA reorganization and restructuring and while in existence, I was a member of the AGA's Statistics and Load Forecasting Methods Committee.

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

A. I will support and describe the specific methods employed in developing the forecast of sales, services and revenues for the Base Year + 1 ending September 30, 2000, and for the Projected Test Year ending September 30, 2001. The normalized level of sales, services and revenues during the Projected Test Year period is the base from which the requested revenue increase has been determined.

**Q. DO YOU HAVE ANY EXHIBITS TO YOUR TESTIMONY?**

A. Yes. Exhibit No. ___ (LJW-1) is City Gas' forecast of rates, services and revenues for the Base Year + 1. Exhibit No. ____ (LJW-2) is the same information for the Projected Test Year. Exhibit No. ____ (LJW-3) is the heating degree day pattern. Exhibit No. ____ (LJW-4) is a comparison of actual sales degree days to the 10 Year and 30 Year normals. Exhibit No. ___ (LJW-5) is a comparison of historical annual usage per customer to projected test year forecasts.

**Q. PLEASE IDENTIFY THE MFR SCHEDULES YOU ARE SPONSORING.**

A. I am sponsoring pages 6 through 11 of Schedule G-2 of the MFRs.

**Q. WHAT IS NUI CITY GAS' BASE YEAR + 1 AND PROJECTED TEST YEAR PERIOD FORECAST OF DEMAND AND REVENUES?**

A. NUI City Gas' forecast of normalized sales, services and revenues for the Base Year + 1 and the Projected Test Year periods are displayed on

Exhibit No. ____ (LJW-1) and Exhibit No. ____ (LJW-2), respectively. Exhibit No. ___ (LJW-1) consists of eight months of actual data and four months of forecast data.

Page 1 of each of the exhibits details the number of customers billed per class for the respective periods. Page 2 displays the weather normalized consumption forecast by class by month for each of the periods. The monthly revenues by rate class for the Base Year + 1 and the Projected Test Year periods are calculated using existing rates and are shown on page 3 of each of Exhibit No. _____ (LJW-1) and Exhibit No. _____ (LJW-2).

The total Projected Test Year period revenues of $62,404,993 as shown on page 3 of Exhibit No. _____ (LJW-2), plus other income of $1,143,259 as shown on page 2 of Schedule E-1 of the MFRs, was the base from which the additional revenue requirement being sought in this proceeding was developed.

**Q. PLEASE DISCUSS NUI CITY GAS' APPROACH TO FORECASTING DEMAND AND REVENUES FOR THE BASE YEAR + 1 AND PROJECTED TEST YEAR PERIODS.**

A. Sales, services and revenues are forecast using a multi-step process for each of the customer classes we serve. Each customer class is first categorized into one of two groups, homogenous and non-homogenous, based primarily on behavior. The homogenous group consists of those

customer classes that are large in terms of number of customers, and have customers that are individually small with regard to consumption and react similarly to causal variables such as weather. The residential and commercial classes are grouped into this category. The non-homogenous group is comprised of those customer classes that are small in terms of number of customers, and have customers that are individually large with regard to consumption and can react differently to causal variables. The large customer/industrial classes are grouped into this category.

The next stage of the process includes four steps. First, consumption equations are developed that model consumption per customer for each of the homogeneous customer classes. The consumption for the large industrial classes or other unique classes that are not homogeneous in nature is forecast in a different manner. Second, the number of customers billed for each class is developed. Third, a consumption forecast for each class is calculated by applying the results of the consumption equations to the number of customers billed in the class. In some classes, as I describe later in my testimony, this step is somewhat modified. Fourth, a revenue forecast is generated by applying the class consumptions, along with other billing determinants, including customer service charges, to the existing rate structure.

**Q. IS THIS THE MANNER IN WHICH NUI CITY GAS HAS**

**TRADITIONALLY DEVELOPED ITS FORECAST?**

A. The forecasting methods described in my testimony were employed by NUI City Gas for the first time in its 1996 base rate proceeding. As one of the results of the merger of City Gas with NUI, certain corporate functions, including demand and revenue forecasting, were consolidated and centralized. More sophisticated forecasting tools and techniques were employed than in City Gas Company's previous rate proceedings. On an on-going basis our methods are reviewed through activities such as variance analyses, and adjusted when required. This is an evolutionary process with the goal of continually improving forecast performance. New techniques are continually evaluated and are incorporated into the forecast models when they demonstrate improvement in forecast accuracy.

**Q. HOW WERE THE CONSUMPTION EQUATIONS DEVELOPED FOR THE COMPANY'S VARIOUS CUSTOMER CLASSES?**

A. Consumption equations were developed for the Residential Service (RS) and Commercial Service (CS) classes. Consumption for the following classes, Large Commercial Service (LCS), Natural Gas Vehicles Sales Service (NGVSS), Interruptible - Preferred (IP), Commercial Transportation Service (CTS), Interruptible Transportation Service (ITS), Interruptible Large Volume Transportation Service (ILT), Contract Interruptible - Large Volume Transportation Service (CI-LVT) and

Contract Interruptible - Transportation Service (CI-TS), was forecast on an individual customer basis.

Two different modeling techniques were used in developing the consumption equations for the residential and commercial classes. The various City Gas service territories, located in Dade/Broward, Brevard, St. Lucie/Martin and Indian River counties, are geographically and climatologically distinct. For this reason, it was necessary to develop consumption equations on both a rate class and geographic area basis. Where applicable and statistically valid, causal, least-squares regression models employing non-parametric, cubic spline techniques were developed. The Brevard area CS class consumption equation was developed using multiple regression with heating degree days and the number of weekends per month as regressor terms. Similarly, the Dade/Broward (Miami) area RS class and the Brevard area RS class consumption equations were developed using the multiple regression approach with heating degree days and a cubic spline term as the principal drivers. The Dade/Broward (Miami) area CS class consumption equation was developed using an ARIMA (AutoRegressive Integrated Moving Average) time series model with heating degree days and the number of weekends per month as regressor terms. Because of the lack of sufficient empirical data available for the St. Lucie/Martin and Indian River areas, no consumption equations were separately developed for

these areas. Instead, the demand forecast relied on consumption equations from the Miami and Brevard models that exhibited similar behavioral characteristics to the demand in the St Lucie/Martin and Indian River areas.

The models employed thirteen years of historical consumption and temperature data, over the period October 1987 through March 2000. From these models I derived the consumption equations that are used to develop monthly average usage per customer for each class, RS and CS. The consumption equations can, in their most basic form, be broken down into a base use component (non-temperature sensitive) and a heat use component (temperature sensitive). Review of the output statistics, use of holdout periods (i.e., segmenting the dataset into two periods and using one subset to develop a model and the other to evaluate equation performance), and validation through "backcasting" (i.e., comparing actual historical results to the fitted values generated by the statistical model) demonstrated the accuracy of the regression models selected.

**Q. WERE CHANGES MADE TO THE FORECAST MODELS?**

A. As stated earlier, new techniques are continually evaluated in an attempt to improve forecast accuracy. The performance of the Brevard CS, Miami RS and CS forecast models used for the last rate case was disappointing; each required improvement. Causal, multiple regression

models tend to be more accurate than time series, ARIMA models in predicting customer demand requirements when casual relationships can be identified and quantified. Accordingly, the first major change was to switch from an ARIMA, time series model to a causal, multiple regression model. Data analysis was used to determine appropriate causal relationships for the three poorly performing models. A series of regression models employing various causal variables were developed and tested. Analysis of the output statistics and evaluations of the backcasts and scatter plots showed that multiple regression models using heating degree days, with a base temperature of 80°F, outperformed the residential ARIMA models previously used. Changing the base temperature at which heating degree days are calculated has the effect of shifting load from the base use (y-intercept, non-temperature sensitive) component to the heat use (slope, temperature sensitive) component. Using the more typical 65°F base temperature to calculate heating degree days results in only three to four months with heating degree day values; the remaining months generate zero heating degree day values. This limits the multiple regression equations ability to explain and forecast monthly variations in usage. Adopting the 80°F base temperature to calculate heating degree days results in heating degree day values for each month of the year. This change provides a means to explain the monthly variation in customer usage observed in the dataset.

Using the 80°F base temperature rather than the more typical 65°F base temperature vastly improved equation performance.

The second major change involved the introduction of the cubic spline term into the multiple regression models. The data analysis not only identified heating degree days as a reasonable causal variable to use in a multiple regression model but also indicated that residential customer heat sensitivity was not linear, that it changed at 65°F for Miami residential customers and 55°F for Brevard residential customers. At these temperature points, residential consumption increased as customers become more sensitive to colder weather. Introducing the cubic spline term into the residential models has improved forecast performance.

**Q. WHY WAS A DIFFERENT STATISTICAL APPROACH USED TO MODEL THE MIAMI COMMERCIAL CLASS?**

A. A different approach for the Miami CS class was required because the statistical results from the multiple regression model were not satisfactory. For this class, temperature alone did not provide a strong enough correlation with gas consumption to warrant use of the multiple regression model form. Neither changing the heat degree day base nor including a cubic spline term into the forecast model produced satisfactory statistical results. This is primarily due to the fact that a majority of the load resulting from this customer class is non-heating, i.e.

cooking, water heating, etc. and influenced more by trends such as tourist travel and business cycles than fluctuations in temperature. Since a significant portion of the load is non-temperature sensitive, the ARIMA technique is a better approach because its time series model captures trends present in the predominately base load weighted demand data. However, there is still a component of heating load present in the data, and therefore we included this term as a regressor in the ARIMA model to strengthen it. The regressor terms used in the CS class were heating degree days and the number of weekends per month.

**Q. FOR THE BASE YEAR + 1 AND THE PROJECTED TEST YEAR PERIOD, HOW WAS THE NUMBER OF CUSTOMERS BILLED IN EACH CLASS DEVELOPED?**

A. The number of customers billed by class for the Base Year + 1 was developed as follows:

- The actual number of customers by class that were billed as of May 31, 2000 was determined and used as the base starting point upon which new customer growth was added.
- A monthly forecast of new customers (or reduction in customers) by class was developed in coordination with the Marketing and Engineering Departments.
- A seasonal pattern of changes in the number of inactive customers and customers locked for non-payment was developed from historical

customer count data.

- The aggregate number of customers by class by month was developed by adding the monthly growth projections and seasonal changes in customer patterns to the May 2000 starting point.

The number of customers by class for the Projected Test Year period were developed in the same manner as described above, except that the base starting point for this period is the number of customers ending September 30, 2000 as forecast in the Base Year + 1 period.

Page 1 of each of the exhibits, ____ (LJW-1) and ____ (LJW-2), presents the monthly number of customers by class used to develop the normalized consumption and revenues.

**Q. HOW WAS CONSUMPTION DEVELOPED FOR THE HOMOGENEOUS CUSTOMER CLASSES?**

A. *Consumption by class for those classes for which we employed* consumption equations was developed by multiplying the projected number of customers billed in the class for each month by the usage per customer for the month. The usage per customer was developed by *applying the consumption equation for the month with an input of normal* heating degree days for that month and multiplying by the number of average meter read days in the month.

**Q. HOW WAS CONSUMPTION DEVELOPED FOR THE REMAINING CLASSES?**

A. For classes that were forecast by individual customer (LCS, NGVSS, IP, CTS, ITS, ILT, CI-LVT, CI-TS), the monthly consumption for the class represents the aggregate of the individual customer forecasts. The forecast by individual customer was prepared by reviewing historical monthly consumption data and customer surveys with the Marketing Department, and correcting for future changes in demand resulting from customer expansions and contractions and one-time, extraordinary events such as re-tooling, strikes and storms. For the Gas Lighting (GL) and Small Commercial Transportation Service (SCTS) classes, consumption was developed by reviewing historical monthly demand. In the case of the SCTS class, customer growth resulting from CS customers migrating to transportation was added to the historical demand.

**Q. HOW WAS THE MIGRATION OF COMMERCIAL SALES SERVICE CUSTOMERS TO TRANSPORATION SERVICES TREATED?**

A. Within the past four years, changes to the Commercial/Industrial Service (CS) class prompted a modification to the development of the CS consumption forecast. In 1996, the CS class was disaggregated into two classes, the current CS and the Large Commercial Service (LCS) class, based on annual load. In addition, open-access has provided commercial customers the option of transportation services (SCTS, CTS), that many have chosen. Historical consumption data by customer for the CS class

is not maintained on a long term basis by the Company and therefore demand for those customers who shifted to LCS or opted for CTS and SCTS could not be removed readily from the historical dataset. These events generated a discontinuity in the historical dataset. Aggregating all commercial-type customer classes into one group eliminates this discontinuity. The aggregated commercial dataset was used to develop the CS consumption equation discussed earlier in my testimony. The CS class consumption forecast is, therefore, generated from this commercial superset by subtracting the forecasts of the LCS, SCTS and CTS classes. The adjustment was necessitated by the fact that the shift and migration of customers out of the class affected the CS average customer usage. In order to reflect the impact on the average CS usage resulting from the migration and shift of CS customers to the LCS, SCTS and CTS classes, an adjustment was made to the forecasted monthly consumption.

**Q. WHAT HEATING DEGREE DAY PATTERN WAS APPLIED TO THE CONSUMPTION EQUATIONS?**

A. To develop a normalized consumption forecast for those classes where consumption equations were employed, it was necessary to develop a normal heating degree day pattern for each month of the year. Heating degree days are the difference between a base temperature and the average temperature for a day when that daily average is below the base

temperature. Heating degree days are simply a measure of weather change that influences gas consumption. As stated earlier, the base temperature that was found most relevant and incorporated into the multiple regression models was 80°F.

The heating degree day pattern that was employed is presented in Exhibit No. ____ (LJW-3). It is based on 10 years of daily weather data (July 1, 1985 through June 30, 1995) as measured by the National Oceanic and Atmospheric Administration (NOAA) for Miami International Airport and Daytona Beach Airport. This weather distribution is then adjusted for the Company's meter read schedule.

Since the last rate case proceeding, the weather pattern has been significantly warmer than the 30 year normal used by the Company to set its current rates. In order to more accurately predict revenue, the 10 year normal was used. Comparison of the past four years of weather data to the 10 year normal resulted in a much lower variance. Exhibit No. ____ (LJW-4) presents the comparison of current sales degree days to both the 30 year normal, used to generate current rates, and the 10 year normal, used to develop Base Year + 1 and Projected Test Year revenues.

**Q. HOW WERE REVENUES FOR THE BASE YEAR + 1 AND THE PROJECTED TEST YEAR PERIODS DEVELOPED?**

A. The revenues shown on page 3 of each of Exhibit No. ____ (LJW-1) and

Exhibit No. ____ (LJW-2) were developed by applying the forecast, normalized consumption and number of customers billed by class for the Base Year + 1 and the Projected Test Year periods to a model of the existing rate structure of the Company's tariff.

**Q. THE COMPANY HAS NOT ACHIEVED THE LEVEL OF REVENUES PROJECTED IN ITS LAST RATE CASE. HOW DO YOU ACCOUNT FOR THIS?**

A. Several factors may account for the Company not being able to achieve the level of revenues that were projected in its last rate case. First, the annual usage per customer projections used to derive revenues for the 1997 Projected Test Year were higher than that which actually occurred during fiscal years 1997, 1998 and 1999 as shown on Exhibit No. _____ (LJW-5). The difference in usage, between the forecast of the last rate case and actual, may be attributable to such factors as customer demographic changes (i.e. tenant/owner age, family size, building size, number of gas appliances) and the impact of conservation efforts (i.e. appliance efficiency gains, building construction changes).

Second, the weather during the past four years, with the exception of Fiscal Year 1998, has been warmer than the 30 Year Normal used to develop the current rates. As shown on Exhibit No. _____ (LJW-4), the 10 Year Normal has been a better measure of the current weather resulting in a cumulative difference of 77 and 24 heating

degree days, for Daytona and Miami respectively, as compared to the 30 Year Normal which generated a cumulative difference of 353 and 112 heating degree days, for Daytona and Miami respectively.

Third, the residential and commercial growth projections were somewhat aggressive, resulting in a higher total customer count than currently exists. The 1997 Projected Test Year forecast 101,571 accounts ending September 30, 1997 as compared to 99,792 actual accounts as of October 31, 1999. Affecting this difference in customer count is a change to the customer billing system the Company made in September 1995. The Company adopted a new customer billing system that provides more accurate information than was previously available.

**Q. WHAT STEPS HAVE YOU TAKEN TO ENSURE THAT THE CURRENT PROJECTIONS WILL BE IN LINE WITH FUTURE GROWTH?**

A. The Company has taken several steps to ensure that the current Projected Test Year forecast is more accurate and a better indication of future growth. As discussed earlier in my testimony, improvements were made to the residential and commercial forecast models resulting in usage per customer projections more in-line with actual.

Next, the 10 Year Normal heating degree day distribution was used to derive Projected Test Year revenues. By adopting the 10 Year Normal, demand and revenue projections will be more likely to reflect the

current trend in weather.

Last, the customer count forecast is based on actual number of customers as of May 31, 2000 and includes growth in residential and commercial accounts. These growth forecasts have been tempered by including losses due to attrition (i.e., customers migrating out of the service territory, business failures). This combination of growth and attrition results in a net change of customers that is more reflective of system growth.

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

A. Yes, it does.

**EXHIBIT NO. LJW-1**
FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI CORPORATION
DOCKET NO.: 0000768-GU

**CALCULATION OF THE HISTORIC BASE YEAR + 1**
**NUMBER OF BILLS**
**(CURRENT RATES)**


TYPE OF DATA SHOWN:
HISTORIC BASE YEAR + 1: 09/30/00
WITNESS: LEONARD J. WILLEY

| RATE CLASS | | Oct 1999 | Nov 1999 | Dec 1999 | Jan 2000 | Feb 2000 | Mar 2000 | Apr 2000 | May 2000 | Jun 2000 | Jul 2000 | Aug 2000 | Sep 2000 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Residential | RS | 94,441 | 95,098 | 95,469 | 95,781 | 96,019 | 95,814 | 95,484 | 95,073 | 94,955 | 94,835 | 94,732 | 94,854 | 1,142,555 |
| Gas Lighting | GL | 252 | 252 | 253 | 252 | 251 | 250 | 246 | 248 | 248 | 248 | 248 | 248 | 2,996 |
| Commerical & Industrial | CS | 4,747 | 4,762 | 4,781 | 4,788 | 4,763 | 4,684 | 4,610 | 4,443 | 4,408 | 4,361 | 4,313 | 4,273 | 54,933 |
| Large Commercial | LCS | 9 | 8 | 9 | 8 | 9 | 9 | 8 | 8 | 10 | 10 | 10 | 10 | 108 |
| Interruptible Preferred | IP | 5 | 4 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 48 |
| Natural Gas Vehicles | NGV | 2 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 24 |
| Small Commercial Transportation | SCTS | 238 | 246 | 251 | 262 | 299 | 383 | 451 | 628 | 667 | 708 | 753 | 803 | 5,689 |
| Commercial Transportation | CTS | 48 | 50 | 48 | 48 | 48 | 48 | 47 | 47 | 50 | 49 | 49 | 49 | 581 |
| Interruptible Transportation | ITS | 32 | 30 | 29 | 29 | 29 | 29 | 29 | 29 | 28 | 27 | 27 | 26 | 344 |
| Contract Interruptible Transportation | CI-TS | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 36 |
| Interruptible Large Volume Transportation | ILT | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 51 |
| Contract Interruptible Large Volume Transportation | CI-LVT | 6 | 6 | 6 | 7 | 8 | 8 | 7 | 7 | 7 | 7 | 7 | 7 | 83 |
| **TOTAL** | | 99,788 | 100,467 | 100,860 | 101,189 | 101,440 | 101,238 | 100,895 | 100,496 | 100,385 | 100,257 | 100,151 | 100,282 | 1,207,448 |

EXHIBIT NO. _____ (LJW-1)
CITY GAS COMPANY OF FLORIDA
DOCKET NO. 000768-GU
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**EXHIBIT NO. LJW-1**
FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI CORPORATION
DOCKET NO.: 0000768-GU

**CALCULATION OF THE HISTORIC BASE YEAR + 1**
**CONSUMPTION IN THERMS**
**(CURRENT RATES)**


TYPE OF DATA SHOWN:
HISTORIC BASE YEAR + 1: 09/30/00
WITNESS: LEONARD J. WILLEY

| RATE CLASS | | Oct 1999 | Nov 1999 | Dec 1999 | Jan 2000 | Feb 2000 | Mar 2000 | Apr 2000 | May 2000 | Jun 2000 | Jul 2000 | Aug 2000 | Sep 2000 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Residential | RS | 1,309,218 | 1,425,572 | 1,780,477 | 2,291,345 | 2,626,494 | 2,164,674 | 1,652,664 | 1,406,260 | 1,294,930 | 1,236,200 | 1,183,580 | 1,277,230 | 19,648,644 |
| Gas Lighting | GL | 3,283 | 3,354 | 3,566 | 3,354 | 3,182 | 3,256 | 3,051 | 3,433 | 5,540 | 5,540 | 5,540 | 5,540 | 48,639 |
| Commerical & Industrial | CS | 2,580,137 | 2,901,777 | 3,090,250 | 3,503,507 | 3,125,719 | 3,299,915 | 2,887,779 | 2,748,918 | 2,373,830 | 2,149,460 | 2,240,790 | 2,447,900 | 33,349,982 |
| Large Commercial | LCS | 127,575 | 120,921 | 122,342 | 123,823 | 201,151 | 158,748 | 185,197 | 184,454 | 136,500 | 127,700 | 133,700 | 127,800 | 1,749,911 |
| Interruptible Preferred | IP | 52,613 | 54,018 | 63,487 | 49,872 | 45,179 | 121,503 | 75,849 | 75,020 | 64,600 | 61,300 | 54,600 | 56,700 | 774,741 |
| Natural Gas Vehicles | NGV | 2,926 | 358 | 2,939 | 5,355 | 0 | 8,398 | 1,025 | 2,862 | 30 | 30 | 30 | 30 | 23,983 |
| Small Commercial Transportation | SCTS | 273,785 | 317,211 | 453,928 | 462,824 | 461,416 | 525,838 | 1,057,951 | 468,283 | 691,840 | 735,280 | 730,430 | 780,350 | 6,959,136 |
| Commercial Transportation | CTS | 623,000 | 655,593 | 631,200 | 645,032 | 637,897 | 762,898 | 579,534 | 640,454 | 699,500 | 681,400 | 684,100 | 551,100 | 7,791,708 |
| Interruptible Transportation | ITS | 1,015,024 | 1,227,821 | 1,084,563 | 1,131,280 | 1,051,350 | 1,097,523 | 991,449 | 989,051 | 919,100 | 831,100 | 942,300 | 863,800 | 12,144,361 |
| Contract Interruptible Transportation | CI-TS | 182,880 | 175,801 | 207,733 | 260,721 | 222,918 | 234,880 | 286,452 | 266,379 | 206,600 | 125,400 | 174,800 | 188,800 | 2,533,364 |
| Interruptible Large Volume Transportation | ILT | 820,226 | 657,834 | 712,483 | 712,741 | 359,679 | 562,357 | 562,059 | 523,237 | 558,500 | 575,200 | 638,300 | 488,300 | 7,170,916 |
| Contract Interruptible Large Volume Transportation | CI-LVT | 901,517 | 938,468 | 1,058,068 | 1,111,214 | 1,557,871 | 1,550,738 | 1,410,581 | 1,398,972 | 814,100 | 1,015,100 | 1,034,600 | 1,034,100 | 13,825,329 |
| **TOTAL** | | 7,892,184 | 8,478,728 | 9,211,036 | 10,301,068 | 10,292,856 | 10,490,728 | 9,693,591 | 8,707,323 | 7,765,070 | 7,543,710 | 7,822,770 | 7,821,650 | 106,020,714 |

EXHIBIT NO. _____ (LJW-1)
CITY GAS COMPANY OF FLORIDA
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**EXHIBIT NO. LJW-1**
FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI CORPORATION
DOCKET NO.: 0000768-GU

**CALCULATION OF THE HISTORIC BASE YEAR + 1**
**REVENUE**
**(CURRENT RATES)**


TYPE OF DATA SHOWN:
HISTORIC BASE YEAR + 1: 09/30/00
WITNESS: LEONARD J. WILLEY

| RATE CLASS | | Oct 1999 | Nov 1999 | Dec 1999 | Jan 2000 | Feb 2000 | Mar 2000 | Apr 2000 | May 2000 | Jun 2000 | Jul 2000 | Aug 2000 | Sep 2000 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Residential | RS | $1,878,079 | $1,946,368 | $2,283,587 | $2,936,805 | $3,241,779 | $2,869,276 | $2,330,640 | $2,109,468 | $2,092,726 | $2,028,698 | $1,971,316 | $2,073,132 | $27,761,874 |
| Gas Lighting | GL | $2,888 | $2,859 | $2,764 | $2,872 | $2,946 | $2,922 | $2,873 | $2,804 | $5,932 | $5,932 | $5,932 | $5,932 | $46,656 |
| Commerical & Industrial | CS | $1,620,750 | $1,814,034 | $1,948,617 | $2,237,449 | $2,127,174 | $2,262,712 | $1,997,722 | $1,944,785 | $1,844,930 | $1,677,331 | $1,744,365 | $1,897,293 | $23,117,162 |
| Large Commercial | LCS | $76,071 | $71,306 | $72,526 | $77,193 | $122,798 | $100,755 | $116,113 | $118,484 | $95,431 | $89,303 | $93,484 | $89,374 | $1,122,838 |
| Interruptible Preferred | IP | $26,477 | $28,244 | $31,856 | $26,333 | $24,672 | $66,635 | $42,486 | $42,905 | $41,098 | $39,009 | $34,767 | $36,097 | $440,579 |
| Natural Gas Vehicles | NGV | $438 | $206 | $483 | $805 | $25 | $2,139 | ($693) | $428 | $33 | $33 | $33 | $33 | $3,963 |
| Small Commercial Transportation | SCTS | $59,826 | $72,451 | $104,378 | $108,070 | $105,833 | $121,805 | $239,200 | $110,870 | $163,159 | $173,487 | $173,134 | $185,029 | $1,617,242 |
| Commercial Transportation | CTS | $120,421 | $121,780 | $117,313 | $123,657 | $118,047 | $140,666 | $107,513 | $118,458 | $129,313 | $125,980 | $126,468 | $102,359 | $1,451,975 |
| Interruptible Transportation | ITS | $153,197 | $164,387 | $143,434 | $149,566 | $139,197 | $146,660 | $131,553 | $131,249 | $122,149 | $110,750 | $124,934 | $114,746 | $1,631,822 |
| Contract Interruptible Transportation | CI-TS | $16,840 | $30,181 | $20,850 | $34,237 | $29,413 | $30,945 | $37,517 | $34,957 | $26,881 | $16,522 | $22,824 | $24,610 | $325,777 |
| Interruptible Large Volume Transportation | ILT | $74,249 | $56,284 | $60,794 | $60,815 | $30,882 | $48,005 | $47,981 | $44,777 | $47,688 | $49,065 | $54,273 | $41,894 | $616,707 |
| Contract Interruptible Large Volume Transportation | CI-LVT | $76,799 | $79,841 | $89,711 | $94,096 | $131,755 | $130,766 | $119,202 | $117,344 | $69,979 | $86,565 | $88,175 | $88,134 | $1,172,367 |
| **TOTAL** | | $4,106,035 | $4,387,941 | $4,876,313 | $5,851,898 | $6,074,521 | $5,923,286 | $5,172,107 | $4,776,529 | $4,639,319 | $4,402,675 | $4,439,705 | $4,658,633 | $59,308,962 |

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CITY GAS COMPANY OF FLORIDA
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**EXHIBIT NO. LJW-2**
FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI CORPORATION
DOCKET NO.: 0000768-GU

**CALCULATION OF THE PROJECTED TEST YEAR**
**NUMBER OF BILLS**
**(CURRENT RATES)**


TYPE OF DATA SHOWN:
PROJECTED TEST YEAR: 09/30/01
WITNESS: LEONARD J. WILLEY

| RATE CLASS | | Oct 2000 | Nov 2000 | Dec 2000 | Jan 2001 | Feb 2001 | Mar 2001 | Apr 2001 | May 2001 | Jun 2001 | Jul 2001 | Aug 2001 | Sep 2001 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Residential | RS | 94,919 | 95,623 | 96,011 | 96,233 | 96,392 | 96,537 | 96,140 | 95,561 | 95,357 | 95,193 | 95,032 | 95,093 | 1,148,091 |
| Gas Lighting | GL | 248 | 248 | 248 | 248 | 248 | 248 | 248 | 248 | 248 | 248 | 248 | 248 | 2,976 |
| Commerical & Industrial | CS | 4,249 | 4,344 | 4,228 | 4,331 | 4,214 | 4,326 | 4,221 | 4,319 | 4,217 | 4,311 | 4,213 | 4,320 | 51,292 |
| Large Commercial | LCS | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 120 |
| Interruptible Preferred | IP | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 48 |
| Natural Gas Vehicles | NGV | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 12 |
| Small Commercial Transportation | SCTS | 836 | 866 | 893 | 911 | 928 | 943 | 956 | 967 | 1,009 | 1,017 | 1,024 | 1,031 | 11,382 |
| Commercial Transportation | CTS | 49 | 49 | 49 | 49 | 49 | 49 | 50 | 50 | 50 | 50 | 50 | 50 | 594 |
| Interruptible Transportation | ITS | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 300 |
| Contract Interruptible Transportation | CI-TS | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 36 |
| Interruptible Large Volume Transportation | ILT | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 48 |
| Contract Interruptible Large Volume Transportation | CI-LVT | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 11 | 11 | 11 | 11 | 100 |
| **TOTAL** | | 100,355 | 101,184 | 101,483 | 101,826 | 101,885 | 102,157 | 101,669 | 101,200 | 100,939 | 100,877 | 100,625 | 100,800 | 1,215,000 |

EXHIBIT NO. _____ (LJW-2)
CITY GAS COMPANY OF FLORIDA
DOCKET NO. 000768-GU
PAGE 1 OF 3

EXHIBIT NO. LJW-2
FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI CORPORATION
DOCKET NO.: 0000768-GU

**CALCULATION OF THE PROJECTED TEST YEAR**
**CONSUMPTION IN THERMS**
**(CURRENT RATES)**


TYPE OF DATA SHOWN:
PROJECTED TEST YEAR: 09/30/01
WITNESS: LEONARD J. WILLEY

| RATE CLASS | | Oct 2000 | Nov 2000 | Dec 2000 | Jan 2001 | Feb 2001 | Mar 2001 | Apr 2001 | May 2001 | Jun 2001 | Jul 2001 | Aug 2001 | Sep 2001 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Residential | RS | 1,200,370 | 1,370,910 | 1,871,050 | 2,477,300 | 2,398,040 | 2,132,680 | 1,707,510 | 1,386,770 | 1,266,430 | 1,221,650 | 1,157,630 | 1,201,680 | 19,392,020 |
| Gas Lighting | GL | 5,540 | 5,540 | 5,540 | 5,540 | 5,540 | 5,540 | 5,540 | 5,540 | 5,540 | 5,540 | 5,540 | 5,540 | 66,480 |
| Commerical & Industrial | CS | 2,293,210 | 2,395,460 | 2,182,370 | 2,612,050 | 2,646,220 | 2,662,120 | 2,646,140 | 2,545,390 | 2,289,040 | 2,285,060 | 2,285,890 | 2,459,420 | 29,302,370 |
| Large Commercial | LCS | 138,500 | 157,300 | 216,600 | 128,100 | 120,800 | 135,200 | 158,500 | 126,100 | 143,100 | 134,500 | 140,500 | 134,400 | 1,733,600 |
| Interruptible Preferred | IP | 54,300 | 72,500 | 61,600 | 79,600 | 79,800 | 77,600 | 69,200 | 57,000 | 64,600 | 61,300 | 54,600 | 56,700 | 788,800 |
| Natural Gas Vehicles | NGV | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 360 |
| Small Commercial Transportation | SCTS | 817,670 | 1,029,960 | 1,370,350 | 1,360,160 | 1,231,920 | 1,142,820 | 931,500 | 854,940 | 948,030 | 966,480 | 930,930 | 943,600 | 12,528,360 |
| Commercial Transportation | CTS | 701,400 | 634,300 | 635,800 | 685,700 | 659,700 | 771,500 | 710,300 | 758,700 | 724,500 | 718,500 | 721,200 | 587,100 | 8,308,700 |
| Interruptible Transportation | ITS | 898,300 | 897,000 | 951,700 | 960,300 | 927,200 | 997,000 | 895,500 | 927,700 | 840,000 | 796,300 | 899,900 | 841,800 | 10,832,700 |
| Contract Interruptible Transportation | CI-TS | 186,800 | 181,400 | 206,400 | 214,500 | 207,100 | 275,100 | 235,900 | 203,700 | 206,600 | 125,400 | 174,800 | 188,800 | 2,406,500 |
| Interruptible Large Volume Transportation | ILT | 536,100 | 433,400 | 490,200 | 505,900 | 463,800 | 508,800 | 511,500 | 458,600 | 501,900 | 533,800 | 606,300 | 555,000 | 6,105,300 |
| Contract Interruptible Large Volume Transportation | CI-LVT | 1,085,500 | 1,090,900 | 1,114,100 | 1,287,700 | 1,361,400 | 1,524,100 | 1,382,600 | 1,145,700 | 2,626,600 | 2,888,000 | 2,907,500 | 2,846,600 | 21,260,700 |
| **TOTAL** | | 7,917,720 | 8,268,700 | 9,105,740 | 10,316,880 | 10,101,550 | 10,232,490 | 9,254,220 | 8,470,170 | 9,616,370 | 9,736,560 | 9,884,820 | 9,820,670 | 112,725,890 |

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CITY GAS COMPANY OF FLORIDA
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EXHIBIT NO. LJW-2
FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI CORPORATION
DOCKET NO.: 0000768-GU

**CALCULATION OF THE PROJECTED TEST YEAR**
**REVENUE**
**(CURRENT RATES)**


TYPE OF DATA SHOWN:
PROJECTED TEST YEAR: 09/30/01
WITNESS: LEONARD J. WILLEY

| RATE CLASS | | Oct 2000 | Nov 2000 | Dec 2000 | Jan 2001 | Feb 2001 | Mar 2001 | Apr 2001 | May 2001 | Jun 2001 | Jul 2001 | Aug 2001 | Sep 2001 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Residential | RS | $1,990,963 | $2,180,679 | $2,724,186 | $3,381,996 | $3,297,349 | $3,010,484 | $2,547,300 | $2,196,474 | $2,065,159 | $2,015,822 | $1,945,698 | $1,993,635 | $29,349,745 |
| Gas Lighting | GL | $5,932 | $5,932 | $5,932 | $5,932 | $5,932 | $5,932 | $5,932 | $5,932 | $5,932 | $5,932 | $5,932 | $5,932 | $71,184 |
| Commerical & Industrial | CS | $1,781,766 | $1,860,722 | $1,699,225 | $2,021,236 | $2,043,761 | $2,059,035 | $2,045,131 | $1,971,897 | $1,778,073 | $1,777,422 | $1,775,820 | $1,906,777 | $22,720,865 |
| Large Commercial | LCS | $96,860 | $109,933 | $151,230 | $89,584 | $84,501 | $94,529 | $110,753 | $88,188 | $100,028 | $94,041 | $98,221 | $93,972 | $1,211,840 |
| Interruptible Preferred | IP | $34,577 | $46,100 | $39,199 | $50,593 | $50,719 | $49,329 | $44,010 | $36,287 | $41,098 | $39,009 | $34,767 | $36,097 | $501,785 |
| Natural Gas Vehicles | NGV | $33 | $33 | $33 | $33 | $33 | $33 | $33 | $33 | $33 | $33 | $33 | $33 | $396 |
| Small Commercial Transportation | SCTS | $193,827 | $241,210 | $316,706 | $314,757 | $286,834 | $267,341 | $220,876 | $204,282 | $225,543 | $229,726 | $222,006 | $224,932 | $2,948,040 |
| Commercial Transportation | CTS | $129,600 | $117,445 | $117,715 | $126,761 | $122,041 | $142,314 | $131,272 | $140,047 | $133,846 | $132,756 | $133,245 | $108,936 | $1,535,978 |
| Interruptible Transportation | ITS | $118,971 | $118,805 | $125,783 | $126,883 | $122,657 | $131,560 | $118,615 | $122,720 | $111,533 | $105,960 | $119,175 | $111,764 | $1,434,426 |
| Contract Interruptible Transportation | CI-TS | $24,355 | $23,666 | $26,855 | $27,889 | $26,945 | $35,619 | $30,619 | $26,512 | $26,881 | $16,522 | $22,824 | $24,610 | $313,297 |
| Interruptible Large Volume Transportation | ILT | $45,838 | $37,364 | $42,051 | $43,346 | $39,873 | $43,587 | $43,809 | $39,444 | $43,018 | $45,648 | $51,633 | $47,398 | $523,009 |
| Contract Interruptible Large Volume Transportation | CI-LVT | $92,374 | $92,821 | $94,736 | $109,060 | $115,142 | $128,569 | $116,893 | $97,341 | $221,147 | $242,717 | $244,326 | $239,302 | $1,794,428 |
| TOTAL | | $4,515,096 | $4,834,710 | $5,343,651 | $6,298,070 | $6,195,787 | $5,968,332 | $5,415,243 | $4,929,157 | $4,752,291 | $4,705,588 | $4,653,680 | $4,793,388 | $62,404,993 |

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**10 YEAR AVERAGE - JULY 1, 1985 through JUNE 30, 1995**

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI CORPORATION
DOCKET NO.: 0000768-GU

TYPE OF DATA SHOWN:
HISTORIC BASE YEAR + 1: 09/30/00
PROJECTED TEST YEAR: 09/30/01
WITNESS: LEONARD J. WILLEY

| | DAYTONA BEACH AIRPORT | | | | MIAMI INTERNATIONAL AIRPORT | | | |
|---|---|---|---|---|---|---|---|---|
| | Base Temperature 65°F | | Base Temperature 80°F | | Base Temperature 65°F | | Base Temperature 80°F | |
| | Historic Base Year + 1 **FY 2000** | Projected Test Year **FY 2001** | Historic Base Year + 1 **FY 2000** | Projected Test Year **FY 2001** | Historic Base Year + 1 **FY 2000** | Projected Test Year **FY 2001** | Historic Base Year + 1 **FY 2000** | Projected Test Year **FY 2001** |
| **October** | 1 | 1 | 100 | 96 | 0 | 0 | 18 | 16 |
| **November** | 28 | 26 | 287 | 286 | 1 | 1 | 90 | 89 |
| **December** | 112 | 111 | 494 | 486 | 12 | 12 | 220 | 216 |
| **January** | 198 | 200 | 613 | 642 | 34 | 34 | 312 | 327 |
| **February** | 180 | 190 | 607 | 607 | 29 | 30 | 314 | 314 |
| **March** | 132 | 130 | 526 | 534 | 18 | 18 | 270 | 275 |
| **April** | 49 | 42 | 403 | 392 | 7 | 6 | 192 | 185 |
| **May** | 5 | 5 | 236 | 226 | 0 | 0 | 87 | 82 |
| **June** | 0 | 0 | 83 | 79 | 0 | 0 | 19 | 18 |
| **July** | 0 | 0 | 27 | 27 | 0 | 0 | 5 | 5 |
| **August** | 0 | 0 | 18 | 18 | 0 | 0 | 1 | 1 |

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**EXHIBIT NO. LJW-4** **SALES DEGREE DAYS BY GEOGRAPHIC REGION** PAGE 1 OF 1

**COMPARISON OF ACTUAL TO 10 AND 30 YEAR NORMALS**

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI CORPORATION
DOCKET NO.: 0000768-GU

TYPE OF DATA SHOWN:

WITNESS: LEONARD J. WILLEY

| | DAYTONA BEACH AIRPORT | | | | | MIAMI INTERNATIONAL AIRPORT | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Actual SDD | 10 Yr Normal SDD | 30 Yr Normal SDD | 10 Yr Normal vs. Actual Difference SDD | 30 Yr Normal vs. Actual Difference SDD | Actual SDD | 10 Yr Normal SDD | 30 Yr Normal SDD | 10 Yr Normal vs. Actual Difference SDD | 30 Yr Normal vs. Actual Difference SDD |
| **FY 1997** | 577 | 705 | 774 | (128) | (197) | 97 | 101 | 135 | (4) | (38) |
| **FY 1998** | 903 | 705 | 774 | 198 | 129 | 144 | 101 | 135 | 43 | 9 |
| **FY 1999** | 546 | 705 | 774 | (159) | (228) | 92 | 101 | 135 | (9) | (43) |
| **FY 2000** | 717 | 705 | 774 | 12 | (57) | 95 | 101 | 135 | (6) | (40) |
| **Total** | | | | (77) | (353) | | | | 24 | (112) |

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**COMPARISON OF HISTORICAL USAGE TO PROJECTED TEST YEAR FORECASTS**

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI CORPORATION
DOCKET NO.: 0000768-GU

TYPE OF DATA SHOWN:

WITNESS: LEONARD J. WILLEY

| | Miami Annual Usage (Therms/Customer) | | Brevard Annual Usage (Therms/Customer) | | Comments |
|---|---|---|---|---|---|
| | RS | CS [1] | RS | CS [1] | |
| FY 1988 | 248.9899 | 10,768.1540 | 335.0705 | 7,373.9418 | Data used to develop 1997 Projected Test Year Forecast |
| FY 1989 | 232.1310 | 10,753.1227 | 280.0441 | 7,137.6262 | |
| FY 1990 | 225.7223 | 10,786.6874 | 296.5245 | 7,105.4410 | |
| FY 1991 | 216.5454 | 10,709.8188 | 264.8886 | 6,962.4131 | |
| FY 1992 | 224.6443 | 11,084.4125 | 306.4142 | 7,834.5318 | |
| FY 1993 | 209.1912 | 11,285.1116 | 289.6156 | 7,841.9523 | |
| FY 1994 | 205.1809 | 10,937.3158 | 286.9664 | 7,646.6512 | |
| FY 1995 | 206.8419 | 10,596.5771 | 286.3906 | 7,712.5700 | |
| FY 1996 | 209.4958 | 10,675.4845 | 319.4201 | 7,458.9361 | Data used to develop 2001 Projected Teat Year Forecast |
| FY 1997 | 194.8194 | 10,394.2394 | 254.1222 | 7,415.0870 | |
| FY 1998 | 199.1112 | 10,505.4532 | 261.5454 | 7,118.0417 | |
| FY 1999 | 183.2715 | 10,689.7453 | 227.9652 | 7,176.1239 | |
| FY 1997 Projected Test Year[2] | 211.5039 | 10,471.5318 | 295.6226 | 7,564.3064 | |
| FY 2001 Projected Test Year[3] | 179.5883 | 10,779.4346 | 237.9791 | 7,208.5916 | |

**Notes:**

(1) Represents the average annual usage for all commercial customers within the following tariff classes: CS, LCS, SCTS and CTS.

(2) Therm/customer factor based on a 30 Year normal heating degree day distribution.

(3) Therm/customer factor based on a 10 Year normal heating degree day distribution.

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