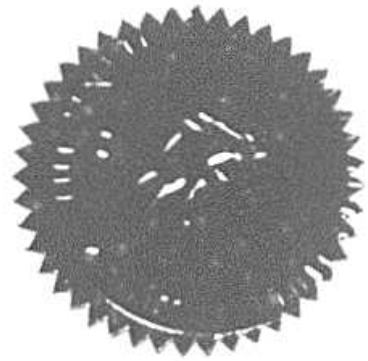


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

In the Matter of	:	DOCKET NO. 970002-EG
Conservation cost	:	
recovery clause.	:	



PROCEEDINGS: HEARING

BEFORE: CHAIRMAN JULIA L. JOHNSON
COMMISSIONER TERRY DEASON
COMMISSIONER DIANE K. KIESLING

DATE: Wednesday, February 19, 1997

TIME: Commenced at 9:30 a.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JOY KELLY, CSR, RPR
Chief, Bureau of Reporting

DOCUMENT NUMBER - DATE

02100 FEB 25 6

FPSC-RECORDS/REPORTING

1 APPEARANCES:

2

3 JAMES MCGEE, Post Office Box 14042, St.
4 Petersburg, Florida 33733-4042, 3201 34th Street
5 South, St. Petersburg, Florida 33733-4042, appearing
6 on behalf of Florida Power Corporation.

7

8 JAMES D. BEASLEY, Ausley & McMullen, Post
9 Office Box 391, Tallahassee, Florida 32302, appearing
10 on behalf of Tampa Electric Company.

11

12 VICKI GORDON KAUFMAN, McWhirter, Reeves,
13 McGlothlin, Davidson, Rief and Bakas, 117 South
14 Gadsden Street, Tallahassee, Florida 32301, appearing
15 on behalf of Florida Industrial Power Users Group.

16

17 JOHN ROGER HOWE, Deputy Public Counsel,
18 Office of Public Counsel, c/o The Legislature, 111
19 West Madison Street, Room 812, Tallahassee, Florida
20 32399-1400, appearing on behalf of the Citizens of the
21 State of Florida.

22

23

24

25

1 APPEARANCES CONTINUED:

2

3

LORNA WAGNER, Florida Public Service

4

Commission, Division of Legal Services, 2540 Shumard

5

Oak Boulevard, Tallahassee, Florida 32399-0870,

6

appearing on behalf of the Commission Staff.

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

I N D E X

MISCELLANEOUS

ITEM	PAGE NO.
CERTIFICATE OF REPORTER	88
WITNESSES	
CARL SMITH	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	11
WILLIAM M. NETTLES	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	14
MICHAEL F. JACOB	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	20
KARL E. WIELAND	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	30
LEONOR M. BUSTO	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	34
MICHAEL A. PEACOCK	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	37
MARGARET D. NEYMAN	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	42
VERNON I. KRUTSINGER	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	58

WITNESSES

	NAME:	PAGE NO.
1		
2		
3	DEBBIE STITT	
4	Prefiled Direct Testimony Inserted Into the Record by Stipulation	67
5		
6	HOWARD T. BRYANT	
7	Prefiled Direct Testimony Inserted Into the Record by Stipulation	71
8		
9	WILLIAM B. GRAY	
10	Prefiled Direct Testimony Inserted Into the Record by Stipulation	77
11		
12	RONALD C. SOTT	
13	Prefiled Direct Testimony Inserted Into the Record by Stipulation	83
14		
15	TOM GOODWIN	
16	Prefiled Direct Testimony Inserted Into the Record by Stipulation	85
17		
18		
19		
20		
21		
22		
23		
24		
25		

		EXHIBITS			
	NUMBER			ID.	ADMTD.
1					
2					
3	1	(Smith) CS-1		10	10
4	2	(Nettles) WMN-1		10	10
5	3	(Nettles) WMN-2		10	10
6	4	(Jacob) MFJ-1		10	10
7	5	(Wieland) WKW-1		10	10
8	6	(Busto) FAA-1		10	10
9	7	(Busto) LB-1		10	10
10	8	(Peacock) MAP-1		10	10
11	9	(Peacock) MAP-2		10	10
12	10	(Neyman) MDN-1		10	10
13	11	(Neyman) MDN-2		10	10
14	12	(Krutsing) VIK-1		10	10
15	13	(Krutsinger) VIK-2		10	10
16	14	(Stitt) DS-1		10	10
17	15	(Bryant) HTB-1		10	10
18	16	(Bryant) HTB-2		10	10
19	17	(Gray) WBG-1		10	10
20	18	(Gray) WBG-2		10	10
21					
22					
23					
24					
25					

1 P R O C E E D I N G S

2 (Hearing convened at 9:30 a.m.)

3 CHAIRMAN JOHNSON: I'm going to call the
4 hearing to order. Could you please read the notice?5 MR. KEATING: Pursuant to notice issued
6 January 13, 1997, this time and place has been set for
7 hearing in Dockets No. 970001-EI, fuel and purchased
8 power cost recovery clause and generating performance
9 incentive factor; 970002-EG, conservation cost
10 recovery clause; 977003-GU, purchased gas adjustment
11 and 970007-EI, environmental cost recovery clause.

12 CHAIRMAN JOHNSON: Take appearances.

13 MR. BEASLEY: James D. Beasley with the law
14 firm of Ausley & McMullen, Post Office Box 391,
15 Tallahassee, Florida 32302, representing Tampa
16 Electric Company in the 970001, 2 and 7 dockets.17 MR. MCGEE: James McGee, P. O. Box 14042,
18 St. Petersburg 33733, on behalf of Florida Power in
19 the 01 and 02 dockets.20 MR. HOWE: I'm Roger Howe with the Office of
21 Public Counsel. With me is the Public Counsel,
22 Mr. Jack Shreve, representing the Citizens of the
23 State of Florida, in the 01, 03, 07 dockets.24 MS. KAUFMAN: Vicki Gordon Kaufman,
25 McWhirter, Reeves, McGlothlin, Davidson, Rief and

1 Bakas, 117 South Gadsden, Tallahassee 32301. I'm
2 appearing on behalf of the Florida Industrial Power
3 Users Group in 01, 02 and 07 dockets.

4 MS. JOHNSON: Vicki Johnson, appearing for
5 the Commission Staff 01 and 07 dockets.

6 MR. KEATING: Cochran Keating appearing on
7 behalf of Commission Staff in the 03 docket.

8 MS. WAGNER: Lorna Wagner appearing on
9 behalf of Commission Staff in the 02 docket.

10 CHAIRMAN JOHNSON: Are there any preliminary
11 matters? Have we established an order that we will
12 process the different dockets?

13 MR. KEATING: Yes. We'd like to start with
14 the 02, and then move on to the 03, 07 and then the 01
15 docket.

16 CHAIRMAN JOHNSON: Very well.

17 MS. WAGNER: Commissioners, all of the
18 issues in the 02 docket have been stipulated to.
19 Staff would ask that you move into the record all of
20 the prefiled testimony of the witnesses listed on
21 Page 5 of the Prehearing Order.

22 CHAIRMAN JOHNSON: We have on Page 5 of the
23 Prehearing Order, and in an abundance of caution I'm
24 just going to walk through those to make sure that we
25 have everything and all of the witnesses are accounted

1 for: Carl Smith, William Nettles, M.F. Jacob, K. H.
2 Wieland, Leonor Busto, M. Peacock, Margaret Neyman,
3 Vernon Krutsinger, Debbie Stitt, Howard Bryant,
4 William Gray, Ronald Sott, and Tom Goodwin.

5 Are those the witnesses? I might have
6 mispronounced a couple names, but are those the
7 witnesses?

8 MS. WAGNER: Yes, they are.

9 CHAIRMAN JOHNSON: Very well. Those will be
10 entered into the record as though read. You said
11 there were no objections and completely stipulated.

12 MS. WAGNER: Yes, that's correct.

13 CHAIRMAN JOHNSON: Very good. Are there any
14 exhibits?

15 MS. WAGNER: Yes. On Page 13, 14 and 15 of
16 the Prehearing Order, Staff would like to have marked
17 for identification the exhibits listed. Staff would
18 suggest a sequential order, starting with Mr. Smith's
19 exhibit and have that marked for identification as
20 Exhibit 1, Nettles as Exhibit 2, Nettles, the third
21 one, as Exhibit 3.

22 CHAIRMAN JOHNSON: Why don't you use the
23 initials? That will help you. Use the initials.
24 Identify it as the initials and number it.

25 What I meant was when you got to Nettles,

1 WMN-1 as Exhibit 2.

2 MS. WAGNER: Okay. As Exhibit 3, WMN-2; as
3 Exhibit 4, MFJ-1; Exhibit 5, KHW-1; Exhibit 6, FAA-1;
4 Exhibit 7, LB-1; Exhibit 8, MAP-1; Exhibit 9, MAP-2;
5 Exhibit 10, MDN-1; Exhibit 11, MDN-2.; Exhibit 12,
6 VIK-1; Exhibit 13, VIK-2; Exhibit 14, DS-5; Exhibit
7 15, HTB-1; 16, HTB-2; Exhibit 17, WBG-1, and Exhibit 18, WBG-2.

8 CHAIRMAN JOHNSON: Those will be marked as read.

9 MS. WAGNER: Staff would ask that you move
10 these exhibits into the record.

11 CHAIRMAN JOHNSON: Seeing no objections to
12 the exhibit as marked being moved into the record,
13 they will be moved into the record.

14 MS. WAGNER: Because all of the issues
15 should be stipulated, Staff is present to answer any
16 questions you may have at this time.

17 CHAIRMAN JOHNSON: Commissioners?

18 COMMISSIONER DEASON: I move all issues as
19 stipulated be approved.

20 COMMISSIONER KIESLING: Second.

21 CHAIRMAN JOHNSON: Show them then approved
22 without objection. Thank you very much.

23 (Exhibits 1 through 18 marked for
24 identification and received in evidence.)

25

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

970002-EG

CARL SMITH

1
2
3
4
5 Q. Please state your name, business address, by whom you are employed, and in
6 what capacity.

7
8 A. My name is Carl Smith and my business address is 955 East 25 Street, Hialeah,
9 Florida 33013-3498. I am employed by NUI Corporation as Vice President of
10 Marketing for its regulated businesses, comprising the Florida, North Carolina,
11 Maryland, Pennsylvania, New York and New Jersey utility operations of NUI
12 Corporation.

13
14 Q. Are you familiar with the energy conservation programs of City Gas Company of
15 Florida ("City Gas")?

16
17 A. Yes, I am. City Gas is NUI Corporation's Florida utility operation.

18
19 Q. Are you familiar with the costs that have been incurred and that are projected to
20 be incurred by City Gas in implementing its energy conservation programs?

21
22 A. Yes, I am.

23
24 Q. What is the purpose of your testimony in this docket?
25

1 A. To describe generally the expenditures made and projected to be made in
2 promoting and operating City Gas' energy conservation programs. This includes
3 recoverable costs incurred in October and November 1996, revised projections of
4 program costs to be incurred from December 1996 through March 1997, and
5 original projections of program costs to be incurred from April 1997 through
6 March 1998. This also includes a calculation of the conservation adjustment factor
7 to be applied to customers' bills during the April 1997 through March 1998
8 period.

9
10 Q. Has City Gas prepared summaries of its conservation programs and the costs
11 associated with these programs?

12
13 A. Yes. Summaries of the Company's programs are contained in Schedule C-5 of my
14 Exhibit (CS-1).

15
16 Q. Has City Gas prepared schedules which show the expenditures associated with its
17 energy conservation programs for the periods you have mentioned?

18
19 A. Yes. Schedule C-3, of Exhibit CS-1 shows actual expenses incurred for the
20 months of October and November 1996, revised projections for December 1996
21 through March 1997, and original projections for April 1997 through September
22 1997. Original projections for the October 1997 through March 1998 period are
23 shown on Schedule C-2, of Exhibit (CS-1).

24
25

1 Q. Has City Gas prepared a schedule which shows the calculation of City Gas'
2 proposed conservation adjustment factor to be applied during billing periods from
3 April 1997 through and including March 1998?

4
5 A. Yes. Schedule C-1, of Exhibit (CS-1) shows this calculation. The estimated true-
6 up amount through September 1997 (Schedule C-3, of Exhibit (CS-1)), is an
7 underrecovery and it was added to the total of the incremental costs through
8 March 1998 (Schedule C-2, of Exhibit (CS-1)). The resulting amount was then
9 allocated by the Company's projected retail revenues by rate class for the twelve-
10 month period ending March 31, 1998. As shown on Schedule C-1, the resulting
11 conservation adjustment factor is a charge of \$0.03574 per therm for the
12 Residential rate classes (RS and GL), and \$0.00950 for the Commercial rate
13 classes (CS, CSLV and CTS). The charge for gaslights (GL) equates to \$0.64330
14 per lamp.

15
16 Q. Does this conclude your testimony?

17
18 A. Yes, it does.
19
20
21
22
23
24
25

In. Re: Conservation Cost Recovery Clause

DIRECT TESTIMONY OF WILLIAM M. NETTLES

On Behalf of

Chesapeake Utilities Corporation

DOCKET NO. 960002-EG

1
2
3
4
5
6
7 Q. Please state your name, business address, by whom you are employed, and in
8 what capacity.

9 A. My name is William M. Nettles, and my business address is 1015 6th Street N.
10 W., Winter Haven, Florida, 33881. I am employed by Chesapeake Utilities
11 Corporation ("Chesapeake") as Assistant Transportation & Exchange Coordinator
12 / Conservation Services Analyst.

13 Q. Are you familiar with the energy conservation programs of Chesapeake and costs
14 which have been, and are projected to be, incurred in their implementation?

15 A. Yes.

16 Q. What is the purpose of your testimony in this docket?

17 A. The purpose of my testimony is to present data and summaries concerning the
18 planned and actual accomplishments of Chesapeake's energy conservation
19 programs during the period October 1, 1995 through September 30, 1996. Data
20 related to calculation of the true-up for this period is also included.

21 Q. Have you prepared summaries of Chesapeake's conservation programs and the
22 costs associated with these programs?

23 A. Yes. Summaries of the five programs in connection with which Chesapeake
24 incurred recoverable costs during the period October 1, 1995 through September
25 30, 1996 are contained in Schedule CT-6 of Exhibit WMN-1. Included are our

1 Single and Multi-Family Home Builder Program, our Water Heater Replacement
2 Program, our Replacement of Electric Strip and Oil Heating Program, our Natural
3 Gas Space Conditioning Program, and our Conservation Education Program.

4 Q. Have you prepared a schedule which shows the actual expenditures associated
5 with its energy conservation programs for this period?

6 A. Yes. Schedule CT-2, page 2, Exhibit WMN-1 shows actual expenses for the
7 period. Schedule CT-2, page 1, shows a comparison of the actual program costs
8 and true-up with the estimated costs and true-up submitted at the February 1996
9 hearing in this docket.

10 Q. What was the total cost incurred by Chesapeake in connection with the five
11 programs during the twelve months ended September 30, 1996?

12 A. As shown in Exhibit WMN-1, Schedule CT-2, page 2, total program costs were
13 \$235,528. This total is \$17,190 more than our projection of the program costs
14 for the twelve-month period.

15 Q. Have you prepared, for the twelve-month period involved, a schedule which
16 shows the variance of actual from projected program costs by categories of
17 expenses?

18 A. Yes. Schedule CT-2, page 3, of Exhibit WMN-1 shows these variances. Reasons
19 for the variances are included in Schedule CT-6 of Exhibit WMN-1.

20 Q. What is Chesapeake's adjusted net-true up for the twelve months ended
21 September 30, 1996?

22 A. We originally estimated an underrecovery, including interest, of \$89,985. This
23 projected true-up amount was based on conservation revenues of \$130,022 for
24 the period October 1995 through September 1996. However, sales during this
25 period actually yielded conservation revenues of \$239,710, over projections by

1 \$109,688. Adding expenses of \$17,190 less than projected results in a total
2 difference , including interest, of \$94,378, as shown on Schedule CT-1 of Exhibit
3 WMN-1.

4 Q. Is this adjusted net true-up of \$94,378 an overrecovery or underrecovery?

5 A. An overrecovery, as shown on Schedule CT-1 of Exhibit WMN-1.

6 Q. Does this conclude your testimony?

7 A. Yes, it does.

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

In. Re: Conservation Cost Recovery Clause

DIRECT TESTIMONY OF WILLIAM M. NETTLES

On Behalf of

Chesapeake Utilities Corporation

DOCKET NO. 970002-EG

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

A. My name is William M. Nettles, and my business address is 1015 6th Street N.W., Winter Haven, Florida, 33881. I am employed by Chesapeake Utilities Corporation ("Chesapeake") as Assistant Transportation & Exchange Coordinator / Conservation Services Analyst.

Q. Are you familiar with the energy conservation programs of Chesapeake and costs which have been, and are projected to be, incurred in their implementation?

A. Yes.

Q. What is the purpose of your testimony in this docket?

A. To describe generally the expenditures made and projected to be made in implementing, promoting, and operating Chesapeake's energy conservation programs. This will include recoverable costs incurred in October and November, 1996 and projections of programs costs to be incurred from December, 1996 through September, 1997. It will also include projected conservation costs for the period October 1, 1997 through March 31, 1998, with a calculation of the conservation adjustment factors to be applied to the customers' bills during the collection period of April 1, 1997 through March 31, 1998.

Q. Have you prepared summaries of Chesapeake's conservation programs and the costs

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

associated with these programs?

18

A. Yes. Summaries of the five programs are contained in Schedule C-4 of Exhibit WMN-2. Included are our Single and Multi-Family Home Builder Program, our Water Heater Replacement Program, our Replacement of Electric Strip and Oil Heating Program, our Natural Gas Space Conditioning Program, and our Conservation Education Program.

Q. Have you prepared schedules which show the expenditures associated with Chesapeake's energy conservation programs for the periods you have mentioned?

A. Yes. Schedule C-3 of Exhibit WMN-2 shows actual expenses for the months October and November, 1996. Projections for December, 1996 through September, 1997, are also shown on Schedule C-3. Projected expenses for the October, 1997 through March, 1998 period are shown on Schedule C-2 of Exhibit WMN-2.

Q. Have you prepared schedules which show revenues for the period October, 1996 through March, 1997?

A. Yes. Schedule C-3 (Page 6 of 7, Line 4) shows actual revenues for the months October and November, 1996. Projections for December, 1996 through September, 1997, are also shown on Schedule C-3 (Page 6 of 7, Line 4).

Q. Have you prepared a schedule which shows the calculation of Chesapeake's proposed conservation adjustment factors to be applied during billing periods from April 1, 1997 through March 31, 1998?

A. Yes. Schedule C-1 of Exhibit WMN-2 shows this calculation. Net program cost estimates for the period October 1, 1997, through March 31, 1998, are used. The estimated true-up amount from Schedule C-3 (Page 6 of 7, Line 12) of Exhibit WMN-2, being an underrecovery, was added to the total of the projected costs for the six-month period. The total amount was then divided among Chesapeake's firm rate

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

classes, based on total projected contribution. The results were then divided by the projected retail firm therm sales for each rate class for the twelve-month period ending March 31, 1998. The resulting factors are shown on Scheaule C-1 of Exhibit WMN-2.

Q. Does this conclude your testimony?

A. Yes, it does.

**FLORIDA POWER CORPORATION
DOCKET No. 960002-EG**

**DIRECT TESTIMONY OF
MICHAEL F. JACOB**

1 **Q. State your name and business address.**

2 **A. My name is Michael F. Jacob. My business address is Florida Power**
3 **Corporation, 3201 34th Street South, St. Petersburg, Florida, 33711.**

4
5 **Q. By whom are you employed and in what capacity?**

6 **A. I am employed by Florida Power Corporation (FPC) as Manager of**
7 **Regulatory Evaluation and Planning.**

8
9 **Q. Have your duties and responsibilities remained the same since you last**
10 **testified in this proceeding?**

11 **A. Yes.**

12
13 **Q. What is the purpose of your testimony?**

14 **A. The purpose of my testimony is to compare the actual costs for**
15 **implementing programs during the October 1995 through September 1996**
16 **time frame with the revenues collected pursuant to the conservation cost**
17 **recover factor for that same period of time.**

18
19 **Q. For what programs does Florida Power Corporation seek recovery?**

1 A. Florida Power seeks recovery pursuant to the Conservation Cost Recovery
2 Clause for the following new conservation programs most recently
3 approved by the Commission as part of FPC's DSM Plan:

- 4 • Home Energy Check
- 5 • Home Energy Improvement
- 6 • Residential New Construction
- 7 • Energy Management (Residential and Commercial)
- 8 • Business Energy Check
- 9 • Better Business
- 10 • Commercial/Industrial New Construction
- 11 • Energy Monitor
- 12 • Innovation Incentive
- 13 • Standby Generation
- 14 • Interruptible Service
- 15 • Curtailable Service
- 16 • Technology Development
- 17 • Gas Demonstration
- 18 • Qualifying Facility

19
20 In addition to these current programs, Florida Power seeks recovery
21 pursuant to the Conservation Cost Recovery Clause for many of the old
22 program offerings that were still in place before the new programs began.

1 To ensure a smooth transition, these old programs were slowly phased out
 2 during the implementation of the newer programs.

3
 4 Q. Will you please identify these old programs?

5 A. While many of these programs have been phased-out, others have been
 6 modified, and still others will continue unchanged. The following list
 7 presents all FPC Commission approved programs from last years True-Up
 8 filing:

<u>Full FPC Program Name</u>	<u>Program Name as Filed with FPSC</u>
Home Energy Analysis	Home Energy Checkup
Home Energy Check	Home Inspection Audit
Business Energy Analysis	Business Energy Analysis
Business Energy Check	Business Energy Inspection
Residential Comfort Cash	Residential Comfort Cash Loan
Residential A/C Duct Test/Repair	Residential Blower Door
Residential Insulation	Residential Insulation
Residential A/C Replacement	Residential HVAC Allowance
Residential A/C Service	Residential Air Conditioning Tuneup
Standby Generation	Standby Generation
Qualifying Facility	Qualifying Facility
Trade Efficiency A/C Test	Trade Ally

1	Home Energy Fixup	Home Energy Fixup
2	C/I A/C Duct Test/Repair	C/I Blower Door
3	C/I Comfort Cash	C/I Comfort Cash Loan
4	C/I Interior Lighting	Indoor Lighting Incentive
5	C/I HVAC Service	C/I HVAC Tuneup
6	C/I Energy Fixup	C/I Fixup
7	C/I HVAC Replacement	C/I HVAC Allowance
8	Motor Replacement	C/I Motor Efficiency
9	Innovation Incentive	Demand Reduction Capital Offset
10	Efficiency Program Development	New Program Development
11	Heat Pipe	C/I Heat Pipe Development
12	Interruptible Services Program	Interruptible Services Program
13	Curtable Services Program	Curtable Services Program
14	Load Management	Load Management

15

16 Q. Do you have any Exhibits to your testimony?

17 A. Yes, Exhibit No. 4 (MFJ-1) Schedules CT-1 through CT-4 consists of two
 18 parts entitled, "Florida Power Corporation Energy Conservation Adjusted
 19 Net True-Up for the Period October, 1995 through September, 1996" and
 20 "Florida Power Corporation Energy Conservation Adjusted Net True-Up for
 21 the Period April 1996 through September 1996." There are nine (9)
 22 schedules to this exhibit.

1
2 Q. Will you please explain your Exhibit.

3 A. Yes. Exhibit No. 4 (MFJ-1) presents Schedules CT-1 through CT-4 for
4 each of the two six month periods. These schedules set out the actual
5 costs incurred for all programs during the October 1995 through March
6 1996 time period and the April 1996 through September 1996 time period.
7 These pages also describe the variance from the estimate based on two
8 months actual and four months projected to the actual costs for the same
9 time period. Schedule CT-5, consisting of 30 pages, provides a brief
10 summary report for each program that includes a program description,
11 fiscal expenditures for the October 1995 through September 1996 period,
12 program accomplishments over the same period, and a summary of
13 program progress.

14
15 Q. Would you please discuss Schedule CT-1?

16 A. Yes. Schedule CT-1 for the six month period ending September 1996
17 shows that Florida Power Corporation over-recovered \$20,173,657,
18 including principal, interest, and a revenue decoupling adjustment, in its
19 Conservation Cost Recovery Clause. This amount is \$3,309,520 less than
20 what was previously projected. The revenue decoupling adjustment was
21 approved by the Commission in Florida Power's July 1, 1996 mid-course
22 correction.

1 Q. Does this conclude your direct testimony?

2 A. Yes.

**FLORIDA POWER CORPORATION
DOCKET No. 970002-EG**

**DIRECT TESTIMONY OF
MICHAEL F. JACOB**

1 **Q. State your name and business address.**

2 **A. My name is Michael F. Jacob. My business address is Florida Power**
3 **Corporation, 3201 34th Street South, St. Petersburg, Florida, 33711.**

4
5 **Q. By whom are you employed and in what capacity?**

6 **A. I am employed by Florida Power Corporation (FPC) as Manager of**
7 **Regulatory Evaluation and Planning.**

8
9 **Q. Have your duties and responsibilities remained the same since you last**
10 **testified in this proceeding.**

11 **A. Yes.**

12
13 **Q. What is the purpose of your testimony?**

14 **A. The purpose of my testimony is to describe the components of the**
15 **Company's Conservation Plan as approved by the Florida Public Service**
16 **Commission. I will detail the costs for implementation for each program**
17 **in that plan. I will explain the derivation of projected costs for the period**
18 **April 1997 through March 1998, and explain how these costs are**
19 **presented in the attached exhibit.**

1 Q. Do you have any exhibits to your testimony?

2 A. Yes, my Exhibit No. 4 (MFJ-1) consists of standard form Schedules C-1
3 through C-5 and is attached to my prepared testimony.
4

5 Q. For what programs does Florida Power seek recovery?

6 A. Florida Power seeks recovery pursuant to the Conservation Cost Recovery
7 Clause for the following programs:

- 8 • Home Energy Check
- 9 • Home Energy Improvement
- 10 • Residential New Construction
- 11 • Energy Management (Residential and Commercial)
- 12 • Business Energy Check
- 13 • Better Business
- 14 • Commercial/Industrial New Construction
- 15 • Energy Monitor
- 16 • Innovation Incentive
- 17 • Standby Generation
- 18 • Interruptible Service
- 19 • Curtailable Service
- 20 • Technology Development
- 21 • Gas Demonstration
- 22 • Qualifying Facility

23

1 For each program listed, Florida Power Corporation is seeking to recover
2 those costs allowed pursuant to Commission Rule 25-17.015, Florida
3 Administrative Code.

4
5 **Q. Will you please explain your exhibit?**

6 **A. Yes.** Schedule C-1 provides a summary of cost recovery clause
7 information and calculations by retail rate schedule. Schedules C-2 and C-
8 2a provide the monthly and total conservation program cost estimates for
9 the time period April 1997 through March 1998 for each conservation
10 program as well as common administration expenses (those expenses not
11 specifically linked to an individual program). Additionally, Schedules C-2
12 and C-2a present the program costs by specific category (i.e. payroll,
13 materials, incentives, etc.) and include a schedule of estimated capital
14 investments, depreciation and return for the period April 1997 through
15 March 1998.

16
17 Schedule C-3 contains a detailed listing of actual/estimated conservation
18 program costs (pages 1-4) and a schedule of capital investments,
19 depreciation and return (pages 5-8) for the period October and November,
20 1996 (actual) and December, 1996 through March, 1997 (estimated) for
21 each of Florida Power's programs along with the associated common
22 administration costs. Schedule C-4 projects Energy Conservation Cost
23 Recovery (ECCR) revenues during the April 1997 through March 1998 time
24 period. Schedule C-5 presents a brief summary of progress and

1 expenditures for each program for which Florida Power seeks cost
2 recovery as part of the Conservation Recovery Clause.

3
4 Q. Would you please summarize the key results shown on your exhibit?

5 A. Yes. Schedule C-2, Page 1 of 7, Line 22, shows a total program cost of
6 \$84,837,000 for the April 1997 through March 1998 projection period.
7 The following table summarizes Schedule C-1, Page 1 of 4, Lines 17 - 20,
8 showing the projected conservation cost recovery charge per 1,000
9 kilowatt-hours by retail rate class for the time period April, 1997 through
10 March, 1998.

11
12 Conservation Adjustment Factors (\$/1,000 kWh)

	Secondary	Primary	Transmission
<u>Retail Rate Schedule</u>	<u>Voltage</u>	<u>Voltage</u>	<u>Voltage</u>
Residential	\$2.80	N/A	N/A
General Service Non-Demand	\$2.49	\$2.47	\$2.44
General Service 100% Load Factor	\$1.82	N/A	N/A
General Service Demand	\$2.13	\$2.11	\$2.09
Curtaillable	\$1.85	\$1.83	\$1.81
Interruptible	\$1.76	\$1.74	\$1.72
Lighting	\$0.89	N/A	N/A

22
23 Q. Does this conclude your direct testimony?

24 A. Yes.

**FLORIDA POWER CORPORATION
DOCKET No. 970002-EG**

**DIRECT TESTIMONY OF
KARL H. WIELAND**

- 1 Q. Please state your name and business address.
- 2 A. My name is Karl H. Wieland. My business address is Post Office Box
3 14042, St. Petersburg, Florida 33733.
- 4
- 5 Q. By whom are you employed and in what capacity?
- 6 A. I am employed by Florida Power Corporation as Director of Business
7 Planning.
- 8
- 9 Q. Have the duties and responsibilities of your position with the Company
10 remained the same since you last testified in this proceeding?
- 11 A. Yes.
- 12
- 13 Q. What is the purpose of your testimony?
- 14 A. My testimony covers three topics. First, I present the calculation of the
15 final true-up amount for residential revenue decoupling for 1995.
16 Second, I present the estimated amount for 1996. Third, I present the
17 calculation of the final estimated true-up balance of \$3,808,441
18 (overrecovery) which has been incorporated in the calculation of the
19 Energy Conservation Cost Recovery Factor.
- 20
- 21 Q. What is the final Revenue Decoupling true-up amount for 1995?

1 A. The initial true-up amount for 1995 was an over-recovery of
2 \$17,213,782, plus interest of \$532,749. The final true-up amount,
3 based on the final revision of 1995 Florida total personal income, is an
4 over-recovery of \$10,570,665.

5
6 Q. How was this amount calculated?

7 A. The amount was computed in accordance with Commission Order No.
8 PSC-95-0007-FOF-EI and is based on revised estimates of actual 1995
9 Florida personal income as released in November 1996. The final
10 estimate (in millions of 1987\$) is \$246,248 compared to the approved
11 base value of \$240,405. Applying the regression coefficient of 0.0289
12 which relates personal income to residential usage raises the approved
13 base level residential use per customer of 12,899 by 163 kWh. The
14 final 1995 targeted level of residential kWh use per customer becomes
15 13,062. This usage, priced at residential rates and multiplied by actual
16 average customers produces a revenue target of \$708,400,864.
17 Actual average annual use per customer in 1995 was 13,295 kWh.
18 Actual base revenues collected in 1995 were \$718,971,529. The
19 difference between these two figures is the 1995 true-up amount of
20 \$10,570,665. Detailed monthly calculations for the 1995 calendar
21 year are presented on Sheet 1 of the attached exhibit .

22
23 Q. What factors caused the over-recovery?

24 A. Unseasonably warm weather primarily during May, June, and October
25 explains 232 of the 233 kWh difference between actual and target use

1 per customer. An analysis showing the impact of 1995 weather
2 conditions on FPC's residential kWh use per customer shows that had
3 normal weather occurred, the average customer's annual usage would
4 have differed from the 1995 target of 13,062 kWh by 1 kWh.

5
6 **Q. What is the final estimated Revenue Decoupling true-up amount for**
7 **1996?**

8 **A. The true-up amount for 1996 is an over-recovery of \$10,344,843.**

9
10 **Q. How was the 1996 balance calculated?**

11 **A. The amount was computed in the same manner as the 1995 balance**
12 **and is based on published estimates of 1996 Florida personal income**
13 **for the first two quarters and projected income for the third and fourth**
14 **quarters. The estimated 1996 Florida personal income value (in millions**
15 **of 1987\$) is \$257,364 compared to the 1996 approved base level of**
16 **\$248,242 resulting in an upward adjustment of 254 kWh to the**
17 **approved base level use per customer level of 13,092. The recoupling**
18 **adjustment was derived using the same model coefficient as the 1995**
19 **adjustment (0.02789). The 1996 targeted level of residential use per**
20 **customer becomes 13,346 kWh. The actual annual usage per**
21 **residential customer in 1996 was 13,572 kWh. The difference of 226**
22 **kWh is weather related and is the reason for the over-recovery.**
23 **Average annual residential customers in 1996 were 1,139,239**
24 **resulting in a revenue target of \$732,200,083. Actual residential base**
25 **revenues in 1996 were \$742,544,926 for an over-collection of**

1 \$10,344,843. Detailed monthly calculations of the 1996 true-up
2 amount are presented on Sheet 3 of my exhibit.

3
4 **Q. What factors caused the over-recovery?**

5 **A. Unseasonably cold weather in the first quarter of 1996 is the primary**
6 **cause of the overrecovery. Actual heating degree days for 1996 were**
7 **859 versus a normal of 537, a difference of 60%. Preliminary 1996**
8 **weather adjusted residential use per customer is estimated to be**
9 **13,067 kWh versus an actual of 13,572 and a current target of**
10 **13,346.**

11
12 **Q. How was the overrecovery of \$3,808,441 calculated?**

13 **A. The calculation is shown on Sheet 5 of my exhibit.**

14
15 **Q. Is the \$17,746,531 in overrecovery for 1995 which was to be applied**
16 **to the buy-down of QF contracts being refunded to customers**
17 **beginning April 1, 1997?**

18 **A. Yes. The \$17,746,531, which included interest of \$532,749, is**
19 **incorporated in the calculation of the \$3,808,441 overrecovery as**
20 **shown in Sheet 5 of my exhibit. The reduction of this overrecovery**
21 **because of the economic adjustment (including an adjustment to**
22 **interest expense) is part of the calculation.**

23
24 **Q. Does this conclude your prepared testimony?**

25 **A. Yes, it does.**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF LEONOR M. BUSTO

DOCKET NO. 970002-EG

JANUARY 13, 1997

1 Q. Please state your name and business address.

2 A. My name is Leonor M. Busto, and my business address is: 9250 West Flagler
3 Street, Miami, Florida 33174.

4

5 Q. Who is your employer, and what position do you hold?

6 A. I am employed by Florida Power & Light Company (FPL) as an Administration
7 and Regulatory Supervisor.

8

9 Q. Please describe your educational and professional background and
10 experience.

11 A. I received a Bachelor of Business Administration Degree from Florida
12 International University in 1982, and joined the accounting firm of Touche,
13 Ross & Co., (currently Deloitte & Touche). I was hired by FPL in 1984 as an
14 accountant and have worked in positions of increasing responsibility in the areas
15 of Accounting, Budgeting, Project Management, and Marketing, where I have
16 been a Supervisor for the last three years.

1 Q. What are your responsibilities and duties as an Administration and
2 Regulatory Supervisor?

3 A. I am responsible for Regulatory and Administration Support of the Marketing
4 Programs, including all training, budgeting, accounting and system support
5 function related to the Demand Side Management programs. I am also
6 responsible for preparing the Energy Conservation Cost Recovery (ECCR)
7 Forecast, True-Up and Testimony.

8

9 Q. What is the purpose of your testimony?

10 A. The purpose is to submit for Commission review and approval the projected
11 ECCR costs to be incurred by FPL during the months of April 1997 through
12 March 1998, as well as the actual/estimated ECCR costs for October 1996
13 through March 1997, for our Demand Side Management programs. I also
14 present the total level of costs FPL seeks to recover through its Conservation
15 Factors during the period April 1997 through March 1998, as well as the
16 Conservation Factors which, when applied to our customers' bills during the
17 period April 1997 through March 1998, will permit the recovery of total ECCR
18 costs.

19

20 Q. Are you sponsoring an exhibit in connection with your testimony?

21 A. Yes, I am sponsoring Exhibit LMB-1, which consists of Schedules C-1 through
22 C-5. While I am sponsoring all of Exhibit LMB-1, parts of the exhibit were
23 prepared under the direct supervision of Mr. David Wasielewski, Senior
24 Accountant, and Ms. Rosemary Morley, Manager of Rates and Tariff
25 Administration, who are available to respond to any questions which

1 the parties or the Commission may have regarding those parts. Exhibit LMB-1,
2 Table of Contents, Page 1 of 1, identifies the portions prepared by Mr.
3 Wasielewski, Ms. Morley and me.
4

5 **Q. Are all the costs listed in these schedules reasonable, prudent and**
6 **attributable to programs approved by the Commission ?**

7 **A. Yes they are.**
8

9 **Q. Please describe the methods used to derive the program costs for which**
10 **FPL seeks recovery.**

11 **A. The actual expenditures for the months October and November 1996 are taken**
12 **from the books and records of FPL. Expenditures for the months of December**
13 **1996 through March 1997 and April 1997 through March 1998 are projections**
14 **based upon a detailed month-by-month analysis of the expenditures expected for**
15 **each program at each location within FPL where such costs are incurred. These**
16 **projections are developed by each FPL location where costs are incurred and**
17 **take into consideration not only cost levels but also market penetrations. They**
18 **have been subjected to FPL's budgeting process and an on-going cost-**
19 **justification process.**
20

21 **Q. Does that conclude your testimony?**

22 **A. Yes, it does.**

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 960002-EG
DETERMINATION OF FINAL CONSERVATION TRUE-UP AMOUNTS

Direct Testimony of
Michael A. Peacock
On Behalf of
Florida Public Utilities Company

- 1 Q. Please state your name and business address.
- 2 A. Michael A. Peacock; my business address is P.O. Box 610, Marianna,
3 Florida, 32446.
- 4 Q. By whom are you employed and in what capacity?
- 5 A. I am employed by Florida Public Utilities Company as Manager of
6 Customer Relations.
- 7 Q. What is the purpose of your testimony at this time?
- 8 A. To advise the Commission of the actual over/under recovery of the
9 Conservation Program costs for the period October 1, 1995 through
10 September 30, 1996 as compared to the true-up amounts previously
11 reported for that period which were based on two months actual and
12 ten months estimated data.
- 13 Q. Please state the actual amounts of over/under recovery of
14 Conservation Program costs for both divisions of Florida Public
15 Utilities Company for October 1, 1995 through September 30, 1996.
- 16 A. The Company over-recovered \$11,757 in the Marianna Division during
17 that period. In the Fernandina Beach Division we under-recovered
18 \$4,554. These amounts are substantiated on Schedule CT-3, page 2
19 of 3, Energy Conservation Adjustment.
- 20 Q. How do these amounts compare with the estimated true-up amounts
21 which were allowed by the Commission during the February 1995
22 hearing?

- 1 A. We had estimated that we would under-recover \$27,905 in Marianna. In
2 Fernandina Beach we had estimated an under-recovery of \$12,927 as of
3 September 30, 1996.
- 4 Q. Have you prepared any exhibits at this time?
- 5 A. We have prepared and pre-filed Schedules CT-1, CT-2, CT-3, CT-4,
6 CT-5 and CT-6 (Composite Exhibit MAP-4.)
- 7 Q. Does this conclude your testimony?
- 8 A. Yes.

Disk #8 - PEACOCK.TEST

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 970002-EG
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

Direct Testimony of
MICHAEL A. PEACOCK
On Behalf of
FLORIDA PUBLIC UTILITIES COMPANY

- 1 Q. Please state your name and business address.
- 2 A. Michael A. Peacock: my business address is P.O.
3 Box 610 Marianna, Florida 32446.
- 4 Q. By whom are you employed and in what capacity?
- 5 A. I am employed by Florida Public Utilities
6 Company as Manager of Customer Relations.
- 7 Q. What is the purpose of your testimony at this
8 time?
- 9 A. To Advise the Commission as to the Conservation
10 Cost Recovery Clause Calculation for the period
11 April 1997 through March, 1998.
- 12 Q. What respectively are the total projected costs
13 for the period April, 1997 through March, 1998
14 in the Marianna Division and the Fernandina
15 Beach Division?
- 16 A. For the Marianna Division, the total projected
17 Conservation Program Costs are \$96,500. For the
18 Fernandina Beach Division, the total projected
19 Conservation Program Costs are \$93,700. For

1 each Division, please see its respective
2 Schedule C-2, page 2, for the programmatic and
3 functional breakdown of these total costs.

4 Q. For each division, what is the true-up amount to
5 be applied to determine the projected net total
6 costs for the period October, 1996 through
7 September, 1997.

8 A. As reflected in the respective "C" Schedules,
9 the true-up amount for the Marianna Division is
10 \$128,645. In the Fernandina Beach Division the
11 true-up is \$162,243. These amounts are based
12 upon two months actual and ten months estimated
13 data.

14 Q. For each division, what are the resulting net
15 total projected conservation costs to be
16 recovered during this period?

17 A. For the Marianna Division the net total costs
18 to be recovered are \$225,145. For the
19 Fernandina Beach Division the net total costs
20 to be recovered are \$255,943.

21 Q. For each division, what is the Conservation
22 Adjustment Factor necessary to recover these
23 projected net total costs?

24 A. For the Marianna Division, the Conservation
25 Adjustment Factor is \$.00081 per KWH. For the
26 Fernandina Beach Division, the factor is

1 \$.00079 per KWH.

2 Q. Are there any exhibits that you wish to sponsor
3 in this proceeding?

4 A. Yes. I wish to sponsor as exhibits for each
5 division Schedules C-1, C-2, C-3, C-4, and C-5
6 (Composite Prehearing Identification Number
7 MAP-1), which have been filed with this
8 testimony.

9 Q. Does this conclude your testimony?

10 A. Yes

11

12 Disk 19 (peactest.197)

13

14

15

16

17

18

19

20

21

22

23

24

1 Gulf Power Company

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of
4 Margaret D. Neyman
5 Docket No. 960002-EG
6 November 19, 1996

7 Q. Will you please state your name, business address,
8 employer and position?

9 A. My name is Margaret D. Neyman and my business address is
10 500 Bayfront Parkway, Pensacola, Florida 32501. I am
11 employed by Gulf Power Company as the Marketing Services
12 Manager.

13 Q. Ms. Neyman, for what purpose are you appearing before
14 this Commission today?

15 A. I am testifying before this Commission on behalf of Gulf
16 Power Company regarding matters related to the Energy
17 Conservation Cost Recovery Clause, specifically the
18 approved programs for October, 1995, through September,
19 1996.

20
21 Q. Are you familiar with the documents concerning the
22 Energy Conservation Cost Recovery Clause and its related
23 true-up and interest provisions?

24 A. Yes, I am.
25

1 Q. Have you verified, that to the best of your knowledge
2 and belief, this information is correct?

3 A. Yes, I have.

4 Counsel: We ask that Ms. Neyman's exhibit consisting of
5 6 Schedules be marked for identification as:
6 Exhibit No. 10 (MDN-1)
7
8

9 Q. Would you summarize for this Commission the deviations
10 resulting from the actual expenditures for this recovery
11 period and the original estimates of expenses?

12 A. The budgeted expenses for the entire recovery period
13 October, 1995, through September, 1996, were \$2,688,204,
14 while the actual costs were \$2,443,533 resulting in a
15 variance of \$244,671 or 9 percent under budget.
16

17
18 Q. Ms. Neyman, would you explain this variance during the
19 October, 1995, through September, 1996, time-frame?

20 A. Yes, the major reasons for this variance are increased
21 expenses in residential energy audits, over \$31,746;
22 Gulf Express, over \$44,454; In Concert with the
23 Environment, over \$54,829; Commercial/Industrial Good
24 Cents Buildings, over \$21,266; and Gas Research and
25 Development, over \$1,385. However, decreased expenses in

1 Research and Development, under \$120,111; Good Cents
2 Environmental Home, under \$18,521; Duct Leakage, under
3 \$33,625; Geothermal Heat Pump, under \$47,438; Advanced
4 Energy Management, under \$85,726; Commercial/Industrial
5 E.A. & T.A.A., under \$87,461; Solar for Schools, under
6 \$4,236; Transtext, under \$1,233; offset these
7 expenses, resulting in the previously referenced
8 variance of \$244,671 under budget. A more detailed
9 description of the deviations are contained in Schedule
10 CT-6.

11

12

13 Q. Would you describe the results of your programs during
14 the October, 1995, through September, 1996, recovery
15 period?

16 A. A more detailed review of each of the programs is
17 included in my Schedule CT-6. The following is a
18 synopsis of the accomplishments during this recovery
19 period.

20 (1) Home Energy Audits - During this period, we
21 projected to audit 3,350 structures. We actually
22 completed 3,480.

23 (2) Gulf Express Loan Program - During this recovery
24 period, a total of 425 loans were completed compared
25 to a budget of 295 or 130 loans above the goal.

- 1 (3) In Concert With The Environment - During this
2 recovery period, no students attended the program
3 compared to a projection of 2,500 students. The
4 data entry portion of the program was being
5 modified and was not available for students during
6 this period.
- 7 (4) Good Cents Environmental Home - During this
8 recovery period, a total of 3 homes were completed
9 compared to a projection of 38 for a deviation of
10 35 units below goal.
- 11 (5) Duct Leakage Program - During this recovery period,
12 no homes were completed compared to a projection of
13 58.
- 14 (6) Geothermal Heat Pump - During this recovery period,
15 a total of 105 heat pumps were installed compared
16 to a projection of 53 for a deviation of 52 units
17 over goal.
- 18 (7) Advanced Energy Management - During this recovery
19 period, no units were installed. Startup of the
20 program was delayed pending a final order in Docket
21 No. 941172-EG. Despite the delayed start, we put
22 reasonable best efforts into trying to achieve this
23 participation level by the end of the projection
24 period. We expect program participation to meet the
25 projected goal on a cumulative basis in subsequent

- 1 periods.
- 2 (8) Good Cents Building - During this recovery period a
3 total of 230 buildings were built or improved to
4 Good Cents standards, compared to a budget of 281
5 or 51 units below goal.
- 6 (9) Energy Audits and Technical Assistance Audits -
7 During this recovery period, a total of 386 EA/TAA
8 were completed compared to a projection of 365 for
9 a deviation of 21 units over goal.
- 10 (10) Solar for Schools - During this recovery period,
11 the first Solar for Schools project was implemented
12 as was the mechanism to obtain customer
13 contributions for solar projects.
- 14 (11) Conservation Demonstration and Development -
15 Thirteen research projects have been identified and
16 are detailed in Schedule CT-6.
- 17 (12) Gas Research and Development - Gulf Power is
18 conducting research in four individual research and
19 demonstration projects. Project details are
20 explained in Schedule C-5 in accordance with Docket
21 No. 950520-EG, Order No. PSC-95-1146-FOF-EG.
- 22 (13) Transtext - During this recovery period, expenses
23 for Transtext were incurred in October, November
24 and December, 1995. Beginning in January, 1996,
25 the pilot was ended and all expenses for

1 maintenance of existing pilot customers were
2 charged to the Advanced Energy Management program.
3
4

5 Q. Ms. Neyman, what was Gulf's adjusted net true-up for the
6 period October, 1995, through September, 1996?

7 A. There was an over-recovery of \$290,415 as shown on
8 Schedule CT-1, page 1.
9

10 Q. Ms. Neyman, does this conclude your testimony?

11 A. Yes, it does.
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Gulf Power Company

Before the Florida Public Service Commission
Prepared Direct Testimony of
Margaret D. Neyman
Docket No. 970002-EG
January 13, 1997

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Q. Will you please state your name, business address, employer and position?

A. My name is Margaret D. Neyman and my business address is 500 Bayfront Parkway, Pensacola, Florida 32520. I am employed by Gulf Power Company as the Marketing Services Manager.

Q. Are you familiar with the documents concerning the Energy Conservation Cost Recovery?

A. Yes, I am.

Q. Have you verified, that to the best of your knowledge and belief, this information is correct?

A. Yes, I have.

Counsel: We ask that Ms. Neyman's exhibit consisting of 5 Schedules be marked for identification as:
Exhibit No. 11 (MDN-2).

1 Q. Ms. Neyman, for what purpose are you appearing before
2 this Commission today?

3 A. I am testifying before this Commission on behalf of
4 Gulf Power Company regarding matters related to the
5 Energy Conservation Cost Recovery Clause and to answer
6 any questions concerning the accounting treatment of
7 conservation costs in this filing. Specifically, I
8 address projections for approved programs during the
9 April, 1997, through March, 1998, recovery period and
10 the results of those programs during the recovery
11 period, October, 1996, through March, 1997, (2 months
12 actual, 4 months estimated).

13

14 Q. Would you summarize for this Commission the deviations
15 resulting from the actual expenditures from October
16 through November of the current recovery period?

17 A. Projected expenses for the period were \$569,572
18 compared to actual expenses of \$366,198 for a
19 difference of \$203,374 or 35.7% below budget. A
20 detailed summary of these expenses is contained in my
21 Schedule C-3, pages 1 and 3 and my Schedule C-5, pages
22 1 through 18.

23

24

25

1 Q. Would you describe the results achieved by the programs
2 during the current period, October, 1996, through
3 November, 1996?

4 A. A detailed summary of results for each program is
5 contained in my Schedule C-5, pages 1 through 18. We
6 expect to achieve all goals, with the exception of the
7 Advanced Energy Management goal, over the full six
8 month period.

9
10 Q. Has Gulf Power Company established any new conservation
11 programs since the beginning of the current recovery
12 period?

13 A. No. Gulf has not implemented any new programs during
14 this period that are being recovered through ECCR.
15 However, this filing includes projections for the
16 Commercial/Industrial Mail-In Audit program which was
17 approved by the commission on January 7, 1997.

18
19 Q. Is there any change in Gulf's cost allocation method
20 for this new program?

21 A. No. The cost of this program is allocated to the rate
22 classes based upon an energy allocation.

23
24
25

1

2 Q. Would you summarize the conservation program cost
3 projections for the April, 1997 through March, 1998
4 recovery period?

5 A. Program costs for the recovery period are projected to
6 be \$3,309,350. These costs are broken down as follows:
7 depreciation/amortization and return, \$215,138;
8 payroll/benefits, \$2,031,961; materials/expenses,
9 \$517,665; outside services, \$246,444; advertising,
10 \$456,223; incentives, \$134,553; vehicles, \$64,453;
11 and other, \$35,613; all of which are offset by program
12 revenues, \$392,700. More detail is contained in my
13 Schedule C-2.

14

15 Q. Would you review the expected results for your programs
16 during the April, 1997, through March, 1998, recovery
17 period?

18 A. The following is a synopsis of each program goal.
19 (1) Residential Energy Audits - 3,000 audits are
20 projected to be completed during the period.
21 These audits emphasize selling customers on making
22 conservation improvements and making them aware of
23 the financing options available through the Gulf
24 Express Loan Program.

- 1 (2) Gulf Express Loan Program - This program provides
2 below market interest rates to customers as an
3 incentive to install energy conservation features
4 in their homes. 300 loans are projected for the
5 period.
- 6 (3) In Concert With The Environment - This energy
7 awareness program is being presented to 8th and
8 9th grade students as a supplement to the
9 residential audit program. 3,000 students are
10 projected to receive the presentation this period.
- 11 (4) Good Cents Environmental Home - This program
12 provides residential customers with guidance
13 concerning energy and environmental efficiency in
14 new construction. 10 homes are expected to be
15 completed during the projected period.
- 16 (5) Duct Leakage Repair - The object of the program is
17 to provide the customer with a means to identify
18 house air duct leakage and recommend repairs that
19 can reduce customer kWh energy usage and kW
20 demand. 100 homes are projected to participate in
21 this program during the period.
- 22 (6) Geothermal Heat Pump - The objective of this
23 program is to reduce the demand and energy
24 requirements of new and existing residential
25 customers through the promotion and installation

1 of advanced geothermal systems. 200 customers are
2 expected to participate in the program during the
3 projection period.

4 (7) Residential Advanced Energy Management - This
5 program was field tested through the Transtext
6 Advanced Energy Management Pilot Program in Gulf
7 Breeze, Florida. The program is designed to
8 provide the customer with a means of conveniently
9 and automatically controlling and monitoring
10 his/her energy purchases in response to prices
11 that vary during the day and by season in relation
12 to the Company's cost of producing or purchasing
13 energy.

14
15 We expect 4,675 customers to participate in this
16 program by the end of this projection period. The
17 startup of the program has been delayed because of
18 several factors. Initially, the final order in
19 Docket No. 941172-EG was delayed which caused a
20 delay in Gulf's issuance of an AEM equipment RFP.
21 Once the RFP was issued, the contract negotiation
22 process took longer than expected in order to
23 insure that Gulf received the best possible AEM
24 technological solution and the best price. The
25 AEM contract was awarded in September, 1996 and

1 AEM equipment will be delivered beginning in
2 August of 1997. Gulf is aware that its near term
3 residential conservation goals have been adversely
4 impacted but the process has produced the most
5 cost-effective AEM solution that is currently
6 possible. In the longer term, Gulf fully expects
7 to catch up on a cumulative basis in subsequent
8 periods.

9 (8) Good Cents Building - This program includes both
10 new and existing commercial customers. 233
11 installations are projected for the period.
12 Implementation strategies will concentrate on
13 architects, engineers, developers and other
14 decision makers in the construction process.

15 (9) Energy Audits and Technical Assistance Audits -
16 365 audits are projected for the period. Emphasis
17 will be placed on audits for large, complex
18 commercial customers such as hospitals, hotels and
19 office buildings. These audits will focus on the
20 benefits of alternative technologies such as heat
21 pump water heaters and geothermal technologies.

22 (10) Commercial/Industrial Mail-In Audit - This is a
23 direct mail energy auditing program. This program
24 builds on the success of Gulf's existing
25 Commercial/Industrial Energy Audit program and

1 will assist in the evaluation of the specific
2 energy requirements of a given business type.
3 Gulf expects 1,000 participants during the
4 projection period.

5 (11) Solar for Schools Pilot - This program uses "green
6 pricing" to fund solar technologies in public
7 schools. It also incorporates a school-based
8 energy education component as well as enhanced
9 security lighting for schools. During the
10 projection period, Gulf will continue evaluating
11 various implementation options and developing the
12 "green pricing" promotion plan. One additional
13 school is expected to begin participating in the
14 program during this projection period.

15 (12) Conservation Demonstration and Development -
16 13 research projects have been identified. A
17 detailed description of each project is in
18 Schedule C-5.

19 (13) Gas Research and Development - Gulf Power is
20 conducting research in four individual research
21 and demonstration projects. Project details are
22 explained in Schedule C-5 in accordance with
23 Docket No. 950520-EG, Order No. PSC-95-1146-FOF-
24 EG.
25

1

2

3 Q. Ms. Neyman, what amount does Gulf propose to bill for
4 the months April, 1997, through March, 1998, as Energy
5 Conservation Cost Recovery factors?

6 A. The factors for these months and how they were derived
7 are detailed on Schedule C-1, page 3 of 3.

8

9 Q. Ms. Neyman, does this conclude your testimony?

10 A. Yes, it does.

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
IN RE: CONSERVATION COST RECOVERY CLAUSE,
DOCKET NO. 960002-EG

DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Q: Please state your name and business address.

2 A: My name is Vernon I. Krutsinger. My business address is
3 Peoples Gas System, Inc., Suite 1700, 111 East Madison
4 Street, Post Office Box 2562, Tampa, Florida 3361-2562.

5

6 Q: By whom are you employed and in what capacity?

7 A: I am employed by Peoples Gas System, Inc. as Manager of
8 Energy Utilization.

9

10 Q: Are you familiar with Peoples Gas System's energy
11 conservation programs?

12 A: Yes. As Manager of Energy Utilization, I work with the
13 Company's energy conservation programs on a daily basis.

14

15 Q: Are you familiar with the costs that Peoples incurs in
16 implementing its energy conservation programs?

17 A: Yes. I am responsible for planning, implementation,
18 coordination, and maintenance of all of Peoples' energy
19 conservation programs. My responsibilities include
20 routinely testifying in support of the Company's ECCR
21 filings.

DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Q: Have you previously testified in proceedings before the
2 Florida Public Service Commission?

3 A: Yes. I have testified in several Energy Conservation Cost
4 Recovery ("ECCR") proceedings beginning in 1992. I have
5 also testified in other conservation-related dockets before
6 the Commission.

7

8 Q: What is the purpose of your testimony in this docket?

9 A: My testimony in Docket No. 960002-EG addresses the costs
10 that Peoples seeks to recover through the energy
11 conservation cost recovery ("ECCR") clause. Specifically,
12 this part of my testimony addresses the true-up amount for
13 the period October 1995 through September 1996.

14

15 Q: Are you sponsoring any exhibits with your testimony?

16 A: Yes. I am sponsoring Exhibit 12 (VIK-1), which contains
17 the Conservation Cost Recovery True-Up Data in the format
18 requested by the Commission Staff for the period October
19 1995 through September 1996. Exhibit 12 (VIK-1) consists
20 of 18 pages and includes summary and detailed data relating
21 to the true-up, ECCR revenues, and actual and projected
22 program cost data.

DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Q: What are the Company's true-up amounts for the period
2 October 1995 through September 1996?

3 A: As shown on Schedule CT-1 of Exhibit 12 (VIK-1), the end-
4 of-period net true-up for the period is an overrecovery of
5 \$1,807,164, including both principal and interest. The
6 projected true-up for the period, as approved by Commission
7 Order No. PSC-96-0352-FOF-EG, as amended by Order No. PSC-
8 96-0352A-FOF-EG, was \$1,653,601 underrecovery. Subtracting
9 the projected true-up underrecovery from the actual
10 overrecovery yields the adjusted net true-up of \$3,460,765
11 overrecovery.

12

13 Q: What do the rest of the schedules in Exhibit 12 (VIK-1)
14 show?

15 A: Schedule CT-2 presents an analysis of the variance between
16 actual and estimated energy conservation program costs for
17 the period October 1994 through September 1995. Schedule
18 CT-3 presents an analysis of program costs, by month and by
19 program, and calculation of the true-up and interest
20 amounts. Schedule CT-4 is not applicable to Peoples Gas
21 System. Schedule CT-5 provides for a reconciliation and
22 explanation of differences between the Company's filing and
23 the PSC's audit for the relevant period; there are no such
24 differences to report as of the date of this filing.
25 Schedule CT-6 contains Program Progress Reports for each of

DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Peoples' approved energy conservation programs.

2

3 Q: Does this conclude your prefiled direct testimony regarding

4 Peoples' requested true-up amounts?

5 A: Yes, it does.

6

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
IN RE: CONSERVATION COST RECOVERY CLAUSE,
DOCKET NO. 970002-EG

DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Q: Please state your name and business address.

2 A: My name is Vernon I. Krutsinger. My business address is
3 Peoples Gas System, Inc., Suite 1700, 400 Tampa Street,
4 Post Office Box 2562, Tampa, Florida 33601-2562.

5

6 Q: By whom are you employed and in what capacity?

7 A: I am employed by Peoples Gas System, Inc. as Manager of
8 Energy Utilization.

9

10 Q: Are you the same Vernon I. Krutsinger who previously filed
11 testimony in this proceeding?

12 A: Yes. My earlier direct testimony, filed in Docket No.
13 960002-EG on November 19, 1996, addressed Peoples'
14 requested energy conservation cost recovery ("ECCR") true-
15 up amount for the period October 1995 through September
16 1996.

17

18 Q: Are you familiar with Peoples Gas System's energy
19 conservation programs?

20 A: Yes. As Manager of Energy Utilization, I work with the
21 Company's energy conservation programs on a daily basis.

DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Q: Are you familiar with the costs that Peoples incurs in
2 implementing its energy conservation programs?

3 A: Yes. I am responsible for planning, implementation,
4 coordination, and maintenance of all of Peoples' energy
5 conservation programs. My responsibilities include
6 routinely testifying in support of the Company's ECCR
7 filings.

8

9 Q: Have you previously testified in proceedings before the
10 Florida Public Service Commission?

11 A: Yes. I have testified in several Conservation Cost
12 Recovery proceedings beginning in 1992. I have also
13 testified in other conservation-related dockets before the
14 Commission.

15

16 Q: What is the purpose of your testimony in this docket?

17 A: My testimony in this docket addresses Peoples' energy
18 conservation programs and the costs that Peoples seeks to
19 recover through the energy conservation cost recovery
20 ("ECCR") clause. Specifically, this part of my testimony
21 first presents data and summaries concerning the planned
22 and actual accomplishments of the Company's energy
23 conservation programs during the period October 1, 1995
24 through September 30, 1996. Data related to calculation of
25 the true-up amount for this period is also presented.

DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Second, my testimony describes generally the expenditures
2 made and projected to be made in implementing, promoting,
3 and operating Peoples' energy conservation programs for the
4 current period; this information includes actual costs
5 incurred in October and November 1996 and revised
6 projections of program costs that Peoples expects to incur
7 from December 1996 through September 1997. Next, my
8 testimony presents projected conservation program costs for
9 the period October 1, 1997 through March 31, 1998.
10 Finally, my testimony presents the calculation of the
11 conservation cost recovery adjustment factors to be applied
12 to customers' bills during the period beginning April 1,
13 1997 and continuing through March 31, 1998.

14

15 **Q: Are you sponsoring any exhibits with your testimony?**

16 **A: Yes.** I am sponsoring Exhibit 13 (VIK-2), which contains
17 Schedules C-1 through C-5. These exhibits were prepared
18 under my supervision and direction.

19

20 **Q: Have you prepared summaries of the Company's conservation**
21 **programs and the costs associated with these programs?**

22 **A: Yes.** Summaries of the Company's programs are presented in
23 Schedule C-5, Pages 1 of 10 through 10 of 10.

DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Q: Have you prepared schedules that show the expenditures
2 associated with Peoples' energy conservation programs for
3 the periods that your testimony addresses?

4 A: Yes. Actual expenses for the period October 1995 through
5 September 1996 are shown on Schedule CT-2, Page 2, of
6 Exhibit 13 (VIK-1). Exhibit 13 (VIK-1) was included
7 with my earlier direct testimony. Page 1 of Schedule CT-2
8 presents a comparison of the actual program costs and true-
9 up amount to the projected costs and true-up amount for the
10 same period.

11

12 Q: What was the total cost incurred by the Company in
13 connection with its approved energy conservation programs
14 during the year ending September 30, 1996?

15 A: The total cost incurred by Peoples in connection with its
16 approved energy conservation programs for the year ending
17 September 30, 1996 was \$5,369,644.

18

19 Q: What is presented on Schedule C-1 of Exhibit 13 (VIK-2)?

20 A: Schedule C-1 presents a summary of the calculation of
21 Peoples' ECCR cost recovery factors.

22

23

DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Q: Have you prepared a schedule that shows Peoples' projected
2 conservation program costs by month for the period October
3 1, 1997 through March 31, 1998?

4 A: Yes. The Company's projected ECCR costs for this period
5 are presented in Schedule C-2: Page 1 of 3 presents the
6 projected monthly ECCR costs by program, and Page 2 of 3
7 presents these costs by cost category for each program.
8 Page 3 of 3 is not applicable to Peoples Gas System, Inc.

9

10 Q: Have you prepared a schedule that shows Peoples'
11 conservation program costs for the year ending September
12 30, 1997?

13 A: Yes. Schedule C-3 presents Peoples' ECCR costs for the
14 year ending September 30, 1997. Pages 1 through 3 of 7
15 show total annual costs by program and by cost category.
16 Page 4 of 7 is not applicable to Peoples Gas System.
17 Schedule C-3, Page 5 of 7 presents monthly costs for each
18 of Peoples' approved conservation programs for the period
19 October 1996 through September 1997; actual data are
20 presented for October and November 1996, while the program
21 expense data are projected for the last ten months of the
22 year ending September 30, 1997. Page 6 of 7 presents the
23 monthly cost and revenue data -- two months actual and ten
24 months estimated -- used to calculate the net true-up for
25 the period October 1, 1996 through September 30, 1997.

DIRECT TESTIMONY OF VERNON I. KRUTSINGER

1 Page 7 of 7 presents the monthly calculation of the
2 interest provision associated with the true-up or the same
3 period.

4

5 **Q: Have you prepared schedules required for the calculation of**
6 **Peoples' proposed conservation adjustment factors to be**
7 **applied during billing periods beginning on April 1, 1997**
8 **and continuing through March 31, 1998?**

9 **A: Yes. These calculations are summarized on Schedule C-1 of**
10 **Exhibit 13 (VIK-2).**

11

12 **Q: What are the ECCR factors that Peoples is requesting**
13 **authority to apply for the period April 1, 1997 through**
14 **March 31, 1998?**

15 **A: Schedule C-1 shows the estimated ECCR revenues and ECCR**
16 **adjustment factors by rate class for the period April 1,**
17 **1997 through March 31, 1998.**

18

19 **Q: Does this conclude this part of your prefiled direct**
20 **testimony regarding Peoples' requested ECCR costs?**

21 **A: Yes, it does.**

1. **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**2. In Re: Conservation Cost
3. Recovery ClauseDocket No. 960002-EG
Filing Date: November 19, 19964.
5. **DIRECT TESTIMONY OF DEBBIE STITT ON**
6. **BEHALF OF ST. JOE NATURAL GAS COMPANY, INC.**

7. Q. Please state your name, business address, by whom you are
8. employed and in what capacity.
9. A. Debbie Stitt, 301 Long Avenue, Port St. Joe, Florida 32456
10. St. Joe Natural Gas Company in the capacity of Energy
11. Conservation Analyst.
12. Q. What is the purpose of your testimony?
13. A. My purpose is to submit the expenses and revenues
14. associated with the Company's conservation programs
15. during the twelve month period ending September 30, 1996
16. and to identify the final true-up amount related to that
17. period.
18. Q. Have you prepared any exhibits in conjunction with your
19. testimony?
20. A. Yes, I have prepared and filed together with this testi-
21. mony this 19th day of November, 1996 Schedules CT-1 through
22. CT-5 prescribed by the Commission Staff which have
23. collectively been entitled "Adjusted Net True-up for
24. twelve Months Ending September 30, 1996" for identi-
25. fication.

1. Q. What amount did St. Joe Natural Gas spend on conser-
2. vation programs during the period?

3. A. \$35,692.00

4. Q. What is the final true-up amount associated with this
5. twelve month period ending September 30, 1996?

6. A. An overrecovery of \$9,555.00?

7. Q. Does this conclude your testimony?

9. A. Yes

10.

11.

12.

13.

14.

15.

16.

17.

18.

19.

20.

21.

22.

23.

24.

25.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **In Re: Conservation Cost)**
3 **Recovery Clause)**

Docket No. 970002-EG
Submitted for Filing
January 14, 1997 69

4
5 **DIRECT TESTIMONY OF DEBBIE STITT ON**
6 **BEHALF OF ST. JOE NATURAL GAS COMPANY, INC.**

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

9 A. Debbie Stitt, 301 Long Avenue, Port St. Joe, Florida
10 32456, St Joe Natural Gas Company in the capacity of
11 Energy Conservation Analyst.

12 Q. What is the purpose of your testimony?

13 A. My purpose is to submit the known and projected
14 expenses and revenues associated with SJNG's
15 conservation programs incurred in October and November
16 1996 and projection costs to be incurred from December
17 1996 through September 1997. It will also include
18 projected conservation costs for the period October
19 1, 1997 through March 31, 1998 with a calculation
20 of the conservation adjustment factors to be applied
21 to the customers bills during the April 1, 1997
22 through March 31, 1998 period.

23 Q. Have you prepared any exhibits in conjunction with
24 your testimony?

25 A. Yes, I have prepared and filed to the Commission the

1 14th day of January 1997 Schedules C1 through C4
2 prescribed by the Commission Staff which have
3 collectively been entitled "Energy Conservation
4 Adjustment Summary of Cost Recovery Clause Calculation
5 for months April 1, 1997 through March 31, 1998"
6 for identification.

7 Q. What Conservation Adjustment Factor does St. Joe
8 Natural Gas seek approval through its petition for
9 the twelve month period ending March 31, 1998.

10 A. \$0.01368 per therm for Residential, \$0.01821 per
11 therm for Commercial, and \$0.01297 for Large
12 Commercial.

13 Q. Does this conclude your testimony?

14 A. Yes.

15
16
17
18
19
20
21
22
23
24
25

1 BEFORE THE PUBLIC SERVICE COMMISSION

2 PREPARED DIRECT TESTIMONY

3 OF

4 HOWARD T. BRYANT

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Q. Please state your name and address.

A. My name is Howard Bryant. My business address is 702 North Franklin Street in Tampa, Florida 33602.

Q. Mr. Bryant, what is the purpose of your testimony?

A. The purpose of my testimony is to support the Company's actual conservation costs incurred during the period October 1, 1995 through and including September 30, 1996, the actual and projected period of October 1, 1996 to March 31, 1997, and the twelve month projected period of April 1, 1997 through March 31, 1998. Also, I will support the level of charges (benefits) for the interruptible Customers allocated to the period April 1, 1997 through March 31, 1998. The balance of costs will be charged to the firm Customers on a per kilowatt-hour basis in accordance with Docket No. 930759-EG, Order No. PSC-93-1845-FOF-EG dated December 29, 1993.

1 Q. What is the basis of this request for expenses to be based
2 on different charges for interruptible and firm Customers?

3
4 A. Tampa Electric Company believes that our conservation and
5 load management programs do not accrue capacity benefits to
6 interruptible Customers. This position has been supported
7 by this Commission in Dockets 900002-EG, 910002-EG, 920002-
8 EG, 930002-EG, 940002-EG, 950002-EG and 960002.EG. The
9 Company estimates the cumulative effects of its
10 conservation and load management programs will allow the
11 interruptible Customers to have lower fuel costs
12 (\$0.08/MWH) due to the reductions in marginal fuel costs.

13
14 Q. How were those benefits calculated?

15
16 A. To determine fuel savings effects, we have calculated a
17 "what if there had been no conservation programs." The
18 results indicate that the avoided gigawatt-hours have
19 actually reduced average fuel costs due to the fact that
20 higher priced marginal fuels would be burned if the
21 gigawatt-hours had not been saved.

22
23 The attached analysis, Exhibit No. (HTB-2), Conservation
24 Costs Projected, portrays costs and benefits.

25

- 1 Q. Doesn't charging different amounts for firm and
2 interruptible Customers conflict with the Florida Energy
3 Efficiency and Conservation Act?
4
- 5 A. No. The act requires the utilities, through the guidance
6 of the Florida Public Service Commission, to cost
7 effectively reduce peak demand, energy consumption and the
8 use of scarce resources, particularly petroleum fuels. It
9 does not require all Customers to pay the utilities'
10 conservation costs no matter if they receive the same level
11 of benefits or not. The relationships between costs and
12 benefits received are specifically the determination of the
13 Commission.
14
- 15 Q. Please describe the conservation program costs projected by
16 Tampa Electric Company during the period October 1, 1995
17 through September 30, 1996.
18
- 19 A. For the period October 1, 1995 through September 30, 1996
20 Tampa Electric Company projected conservation program costs
21 to be \$18,543,837. The Commission authorized collections
22 to recover these expenses in Docket No. 950002-EG, Order
23 No. PSC-95-0398-FOF-EG, issued March 23, 1995 and Docket
24 No. 960002-EG, Order No. PSC-96-0352-FOF-EG, issued March
25 12, 1996.

1 Q. Mr. Bryant, for the period October 1, 1995 through
2 September 30, 1996, what were Tampa Electric's conservation
3 costs and what was recovered through the Conservation Cost
4 Recovery Clause?

5
6 A. For the period October 1, 1995 through September 30, 1996
7 Tampa Electric Company incurred actual net conservation
8 costs of \$19,365,417, plus a beginning true-up over
9 recovery of \$1,580,551 for a total of \$17,784,866. The
10 amount collected in the Conservation Cost Recovery Clause
11 was \$18,590,022.

12
13 Q. What was the true-up amount?

14
15 A. The true-up amount for the period October 1, 1995 through
16 September 30, 1996 was an over recovery of \$834,801. These
17 calculations are detailed in Exhibit No. (HTB-1),
18 Conservation Cost Recovery True Up, Pages 1 through 10.

19
20 Q. Please describe the conservation program costs incurred and
21 projected to be incurred by Tampa Electric Company during
22 the period October 1, 1996 through March 31, 1997.

23
24 A. The actual costs incurred by Tampa Electric Company through
25 November 30, 1996 and estimated for December 1, 1996

1 through March 31, 1997 are \$9,939,706.

2
3 For the period, Tampa Electric anticipates an under
4 recovery in the conservation cost recovery of \$530,498
5 which includes the previous period true-up and interest.
6 A summary of these costs and estimates are fully detailed
7 in Exhibit No. (HTB-2), Conservation Costs Projected, Pages
8 1 through 31.

9
10 Q. Mr. Bryant, for the period April 1, 1997 through and
11 including March 31, 1998, what are Tampa Electric's
12 estimates of its conservation costs and cost recovery
13 factor?

14
15 A. The company has estimated that the total conservation costs
16 (less program revenues) during that period will be
17 \$19,482,403 plus true-up. Including true-up estimates and
18 the interruptible sales contribution at 0.008 cents/KWH,
19 the cost recovery factors for firm retail rate classes will
20 be 0.163 cents/KWH for Residential, 0.159 cents/KWH for
21 General Service Non-Demand and Temporary Service (GS, TS),
22 0.133 cents/KWH for General Service Demand and Electric
23 Vehicle-Experimental (GSD, EV-X)-Secondary, 0.132 cents/KWH
24 for General Service Demand and Electric Vehicle-
25 Experimental (GSD, EV-X)-Primary, 0.124 cents/KWH for

1 General Service Large Demand and Firm Standby (GSLD, SBF) -
2 Secondary, 0.123 cents/KWH for General Service Large Demand
3 and Firm Standby (GSLD, SBF) - Primary, 0.121 cents/KWH for
4 General Service Large Demand and Firm Standby (GSLD, SBF) -
5 Subtransmission and 0.063 cents/KWH for Lighting (SL, OL).
6 Exhibit No. (HTB-2), Conservation Costs Projected, pages 3
7 through 8 contain the Commission prescribed forms which
8 detail these estimates.

9
10 Q. Mr. Bryant, has Tampa Electric Company compiled with the
11 ECCR cost allocation methodology stated in Docket No.
12 930759-EG, Order No. PSC-93-1845-EG?

13
14 A. Yes, it has.

15
16 Q. Does this conclude your testimony?

17
18 A. Yes it does.
19
20
21
22
23
24
25

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **In Re: Conservation Cost Recovery Clause**

3 **DIRECT TESTIMONY OF WILLIAM B. GRAY**

4 **On Behalf of**

5 **WEST FLORIDA NATURAL GAS COMPANY**

6 **DOCKET NO. 960002-EG**

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

9 A. My name is William B. Gray, and my business address is 301 Maple Avenue,
10 Panama City, Florida 32401. I am employed by West Florida Natural Gas Company
11 ("West Florida") as Director of Accounting.

12 Q. Are you familiar with the energy conservation programs of West Florida and costs
13 which have been, and are projected to be, incurred in their implementation?

14 A. Yes

15 Q. What is the purpose of your testimony in this docket?

17 A. The purpose of my testimony is to present data and summaries concerning the
18 planned and actual accomplishments of West Florida's energy conservation
19 programs during the period October 1, 1995 through September 20, 1996. Data
20 related to calculation of the true-up for this period is also included.

21 Q. Have you prepared summaries of West Florida's conservation programs and the
22 costs associated with these programs?

23 A. Yes. Summaries of the six programs in connection with which West Florida incurred
24 recoverable costs during the period October 1, 1995 through September 30, 1996 are
25 contained in Schedule CT-6 of Exhibit WBG-1. Included are our Residential

1 Home Builder Program; Residential Electric Resistance and Oil Heating Replacement
2 Program; Energy Savings Payback Program; Natural Gas Water Heater Load
3 Retention Program; Natural Gas Space Conditioning Allowance Program; and,
4 Commercial Electric Resistance Appliance Replacement Program.

5 Q. Have you prepared a schedule which shows the actual expenditures associated with
6 it's energy conservation programs for this period?

7 A. Yes. Schedule CT-2, page 2, Exhibit WBG-1 shows actual expenses for the period.
8 Schedule CT-2, page 1, shows a comparison of the actual program costs and true-up
9 submitted at the February 1996 hearing in this docket.

10 Q. What was the total cost incurred by West Florida in connection with the five programs
11 during the twelve months ended September 30, 1996?

12 A. As shown in Exhibit WBG-1, Schedule CT-2, page 2, total program costs were
13. \$ 669,885.00.

14 Q. Have you prepared, for the twelve month period involved, a schedule which shows
15 the variance of actual from projected program costs by categories of expenses?

16 A. Yes. Schedule CT-2, page 3, of Exhibit WBG-1 shows these variances.

17 Q. What is West Florida's adjusted net true-up for the twelve months ended
20 September 30, 1996?

21 A. The Company has over-recovered \$222,988.00 including interest.

22 Q. What is the amount of the adjusted net true-up for the period October
23 1995 through September 1996?

24 A. This amount which appears on Schedule CT-1, page 1 of 1 is
25 \$ 548,303.00 over-recovery.

1 Q. Does this conclude your testimony?

2 A. Yes, it does.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 970002-EG

DIRECT TESTIMONY OF

WILLIAM B. GRAY

ON BEHALF OF WEST FLORIDA NATURAL GAS COMPANY

1. Q. Please state your name, address and employment
4 position.

2 A. My name is William B. Gray, and my business address is
3 301 Maple Avenue, Panama City, Florida. I am
4 employed as Director of Accounting for West
5 Florida Natural Gas Company.

6 Q. What is the purpose of your testimony?

7 A. My testimony supports the Schedules C-1, C-2, C-3,
8 and C-5, which I prepared, and the calculation of
9 the conservation cost recovery factor to be applied
10 to customer bills during the period April 1,
11 1997 through March 31, 1998. The "C" Schedules
12 filed with the Commission consist of Schedules C-1,
13 C-2, C-3 and C-5 (composite pre-hearing
14 identification number CA-2). The Schedules reflect
15 assumptions concerning projected levels of program
16 actively developed by Ronald C. Sott, who is
17 Director, New Market Development and who maintains
18 close contact with our customers. Tom Goodwin,
19
20
21
22
23
24
25

1 Coordinator - Gas Management, has also submitted
2 direct testimony in this docket to support
3 projected therm sales data.

4 Q. What is the total amount of program costs which the
5 Company expects to incur during the period April
6 1997 through March 1998?

7 A. That amount, which appears on Schedule C-2, page 1
8 of 3, is \$508,714.00.

9 Q. What is the amount of the estimated true-up for the
10 current period?

11 A. The Company expects to underrecover \$276,807.00
12 including interest. This amount appears on
13 Schedule C-3, page 4 of 5.

14 Q. What is the total amount to be recovered during the
15 period April 1997 through March 1998, and what is
16 the proposed cost recovery factor related to that
17 amount?

18 A. Based upon total incremental cost of \$508,714.00
19 and a true-up of \$276,807.00 underrecovery, the
20 total amount to be recovered during April 1997
21 through March 1998 is \$785,521.00. This amount is
22 allocated to the different customer classes in the
23 same proportion as they contribute to base rate
24 revenues. The amount attributed to each class is
25 then divided by the projected therm sales for that

1 class. This calculation results in a conservation
2 recovery factor for residential customers of 4.742 cents
3 per therm; for commercial customers of 1.608 cents per
4 therm; for commercial large and transportation commercial
5 large customers of 1.204 cents per therm for industrial customer and
6 transportation customers of 0.285 cents per therm, as
7 adjusted for taxes.

8 Q. Does that complete your testimony?

9 A. Yes .

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 970002-EG

DIRECT TESTIMONY OF

RONALD C. SOTT

ON BEHALF OF WEST FLORIDA NATURAL GAS COMPANY

7 Q. Please state your name and address.

8 A. My name is Ronald C. Sott. My business address is 301
9 Maple Avenue, Panama City, Florida.

10 Q. In what capacity are you employed by West Florida Natural
11 Gas Company?

12 A. My job title is Director, New Market Development. My
13 position includes overall marketing responsibility of
14 the Company's conservation programs in both
15 divisions.

16 Q. What is the purpose of your testimony?

17 A. The purpose of my testimony is to support the projected
18 levels of conservation program expenses as incorporated
19 into the "C Schedules" sponsored by William B. Gray.

20 Q. Please proceed.

21 A. In order to project expenses for the Home Builders
22 Program, we contacted several of our major contractors
23 and reviewed their schedules for the periods involved.
24 These projections include several new developments in both divisions
25 which are ongoing during this period. The projections for our

1 replacement and ESP programs were developed based on
2 actual data in previous periods plus projections
3 due to extensive main line construction into previously
4 unserviced areas of Marion County, Florida. Our gas
5 water heater load retention estimates were based on past
6 experience with our water heater extended-purchase program.
7 Commercial appliance replacement was projected using past
8 experience with our commercial water heater extended-
9 purchase program as well as information provided by
10 commercial equipment distributors and gas installers.
11 The gas space conditioning program projections were based
12 on estimates. This is a program for which we have little
13 historical information or experience from which to draw however, the
14 program is being accepted well in our Ocala division, especially with
15 the development of the York Triathlon gas heating/air conditioning system.

16 Q. Does this complete your testimony?

17 A. Yes.

DOCKET NO. 970002-EG

DIRECT TESTIMONY OF

TOM GOODWIN

ON BEHALF OF WEST FLORIDA NATURAL GAS COMPANY

Please state your name and address.

7 Q. My name is Tom Goodwin. My business address is 301 Maple
8 Avenue, Panama City, Florida. I am employed as
9 Coordinator - Gas Management by West Florida Natural Gas
10 Company. My responsibilities include participation in the
11 development of projected therm sales for the period April
12 1997 through March 1998 projection period.

13 Q. What is the purpose of your testimony?

14 A. The purpose of my testimony is to describe how we arrived
15 at the estimate of 45,763,675 therms for the period.
16 That projected sales volume is incorporated in the "C
17 Schedules" sponsored by William B. Gray.

18 Q. Please explain how this estimate was developed.

19 A. The estimate of 45,763,675 therms consists of projected
20 firm gas sales totaling 22,232,251 therms and firm
21 transportation gas totaling 23,531,424 therms. The firm
22 gas sales estimate has been determined through
23 application of projected customer growth and heating
24 degree day data to our forecasting model. Growth was
25 projected at 1.5 % for residential and 1.5% for commercial

1 class customers. Industrial sales projections reflect an
2 approximate growth factor of 1%. Firm gas transportation
3 sales to end-users is projected to increase by
4 approximately 2% based on customer stated intentions.

5 Q. Do these therm sales projections include any volumes to
6 be sold under an interruptable rate?

7 A. No. Since interruptable sales are excluded from
8 consideration under the conservation cost recovery
9 program, they have been excluded from the above
10 projections.

11 Q. Does this complete your testimony?

12 A. Yes.

1 CHAIRMAN JOHNSON: Okay. The next docket.
2 (Thereupon, the proceedings in Docket
3 970001-EG were concluded.)

4 * * * * *

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF FLORIDA)
2 COUNTY OF LEON)


CERTIFICATE OF REPORTER

3 I, JOY KELLY, CSR, RPR, Chief, Bureau of
4 Reporting, Official Commission Reporter,

5 DO HEREBY CERTIFY that the Hearing in Docket
6 No. 970002-EG was heard by the Florida Public Service
7 Commission at the time and place herein stated; it is
8 further

9 CERTIFIED that I stenographically reported
10 the said proceedings; that the same has been
11 transcribed under my direct supervision; and that this
12 transcript, consisting of 87 pages, constitutes a true
13 transcription of my notes of said proceedings,
14 and the insertion of the prescribed prefiled
15 testimony of the witnesses.

16 DATED this 19th day of February, 1997.

17
18
19
20
21
22
23
24
25

JOY KELLY, CSR, RPR
Chief, Bureau of Reporting
Official Commission Reporter
(904) 413-6732