

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation  
cost recovery.

DOCKET NO. 030004-GU  
ORDER NO. PSC-03-1247-PHO-GU  
ISSUED: November 5, 2003

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code, a Prehearing Conference was held on October 23, 2003, in Tallahassee, Florida, before Commissioner Braulio L. Baez, as Prehearing Officer.

APPEARANCES:

GARY V. PERKO, ESQUIRE, P.O. Box 6526, Tallahassee,  
Florida 32314  
On behalf of City Gas Company of Florida (CGC).

WAYNE L. SCHIEFELBEIN, ESQUIRE, of counsel, Rose,  
Sundstrom & Bentley, LLP, 2548 Blairstone Pines Drive,  
Tallahassee, Florida 32301  
On behalf of the Florida Division of Chesapeake Utilities  
Corporation (CUC).

NORMAN H. HORTON, JR., ESQUIRE, Messer, Caparello & Self,  
P.A., P.O. Box 1876, Tallahassee, Florida 32302-1876  
On behalf of Florida Public Utilities Company (FPUC).

MATTHEW R. COSTA, ESQUIRE, Corporate Counsel, TECO  
Energy, Inc., P.O. Box 111, Tampa, Florida 33601  
On behalf of Peoples Gas System (PGS).

STUART L. SHOAF, PRESIDENT, St. Joe Natural Gas Company,  
Inc., P.O. Box 549, Port St. Joe, Florida 32457-0549  
On behalf of St. Joe Natural Gas Company, Inc. (SJNG).

LORENA A. HOLLEY, ESQUIRE, Florida Public Service  
Commission, 2540 Shumard Oak Boulevard, Tallahassee,  
Florida 32399-0850  
On behalf of the Florida Public Service Commission  
(FPSC).

DOCUMENT NUMBER-DATE

11013 NOV-58

FPSC-COMMISSION CLERK

PREHEARING ORDER

I. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, Florida Administrative Code, this Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

II. CASE BACKGROUND

As part of the Commission's ongoing fuel cost recovery, energy conservation cost recovery, gas conservation recovery, and environmental cost recovery proceedings, a hearing is set for November 12-14, 2003, in this docket and in Docket Nos. 030001-EI, 030002-EI, 030003-GU, and 030007-EI. The Commission has the option to render a bench decision in this matter.

III. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 366.093, Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

1. Any party intending to utilize confidential documents at hearing for which no ruling has been made, must be prepared to

present their justifications at hearing, so that a ruling can be made at hearing.

2. In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed: "

- a) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.
- b) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- c) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- d) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.

- e) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Division of Commission Clerk and Administrative Service's confidential files.

#### IV. POST-HEARING PROCEDURES

A bench decision may be made at the conclusion of the hearing, in which case post-hearing statements and briefs will not be necessary. If a bench decision is not made, each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, Florida Administrative Code, a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages, and shall be filed at the same time.

#### V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification.

After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

VI. ORDER OF WITNESSES

As a result of discussions at the prehearing conference, each witness whose name is preceded by an asterisk (\*) has been excused from this hearing if no Commissioner assigned to this case seeks to cross-examine the particular witness. Parties shall be notified by Wednesday, November 5, 2003, as to whether any such witness shall be required to be present at hearing. The testimony of excused witnesses will be inserted into the record as though read, and all exhibits submitted with those witnesses' testimony shall be identified as shown in Section IX of this Prehearing Order and be admitted into the record.

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
*Gloria Lopez	CGC	1, 2, 3
*Brian S. Bilinski	CUC	1, 2, 3
*Robert L. Smith	FPUC	1, 2, 3
*Kandi M. Floyd	PGS	1, 2, 3
*Debbie Stitt	SJNG	1, 2, 3

VII. BASIC POSITIONS

**CGC:** The Company's true-up amounts and conservation cost recovery factors as shown in Issues 1 through 3 are appropriate and should be approved.

**CUC:** The Commission should approve the Florida Division of Chesapeake Utilities Corporation's final net true-up for the period of January 2002 through December 2002, the estimated true-up amount for the period January - December 2003, and the projected conservation program expenses for the period January - December 2004. The Commission should approve the following ECCR factors for the following rate classes for the period January - December 2004:

<u>Rate Class</u>	<u>ECCR Factor</u> <u>Cents Per Therm</u>
GS1/TS-1A	12.762 cents/therm
GS1/TS-1B	12.762 cents/therm
GS1/TS-1C	12.762 cents/therm
GS2/TS-2	6.704 cents/therm
GS3/TS-3	4.020 cents/therm
GS4/TS-4	3.155 cents/therm
GS5/TS-5	2.807 cents/therm
GS6/TS-6	2.134 cents/therm
GS7/TS-7	1.333 cents/therm
GS8/TS-8	1.103 cents/therm
GS9/TS-9	.967 cents/therm

**FPUC:** FPU has properly projected its costs and calculated its true-up amounts and conservation cost recovery factors. Those amounts and factors should be approved by the Commission.

**PGS:** The Commission should approve - for areas other than PGS's West Florida Region - PGS's end-of-period final true-up amount of \$380,930 (underrecovery) for the period January 2002 through December 2002; the estimated true-up amount for the period January 2003

through December 2003; and the projected conservation program expenses for the period January 1, 2004 through December 31, 2004.

For areas other than PGS's West Florida Region, the Commission should approve the following ECCR factors for the following rate classes for the period January 1, 2004 through December 31, 2004:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.06961
Small General Service	\$0.06203
General Service 1	\$0.02286
General Service 2	\$0.01859
General Service 3	\$0.01564
General Service 4	\$0.01411
General Service 5	\$0.00799
Commercial Street Lighting	\$0.00998
Natural Gas Vehicle Service	\$0.01185

For PGS's West Florida Region, the Commission should approve PGS's end-of-period final true-up amount of \$530,074 (underrecovery) for the period January 2002 through December 2002; the estimated true-up amount for the period January 2003 through December 2003; and the projected conservation program expenses for the period January 1, 2004 through December 31, 2004.

For PGS's West Florida Region, the Commission should approve the following ECCR factors for the following rate classes for the period January 1, 2004 through December 31, 2004:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.14384
Small General Service	\$0.12685
General Service 1	\$0.05425
General Service 2	\$0.04296

General Service 3"	\$0.03596
General Service 4	\$0.03245
General Service 5	\$0.01806
Commercial Street Lighting	\$0.02292
Natural Gas Vehicle Service	\$0.00000

**SJNG:** The Commission should approve the final adjusted net true-up amount for the twelve month period ending December 31, 2004 including interest, the projected conservation program expenses for the twelve month period ending Dec 31, 2004 and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the twelve month period ending December 31, 2004 as filed by SJNG.

**STAFF:** Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VIII. ISSUES AND POSITIONS

**ISSUE 1:** Proposed Stipulation. See Section X.

**ISSUE 2:** Proposed Stipulation. See Section X.

**ISSUE 3:** Proposed Stipulation. See Section X.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Gloria Lopez	CGC	GL-1	Schedules CT-1, CT-2 and CT-3



<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Gloria Lopez	CGC	<u>GL-2</u>	Schedules C-1, C-2, C-3, and C-5
Brian S. Bilinski	CUC	<u>BSB-1</u>	True-up variance analysis [Schedules CT1-CT6]
Brian S. Bilinski	CUC	<u>BSB-2</u>	Projections Recovery Clause Calculation: Estimated ECCR charges by rate classification; [Schedules C-1 through C-4]
Robert L. Smith	FPUC	<u>RLS-1</u> (Composite)	Revised Schedules CT-1, CT-2, CT-3, CT-4, and CT-5
Robert L. Smith	FPUC	<u>RLS-2</u> (Composite)	Schedules C1, C2, C3, and C5

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<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Kandi M. Floyd	PGS	<hr/> KMF-1	Conservation cost recovery true-up data (January 2002 - December 2002) consisting of schedules CT- 1 through CT- 6 (except PGS West Florida Region)
Kandi M. Floyd	PGS	<hr/> KMF-2	Conservation cost recovery true-up data (January 2002 - December 2002) consisting of schedules CT- 1 through CT- 6 (PGS West Florida Region)

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Kandi M. Floyd	PGS	<u>KMF-3 and 3R</u>	Data for development of conservation cost recovery factor (January 1, 2004 - December 31, 2004, consisting of schedules C-1 through C-5 (except PGS West Florida Region))
Kandi M. Floyd	PGS	<u>KMF-4 and 4R</u>	Data for development of conservation cost recovery factor (January 1, 2004 - December 31, 2004, consisting of schedules C-1 through C-5 (PGS West Florida Region)).
Debbie Stitt	SJNG	<u>DS-1</u>	Schedules C1 through C4

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

**ISSUE 1: What is the final end of the period true-up amount for the period January 2002 through December 2002?**

CGC:	\$284,674	Over Recovery
CUC:	\$149,226	Under Recovery
FPUC:	\$107,599	Under Recovery
PGS:	\$380,930	Under Recovery
PGWF:	\$530,074	Under Recovery
SJNG:	\$ 232	Under Recovery

**ISSUE 2: What are the appropriate conservation cost recovery factors for the period January 2004 through December 2004?**

CGC:	<u>Rate Class</u>	<u>ECCR FACTOR</u>
	Residential (RS, ED & GL)	7.669 cents/therm
	Commercial (CS, ED & SCTS)	2.222 cents/therm
	Commercial Lge Vol (LCS & CTS)	1.469 cents/therm
	Industrial (IP & ITS)	1.340 cents/therm

CUC:	<u>Rate Class</u>	<u>ECCR Factor</u>
	GS1/TS-1A	12.762 cents/therm
	GS1/TS-1B	12.762 cents/therm
	GS1/TS-1C	12.762 cents/therm
	GS2/TS-2	6.704 cents/therm
	GS3/TS-3	4.020 cents/therm
	GS4/TS-4	3.155 cents/therm
	GS5/TS-5	2.807 cents/therm
	GS6/TS-6	2.134 cents/therm
	GS7/TS-7	1.333 cents/therm
	GS8/TS-8	1.103 cents/therm
	GS9/TS-9	.967 cents/therm

FPUC:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential	8.850 cents/therm
	Commercial Small	3.248 cents/therm
	Commercial Lge Vol	2.166 cents/therm
	Large Vol. Transport	2.166 cents/therm

PGS:	<u>Rate Class</u>	<u>ECCR Factor</u>
	RS	6.961 cents/therm
	SGS	6.203 cents/therm
	GS-1	2.286 cents/therm
	GS-2	1.859 cents/therm
	GS-3	1.564 cents/therm
	GS-4	1.411 cents/therm
	GS-5	.799 cents/therm
	NGVS	1.185 cents/therm
	CSLS	.998 cents/therm

PGWF:	<u>Rate Class</u>	<u>ECCR Factor</u>
	RS	14.384 cents/therm
	SGS	12.685 cents/therm
	GS-1	5.425 cents/therm
	GS-2	4.296 cents/therm
	GS-3	3.596 cents/therm
	GS-4	3.245 cents/therm
	GS-5	1.806 cents/therm
	CSLS/NGVS	2.292 cents/therm

SJNG:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential	1.803 cents/therm
	Commercial	1.582 cents/therm
	Comm. Lge Vol.	.722 cents/therm

**ISSUE 3: What should be the effective date of the cost recovery factors for billing purposes?**

The factors should be effective beginning with the specified conservation cost recovery cycle and thereafter for the period January 2004, through December 2004. Billing cycles may start before January 1, 2004, and the last cycle may be read after December 31, 2004, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

XI. PENDING MOTIONS

There are no pending motions at this time.

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XII. PENDING CONFIDENTIALITY MATTERS

There are no pending confidentiality matters at this time.

XIII. RULINGS

St. Joe Natural Gas Company's request to be excused from the prehearing conference and hearing in this docket is granted.

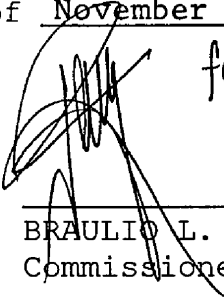
Opening statements, if any, shall not exceed ten minutes per party.

Based on the foregoing, it is

ORDERED by Commissioner Braulio L. Baez, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Braulio L. Baez, as Prehearing Officer, this 5th day of November, 2003.

*for Commissioner Braulio L. Baez*

  
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BRAULIO L. BAEZ  
Commissioner and Prehearing Officer

( S E A L )

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any

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administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.