

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased gas adjustment (PGA) true-up. | DOCKET NO. 110003-GU  
ORDER NO. PSC-11-0499-PHO-GU  
ISSUED: October 25, 2011

---

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 20, 2011, in Tallahassee, Florida, before Commissioner Ronald A. Brisé, as Prehearing Officer.

APPEARANCES:

BETH KEATING, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301  
On behalf of Florida City Gas (FCG) and Florida Public Utilities Company (FPUC).

ANSLEY WATSON, JR., ESQUIRE, Macfarlane Ferguson & McMullen, Post Office Box 1531, Tampa, Florida, 33601-1531  
On behalf of Peoples Gas System (PGS).

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

PATRICIA A. CHRISTENSEN, ESQUIRE, Associate Public Counsel, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400  
On behalf of the Citizens of the State of Florida (OPC).

JENNIFER S. CRAWFORD, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850  
On behalf of the Florida Public Service Commission (STAFF).

MARY ANNE HELTON, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850  
Advisor to the Florida Public Service Commission.

DOCUMENT NUMBER-DATE

07831 OCT 25 =

FPSC-COMMISSION CLERK

**PREHEARING ORDER**

I. **BACKGROUND**

As part of the Commission's continuing purchased gas adjustment true-up proceedings, an administrative hearing in this docket is set for November 1-3, 2011. The parties have reached agreement concerning all issues identified for resolution at this hearing. Staff is prepared to present the panel with a recommendation at the hearing for approval of the stipulated positions set forth herein. The Commission may render a bench decision in this matter.

II. **CONDUCT OF PROCEEDINGS**

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

III. **JURISDICTION**

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S. This hearing will be governed by said Chapter and Chapters 25-22 and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. **PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION**

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes

clearly marked with the nature of the contents and with the confidential information highlighted. 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.

- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

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 Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

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

Testimony of all witnesses to be sponsored by the parties has been prefiled and 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 timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. 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.

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. After all parties and Staff have had the opportunity to cross-examine the witness, 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.

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.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

As a result of discussions at the Prehearing Conference, each witness whose name is preceded by an asterisk (\*) will be excused from this hearing if no Commissioner assigned to this case seeks to cross-examine the particular witness. Parties shall be notified as soon as possible as to whether any such witness shall be required to be present at the 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>		
*Thomas Kaufmann	FCG	1-6
*Curtis D. Young	FPUC	1
*Cheryl M. Martin	FPUC	2-6
*Kandi M. Floyd	PGS	1-6
*Stuart L. Shoaf	SJNG	1-6

VII. BASIC POSITIONS

**FCG:** Florida City Gas has appropriately calculated its true-up amounts and purchased gas adjustment factor as shown in the Company's positions on Issue 1-6.

**FPUC:** FPUC has appropriately calculated its true-up amounts and purchased gas adjustment factor as shown in the Company's positions on Issues 1-6.

**PGS:** The Commission should approve PGS's final PGA true-up amount of \$9,599,007 (underrecovery) for the period January 2010 through December 2010; its actual/estimated PGA true-up amount of \$11,966,268 (overrecovery) for the period January 2011 through December 2011; and its levelized PGA (cap) factor of \$0.99606 per therm for the period January 2012 through December 2012. (Floyd)

**SJNG:** The appropriate over (under) recovery amounts and purchased gas adjustment factors are shown in the company's positions on Issues 1 - 5.

**OPC:** No position.

**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 stated herein.

VIII. ISSUES AND POSITIONS

**STIPULATED**

**ISSUE 1:** What are the final purchased gas adjustment true-up amounts for the period January 2010 through December 2010?

**POSITION:**

Florida City Gas	\$259,865		Under-recovery
Florida Public Utilities	\$2,562,014		Under-recovery
Peoples Gas System, Inc.	\$9,599,007		Under-recovery
St. Joe Natural Gas Company	\$140,324		Under-recovery

**OPC:** No position.

**STIPULATED**

**ISSUE 2:** What are the actual/estimated purchased gas adjustment true-up amounts for the period January 2011 through December 2011?

**POSITION:**

Florida City Gas	\$357,639		Over-recovery
Florida Public Utilities	\$2,151,001		Over-recovery
Peoples Gas System, Inc.	\$11,966,268		Over-recovery
St. Joe Natural Gas Company	\$116,304		Over-recovery

**OPC:** No position.

**STIPULATED**

**ISSUE 3:** What are the total purchased gas adjustment true-up amounts to be collected during the period January 2012 through December 2012?

**POSITION:**

Florida City Gas	\$97,774		Over-recovery
Florida Public Utilities	\$411,013		Under-recovery
Peoples Gas System, Inc.	\$2,367,260		Over-recovery
St. Joe Natural Gas Company	\$24,019		Under-recovery

**OPC:** No position.

**STIPULATED**

**ISSUE 4:** What are the levelized purchased gas cost recovery (cap) factors for the period January 2012 through December 2012?

**POSITION:**

Florida City Gas	82.045 cents per therm
Florida Public Utilities	79.064 cents per therm
Peoples Gas System	98.437 cents per therm
St. Joe Natural Gas Company	76.800 cents per therm

**OPC:** No position.

**STIPULATED**

**ISSUE 5:** What should be the effective date of the new purchased gas adjustment charge for billing purposes?

**POSITION:** The factor should be effective for all meter readings on or after January 1, 2012, beginning with the first or applicable billing cycle for the period January 2012 through December 2012.

**OPC:** No position.

**STIPULATED**

**ISSUE 6:** What changes, if any, should be made to improve the reporting mechanism related to monthly PGA reporting as established in Order No. 24463?

**POSITION:** For monthly actual filings, invoices need not be submitted, but should be retained for audit. The current monthly A-5 Schedule should be revised. The revised A-5 Schedule should show, by month, commodity costs, transportation costs, hedging costs, adjustments (off system sales), flex-down factors, revenues, therm sales to customers, and number of customers under the PGA. (All actual monthly data would show in the Schedule.) The revised A-5 Schedule should be filed with the Commission Clerk in spreadsheet format (such as Excel). The docket number and docket should be noted in the electronic transmittal memo. The monthly flex down notice would no longer be required.

**OPC:** No position.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
			<u>Direct</u>
Kaufmann	FCG	TK-1 <sup>1</sup>	Final Fuel Over/Under Recovery (Schedule A-7)
Kaufmann	FCG	TK-2 <sup>2</sup>	Schedules E-1 Winter, E-1, E-1/R, E-2, E-3, E-4, E-5
Young	FPUC	CDY-1	Final Fuel Over/Under Recovery (Schedule A-7)
Martin	FPUC	CMM-1	Schedules E-1 Winter, E-1, E-1/R, E-2, E-3, E-4, E-5
Floyd	PGS	KMF-1	Calculation for final true-up for January 2010-December 2010 (Schedule A-7)
Floyd	PGS	KMF-2	Calculation of estimated true-up for January 2011-December 2011; total true-up for January 2011-December 2011); calculation for PGA factor for January 2012-December 2012 (Schedules E-1 through E-5)
Shoaf	SJNG	SLS-1	Final Over/Under (Schedule A-7)
Shoaf	SJNG	SLS-2	PGA Summary of estimates for the projected period (Schedule E-1)
Shoaf	SJNG	SLS-3	Calculation of true-up amount current period (7 months actual 5 months estimated; Schedule E-2)

---

<sup>1</sup> Amended August 1, 2011.

<sup>2</sup> Amended October 4, 2011.

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Shoaf	SJNG	SLS-4	Transportation purchases system supply end use for the projected period (Schedule E-3)
Shoaf	SJNG	SLS-5	Calculation of true-up amount for the projected period based on the prior period and current period (7 months actual, 5 months estimated; Schedule E-4)
Shoaf	SJNG	SLS-6	Therm Sales and Customer Data (For the projected Period; Schedule E-5)
Shoaf	SJNG	SLS-7	Reprojected PGA for Current Period (7 months actual, 5 months estimated; Schedule E-1/R)

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

X. PROPOSED STIPULATIONS

There are proposed stipulations on all issues, noting that OPC has taken no position.

XI. PENDING MOTIONS

There are no pending motions at this time.

XII. PENDING CONFIDENTIALITY MATTERS

There are two pending requests for confidentiality: (1) FCG's Request for Confidentiality submitted August 9, 2011; and (2) FPUC's Notice of Intent submitted October 10, 2011, with Request pending filing on or before October 30, 2011. These requests will be addressed by separate order.

XIII. POST-HEARING PROCEDURES

If no bench decision is 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 this



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, F.A.C., 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.

XIV. RULINGS

The parties have waived opening statements.

St. Joe Natural Gas Company and Peoples Gas System's requests to be excused from the Prehearing Conference and Hearing in this docket are granted.

It is therefore,

ORDERED by Commissioner Ronald A. Brisé, 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 Ronald A. Brisé, as Prehearing Officer, this 25th day of October, 2011.



RONALD A. BRISE  
Commissioner and Prehearing Officer  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
www.floridapsc.com

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 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 Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, 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.