

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost recovery.

DOCKET NO. 130004-GU
ORDER NO. PSC-13-0512-PHO-GU
ISSUED: October 28, 2013

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 17, 2013, in Tallahassee, Florida, before Commissioner Eduardo E. Balbis, as Prehearing Officer.

APPEARANCES:

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

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

ANDY SHOAF, VICE PRESIDENT
Post Office Box 549, Port St. Joe, Florida, 32457
On behalf of St. Joe Natural Gas Company (SJNG).

NORMAN H. HORTON, JR., ESQUIRE, Messer Caparello, P.A.,
Post Office Box 15579, Tallahassee, Florida 32317
On behalf of Sebring Gas System, Inc. (SGS).

PATRICIA A. CHRISTENSEN and CHARLES J. REHWINKEL, ESQUIRES,
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 (Office of the Public Counsel).

KELLEY F. CORBARI, 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
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Advisor to the Florida Public Service Commission.

PREHEARING ORDER

I. CASE BACKGROUND

As part of the Commission's continuing gas conservation cost recovery proceedings, an administrative hearing in this docket is set for November 4-6, 2013. 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, 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. PRE-FILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties (and Staff) has been pre-filed 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>		
*Curtis Young	CUC	1 – 4
*Miguel Bustos	FCG	1 – 4
*Curtis Young	FPUC	1 – 4
*Curtis Young	Indiantown	1 – 4
*Kandi M. Floyd	PGS	1 – 4
*Debbie K. Stitt	SJNG	1 – 4
*Jerry H. Melendy, Jr.	Sebring	1 – 4

Rebuttal

None

VII. BASIC POSITIONS

CUC: The Commission should approve CUC's final net true-up for the period January through December 2012, the estimated true-up for the period January through December 2013, and the projected conservation program expenses for the period January through December 2014.

FCG: The Company's true-up amounts and conservation cost recovery factors as shown in Issues 1 through 4 are appropriate and should be approved.

FPUC: The Commission should approve Florida Public Utilities Company's final net true-up for the period January through December 2012, the estimated true-up for the period January through December 2013, and the projected conservation program expenses for the period January through December 2014.

**FPUC
INDIANTOWN:** The Commission should approve Florida Public Utilities Company – Indiantown Division's final net true-up for the period January through December 2012, the estimated true-up for the period January through December 2013, and the projected conservation program expenses for the period January through December 2014.

PGS: The Commission should approve PGS's final true-up amount of \$1,339,254 (under-recovery) for the period January 2012 through December 2012, and its projected conservation program expenses for the period January 1, 2014 through December 31, 2014, net of the estimated true-up.

The Commission should approve the following ECCR factors for the following rate classes for the period January 2014 through December 2014:

<u>Rate Class</u>	<u>ECCR Factor</u> (dollars per therm)
Residential	\$0.08253
Residential Standby Generator	\$0.08253
Small General Service	\$0.05567
Commercial Standby Generator	\$0.02613
General Service 1	\$0.02613
General Service 2	\$0.01900
General Service 3	\$0.01574
General Service 4	\$0.01180
General Service 5	\$0.00866
Commercial Street Lighting	\$0.01385
Natural Gas Vehicle Service	\$0.01713

SJNG: The Commission should approve the final adjusted net true-up amount for the twelve month period ending December 31, 2013 including interest, the projected conservation program expenses for the twelve month period ending December 31, 2014 and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the twelve month period ending December 31, 2014 as filed by SJNG.

SEBRING: Sebring has properly projected its costs and calculated its true-up amounts and conservation cost recovery factors. The Commission should approve those amounts and factors.

OPC: OPC maintains that the respective utilities must satisfy their burden of proof for any and all monies sought in this proceeding.

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 are may be modified upon receipt of responses to any outstanding discovery requests.

VIII. ISSUES AND POSITIONS

PROPOSED STIPULATED

ISSUE 1: **What are the final conservation cost recovery true-up amounts for the period January 2012 through December 2012?**

POSITION: The appropriate final conservation cost recovery true-up amounts for the period January 2012 through December 2012 are as follows:

Chesapeake (CUC)	\$35,777	Over-recovery
Florida City Gas (FCG)	\$997,839	Over-recovery
Florida Public Utilities Company (FPUC)	\$292,947	Over-recovery
Indiantown Gas Company (Indiantown)	\$11,665	Over-recovery
Peoples Gas System (PGS)	\$1,339,254	Under-recovery
St. Joe Natural Gas (SJNG)	\$78,459	Under-recovery
Sebring Gas System, Inc. (Sebring)	\$25,707	Over-recovery

PROPOSED STIPULATED

ISSUE 2: **What are the total conservation cost recovery amounts to be collected during the period January 2014 through December 2014?**

POSITION: The appropriate total conservation cost recovery amounts to be collected during the period January 2014 through December 2014 are as follows:

Chesapeake (CUC)	\$1,027,942
Florida City Gas (FCG)	\$4,235,123
Florida Public Utilities Company (FPUC)	\$3,079,774
Indiantown Gas Company (Indiantown)	\$16,403
Peoples Gas System (PGS)	\$13,476,152
St. Joe Natural Gas (SJNG)	\$104,680
Sebring Gas System, Inc. (Sebring)	\$36,198

PROPOSED STIPULATED

ISSUE 3: **What are the conservation cost recovery factors for the period January 2014 through December 2014?**

POSITION: The appropriate conservation cost recovery factors for the period January 2014 through December 2014 are as follows:

CUC	Rate Class	ECCR Factor
	FTS-A	21.947 cents/therm
	FTS-B	16.878 cents/therm
	FTS-1	13.968 cents/therm
	FTS-2	7.993 cents/therm
	FTS-2.1	5.609 cents/therm
	FTS-3	4.890 cents/therm
	FTS-3.1	3.889 cents/therm
	FTS-4	3.255 cents/therm
	FTS-5	2.830 cents/therm
	FTS-6	2.012 cents/therm
	FTS-7	1.636 cents/therm
	FTS-8	1.476 cents/therm
	FTS-9	1.220 cents/therm
	FTS-10	1.103 cents/therm
	FTS-11	1.018 cents/therm
	FTS-12	0.734 cents/therm

In accordance with Order No. PSC-07-0427-TRF-GU, issued May 15, 2007, in Docket No. 060675-GU, optional fixed rates are available to CUC customers in the following rate schedules:

CUC	Rate Class	ECCR Factor (\$ per bill)
	FTS-A	1.45
	FTS-B	1.90
	FTS-1	2.44
	FTS-2	4.79
	FTS-2.1	7.14
	FTS-3	17.50
	FTS-3.1	22.88
FCG	Rate Class	ECCR Factor
	GS-1, GS-100, GS-220	13.084 cents/therm
	GS-600	6.551 cents/therm
	GS-1200	3.874 cents/therm
	GS-6000	3.212 cents/therm
	GS-25000	3.189 cents/therm
	GS-60000	3.134 cents/therm
	GS-120000	2.208 cents/therm
	GS-250000	1.997 cents/therm
	Gas Lights	6.213 cents/therm
FPUC	Rate Class	ECCR Factor
	Residential	9.256 cents/therm
	General Service & GS Transportation (GS1)	5.062 cents/therm
	General Service & GS Transportation (GS2)	4.693 cents/therm
	Large Volume Service	3.655 cents/therm
	LV Transportation < 50,000	3.655 cents/therm
	LV Transportation > 50,000	3.655 cents/therm
	Fort Meade Residential	9.256 cents/therm
	Fort Meade Commercial (GS&GS Transp.)	5.062 cents/therm
	Fort Meade (LV&LV Transp.)	3.655 cents/therm

Indiantown	Rate Class	ECCR Factor
	TS-1	2.4690 cents/therm
	TS-2	0.4290 cents/therm
	TS-3	1.2700 cents/therm
	TS-4	0.1200 cents/therm

PGS	Rate Class	ECCR Factor
	RS	8.253 cents/therm
	RS-SG	8.253 cents/therm
	SGS	5.567 cents/therm
	GS-1 & CS-SG	2.613 cents/therm
	GS-2	1.900 cents/therm
	GS-3	1.574 cents/therm
	GS-4	1.180 cents/therm
	GS-5	0.866 cents/therm
	CSLS	1.385 cents/therm
	NGVS	1.713 cents/therm

SJNG	Rate Class	ECCR Factor
	RS-1	23.774 cents/therm
	RS-2	15.696 cents/therm
	RS-3	12.258 cents/therm
	GS-1	11.254 cents/therm
	GS-2	4.466 cents/therm
	FTS-4	2.049 cents/therm

Sebring	Rate Class	ECCR Factor
	TS-1	11.993 cents/therm
	TS-2	6.088 cents/therm
	TS-3	4.448 cents/therm
	TS-4	3.793 cents/therm

PROPOSED STIPULATED

ISSUE 4: **What should be the effective date of the new conservation cost recovery factors for billing purposes?**

POSITION: The factors should be effective beginning with the specified conservation cost recovery cycle and thereafter for the period January 2014 through December 2014. Billing cycles may start before January 1, 2014, and the last cycle may be read after December 31, 2014, so that each customer is billed for twelve (12) months regardless of when the adjustment factor became effective.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
<u>Direct</u>			
Curtis Young	CUC	CDY-3	True-Up Variance Analysis [Schedules CT1-CT6]
Curtis Young	CUC	CDY-6	Projections: Estimated ECCR charges by rate class [Schedules C-1 through C-4]
Miguel Bustos	FCG	MB-1 ¹	Schedules CT-1, CT-2, CT-3, and CT-6
Miguel Bustos	FCG	MB-2	Schedules C-1, C-2, C-3, and C-5
Curtis Young	FPUC	CDY-1	True-Up Variance Analysis [Schedules CT1-CT6]
Curtis Young	FPUC	CDY-4	Projections: Estimated ECCR charges by rate class [Schedules C-1, C-2, C-3, and C-5]
Curtis Young	Indiantown	CDY-2	True-Up Variance Analysis [Schedules CT1-CT6]
Curtis Young	Indiantown	CDY-5	Projections: Estimated ECCR charges by rate class [Schedules C-1 through C-4]

¹ Second revised filed July 24, 2013.

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Kandi M. Floyd	PGS	KMF-1	Conservation cost recovery true-up data (January 2012- December 2012) consisting of Schedules CT-1, CT-2, CT-3 and CT-6.
Kandi M. Floyd	PGS	KMF-2 ²	Data for development of conservation cost recovery factors (January 1- December 31, 2014), consisting of Schedules C-1, C-2, C-3 and C-5.
Debbie K. Stitt	SJNG	DKS-1	Schedules CT-1, CT-2, CT-3, CT-4, and CT-5
Debbie K. Stitt	SJNG	DKS-2	Schedules C1, C2, C3, and C4.
Jerry H. Melendy, Jr.	Sebring	JHM-1	Schedules CT-1, CT-2, CT-3, CT-4, CT-5, CT-6, C-1, C-2, C-3, and C-4

Rebuttal

None

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

X. **PROPOSED STIPULATIONS**

The parties have stipulated to all issues, with OPC taking no position. OPC does not object to, but does not join, the proposed stipulations.

XI. **PENDING MOTIONS**

There are no pending motions at this time.

² Revised filed September 13, 2013.

XII. PENDING CONFIDENTIALITY MATTERS

There are no pending confidentiality matters at this time.

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

Opening statements, if any, shall be five minutes for each party.

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

It is therefore,

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

ORDER NO. PSC-13-0512-PHO-GU
DOCKET NO. 130004-GU
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By ORDER of Commissioner Eduardo E. Balbis, as Prehearing Officer, this 28th day
of October, 2013.



EDUARDO E. BALBIS
Commissioner and Prehearing Officer
Florida Public Service Commission
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

KFC

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.