

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment) DOCKET NO. 930003-GU
(PGA) True-Up) ORDER NO. PSC-93-1203-PHO-GU
_____) ISSUED: August 16, 1993

Pursuant to Notice, a Prehearing Conference was held on August 11, 1993, in Tallahassee, Florida, before Chairman J. Terry Deason, as Prehearing Officer.

APPEARANCES:

MATTHEW R. COSTA, Esquire, MacFarlane Ferguson, P.O. Box 1531, Tampa, Florida 33601
On behalf of Peoples Gas System, Inc..

WAYNE L. SCHIEFELBEIN, Esquire, Gatlin, Woods, Carlson & Cowdery, 1709-D Mahan Drive, Tallahassee, Florida 32308
On behalf of Chesapeake Utilities Corporation

FLOYD SELF, Esquire, Messer, Vickers, Caparello, Madsen, Lewis, Goldman & Metz, P.A., Post Office Box 1876, Tallahassee, Florida 32302-1876
On behalf of Florida Public Utilities Company, West Florida Natural Gas Company, and South Florida Natural Gas Company

LEE L. WILLIS, Esquire, and JAMES D. BEASLEY, Esquire, Ausley, McMullen, McGehee, Carothers and Proctor, Post Office Box 391, Tallahassee, Florida 32302
On behalf of City Gas Company of Florida.

VICKI GORDON KAUFMAN, Esquire, McWhirter, Grandoff and Reeves, 315 South Calhoun Street, Suite 716, Tallahassee, Florida 32301
On behalf of the Florida Industrial Power Users Group.

JERRY H. MELENDY, JR., Vice President, Sebring Gas System, Inc., 3515 U.S. Highway, 27, South, Sebring, Florida 33870-5452
On behalf of the Sebring Gas System, Inc.

BRIAN J. POWERS, General Manager, Indiantown Gas Company, Post Office Box 8, Indiantown, FL 34956
On behalf of the Indiantown Gas Company.

STUART L. SHOAF, President, St. Joe Natural Gas Company, Inc., Post Office Box 549, Port St. Joe, Florida 32456-0549
On behalf of the St. Joe Natural Gas Company, Inc.

DOCUMENT NUMBER-DATE

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FILED RECORDS SECTION

JOHN ROGER HOWE, Esquire, Office of Public Counsel, c/o
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On behalf of the Citizens of the State of Florida.

ROBERT V. ELIAS, Esquire and MARTHA CARTER BROWN,
Esquire, Florida Public Service Commission, 101 E. Gaines
Street, Tallahassee, Florida 32399-0863
On behalf of the Commission Staff.

PRENTICE P. PRUITT, Esquire, Florida Public Service
Commission, 101 E. Gaines Street, Tallahassee, Florida
32399-0862
On behalf of the Commissioners.

PREHEARING ORDER

I. CASE BACKGROUND

As part of the Commission's continuing fuel and energy conservation cost and purchased gas cost recovery proceedings, a hearing is set for August 18-20, 1993 in this docket and in Dockets No. 930001-EI and 930002-EG. The following subjects were noticed for hearing in such dockets:

1. Determination of the Proposed Levelized Fuel Adjustment Factors for all investor-owned utilities for the period October, 1993 through March, 1994;
2. Determination of the Estimated Fuel Adjustment True-Up Amounts for all investor-owned electric utilities for the period April, 1993 through September, 1993, which are to be based on actual data for the period April, 1993 through May, 1993, and revised estimates for the period June, 1993 through September, 1993;
3. Determination of the Final Fuel Adjustment True-Up Amounts for all investor-owned electric utilities for the period October, 1992 through March, 1993, which are to be based on actual data for that period;

4. Determination of Projected Conservation Cost Recovery Factors for certain investor-owned electric and gas utilities for the period October, 1993 through March, 1994.
5. Determination of the Estimated Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period April, 1993 through September, 1993, which are to be based on actual data for the period April, 1993 through May, 1993 and revised estimates for the period June, 1993 through September, 1993.
6. Determination of the Final Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period October, 1992 through March, 1993, which are to be based on actual data for that period;
7. Determination of any Projected Oil Backout Cost Recovery Factors for the period October, 1993 through March, 1994, for the cost of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.016, Florida Administrative Code.
8. Determination of the Estimated Oil Backout Cost Recovery True-Up Factors for the period April, 1993 through September, 1993, for the costs of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.016, Florida Administrative Code, which are to be based on actual data for the period April, 1993 through May, 1993, and revised estimates for the period June, 1992 through September, 1993.
9. Determination of the Final Oil Backout True-Up Amounts for the period October, 1992 through March, 1993, which are to be based on actual data for that period;
10. Determination of Generating Performance Incentive Factor Targets and Ranges for the period October, 1993 through March, 1994;

11. Determination of Generating Performance Incentive Factor Rewards and Penalties for the period October, 1993 through March, 1994;
12. Determination of the Purchased Gas Adjustment Cost Recovery Factors for the period October, 1993 through March 1994.

II. 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(2), 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.

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

- 1) 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.

- 2) 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.
- 3) 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.
- 4) 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.
- 5) 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 Commission Clerk's confidential files.

III. PREFILED TESTIMONY AND EXHIBITS

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. 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.

IV. ORDER OF WITNESSES

***All issues in this Docket have been stipulated. The parties agree that the testimony and exhibits of all witnesses shall be entered into the record as though read. Cross examination is waived. All witnesses are excused from attendance at the hearing.**

<u>Witness</u>	<u>Appearing For</u>	<u>Issues #</u>
*H. M. Grey, III	PGS	1 - 5
*A.M. Vincent	Chesapeake	1,2,3,4
*Bachman	FPUC	1-5
*Schneidermann	FPUC	4
*Goodwin	WFNG	1-5
*Kahl	SFNG	1-5
*Jerry A. Wutzler	CGC	1,2,3,4
*Stuart Shoaf	SJNG	All

V. BASIC POSITIONS

PEOPLES GAS SYSTEM, INC. (PGS): The Commission should approve PGS's final PGA true-up amount for the period October 1992 through March 1993 of \$2,335,262 (overrecovery), its estimated PGA true-up amount of \$1,892,168 (underrecovery) for the period April through September 1993, and its levelized PGA (cap) factor of \$0.40924 per

therm for application to customers' bills during the period October 1, 1993 through March 31, 1994.

CHESAPEAKE UTILITIES CORPORATION (CHESAPEAKE): The appropriate over (under) recovery amounts and purchased gas adjustment are as shown in the company's positions on Issues 1-4.

FLORIDA PUBLIC UTILITIES COMPANY (FPUC): Florida Public Utilities Company has properly calculated its true-up amounts and projected gas costs. Its costs and projections are reasonable and its purchased gas cost recovery factors should be approved.

WEST FLORIDA NATURAL GAS COMPANY (WFNG): West Florida Natural Gas Company has properly calculated its true-up amounts and projected gas costs. Its costs and projections are reasonable and its purchased gas cost recovery factor should be approved.

SOUTH FLORIDA NATURAL GAS COMPANY (SFNG): South Florida Natural Gas Co. has properly calculated its true-up amounts and projected gas costs. Its costs and projections are reasonable and its purchased gas cost recovery factor should be approved.

CITY GAS COMPANY OF FLORIDA (CGC): The Commission should determine that City Gas has properly calculated its Purchased Gas Adjustment true-up and that the appropriate purchased gas cost recovery (cap) factor to be applied by City Gas during the period October 1993 - March 1994 is \$.38663 per therm, including the regulatory assessment fee but excluding the gross receipts tax which is billed separately.

FLORIDA INDUSTRIAL POWER USERS GROUP (FIPUG): No position at this time.

SEBRING GAS SYSTEM, INC. (SEBRING): No position at this time.

INDIANTOWN GAS COMPANY (INDIANTOWN): No position at this time.

ST. JOE NATURAL GAS COMPANY (SJNG): The Commission should approve the Purchased Gas Adjustment (PGA) true-up amount for the six month period ending March 31, 1994 including interest, and the Six Month Levelized PGA Factor of \$0.39332 to be applied to customer bills rendered for the six month period ending March 31, 1994.

OFFICE OF PUBLIC COUNSEL (OPC): None necessary.

STAFF: Staff's positions are preliminary and based on materials filed by the parties 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.

VI. ISSUES AND POSITIONS

* The parties have stipulated to all issues in this Docket.

Generic Purchased Gas Adjustment Issues

***ISSUE 1:** What are the appropriate final purchased gas adjustment true-up amounts for the period October, 1992 through March, 1993?

Chesapeake	\$241,729	Overrecovery
CGC	\$169,320	Underrecovery
FPUC	\$214,553	Underrecovery
Indiantown	\$80,098	Overrecovery
PGS	\$2,335,262	Overrecovery

Sebring	\$15,350	Underrecovery
SJNG	\$10,196	Underrecovery
SFNG	\$67,572	Underrecovery
WFNG	\$1,217,867	Underrecovery

***ISSUE 2:** What are the estimated purchased gas adjustment true-up amounts for the period April, 1993 through September, 1993?

Chesapeake	\$668,301	Underrecovery
CGC	\$477,459	Overrecovery
FPUC	\$1,071,251	Overrecovery
Indiantown	\$124,864	Underrecovery
PGS	\$1,892,168	Underrecovery
Sebring	\$5,287	Underrecovery
SJNG	\$0	
SFNG	\$823	Overrecovery
WFNG	\$1,826,853	Overrecovery

***ISSUE 3:** What are the total purchased gas adjustment true-up amounts to be collected during the period October, 1993 through March, 1994?

Chesapeake	\$426,572	Underrecovery
CGC	\$308,139	Overrecovery
FPUC	\$856,698	Overrecovery
Indiantown	\$44,765	Underrecovery
PGS	\$443,550	Overrecovery
Sebring	\$20,637	Underrecovery
SJNG	\$10,196	Underrecovery
SFNG	\$66,749	Underrecovery
WFNG	\$608,986	Overrecovery

***ISSUE 4:** What are the appropriate levelized purchased gas cost recovery (cap) factors for the period October, 1993 through March, 1994?

Chesapeake	38.994 cents per therm
CGC	38.663 cents per therm
FPUC	40.374 cents per therm
Indiantown	34.328 cents per therm
PGS	40.924 cents per therm
Sebring	42.900 cents per therm
SJNG	39.332 cents per therm
SFNG	49.296 cents per therm
WFNG	31.900 cents per therm

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

The factor should be effective for all meter readings on or after October 1, 1993, beginning with the first or applicable billing cycle for the period October, 1993 through March, 1994.

VII. EXHIBIT LIST

* All issues in this Docket have been stipulated. The parties agree that the testimony and exhibits of all witnesses may be entered into the record as though read.

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Grey	PGS	<u>1</u> (HMG-1)	Calculation of final true-up for October 1992 - March 1993 (Schedules A-1/MF-AO through A-8)
Grey	PGS	<u>2</u> (HMG-2)	Calculation of estimated true-up for April - September 1993
Grey	PGS	<u>3</u> (HMG-3)	Calculation of PGA factor for October 1993 - March 1994 (Schedules E-1/PFS-0 through E-5P)
Grey	PGS	<u>4</u> (HMG-4)	Graphs depicting Gas Volume Data for November 1992
Grey	PGS	<u>5</u> (HMG-5)	Graphs depicting Gas Volume Data for December 1992
Grey	PGS	<u>6</u> (HMG-6)	Graphs depicting Gas Volume Data for January 1993
Grey	PGS	<u>7</u> (HMG-7)	Graphs depicting Gas Volume Data for February 1993
Grey	PGS	<u>8</u> (HMG-8)	Graphs depicting Gas Volume Data for March 1993
Vincent	Chesapeake	<u>9</u> (AMV-1)	October 1992-March 1993 True-Up, Schedules A1 through A-8
Vincent	Chesapeake	<u>10</u> (AMV-2)	October 1993-March 1994 PGA Factor, Schedules E1 through E-5P
Bachman	FPUC	<u>11</u> (GMB-1) (composite)	Schedules A-1/MF-AO, A-1/MI-AO, A-2, A-3, A-4, A-5, A-6, A-7P, and A-8 for the months October, 1992 through March, 1993

Bachman	FPUC	<u>12</u> (GMB-3) (composite)	Schedules E-1/PFS-O, E-1/PIS-O, E-2, E-3P, E-4P and E-5P, which include original estimates for the period October, 1993 through March, 1994 and revised estimates for the period April, 1993 through September 1993
Goodwin	WFNG	<u>13</u> (TG-1) (composite)	Schedules A-1/F, A-1/FR, A-2, A-3, A-4, A-5, A-6, A-7P, and A-8
Goodwin	WFNG	<u>14</u> (TG-2) (composite)	Schedules E-1/F, E-2, E-3, and E-5 (original estimates for October, 1993 through March, 1994), Schedules E-1/FR, E-3, E-4 and E-5 (revised estimates for April, 1993 through September, 1993)
Kahl	SFNG	<u>15</u> (EJK-1) (composite)	Schedules A-1/MF-AO, A-2, A-3, A-4, A-5, A-6, A -7P, A-8, and Report of Take-or-Pay Charges to FGT
Kahl	SFNG	<u>16</u> (EJK-2) (composite)	Schedules E-1/PFS-O, E-1/PFS-R, E-2, E-4P and Schedule E-5P
Wutzler	CGC	<u>17</u> (JAW-1)	Schedules A-1 through A-8, PGA Summary Calculation of True-Up for the Period October 1992 through March 1993; Schedules E-1/PFS-R, E-3P, E-4P, E-5P for the period April 1993 through September 1993 and E-1/PFS -O, E-2, E-3P and E-5P for the period October 1993 - March 1994.

VIII. PROPOSED STIPULATIONS

The parties have stipulated to all issues in this Docket.

IX. PENDING MOTIONS

None.


X. RULINGS

None.

It is therefore,

ORDERED by Chairman J. Terry Deason, 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 Chairman J. Terry Deason, as Prehearing Officer, this 16th day of August, 1993.



J. TERRY DEASON, Chairman and
Prehearing Officer

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

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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 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) 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 Records and Reporting, 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.