

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 020384-GU

In the Matter of
PETITION BY TAMPA ELECTRIC
COMPANY D/B/A PEOPLES GAS SYSTEM

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PROCEEDINGS: ORLANDO SERVICE HEARING
BEFORE: COMMISSIONER TERRY DEASON
COMMISSIONER MICHAEL A. PALECKI
COMMISSIONER RUDOLPH BRADLEY
DATE: September 25, 2002
TIME: Commenced at 12:00 p.m.
Concluded at 12:32 p.m.
PLACE: Orlando City Council Chambers
400 South Orange Avenue
Orlando, Florida
REPORTED BY: Linda T. Marshall
Registered Professional Reporter
(407) 246-0046

ORIGINAL

BUREAU OF REPORTING

RECEIVED 10-10-02

1 APPEARANCES:

2 ANSLEY WATSON, JR., ESQUIRE
3 MacFarlane, Ferguson & McMullen
4 2300 Park Tower
5 400 North Tampa Street
6 Tampa, Florida 33602
7 (813) 273-4200
8 On behalf of Peoples Gas System

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JACK SHREVE, ESQUIRE
Office of the Public Counsel
On behalf of the Citizens of the
State of Florida

P R O C E E D I N G S

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2 CHAIRMAN DEASON: Call the hearing to
3 order. Counselor, could I have the notice
4 read, please?

5 MS. VINING: Pursuant to notice issued by
6 the clerk of the Florida Public Service
7 Commission on August 9th, 2002, a customer
8 service hearing was called for docket number
9 020384-GU at this time and place.

10 As stated in the notice, the purpose of
11 this hearing shall be to take testimony from
12 members of the public on the rates and service
13 of Peoples Gas System.

14 The procedure of this hearing shall be as
15 follows: The company will present a brief
16 summary of its case, and then the members of
17 the public may present testimony. Members of
18 the public who wish to present testimony are
19 urged to appear promptly at each scheduled
20 service hearing time, since the hearing may be
21 adjourned early if no witnesses are present to
22 testify.

23 All witnesses shall be subject to cross
24 examination at the conclusion of their
25 testimony.

1 CHAIRMAN DEASON: Okay. Thank you.
2 Appearances?

3 MR. SHREVE: Jack Shreve, public counsel,
4 representing the citizens of the State of
5 Florida in opposition to the rate increase.

6 MR. WATSON: Ansley Watson, Jr.,
7 MacFarlane, Ferguson & McMullen, appearing on
8 behalf of Peoples Gas System.

9 CHAIRMAN DEASON: Thank you. Let me at
10 this point, first of all, introduce myself. My
11 name is Terry Deason. I'll be chairing the
12 panel of commissioners which will be hearing on
13 this matter today. Seated to my right is
14 Commissioner Michael Palecki, and seated to my
15 left is Commissioner Rudy Bradley.

16 Let me at this point ask, are there
17 members of the public who wish to testify? If
18 there are, if you will please just raise your
19 hand at this point?

20 Let the record reflect that there are no
21 members of the public that have arrived, at
22 least at this point, to testify.

23 As is customary for these type
24 proceedings, we're going at this point --
25 normally, we would go ahead and hear the

1 opening statement or presentation by the
2 company and a response thereto by the Office of
3 Public Counsel. But before we proceed to that
4 point, I think it may be beneficial simply to
5 take a recess, in anticipation that there may
6 be customers en route and who may be just
7 arriving a little bit late. And we will wait
8 until they arrive before we go through those
9 presentations.

10 So unless there are other procedural
11 matters that we can address at this point, I
12 would anticipate we just take a 15-minute
13 recess.

14 Any objection, Mr. Shreve?

15 MR. SHREVE: None.

16 CHAIRMAN DEASON: Mr. Watson, no
17 objection?

18 MR. WATSON: (Shakes head.)

19 CHAIRMAN DEASON: We will just --
20 Commissioners, that's fine with you?

21 COMMISSIONER PALECKI: Yes.

22 COMMISSIONER BRADLEY: Yes.

23 CHAIRMAN DEASON: We will just take a 15-
24 minute recess and then we will reconvene back
25 on the record and we will see if there are

1 customers here present at that time to
2 testify.

3 We're in 15-minute recess.

4 (A recess was had.)

5 CHAIRMAN DEASON: Call the hearing back to
6 order. We will reconvene. At this point let
7 me ask, are there customers present who wish to
8 make a statement before the Commission at this
9 time?

10 Let the record reflect that we have no
11 customers present who wish to make a
12 statement.

13 Mr. Watson, you're going to dispense with
14 the opening statement? Do you wish to have
15 that simply inserted into the record today?

16 MR. WATSON: We can either insert it, or
17 to save on the commission costs, we can waive
18 it.

19 CHAIRMAN DEASON: I think that a waiver of
20 the opening statement probably would be in
21 order, because it's primarily for the benefit
22 of the customers to have an understanding of
23 the basis for your request, and there are no
24 customers present to hear that.

25 Mr. Shreve, do you wish to provide an

1 opening statement?

2 MR. SHREVE: Well, I think if we're just
3 going to handle it in that way, I won't need to
4 do one. If it were to go into the record, I'd
5 feel compelled to go ahead and make some
6 statements, but as you said, it's for the
7 customers. Just let it go.

8 CHAIRMAN DEASON: At yesterday's hearing
9 in Tampa, we had a matter come up. There was
10 an exhibit that was sponsored by a witness.
11 Mr. Shreve was kind enough to make copies of
12 that exhibit and to sponsor it. We have
13 identified it. I left the opportunity open for
14 further review by that, by parties. I don't
15 know if we're prepared now to address that.

16 And we also had a question about a
17 disparity between some rate numbers which were
18 included in the Commission's bulletin as well
19 in comparison to numbers which were included in
20 the customers' notice that was included in
21 their billing.

22 Mr. Watson, do you wish to address either
23 of those two things at this time?

24 MR. WATSON: I'd like to address both of
25 them, and I'll do so in reverse order.

1 CHAIRMAN DEASON: Very well. Please
2 proceed.

3 MR. WATSON: Mr. Wayne Morris, who
4 testified in Tampa yesterday, called attention
5 to a discrepancy between the residential bill
6 comparison contained in the company's bill
7 stuffer or notice to customers of these service
8 hearings and the residential bill comparison
9 contained on page four of the Commission's
10 special report number five for September 2002,
11 covering the Peoples Gas rate case.

12 I stated my belief yesterday at the
13 hearing when this discrepancy was pointed out,
14 that it was likely due to the use of different
15 per-therm amounts for the PGA, or purchase gas
16 adjustment, that was used in calculating the
17 typical monthly residential bill. And that's
18 indeed the case.

19 In the company's bill stuffer, the June
20 PGA of 52.546 cents per therm was used to
21 develop the monthly bill for twenty therms of
22 \$27.17.

23 And I'm focusing only on the -- the
24 typical bills at current rates set out in the
25 two documents, although the same is true of the

1 typical bill at the proposed rate.

2 In the bill comparison in the Commission's
3 special report, the September as opposed to the
4 June PGA was used. That September number was
5 61.537 cents per therm, and it was used to
6 develop the monthly bill for twenty therms of
7 \$28.97.

8 For a typical monthly bill of twenty
9 therms, the difference between these PGA
10 amounts results in a total difference of
11 \$1.80. If you subtract 27.17 from 28.97, you
12 come up with \$1.80. So indeed, the difference
13 is between the use of the September PGA in one
14 document and the June PGA in the other.

15 Now, with respect to the two charts that
16 were offered by Mr. Shreve yesterday that were
17 prepared by Witness Morris and marked for
18 identification as Composite Exhibit Number 1,
19 Peoples has no objection to the chart entitled
20 Rate Change -- actually it's abbreviated --
21 C-H-G Percent Proposed, because it accurately
22 reflects the percentage changes in monthly
23 bills proposed by the company in its filing for
24 the monthly therm consumptions that are shown
25 on this particular page of the exhibit. And I

1 don't know which is page one and page two.

2 With respect to the other chart, whether
3 it be page one or page two, Peoples also has no
4 objection to its admission, for what it's
5 worth, which in my humble opinion is not much.
6 The comparisons that are shown on that other
7 page, which are termed disparities among the
8 various rates depicted on the chart, are
9 largely meaningless, because they're calculated
10 without regard to the cost of providing service
11 to the various customer classes.

12 Just as an example, if the company needed
13 to recover a cost of service of a hundred
14 dollars a month from a customer in each of the
15 rate classes depicted here, the per-therm
16 charge needed to recover that hundred dollars
17 from a customer using 60,000 therms a month
18 would be substantially less than the per-therm
19 charge needed to recover the same hundred
20 dollars from a residential customer using only
21 twenty therms a month.

22 As another example, at the end of 2001,
23 Peoples had fifteen meter readers in its South
24 Florida region. It had only sixteen GSLV2
25 customers there. These are the typical bill of

1 60,000-therms-a-month customers.

2 Now, would the company have fifteen
3 employees to read the meters of only sixteen
4 GSLV2 customers a month? I seriously doubt
5 that. But it does need that many to read the
6 meters every month for the 65,734 residential
7 and 2,147 SGS customers in the South Florida
8 region. And those are the two rate classes,
9 residential and small general service
10 customers.

11 CHAIRMAN DEASON: Mr. Watson, I'm going to
12 interrupt you at this point. I think we've
13 gone way beyond the point of simply indicating
14 whether you do or do not have an objection to
15 the exhibit, and we're really getting into what
16 appears to be rebuttal testimony. I think
17 that's -- if you do intend to rebut the
18 exhibit, that would best come from a sworn
19 expert.

20 I'm not indicating that I'm making any
21 judgment about the accuracy of your statements
22 one way or another, but my intention was simply
23 to give you an opportunity to object to the
24 exhibit, state why, or to not object to the
25 exhibit, and I think that if the exhibits are

1 admitted, and you feel it's necessary, that you
2 would be having an opportunity to rebut that
3 during the technical portion of the hearing.

4 MR. WATSON: Well, I wanted to reserve the
5 right to do that, but probably would not have
6 exercised it.

7 CHAIRMAN DEASON: Very well. Mr. Shreve?

8 MR. SHREVE: Well, I -- Mr. Chairman, I
9 hesitated to object during the presentation,
10 but as I understand it, Mr. Watson says that
11 the diagrams that were produced by Mr. Morris
12 are correct, and with the information that they
13 have on there. He's just providing additional
14 possibly hypothetical information. But if
15 those diagrams are correct, I'd like to ask
16 that they be admitted into evidence.

17 CHAIRMAN DEASON: Mr. Watson?

18 MR. WATSON: We have no objection.

19 CHAIRMAN DEASON: You have no objection to
20 their admittance? Okay. Well, then we will go
21 ahead and admit Composite Exhibit Number 1.

22 Mr. Watson, if you feel compelled to
23 provide some type of rebuttal or clarifying
24 information, we can discuss that at pre-hearing
25 conference or you can attempt to file rebuttal

1 testimony. Whatever is the appropriate
2 procedural matter to get that in the record,
3 I'm sure you'll have ample opportunity to do
4 that.

5 MR. SHREVE: Mr. Chairman, I would assume
6 that information is already in the record in
7 their costs and would be actual rather than
8 hypothetical at this point, so I think they're
9 probably already in the case, justifying the
10 rate structure.

11 CHAIRMAN DEASON: Yeah. Very well.
12 Mr. Watson, anything else you need to add at
13 this point?

14 MR. WATSON: No, sir.

15 CHAIRMAN DEASON: Okay. Very well. Thank
16 you for the explanation. And we will admit
17 then Composite Exhibit 1.

18 Let me ask once again, are there any
19 customers who have entered the hearing room and
20 wish to make a statement to the Commission? If
21 you would please just identify yourself by
22 raising your hand.

23 Let the record reflect that there were no
24 customers present.

25 I believe that this hearing was noticed

1 that we will continue until all customers have
2 been heard, and since we have no customers at
3 this point, I think it is suitable to go ahead
4 and conclude today's hearing.

5 Thank you for those that came out in
6 attendance.

7 If there is nothing else procedurally
8 which we need to address?

9 MS. VINING: (Shakes head).

10 CHAIRMAN DEASON: Having none, this
11 hearing is adjourned. Thank you all.

12 (Proceedings adjourned at 12:32 p.m.)

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C E R T I F I C A T E

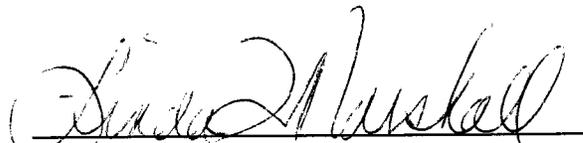
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STATE OF FLORIDA)

COUNTY OF ORANGE)

I, LINDA T. MARSHALL, Registered Professional Reporter, certify that I was authorized to and did stenographically report the foregoing proceedings and that the transcript is a true record of my stenographic notes.

Dated this 2nd day of October, 2002.


LINDA T. MARSHALL