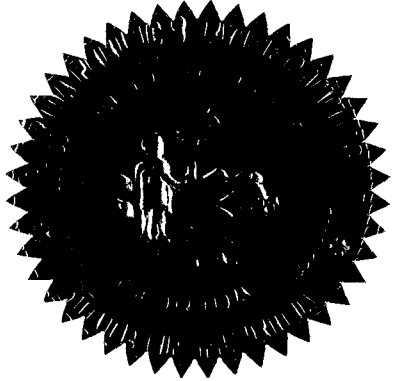


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060003-GU

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

In the Matter of
PURCHASED GAS ADJUSTMENT
(PGA) TRUE-UP.



ELECTRONIC VERSIONS OF THIS TRANSCRIPT ARE
A CONVENIENCE COPY ONLY AND ARE NOT
THE OFFICIAL TRANSCRIPT OF THE HEARING,
THE .PDF VERSION INCLUDES PREFILED TESTIMONY.

PROCEEDINGS: HEARING

BEFORE: CHAIRMAN LISA POLAK EDGAR
COMMISSIONER J. TERRY DEASON
COMMISSIONER ISILIO ARRIAGA
COMMISSIONER MATTHEW M. CARTER, II
COMMISSIONER KATRINA J. TEW

DATE: Monday, November 6, 2006

TIME: Commenced at 9:30 a.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
Official FPSC Reporter
(850) 413-6732

1 APPEARANCES:

2 BETH KEATING, ESQUIRE, Akerman Law Firm, 106 East
3 College Avenue, Suite 1200, Tallahassee, Florida 32301,
4 appearing on behalf of Florida City Gas.

5 NORMAN H. HORTON, JR., ESQUIRE, Messer Caparello &
6 Self, P.A., P.O. Box 1876, Tallahassee, Florida 32302-1876,
7 appearing on behalf of Florida Public Utilities Company.

8 HAROLD McLEAN, PUBLIC COUNSEL, CHARLIE BECK, ESQUIRE,
9 JOE McGLOTHLIN, ESQUIRE, PATTY CHRISTENSEN, Office of Public
10 Counsel, c/o the Florida Legislature, 111 W. Madison St., #812,
11 Tallahassee, Florida 32399-1400, appearing on behalf of the
12 Citizens of the State of Florida.

13 KATHERINE FLEMING, ESQUIRE, FPSC General Counsel's
14 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida
15 32399-0850, appearing on behalf of the Commission Staff.

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

WITNESSES

NAME:	PAGE NO.
THOMAS KAUFMANN Prefiled Direct Testimony Inserted	10
CHERYL M. MARTIN Prefiled Direct Testimony Inserted	21
MARC L. SCHNEIDERMAN Prefiled Direct Testimony Inserted	27
W. EDWARD ELLIOTT Prefiled Direct Testimony Inserted	31
STUART L. SHOAF Prefiled Direct Testimony Inserted	49

EXHIBITS

NUMBER:		ID.	ADMTD.
1	1	9	9
2	2	9	9
3	3	9	9
4	4	9	9
5	5	9	9
6	6	9	9
7	7	9	9
8	8	9	9
9	9	9	9
10	10	9	9
11	11	9	9
12	12	9	9
13	13	9	9
14	14	9	9
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

P R O C E E D I N G S

1
2 CHAIRMAN EDGAR: Good morning. Call this hearing,
3 hearings to order. I appreciate your patience. We have a lot
4 of paper to get organized this morning.

5 And I will begin by asking our staff to read the
6 notice.

7 MS. FLEMING: Pursuant to notice and supplemental
8 notice, this time and place have been set for a hearing in the
9 following dockets: 060003-GU, 060004-GU, 060002-EG, 060007-EI,
10 060001-EI, 060362-EI, and 041291-EI.

11 CHAIRMAN EDGAR: Thank you. Okay. We'll move on
12 next and take appearances to get us in the proper posture. And
13 I am going to ask you to go kind of slowly so that I can make
14 sure I've got the order. And also, if you would, please,
15 obviously identify the company that you're representing and the
16 docket numbers that you will be participating in. And we'll
17 begin to my left.

18 MR. BUTLER: Thank you, Madam Chairman.

19 John Butler and Bryan Anderson of Florida Power and
20 Light Company appearing in Dockets 060002, 060007, 060001,
21 060362, and 041291.

22 CHAIRMAN EDGAR: Thank you.

23 MR. HORTON: Good morning. Norman H. Horton, Jr.,
24 appearing for Florida Public Utilities Company in the 01, 02,
25 03, and 04 dockets.

1 CHAIRMAN EDGAR: Thank you.

2 MR. BURNETT: Good morning, Madam Chairman. John
3 Burnett on behalf of Progress Energy Florida appearing in the
4 01 and 02 dockets. I also have Gary Perko appearing in the
5 07 docket on behalf of Progress Energy Florida.

6 MR. BEASLEY: Good morning. James D. Beasley and
7 Lee L. Willis of the law firm of Ausley and McMullen
8 representing Tampa Electric Company in the 01, 02, and
9 07 dockets.

10 MR. STONE: Good morning. Jeffrey A. Stone, and with
11 me is Russell A. Badders and Steven R. Griffin of the law firm
12 Beggs and Lane. We represent Gulf Power Company in the 02, 07,
13 and 01 dockets.

14 MS. KEATING: Good morning. Beth Keating, Akerman
15 Senterfitt. I'm here this morning on behalf of Florida City
16 Gas in the 03 docket, and Florida City Gas and Chesapeake
17 Utilities in the 04 docket.

18 MR. BECK: Good morning, Madam Chairman. My name is
19 Charlie Beck with the Office of Public Counsel. I'd also like
20 to make appearances for Harold McLean, Public Counsel, as well
21 as Joe McGlothlin and Patty Christensen. We're appearing on
22 behalf of the Citizens of Florida in the 01, 02, 03, 0362, and
23 07 dockets.

24 MR. WRIGHT: Good morning, Madam Chairman and
25 Commissioners. I'm Schef Wright, and I would also like to

1 enter an appearance for my partner John T. LaVia, III, as
2 reflected in the prehearing orders. We are appearing on behalf
3 of the Florida Retail Federation in the 060001 docket,
4 060362 docket, and 060007 docket. Thank you.

5 CAPTAIN WILLIAMS: Good morning. I'm Captain Damund
6 Williams, and I'm here representing the Federal Executive
7 Agencies in the 01 docket.

8 MR. McWHIRTER: My name is John McWhirter. I'm
9 appearing on behalf of the Florida Industrial Power Users
10 Group, and we have intervened in the 01 docket, the 02 docket,
11 the 07 docket, and the 0362 docket.

12 MR. TWOMEY: Madam Chair, Commissioners, good
13 morning. Mike Twomey on behalf of AARP. AARP has intervened
14 in the 01 docket as well as the 362 docket. Thank you.

15 MR. SHREVE: Good morning. Jack Shreve appearing on
16 behalf of Attorney General Charlie Crist, appearing in the
17 060362 docket. I would also like to enter an appearance for
18 Cecilia Bradley.

19 CHAIRMAN EDGAR: Thank you. Is there anybody else?
20 No. All right. Thank you very much.

21 MR. KEATING: Chairman Edgar, I believe the Staff
22 Counsel should make appearances, but we were waiting to make
23 sure there was no one else in the audience.

24 CHAIRMAN EDGAR: Mr. Keating.

25 MR. KEATING: Cochran Keating on behalf of the

1 Commission in the 01, 0362, and 041291 dockets.

2 MS. BROWN: Martha Carter Brown on behalf of the
3 Commission in the 07 docket.

4 MS. FLEMING: Katherine Fleming on behalf of the
5 Commission in the 02, 03, and 04 dockets.

6 MS. BENNETT: Lisa Bennett appearing on behalf of the
7 Public Service Commission in the 01, 362, and 041291 dockets.

8 * * * * *

9 CHAIRMAN EDGAR: Okay. Then let me note for the
10 record at this point in time that St. Joe Natural Gas Company
11 and Peoples Gas System have been excused from attending the
12 hearing. We will go in this order, 03, 04, 02, 07, 01, 060362,
13 and then we will take up the emergency item, 041291 as the
14 final item to be addressed.

15 And, Ms. Fleming, I think we are ready to begin with
16 the 03 docket. Any preliminary matters?

17 MS. FLEMING: No, Commissioner. Just a point for the
18 record. As you stated, St. Joe and Peoples Gas have been
19 excused from the hearing in this docket. There are proposed
20 stipulations on all issues and all witnesses have been excused.

21 With that being said, staff recommends that the
22 prefiled testimony in the 03 docket of all witnesses listed on
23 Page 4 of the draft prehearing order be moved into the record
24 as though read.

25 CHAIRMAN EDGAR: Please have all of the prefiled

1 testimony entered into the record as though read.

2 MS. FLEMING: Staff has compiled a Comprehensive
3 Exhibit List. That list itself is identified as Exhibit List
4 Number 1. The remainder of the exhibits are prefiled
5 testimony, and they have been marked thereafter on the sheet.
6 Staff would request that the exhibits be marked 1 through 14
7 and be moved into the record as set forth in the chart.

8 CHAIRMAN EDGAR: The exhibits will be so marked and
9 moved into the record.

10 (Exhibits 1 through 14 marked for identification and
11 admitted into the record.)

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DIRECT TESTIMONY OF

3 THOMAS KAUFMANN

4 ON BEHALF OF FLORIDA CITY GAS

5 DOCKET NO. 060003-GU

6

7 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

8 A. My name is Thomas Kaufmann. My business address is
9 Elizabethtown Gas, One Elizabethtown Plaza, Union, New
10 Jersey 07083.

11

12 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

13 A. I am currently employed as a Manager of Rates and Tariffs and
14 have responsibilities for Pivotal Utility Holdings, Inc's., (formerly
15 known as NUI Utilities Inc.) Florida operating division .d/b/a
16 Florida City Gas ("City Gas" or "the Company").

17

18 **Q. BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND AND**
19 **EMPLOYMENT EXPERIENCE.**

20 A. In June 1977, I graduated from Rutgers University, Newark with
21 a Bachelor of Arts degree in Business Administration, majoring
22 in accounting and economics. In July 1979, I graduated from
23 Fairleigh Dickinson University, Madison with a Masters of

1 Business Administration, majoring in finance. My professional
2 responsibilities have encompassed financial analysis,
3 accounting, planning, and pricing in manufacturing and energy
4 services companies in both regulated and deregulated
5 industries. In 1977, I was employed by Allied Chemical Corp. as
6 a staff accountant. In 1980, I was employed by Celanese Corp.
7 as a financial analyst. In 1981, I was employed by Suburban
8 Propane as a Strategic Planning Analyst, promoted to Manager
9 of Rates and Pricing in 1986 and to Director of Acquisitions and
10 Business Analysis in 1990. In 1993, I was employed by
11 Concurrent Computer as a Manager, Pricing Administration. In
12 1996 I joined Pivotal Utility Holdings, Inc's., (formerly known as
13 NUI Utilities Inc.) as a Rate Analyst, was promoted to Manager
14 of Regulatory Support in August, 1997 and Manager of
15 Regulatory Affairs in February, 1998, and named Manager of
16 Rates and Tariffs in July 1998.

17

18 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY?**

19 A. The purpose of my testimony is to present the comparison of
20 Actual versus Original estimate of the purchased gas adjustment
21 cost recovery factor and true-up provision for the period January,
22 2005 through December, 2005 for City Gas.

23

1 Q. HAS THE COMPANY PREPARED THE FORM PRESCRIBED
2 BY THIS COMMISSION FOR THIS PURPOSE?

3 A. Yes. The Company has prepared the form prescribed by the
4 Commission attached as Schedule A-7, and identified as Exhibit
5 ____ (TK-1).

6

7 Q. HAS CITY GAS PREPARED A SCHEDULE WHICH SHOWS
8 THE ACTUAL GAS COSTS ASSOCIATED WITH THE GAS
9 ADJUSTMENT COST RECOVERY FACTOR?

10 A. Yes. City Gas prepared Schedule A-7, attached, which
11 describes the total fuel cost for the period in question, recovery
12 of such cost from ratepayers through the Purchased Gas
13 Adjustment (PGA) Cost Recovery Factor, and remaining over or
14 under-recovery of gas cost.

15

16 Q. WHAT WAS THE TOTAL GAS COST INCURRED BY THE
17 COMPANY DURING THE TWELVE MONTHS ENDED
18 DECEMBER 31, 2005?

19 A. As shown on Schedule A-7, Line 1, the total cost of gas for the
20 twelve months ended December 31, 2005 is \$44,300,710.

21

1 Q. WHAT WAS THE TOTAL AMOUNT OF GAS COST
2 RECOVERED BY THE COMPANY DURING THE TWELVE
3 MONTHS ENDED DECEMBER 31, 2005?

4 A. The Company recovered \$42,451,184.

5

6 Q. WHAT IS THE COMPANY'S ACTUAL TRUE-UP FOR THE
7 TWELVE MONTHS ENDED DECEMBER 31, 2005?

8 A. The actual true-up amount, including adjustments, margin
9 sharing and interest, is an under-recovery of \$1,779,136.

10

11 Q. CAN YOU EXPLAIN HOW YOU ARRIVED AT THAT
12 AMOUNT?

13 A. Yes. As shown on Schedule A-7, the total fuel revenues for the
14 period are \$42,451,184 and the total fuel cost is \$44,300,710.
15 The difference between the fuel cost and fuel recoveries is an
16 under-recovery of (\$1,849,526). This under-recovery is reduced
17 by an adjustment of \$490. and the interest provision, for the
18 under-recovery during the period, of \$69,900. The sum of these,
19 inclusive of any rounding, is an under-recovery of \$1,779,136.

20

21 Q. WHAT IS THE FINAL OVER/UNDER RECOVERY FOR THE
22 JANUARY 2005 THROUGH DECEMBER 2005 PERIOD TO BE
23 INCLUDED IN THE 2006 PROJECTION?

1 A. The final true-up amount for the period of January 2005 through
2 December 2005 to be included in the 2007 projection is an over-
3 recovery \$1,660,788. This is the difference between the
4 estimated under-recovery of \$3,439,924 that is included in the
5 current cost recovery factor being collected during 2006 and the
6 actual under-recovery of \$1,779,136

7

8 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

9 A. Yes.

10

11

12

13

14

15

16

17

18

19

20

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 PREPARED DIRECT TESTIMONY OF

3 THOMAS KAUFMANN

4 ON BEHALF OF FLORIDA CITY GAS

5 DOCKET NO. 060003-GU

6 September 15, 2006

7

8 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

9 A. My name is Thomas Kaufmann. My business address is Elizabethtown
10 Gas, One Elizabethtown Plaza, Union, New Jersey 07083.

11 **Q. BY WHOM ARE YOU EMPLOYED, AND IN WHAT CAPACITY?**

12 A. I am currently employed as a Manager of Rates and Tariffs and have
13 responsibilities for Florida City Gas ("City Gas" or "the Company").

14 **Q. BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND AND**
15 **EMPLOYMENT EXPERIENCE.**

16 A. In June 1977, I graduated from Rutgers University, Newark, N.J.,
17 with a Bachelor of Arts degree in Business Administration, majoring
18 in accounting and economics. In July 1979, I graduated from
19 Fairleigh Dickinson University, Madison, N.J., with a Masters of
20 Business Administration, majoring in finance. My professional
21 responsibilities have encompassed financial analysis, accounting,
22 planning, and pricing in manufacturing and energy services
23 companies in both regulated and deregulated industries. In 1977, I

1 was employed by Allied Chemical Corp. as a staff accountant. In
2 1980, I was employed by Celanese Corp. as a financial analyst. In
3 1981, I was employed by Suburban Propane as a Strategic
4 Planning Analyst, promoted to Manager of Rates and Pricing in
5 1986 and to Director of Acquisitions and Business Analysis in 1990.
6 In 1993, I was employed by Concurrent Computer as a Manager,
7 Pricing Administration. In 1996 I joined NUI as a Rate Analyst, was
8 promoted to Manager of Regulatory Support in August, 1997 and
9 Manager of Regulatory Affairs in February, 1998, and named
10 Manager of Rates and Tariffs in July 1998.

11 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY.**

12 A. The purpose of my testimony is to present the revised estimate of
13 the Company's projection of gas costs for the period August 2006
14 through December 2006 and the Company's projection of gas costs
15 for the period January 2007 through December 2007. In addition I
16 will present the development of the maximum rate to be charged to
17 customers for the period January 2007 through December 2007.

18 **Q. HAS THE COMPANY PREPARED THE FORMS AS PRESCRIBED**
19 **BY THE COMMISSION FOR THIS PURPOSE?**

20 A. Yes. The forms prescribed by the Commission are being filed at
21 this time. Copies are attached to my testimony as Exhibit __ (TK-2).

22

1 **Q. CAN YOU EXPLAIN THE PROJECTION METHODOLOGY?**

2 A. Yes. Under this methodology, which was adopted by Order No.
3 PSC-93-0708-FOF-GU of this Commission on May 10, 1993 and
4 modified in Docket No. 980269-PU on June 10, 1998, gas
5 companies are to project their gas costs each twelve months for the
6 ensuing twelve month period ending in December. A per therm rate
7 is developed for the weighted average cost of gas (WACOG). This
8 rate, based on the average of the winter and summer seasons,
9 would lead to over or under-recoveries of gas costs in the two
10 seasons. This problem is mitigated by establishing a maximum
11 levelized purchased gas factor based on the Company's expected
12 winter cost of gas, thereby eliminating a large under-recovery in that
13 season. The Company is then able to flex downward in the summer
14 in order to match market conditions and eliminate the potential for a
15 large over-recovery for the remainder of the period.

16 **Q. WHAT IF THE ACTUAL COST EXCEEDS THE MAXIMUM RATE**
17 **AS PROJECTED?**

18 A. If re-projected gas costs for the remaining period exceed projected
19 recoveries by at least 10% for the twelve month period, a mid-
20 course correction may formally be requested by the Company.

21 **Q. WHAT HAPPENS TO THE DIFFERENCES THAT RESULT FROM**
22 **MISESTIMATES, THAT IS, THE MISMATCHES BETWEEN**
23 **ESTIMATED AND ACTUAL COSTS?**

1 A. The forms take this into consideration. Form E-2 calculates the
2 projected differences using estimated figures, and form E-4
3 calculates the final true-up using actual figures. These differences
4 are flowed back to customers through the true-up factor included in
5 gas costs billed in the subsequent twelve month period.

6 **Q. ARE ANY FLORIDA GAS TRANSMSSION (FGT) RATE**
7 **CHANGES PROPOSED WHICH ARE REFLECTED IN THIS**
8 **FILING?**

9 A. No, the FGT rates used in the preparation of this filing are those in
10 effect on September 1, 2006.

11 **Q. CAN YOU SUMMARIZE THE CONTENTS OF THE SCHEDULES**
12 **SUBMITTED AS PART OF THIS FILING?**

13 A. Yes. For the projected period, January 2007 through December
14 2007, we estimate the gas purchases for resale will be 42,364,308
15 therms at a total cost of \$56,316,771 with a resulting WACOG of
16 132.934 cents per therm before the application of the true-up factor
17 and the regulatory assessment fee. The difference between the
18 estimated actual and actual true-up for the prior period, January
19 2005 through December 2005, is an over-recovery of \$1,660,788.
20 The projected true-up for the current period, January 2006 through
21 December 2006, is an under-recovery of \$770,384. The total true-
22 up as shown on Schedule E-4 is an over-recovery of \$890,404 for a
23 true-up refund factor of 2.102 cents per therm that would be applied

1 during the projected period. This true-up factor decreases the gas
2 cost factor during the projected period to 130.832 cents per therm
3 before the regulatory assessment fee. With the regulatory
4 assessment fee added, the PGA factor is 131.490 cents per therm
5 based on the average of the winter and summer seasons. City Gas,
6 however, has chosen to establish a maximum levelized purchased
7 gas factor based on the Company's expected winter cost of gas as
8 follows:

9 Winter Average

10	Total Cost (Line 11)	\$33,981,145
11	Total Therm Sales (Line 27)	23,517,322
12	(Line 11/ Line 27)	\$1.44494
13	True-up	(\$0.02102)
14	Before Regulatory Assessment	\$1.42392
15	Revenue Tax Factor	1.00503
16	Purchased Gas Factor	\$1.43108

17 As shown above, the maximum levelized purchased gas factor
18 based on the Company's expected winter cost of gas is 142.392
19 cents per therm before the regulatory assessment fee and 143.108
20 cents per therm after the regulatory assessment fee. This is the
21 maximum gas cost factor that City Gas may charge its customers
22 for the period January 2007 through December 2007.

23

1 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

2 **A. Yes, it does.**

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 060003-GU
DETERMINATION OF PURCHASED
GAS/COST RECOVERY FACTOR

Direct Testimony of
Cheryl M. Martin
On Behalf of
Florida Public Utilities Company

1 Q. Please state your name and business address.

2 A. Cheryl M. Martin, 401 South Dixie Highway, West Palm
3 Beach, FL 33401.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Florida Public Utilities Company as
6 the Controller.

7 Q. What is the purpose of your testimony at this time?

8 A. To advise the Commission of the actual over/under
9 recovery of the Purchased Gas Adjustment for the
10 period January 1, 2005 through December 31, 2005, as
11 compared to the true-up amount previously reported
12 for that period which was based on eight months
13 actual and four months estimated.

- 1 Q. Please state the actual amount of over/under recovery
2 of the Purchased Gas Adjustment for January 1, 2005
3 through December 31, 2005.
- 4 A. During January 2005 through December 2005, FPUC
5 under-recovered \$3,715,875.
- 6 Q. How does this amount compare with the estimated true-
7 up amount, which was allowed by the Commission during
8 the November 2005 hearing?
- 9 A. As of December 31, 2005, FPUC had estimated an under-
10 recovery of \$2,208,051.
- 11 Q. Have you prepared any exhibits at this time?
- 12 A. We prepared and pre-filed composite Exhibit CM - 1,
13 containing Schedule A-7, Final Fuel Over/Under
14 Recovery for the Period January 2005 through December
15 2005.
- 16 Q. Does this conclude your testimony?
- 17 A. Yes

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 060003-GU
DETERMINATION OF PURCHASED
GAS/COST RECOVERY FACTOR

Direct Testimony of
Cheryl M. Martin
On Behalf of
Florida Public Utilities Company

- 1 Q. Please state your name and business address.
- 2 A. Cheryl M. Martin, 401 South Dixie Highway, West Palm
3 Beach, FL 33401.
- 4 Q. By whom are you employed?
- 5 A. I am employed by Florida Public Utilities Company.
- 6 Q. Have you previously testified in this Docket?
- 7 A. Yes.
- 8 Q. What is the purpose of your testimony at this time?
- 9 A. I will summarize our projected gas recoveries
10 computations which are contained in composite
11 exhibit CMM-1 which supports the January 2007 -
12 December 2007 projected purchased gas adjustments
13 for our consolidated gas division. In addition, I
14 will advise the Commission of the projected
15 differences between the revenues collected and the
16 purchased gas costs allowed in developing the
17 levelized purchased gas adjustment for the periods
18 January 2005 - December 2005, and January 2006 -

1 December 2006. From these periods I will establish
2 a "true-up" amount to be collected or refunded
3 during January 2007 - December 2007.

4 Q. Were the schedules filed by your Company completed
5 under your direction?

6 A. Yes.

7 Q. Which of the Staff's set of schedules has your
8 company completed and filed?

9 A. We have prepared and previously filed True-Up
10 schedules A-1, A-2, A-3, A-4, A-5, and A-6, in
11 addition to filing composite exhibit CMM-1 which
12 contains Schedules E1, E-1/R, E2, E3, E4 and E5 for
13 our consolidated gas division. These schedules
14 support the calculation of the purchase gas
15 adjustment factors for January 2007 - December 2007.

16 Q. Have the January 2006 - December 2006 projections
17 been revised?

18 A. Yes. As discussed in further detail in the
19 testimony of Marc L. Schneidermann, August 2006
20 through December 2006 purchase gas cost shown on
21 Schedules E-1/R and E-2 were adjusted to more
22 accurately reflect anticipated purchased gas costs.

23 Q. What is the appropriate final purchased gas
24 adjustment true-up amount for the period
25 January 2005 through December 2005?

- 1 A. The final purchased gas adjustment true-up amount
2 for the period January 2005 - December 2005 is an
3 under-recovery of \$1,480,240.
- 4 Q. What is the estimated purchased gas adjustment true-
5 up amount for the period January 2006 through
6 December 2006?
- 7 A. We have estimated that we will have an over-recovery
8 of \$3,894,424 for the period January 2006 - December
9 2006.
- 10 Q. What is the total purchased gas adjustment true-up
11 amount to be collected during the period January
12 2007 through December 2007?
- 13 A. The total net over-recovery to be collected during
14 the period January 2007 - December 2007 is
15 \$2,414,184.
- 16 Q. What is the appropriate levelized purchased gas
17 adjustment recovery (cap) factor for the period
18 January 2007 through December 2007?
- 19 A. The 2007 Purchased Gas Cost Recovery Factor will be
20 a maximum of 151.800¢ per therm.
- 21 Q. What should be the effective date of the new
22 purchased gas adjustment charge for billing
23 purposes?
- 24 A. The factor should be effective for all meter
25 readings on or after January 1, 2007, beginning with

1 the first applicable billing cycle for the period
2 January 2007 - December 2007.

3 Q. Does this conclude your testimony?

4 A. Yes.

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 060003-GU
DETERMINATION OF PURCHASED
GAS/COST RECOVERY FACTOR

Direct Testimony of
Marc L. Schneidermann
on Behalf of
Florida Public Utilities Company

- 1 Q. Please state your name and business address.
- 2 A. Marc L. Schneidermann, 401 South Dixie Highway, West
3 Palm Beach, FL 33401.
- 4 Q. By whom are you employed and in what capacity?
- 5 A. I am employed by Florida Public Utilities Company
6 (FPU) as the Director, Corporate Services.
- 7 Q. How long have you been employed by FPU?
- 8 A. Since February 1989.
- 9 Q. Have you previously testified before this Commission?
- 10 A. Yes, I testified in each of the Company's Purchased
11 Gas Cost Recovery Dockets dating back to Docket Number
12 910003-GU, as well as Docket Numbers 940620-GU,
13 900151-GU, and 040216-GU the Company's last two (3)
14 filings for rate relief for its gas operations.
- 15 Q. What are the subject matters of your testimony in this
16 proceeding?
- 17 A. My testimony will relate to three (3) specific
18 matters: forecasts of gas sales, forecasts of the

1 pipeline charges and the forecast of commodity costs
2 of natural gas to be purchased by the Company.

3 Q. What is the projection period for this filing?

4 A. The projection period is January 2007 through December
5 2007.

6 Q. Please generally describe how the forecasts of gas
7 sales were developed for the projection period.

8 A. Gas sales projections for next year were based on
9 historical factors developed by the Company's
10 Marketing Department. These projections were compiled
11 and sorted to determine the total projected sales to
12 the traditional non-transportation firm and the
13 interruptible classes of customers for the twelve-
14 month period of Company's Purchased Gas Cost Recovery
15 Factor filing.

16 Q. Please describe how the forecasts of pipeline charges
17 and commodity costs of gas were developed for the
18 projection period.

19 A. The purchases for the gas cost projection model were
20 based on using Marketing's projection of sales to
21 bundled and unbundled customers. Florida Gas
22 Transmission Company's (FGT) FTS-1, FTS-2, NNTS-1 and
23 ITS-1 effective charges (including surcharges) and
24 fuel rates, at the time the projections were made,
25 were used for the entire projection period. The

1 expected cost of natural gas purchased by FPU and
2 delivered to FGT, for transportation to the Company
3 and for FGT's fuel use factor, during the projection
4 period was developed using the monthly maximum winter
5 and summer New York Mercantile Exchange (NYMEX)
6 natural gas futures settlement prices for the
7 historical period of June 1992 through present, which
8 we then inflated due to the pricing volatility. The
9 forecasts of the commodity cost of gas also takes into
10 account the average basis differential between the
11 NYMEX projections and historic cash markets as well as
12 premiums and discounts, by zone, for term gas
13 supplies.

14 Q. Please describe how the forecasts of the weighted
15 average costs of gas were developed for the projection
16 period.

17 A. FPU's sales to traditional non-transportation firm and
18 interruptible customers were allocated all of the
19 monthly pipeline demand costs, less the cost of
20 capacity temporarily relinquished to pool managers for
21 the accounts of unbundled customers, and were
22 allocated all of the relevant projected pipeline and
23 supplier commodity costs. The sum of these costs were
24 divided by the projected sales level to said customers
25 resulting in the projected weighted average cost of

1 gas for traditional non-transportation firm customers
2 and interruptible customers and ultimately the
3 Purchased Gas Cost Recovery Factor (PGCRF) shown on
4 Schedule E-1. Capacity shortfalls, if any, would be
5 satisfied with the most economic dispatch combination
6 of acquired capacity relinquished by another FGT
7 shipper and/or gas and capacity repackaged and
8 delivered by another FGT capacity holder. Obviously,
9 if other services become available and it is more
10 economic to dispatch supplies under those services,
11 the Company will utilize those services as part of its
12 portfolio.

13 Q. Did FPU review and revise the gas cost projections for
14 the remainder of the current year?

15 A. Yes. The projections for August through December of
16 the current year were reviewed and revised to reflect
17 the current market trend.

18 Q. Does this conclude your prepared direct testimony?

19 A. Yes.

- 1 Q. Please state your name and business address.
- 2 A. My name is W. Edward Elliott. My business address
3 is 702 N. Franklin Street, Tampa, Florida 33602.
- 4 Q. By whom are you employed and in what capacity?
- 5 A. I am Manager of Gas Accounting for Peoples Gas
6 System ("Peoples").
- 7 Q. Please summarize your educational background and
8 professional qualifications.
- 9 A. I graduated from the University of South Florida in
10 1972 with the degree of Bachelor of Arts in
11 Accounting. I have over 18 years of experience in
12 the utility field.
- 13 Q. What are your primary responsibilities in your
14 present position with Peoples?
- 15 A. As Manager of Gas Accounting, I am responsible for
16 recording the Company's cost of gas.
- 17 Q. Have you previously prepared testimony in
18 regulatory proceedings?
- 19 A. I have filed prepared direct testimony in previous
20 Purchased Gas Adjustment proceedings.
- 21 Q. Have you prepared or caused to be prepared certain
22 schedules for use in this proceeding?
- 23 A. Yes. As Composite Exhibit EE-1, I sponsored the
24 preparation of the following schedule with respect
25 to the final true-up for the period January

1 2005 through December 2005:

2 A-7 -- Final fuel over/(under) recovery.

3 Q. What was Peoples' cost of gas to be recovered
4 through the PGA clause for the period January 2005
5 through December 2005?

6 A. As shown on Schedule A-7 in EE-1, the cost of gas
7 purchased, adjusted for company use,
8 was \$337,464,336.

9 Q. What was the amount of gas revenue collected for
10 the period January 2005 through December 2005?

11 A. The amount of gas revenue collected to cover the
12 cost of gas was \$342,535,037.

13 B. What was the final true-up amount for the period
14 January 2005 through December 2005?

15 A. The final true-up amount for the period, including
16 interest and adjustments, is an overrecovery of
17 \$4,922,467.

18 Q. Is this amount net of the estimated true-up for the
19 period January 2005 through December 2005, which
20 was included in the January 2006 through December
21 2006 PGA factor calculation?

22 A. No. The final true-up net of the estimated true-up
23 or the period January 2005 through December 2005 is
24 an underrecovery of \$10,786,747.

25 Q. Is this the final underrecovery amount to be

1 included in the January 2007 through December 2007
2 projection.

3 A. Yes.

4 Q. Does this conclude your testimony?

5 A. Yes.

1 Q. Please state your name and business address.

2

3 A. My name is W. Edward Elliott. My business address is 702
4 N. Franklin Street, P. O. Box 2562, Tampa, Florida 33601-
5 2562.

6

7 Q. By whom are you employed and in what capacity?

8

9 A. I am Manager of Gas Accounting for Peoples Gas System
10 ("Peoples" or "Company"), a division of Tampa Electric
11 Company.

12

13 Q. Please summarize your educational background and
14 professional qualifications.

15

16 A. I graduated from the University of South Florida in 1972
17 with the degree of Bachelor of Arts in Accounting. I
18 have over 18 years of experience in the utility field.

19

20 Q. What are your primary responsibilities in your present
21 position with Peoples?

22

23 A. As Manager of Gas Accounting, I am responsible for
24 recording the Company's costs for natural gas and
25 upstream pipeline capacity and preparing filings

1 associated with the recovery of these costs through the
2 Purchased Gas Adjustment ("PGA").
3

4 **Q.** Have you previously testified in regulatory proceedings
5 before this Commission?
6

7 **A.** Yes. I have submitted testimony on several occasions
8 supporting Peoples' Purchased Gas Adjustment.
9

10 **Q.** What is the purpose of your testimony in this docket?
11

12 **A.** The purpose of my testimony is to describe generally the
13 components of Peoples' cost of purchased gas and upstream
14 pipeline capacity. In my testimony, I also explain how
15 Peoples' projected weighted average cost of gas ("WACOG")
16 for the January 2007 through December 2007 period was
17 determined and the resulting requested maximum PGA
18 ("Cap").
19

20 **Q.** Please summarize your testimony.
21

22 **A.** I will address the following areas:
23

- 24 1. How Peoples will obtain its gas supplies during
25 the projected period.

- 1 2. Estimates and adjustments used to determine the
2 amount of gas to be purchased from Peoples'
3 various available sources of supply during the
4 projected period.
- 5 3. Projections and assumptions used to estimate the
6 purchase price to be paid by Peoples for such gas
7 supplies.
- 8 4. The components and assumptions used to develop
9 Peoples' projected WACOG.
- 10
- 11 **Q.** What is the appropriate final purchased gas adjustment
12 true-up amount for the period January 2005 through
13 December 2005?
- 14
- 15 **A.** The final PGA true-up amount for the year 2005 is an
16 underrecovery of \$10,786,747.
- 17
- 18 **Q.** What is the estimated purchased gas adjustment true-up
19 amount for the period January 2006 through December 2006?
- 20
- 21 **A.** The estimated PGA true-up amount for 2006 is an
22 overrecovery of \$15,611,711.
- 23
- 24 **Q.** What is the total purchased gas adjustment true-up amount
25 to be collected during the period January 2007 through

1 December 2007?

2

3 **A.** The total PGA true-up amount to be refunded in 2007 is an
4 overrecovery of \$4,824,964.

5

6 **Q.** Have you prepared or caused to be prepared certain
7 schedules for use in this proceeding?

8

9 **A.** Yes. Composite Exhibit EE-2 was prepared by me or under
10 my supervision.

11

12 **Q.** Please describe how Peoples will obtain its gas supplies
13 during the projected period of January 2007 through
14 December 2007.

15

16 **A.** All natural gas delivered through Peoples' distribution
17 system is received through three interstate pipelines.
18 Gas is delivered through Florida Gas Transmission Company
19 ("FGT"), through Southern Natural Gas Company
20 ("Southern") in Peoples' Jacksonville Division, and
21 through Gulfstream Natural Gas System ("Gulfstream") in
22 Peoples' Highlands, Tampa, and Orlando Divisions.
23 Receiving gas supply through multiple interstate
24 pipelines provides valuable flexibility and reliability
25 to serve customers.

1 Q. In general, how does Peoples determine its sources of
2 supply?

3
4 A. Peoples evaluates, selects and utilizes sources of natural
5 gas supply on the basis of its "best value" gas
6 acquisition strategy. For a source of supply to be
7 identified as a "best value," it must offer the best
8 combination of price, reliability of supply, and
9 flexibility, consistent with Peoples' obligation as a
10 public utility to provide safe, adequate and efficient
11 service to the general public. Through a competitive
12 bidding process, Peoples has a portfolio of supply sources
13 from numerous third-party suppliers that reflect balance
14 between cost, reliability and operational flexibility.

15
16 Q. Could Peoples purchase all third party supplies in
17 advance for a long term at the lowest available fixed
18 price in order to provide increased stability to its
19 cost of gas?

20
21 A. No. Peoples' quantity requirements for system supply gas
22 vary significantly from year to year, season to season,
23 month to month and, in particular, from day to day. The
24 demand for gas on the Peoples system can often vary
25 dramatically within a month from the lowest to the highest

1 requirement of its customers. In addition, Peoples'
2 transportation throughput will continue to increase during
3 the projected period as approximately 125 customers per
4 month are continuing to transfer from sales service to
5 transportation service under the NaturalChoice program.
6 The actual takes of gas out of the Peoples system by those
7 same transporting customers varies significantly from day
8 to day. Since significant portions of the total
9 transportation volumes are received by Peoples at a
10 uniform daily rate, Peoples is forced to increase or
11 decrease the volumes purchased for its own system supply
12 by significant increments in order to maintain a balance
13 between receipts and deliveries of gas each day. As a
14 consequence, Peoples must buy a portion of its total
15 system requirements under swing contract arrangements, and
16 meet extreme variations in delivered volumes by relying on
17 swing gas, peaking gas, pipeline balancing charge volumes
18 and pipeline no notice service at the prevailing rates for
19 such services.

20
21 **Q.** How did Peoples estimate the amount of gas to be
22 purchased from various sources during the projected
23 period of January 2007 through December 2007?

24
25 **A.** Peoples' projected gas purchases are based on the

1 Company's preliminary total throughput of therms
2 delivered to customers projected for 2007, including both
3 sales of Peoples' system supply and transportation
4 deliveries of third party gas purchased by end-users of
5 Peoples. The throughput was then adjusted for the
6 anticipated level of transportation service, including
7 the anticipated conversions under the Company's
8 NaturalChoice program.

9
10 **Q.** How are revenues derived from Peoples' Swing Service
11 Charge accounted for through the PGA?

12
13 **A.** Customers who participate in the NaturalChoice program
14 pay a Swing Service Charge. The Swing Service Charge
15 covers costs included in the PGA for balancing the
16 difference between marketer-supplied gas and the
17 customers' actual consumption. The revenues from the
18 Swing Service Charge are credited to the PGA to offset
19 this expense.

20
21 **Q.** Is Peoples seeking a change in the Swing Service Charge?

22
23 **A.** Not at this time. However, to the extent a portion of
24 the swing costs are assigned to the PGA, Peoples may seek
25 to readdress its Swing Service Charge expenses and the

1 allocation thereof in a subsequent docket before the
2 Commission. This is because on November 1, 2006, Peoples
3 will begin its seventh year of making transportation
4 service available to all non-residential customers
5 pursuant to Commission Order No. PSC-00-1814-TRF-GU,
6 issued October 4, 2000. Over the past six years, both
7 the number of transportation customers and the volumes of
8 natural gas tendered to Peoples for transportation have
9 increased dramatically. This continued migration has
10 increased the amount of natural gas the Company purchases
11 on a swing basis to cover all customers' seasonal,
12 weekly, and daily peaks. In addition to the increase in
13 the quantity of natural gas supply purchased for Swing
14 Service, the cost of natural gas supply has increased
15 significantly since the inception of Peoples'
16 NaturalChoice Program. Therefore, the increased expenses
17 associated with the provision of Swing Service may need
18 to be recalculated and allocated based on current costs
19 and transportation service levels.

20
21 **Q.** How did you estimate the purchase price to be paid by
22 Peoples for each of its available sources of gas supply?
23

24 **A.** The price to be paid for natural gas is estimated based
25 on an evaluation of published prices for the last several

1 years for spot gas delivered to the FGT and Southern
2 systems, futures contracts as reported on the New York
3 Mercantile Exchange and industry forecasts of market
4 prices for the projection period of January 2007 through
5 December 2007. These prices are then adjusted to reflect
6 the potential for implied volatility and unexpected
7 increases particularly in the monthly and daily markets
8 for natural gas prices in the projection period.

9
10 **Q.** Referring to Schedules E-3 (A) through (G) of Composite
11 Exhibit EE-2, please explain the components of these
12 schedules and the assumptions that were made in
13 developing the Company's projections.

14
15 **A.** Schedule E-3 (G) is a compilation of the monthly data
16 that appears on Schedules E-3 (A) through (F) for the
17 corresponding months of January 2007 through December
18 2007. In Schedules E-3 (A) through (F), Column (A)
19 indicates the applicable month for all data on the page.

20 In Column (B), "FGT" indicates that the volumes
21 are to be purchased from third party suppliers for
22 delivery via FGT interstate pipeline transportation.
23 "SOUTHERN" indicates that the volumes are to be
24 purchased from a third party supplier for delivery via
25 Southern interstate pipeline transportation.

1 "GULFSTREAM" indicates that the volumes are to be
2 purchased from a third party supplier for delivery via
3 Gulfstream interstate pipeline transportation. "THIRD
4 PARTY" indicates that the volumes are to be purchased
5 directly from various third party suppliers for
6 delivery into FGT, Southern, or Gulfstream.

7 In Column (C), "PGS" means the purchase will be for
8 Peoples' system supply and will become part of Peoples'
9 total WACOG. None of the costs of gas or transportation
10 for end-use purchases made by end-use customers of
11 Peoples are included in Peoples' WACOG. In Column (D),
12 purchases of pipeline transportation services from FGT
13 under Rate Schedules FTS-1 and FTS-2 are split into two
14 components, commodity (or "usage") and demand (or
15 "reservation"). Both Peoples and end-users pay the usage
16 charge based on the actual amount of gas transported.
17 The FTS-1 and FTS-2 commodity costs shown include all
18 related transportation charges including usage, fuel and
19 ACA charges. The FTS-1 and FTS-2 demand component is a
20 fixed charge based on the maximum daily quantity of FTS-1
21 and FTS-2 firm transportation capacity reserved.
22 Similarly, the transportation rates of Southern and
23 Gulfstream also consist of two components, a usage charge
24 and a reservation charge. Individual Transportation
25 Service customers reimburse Peoples or directly pay FGT

1 for all pipeline reservation charges associated with the
2 transportation capacity that Peoples reserves and uses on
3 their behalf.

4 Also in Column (D), "NO NOTICE TRANSPORTATION
5 SERVICE" (or "NNTS") means FGT's no notice service
6 provided to Peoples on a fixed charge basis for use when
7 Peoples' actual use exceeds scheduled quantities. "SWING
8 SERVICE" means the demand and commodity component of the
9 cost of third party supplies purchased to meet Peoples
10 "swing" requirements for supply that fluctuate on a day-
11 to-day basis. "COMMODITY" means third party purchases of
12 gas transported on FGT, Southern or Gulfstream and does
13 not include any purchases of sales volumes from FGT.

14 Column (E) shows the monthly quantity in therms of
15 gas purchased by Peoples for each category of system
16 supply.

17 Column (F) shows the gas purchased by end-users for
18 transportation.

19 Column (G) is the total of Columns (E) and (F) in
20 each row.

21 Columns (H), (I), (J) and (K) show the corresponding
22 third party supplier commodity costs, pipeline
23 transportation commodity costs, pipeline transportation
24 reservation costs, and other charges (e.g., balancing
25 charges), respectively. These costs are determined using

1 the actual amounts paid by Peoples. In the case of end-
2 user transportation, these costs are reimbursed to
3 Peoples or paid directly to FGT. All ACA and fuel
4 charges are included in the commodity costs in Column (I)
5 and, therefore, are not shown in Column (K).

6 Column (L) in each row is the sum of Columns (H),
7 (I), (J) and (K) divided by Column (G).

8
9 **Q.** Please explain the components of these schedules and the
10 assumptions that were made in developing the Company's
11 projections.

12
13 **A.** Schedule E-1 is shown in three versions. Page 1 relates
14 to Cost of Gas Purchased, Therms Purchased, and Cents Per
15 Therm for Combined Rate Classes, Page 2 relates to
16 Residential Customers, and Page 3 relates to Commercial
17 Customers.

18 The costs associated with various categories or
19 items are shown on lines 1 through 14. Line 6 on Schedule
20 E-1 includes legal expenses associated with various
21 interstate pipeline dockets such as seasonal fuel filings
22 and certification proceedings. These expenses have been
23 included for recovery through the Purchased Gas
24 Adjustment Clause because they are non-recurring fuel
25 related expenses. The volumes consumed for similar

1 categories or items are shown on lines 15 through 27, and
2 the resulting effective cost per therm rate for each
3 similar category or item is contained on lines 28 through
4 45.

5 The data shown on Schedule E-1 are taken directly
6 from Schedules E-3 (A) through (F) for the months of
7 January 2007 through December 2007.

8
9 **Q.** What information is presented on Schedule E-1/R of
10 Composite Exhibit EE-2?

11
12 **A.** Schedule E-1/R of Composite Exhibit EE-2 shows eight
13 months actual and four months estimated data for the
14 current period from January 2006 through December 2006
15 for all combined customer classes.

16
17 **Q.** What information is presented on Schedule E-2 of
18 Composite Exhibit EE-2?

19
20 **A.** Schedule E-2 of Composite Exhibit EE-2 shows the amount
21 of the prior period over/under recoveries of gas costs
22 that are included in the current PGA calculation.

23
24 **Q.** What is the purpose of Schedule E-4 of Composite Exhibit
25 EE-2?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A. Schedule E-4 of Composite Exhibit EE-2 simply shows the calculation of the estimated true-up amount for the January 2006 through December 2006 period. It is based on actual data for eight months and projected data for four months.

Q. What information is contained on Schedule E-5 of Composite Exhibit EE-2?

A. Schedule E-5 of Composite Exhibit EE-2 is statistical data that includes the projected therm sales and numbers of customers by customer class for the period from January 2007 through December 2007.

Q. How have you incorporated the Residential PGA factor and the Commercial PGA factor in the derivation of the PGA cap for which the company seeks approval?

A. On April 5, 1998, the Commission issued Order No. PSC-99-0634-FOF-GU as a Proposed Agency Action in Docket No. 981698-GU. This Order approved Peoples Gas' request for approval of a methodology for charging separate Purchased Gas Adjustment factors for different customer classes. Under the approved methodology, separate PGA factors are

1 derived by assigning the fixed, interstate pipeline
2 reservation costs to each customer class according to the
3 class' contribution to the company's peak month demand
4 for the winter season and the summer season. Exhibit EE-
5 2, Page 23 of 23, labeled Attachment, contains the
6 seasonal peak allocation factors based on the most recent
7 peak month data available, January 2006 and April 2006.
8 These allocation factors are then applied to Schedule E-1
9 to derive the Residential, Commercial and Combined for
10 All Rate Classes. The WACOG for which Peoples seeks
11 approval as the annual cap is the Residential factor of
12 \$1.34867 per therm as shown in Schedule E-1. This annual
13 cap will be applicable to all rate classes.

14
15 **Q.** Does this conclude your testimony?

16
17 **A.** Yes, it does.
18
19

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

1
2
3 In Re: Purchased Gas Recovery)
4 _____)

Docket No. 060003-GU
Submitted for filing
May 2, 2006

5 DIRECT TESTIMONY OF STUART L. SHOAF ON

6 BEHALF OF ST. JOE NATURAL GAS COMPANY, INC.
=====

7
8 Q. Please state your name, business address, by whom
9 you are employed and in what capacity.

10 A. Stuart L. Shoaf, 301 Long Avenue, Port St. Joe,
11 Florida 32456, St. Joe Natural Gas Company in the
12 capacity of President and Regulatory Affairs.

13 Q. What is the purpose of your testimony?

14 A. My purpose is to discuss the final true-up for
15 the period January 2005 through December 2005.

16 Exhibits

17 Q. Would you please identify the Composite Exhibit which
18 you are sponsoring with this Testimony?

19 A. Yes. As Composite Exhibit SLS-1, I am sponsoring the
20 following schedule with respect to the final
21 true-up for period January 2005 through December 2005.
22 Schedule A-7 - Final Fuel Over/Under Recovery

23 Q. Was this schedule prepared under your direction
24 and supervision?

25 A. Yes, it was.

1 Final True-Up January 2005 - December 2005

2 Q. What were the total therm sales for the period January
3 2005 through December 2005?

4 A. Total therm sales were 1,250,882 therms.

5 Q. What were total therm purchases for the period January
6 2005 through December 2005?

7 A. Total therm purchases were 1,017,360.

8 Q. What was the cost of gas to be recovered through the
9 PGA for the period January 2005 through December 2005?

10 A. The cost of gas purchased for January 2005 through
11 December 2005 was \$900,000.40.

12 Q. What was the amount of gas revenue collected for the
13 period January 2005 through December 2005?

14 A. The amount of gas revenue collected to cover the cost
15 of gas was \$1,057,351.11.

16 Q. What is the total true-up provision for the period
17 January 2005 through December 2005?

18 A. The total true-up provision, including interest, is an
19 over-recovery of \$166,016.82 for the period.

20 Q. What is the amount of estimated true-up included for
21 January 2005 thru December 2005 in the January 2006
22 through December 2006 PGA factor calculation?

23 A. The amount of estimated true-up for the period January
24 thru December 2005 included in the January 2006 through
25 December 2006 PGA factor calculation was an over-

1 recovery of \$159,872.00.

2 Q. What is the final over/under-recovery for the January
3 through December 2005 period to be included in the
4 January 2007 through December 2007 projection?

5 A. The final over-recovery for the current period to be
6 included in the January 2007 through December 2007
7 projection is \$6,144.82.

8 Q. Does this conclude your testimony?

9 A. Yes

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

In Re: Purchased Gas Recovery)
)
_____)

Docket No. 060003-GU
Submitted for filing
September 21, 2006

DIRECT TESTIMONY OF STUART L. SHOAF ON

BEHALF OF ST. JOE NATURAL GAS COMPANY, INC.

=====

Q. Please state your name, business address, by whom
you are employed and in what capacity.

A. Stuart L. Shoaf, 301 Long Avenue, Port St. Joe,
Florida 32456, St. Joe Natural Gas Company in the
capacity of President and Regulatory Affairs.

Q. What is the purpose of your testimony?

A. My purpose is to submit known and estimated gas
costs and therm sales from January 1, 2007 through
December 31, 2007, used in developing the maximum twelve
month levelized purchased gas cost factor to be applied
to customer bills from January 1, 2007 through
December 31, 2007.

Q. Have you prepared any exhibits in conjunction with
your testimony?

A. Yes, I have prepared and filed on Sept. 21, 2006
Schedules E-1 through E-5.

Q. What Purchased Gas Cost Recovery Factor does

1 St. Joe Natural Gas seek approval through its
2 petition for the period January 1, 2007 through
3 December 31, 2007?

4 A. 103.90 cents per therm

5 Q. Does this conclude your testimony?

6 A. Yes

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 MS. FLEMING: As staff stated earlier, there are
2 proposed stipulations on all issues. At this time, staff would
3 recommend that the proposed stipulations on Issues 1 through
4 5 listed on Pages 5 and 6 of the prehearing order be approved
5 by the Commission, noting that OPC has taken no position on all
6 issues.

7 CHAIRMAN EDGAR: Commissioners, are there any
8 questions of our staff at this time? As Ms. Fleming has said,
9 and as you are all aware, the Stipulations 1 through 5 as
10 contained in the prehearing order are before us now.

11 Are there questions or discussion?

12 Commissioner Deason.

13 COMMISSIONER DEASON: Madam Chairman, if there are no
14 questions, I can move all stipulated issues.

15 COMMISSIONER CARTER: Second.

16 CHAIRMAN EDGAR: Commissioners, we have a motion to
17 move Issues 1 through 5. We have a second. Further discussion
18 on the motion? Seeing none, all in favor say aye.

19 (Unanimous affirmative vote.)

20 CHAIRMAN EDGAR: All opposed? Show the motion
21 adopted.

22 Ms. Fleming, any other matters to be addressed in the
23 03 docket?

24 MS. FLEMING: Chairman, I'm not aware of any matters.

25 CHAIRMAN EDGAR: Any from the parties? Seeing none,

1 and, Ms. Fleming, when will the final order be issued?

2 MS. FLEMING: The final order will be issued by
3 December 1st.

4 CHAIRMAN EDGAR: Okay. Then I believe we have
5 concluded our business on this docket, is that correct?

6 MS. FLEMING: That is correct, Chairman.

7 CHAIRMAN EDGAR: Thank you very much.

8 * * * * *

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

4

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk and Administrative Services, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

7

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

10

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

13

DATED THIS 14th day of November, 2006.

14

15

16

JANE FAUROT, RPR
Official FPSC Hearings Reporter
FPSC Division of Commission Clerk and
Administrative Services
(850) 413-6732

17

18

19

20

21

22

23

24

25