

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

| | | |
|-----------------------------------|---|----------------------|
| In re: Conservation Cost Recovery |) | DOCKET NO. 900002-EG |
| Clause. |) | ORDER NO. 22582 |
| _____) | | ISSUED: 2-21-90 |

Pursuant to Notice, a Prehearing Conference was held on February 12, 1990, in Tallahassee, before Commissioner John T. Herndon, Prehearing Officer.

APPEARANCES:

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P.O. Box 14042, St. Petersburg, Florida 33733
On behalf of Florida Power Corporation.

John T. Butler, Esquire, Steel Hector & Davis, 4000
Southeast Financial Center, Miami, Florida 33131-2398
On behalf of Florida Power & Light Company

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On behalf of Florida Public Utilities Company, West
Florida Natural Gas Company and Southern Gas Company

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Stone, Esquire, Beggs & Lane, 700 Blount Building, 3
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Florida 32576-2950
On behalf of Gulf Power Company

Lee L. Willis, Esquire, and James D. Beasley,
Esquire, Ausley, McMullen, McGehee, Carothers and
Proctor, P.O. Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company and City Gas
Company of Florida

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Commission, 101 East Gaines Street, Tallahassee,
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On behalf of the Commission Staff

DOCUMENT NUMBER-DATE

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CDCR-RECORDS/REPORTING

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On behalf of the Florida Industrial Power Users Group

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On behalf of the Citizens of the State of Florida

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On behalf of Central Florida Gas Company and Plant City Natural Gas Company

Ansley Watson, Jr., Esquire, MacFarlane, Ferguson, Allison & Kelly, P.O. Box 1531, Tampa, Florida 33601
On behalf of Peoples Gas System, Inc.

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Background

As part of the continuing fuel and energy conservation cost recovery proceedings, a hearing is set for February 21-23, 1990, in this docket and in Dockets Nos. 900001-EI and 900003-GU. 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 April, 1990 through September, 1990;
2. Determination of the Estimated Fuel Adjustment True-Up Amounts for all investor-owned electric utilities for the period October, 1989 through March, 1990, which are to be based on actual data for the period October, 1989 through November, 1989, and revised estimates for the period December, 1989 through March, 1990;
3. Determination of the Final Fuel Adjustment True-Up Amounts for all investor-owned electric utilities for the period April, 1989 through September, 1989, which are to be based on actual data for that period;
4. Determination of the Projected Conservation Cost Recovery Factors for certain investor-owned electric and gas utilities for the period April, 1990 through September, 1990;
5. Determination of the Estimated Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period October, 1989 through March, 1990, which are to be based on actual data for the period October, 1989 through November, 1989, and revised estimates for the period December, 1989 through March, 1990;
6. Determination of the Final Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period April, 1989 through

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- September, 1989, which are to be based on actual data for that period;
7. Determination of any Projected Oil Backout Cost Recovery Factors for the period April, 1990 through September, 1990, for the cost of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.16, Florida Administrative Code;
 8. Determination of the Estimated Oil Backout Cost Recovery True-Up Factors for the period October, 1989 through March, 1990, for the costs of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.16, Florida Administrative Code, which are to be based on actual data for the period October, 1989 through November, 1990, and revised estimates for the period December, 1989 through March, 1990;
 9. Determination of the Final Oil Backout True-Up Amounts for the period April, 1989 through September, 1989, which are to be based on actual data for that period;
 10. Determination of Generating Performance Incentive Factor Targets and Ranges for the period April, 1990 through September, 1990;
 11. Determination of Generating Performance Incentive Factor Rewards and Penalties for the period April, 1989 through September, 1989; and
 12. Determination of the Purchased Gas Adjustment True-Up Amounts for the period April, 1989 through September, 1989, to be recovered during the period April, 1990 through September, 1990.

Use of Prefiled Testimony

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 exhibits, unless there is a sustainable objection. All testimony remains subject to appropriate objections. Each

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witness will have the opportunity to orally summarize his testimony at the time he or she takes the stand.

Use of Depositions and Interrogatories

If any party seeks to introduce an interrogatory or a deposition, or a portion thereof, the request will be subject to proper objections and the appropriate evidentiary rules will govern. The parties will be free to utilize any exhibits requested at the time of the depositions, subject to the same conditions.

Order of Witnesses

The witness schedule is set forth below in order of appearance by the witness' name, subject matter, and the issues which will be covered by his or her testimony.

Witnesses whose names are preceded by an asterisk (*) have been excused. The parties have stipulated that the testimony of such witnesses will be inserted into the record as though read, and cross-examination will be waived.

| <u>Witness</u> | <u>Subject Matter</u> | <u>Issues</u> |
|----------------------------|--|---------------|
| <u>(Direct)</u> | | |
| *1. T.J. Gelvin (FPC) | FPC's conservation plan and costs | 1-3 |
| *2. D.L. Willis (FPL) | ECCR True-Up April- September 1989; ECCR Projections, April- September 1990 | 1 2,3,4,5 |
| *3. M.A. Peacock (FPUC) | ECCR projections & true-up for Marianna & Fernandina Beach | 1,2,3 |
| 4. J.F. Young (Gulf) | Components of Gulf's conservation plant and associated costs | 1,2,3 6 |

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| 5. G.J. Kordecki (TECO) | Conservation cost recovery true-up and projection; supplemental data pertaining to impact of conservation and load management programs on interruptible customers | 1,2,3, 7 |
| *6. Sam Sessa (CFGC/PCNG) | True-Up Calculations | 1,2,3, |
| *7. T.D. Anderson (City Gas) | Conservation Cost Recovery True-Up and Projection | 1-3 |
| *8. S.D. Wilson (PGS) | Components of PGS's Conservation Plan and Associated projected and actual costs; true-up and estimated true-up; conservation cost recovery factor. | 1-2 |
| *9. S.L. Shoaf (SJNG) | Conservation cost recovery true-up and projections | 1-3 |
| *10. Arnold (WFNG) | Conservation true-ups, projections | 1-3 |
| *11. Sott (WFNG) | Conservation true-ups, projections | 1,2 |
| *12. Goodwin (WFNG) | Therm sales projections | 2,3 |
| *13. Zimmerman (SGC) | Conservation true-ups, cost projections | 1-3 |

EXHIBIT LIST

The parties have stipulated that exhibits marked with an asterisk (*) will be inserted into the record by agreement.

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| <u>Exhibit</u> | <u>Witness</u> | <u>Description</u> |
|-----------------------|--------------------|--|
| * _____ (TGT-1) | Gelvin (FPC) | Schedules C-1 through C-5 |
| _____ (DLW-1) | Willis (FPL) | Schedules CT-1 thru CT-5, with supplements |
| _____ (DLW-2) | Willis (FPL) | Schedules C-1 through C-5, with supplements |
| * _____ (MAP-1) | Peacock (FPUC) | Schedules C-1 thru C-5 (Marianna and Fernandina Beach) |
| * _____ (MAP-2) | Peacock (FPUC) | Schedules CT-1 thru CT-6 (Marianna and Fernandina Beach) |
| _____ (JFY-1) | Young (Gulf) | Schedules CT-1 thru CT-6 |
| _____ (JFY-2) | Young (Gulf) | Schedules C-1 thru C-5 |
| _____ (GJK-1) | Kordecki (TECO) | Schedules supporting conservation cost recovery factor, actual April 1989 - September 1989 |
| _____ (GJK-2) | Kordecki (TECO) | Impact of conservation and load management programs |
| _____ (GJK-3) | Kordecki (TECO) | Conservation costs projected for the period April 1, 1990 - September 30, 1990 |
| _____ (GJK-4) | Kordecki (TECO) | Impact of conservation and load management programs - supplemental data |

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| * | <u> </u> (SS-1)(composite) | Sessa (CFGC/ PCNG) | Conservation Cost Recovery True-Up Data. Actual: Oct. 1989 - November 1989; Estimated: Dec. 1989 - March 1990; Schedules C-1 through C-5. |
| * | <u> </u> (SS-2)(composite) | Sessa (CFGC/ PCNG) | Conservation Cost Recovery True-Up Data; Schedules CT-1 through CT-6 |
| * | <u> </u> (SS-3) | Sessa (CFGC/ PCNG) | Stand alone figures |
| * | <u> </u> | Anderson (CGC) | Schedule CT-1 through CT-6 |
| * | <u> </u> (TDA-1) | Anderson (CGC) | City Gas Company of Florida Conservation Cost Recovery True-Up Data (April 1, 1989 through September 30, 1989), including Revised Schedules CT-1, CT-2, page 1, and CT-3, pages 2 and 3, filed November 29, 1989. |
| * | <u> </u> | Anderson (CGC) | Schedules C-1 through C-5 |
| * | <u> </u> (SDW-1) | Wilson (PGS) | Conservation cost recovery true-up data (April - Sept. 1989), consisting of schedules CT-1 through CT-6 |
| * | <u> </u> (SDW-2) | Wilson (PGS) | Data for development of conservation cost recovery factor (April - September 1990), consisting of schedules C-1 through C-5 |

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| * | <u> </u> (SLS-1) | Shoaf (SJNG) | Schedules C-1 - C-5 |
| * | <u> </u> (CA-1)(composite) | Arnold (WFNG) | Second Revised Schedule C-1, Revised Schedule C-2, page 1, Schedule C-2, p pages 2 & 3, Schedule C-3, pages 1-3, Revised Schedule C-3, pages 4 & 5, Schedules C-4 and C-5 |
| * | <u> </u> (CA-2)(composite) | Arnold (WFNG) | Second Revised Schedules CT-1 through C-6 |
| * | <u> </u> (FZ-1)(composite) | Zimmerman (SGC) | Schedules C-1 through C-5 |
| * | <u> </u> (FZ-2)(composite) | Zimmerman (SGC) | Schedules CT-1 through CT-4 |

PARTIES' STATEMENTS OF BASIC POSITIONS

Pursuant to the Order on Prehearing Procedure issued in this docket, it was not necessary for parties to provide a statement of basic position on generic, recurring issues. Parties who elected not to provide a statement of basic position are indicated by "N/A".

Staff:

N/A.

Florida Power Corporation (FPC):

Florida Power's true-up amounts and cost recovery factor should be approved as filed.

Florida Power & Light Company (FPL):

N/A

Florida Public Utilities Company (FPUC):

N/A

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Gulf Power Company (Gulf):

It is the basic position of Gulf Power Company that the proposed ECCR factor presents the best estimate of Gulf's Conservation expense for the period April, 1990 through September, 1990, including the true-up calculations and other adjustments allowed by the Commission.

Tampa Electric Company (TECO):

The Commission should determine that Tampa Electric has properly calculated its conservation cost recovery true-up and projections and that the appropriate conservation cost recovery factor to be applied by Tampa Electric during the period April, 1990 - September, 1990 is 0.111 cents per kwh, if collected from firm customers only, and 0.095 cents per kwh, if collected from firm and interruptible customers. In addition, Tampa Electric asserts that its currently effective conservation cost recovery reallocation, under which conservation costs are collected from firm customers but not interruptible customers, should be extended for one year (April 1, 1990 - March 31, 1991).

Florida Industrial Power Users Group (FIPUG):

FIPUG takes no preliminary positions on the issues in this docket with the exception of Issue 3 as it relates to TECO, and Issue 7. As to those issues, it is FIPUG's position that TECO's currently effective conservation cost recovery methodology which collects conservation charges only from firm customers should be extended for one year and that TECO's conservation cost recovery factor should be calculated on that basis. As to the other issues, FIPUG reserves the right to take a position supporting and/or in opposition to the issues raised by other parties prior to or during the prehearing conference.

The Office of Public Counsel (OPC):

It appears that Gulf Power Company's advertising expenses may be excessive when compared with prior periods. FPL's advertising expenses also appear to be excessive. A final position will be taken when all discovery is received. The return on investment for conservation programs for FPC. FPL and TECO should not exceed the return on equity allowed for other purposes. TECO's request to extend the modification of its recovery methodology should be considered by the full commission which considered the original petition.

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Central Florida Gas Company (CFGC)
Plant City Natural Gas Company (PCNG):

The Commission should allow The Florida Division of Chesapeake Utilities Corporation to collect conservation cost recovery under one combined recovery factor. The Commission should approve the final true-up amount for the period April 1, 1989 through September 30, 1989, and the true-up factor to be applied to bills rendered for meter readings taken between April 1, 1990 and September 30, 1990.

City Gas Company of Florida (CGC):

The Commission should determine that City Gas has properly calculated its conservation cost recovery true-up and projections and that the appropriate conservation cost recovery factor to be applied by City Gas during the period April 1990 - September 1990 is 2.709 cents per therm.

Peoples Gas System, Inc. (PGS):

The Commission should approve PGS's final adjusted net true-up amount of \$552,335.03 (underrecovery) for the period April-September, 1989, and should approve the estimated true-up amount for the six months ending March 31, 1990, the projected conservation program expenses for the six months ending September 30, 1990, in the conservation cost recovery factor of 1.005 cents per therm for application to bills rendered for meter readings taken between April 1 and September 30, 1990, as filed by PGS.

St. Joe Natural Gas Company, Inc. (SJNG):

The Commission should approve the final adjusted net true-up amount for the six month period ending September 30, 1990, including interest, the projected conservation program expenses for the six month period ending September 30, 1990, and the Conservation Cost Recovery Factor to be applied to customer bills rendered for the six month period ending September 30, 1990 as filed by SJNG.

West Florida Natural Gas Company (WFNG):

N/A

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Southern Gas Company (SGC):

N/A

STATEMENT OF ISSUES AND POSITIONS

Generic Energy Conservation Cost Recovery Issues

Stipulated issues are indicated with an asterisk (*).

1. ISSUE: What is the appropriate adjusted net true-up amount for the period April, 1989 through September, 1989?

Staff: (Items not in dispute are indicated with an asterisk.)

*FPC: Agree with utility: \$28,330 overrecovery.
 *FPL: Agree with utility: \$3,645,408 overrecovery.
 *FPUC: (Marianna) Agree with utility: \$10,576 overrecovery.
 (Fernandina Beach) Agree with utility: \$7,097 overrecovery.
GULF: Agree with utility: \$365,118 overrecovery.
 *TECO: Agree with utility: \$133,072 overrecovery.
 *CFGC: Agree with utility: \$5,921 overrecovery.
 *CGC: Agree with utility: \$57,927 overrecovery.
 *GGC: Agree with utility: \$1,310 underrecovery.
 This utility has been sold to the City of Gainesville and has withdrawn its petition in this docket. A recommendation is pending which would remove the utility from this docket.
 *PGS: Agree with utility: \$552,335 underrecovery.
 *PCNG: Agree with utility: \$0.
 *SGC: Agree with utility: \$19,800 overrecovery.
 *SJNG: Agree with utility: \$5,759 overrecovery.
 *WFNG: Agree with utility: \$159,040 overrecovery.

FPC: \$28,330 overrecovery.

FPL: Actual net true-up overrecovery of \$4,362,725 and adjusted net true-up overrecovery of \$3,645,408; both amounts include interest. (Willis)

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FPUC: Overrecovery \$10,576 (Marianna)
 Overrecovery \$ 7,097 (Fernandina Beach). (Peacock)

GULF: Overrecovery \$365,118. (Young)

TECO: Overrecovery of \$133,072, including interest.
 (Kordecki)

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

OPC:

FPC: Agree with utility: \$28,330 overrecovery.

FPL: Agree with utility.

FPUC: (Marianna) Agree with utility: \$10,576 overrecovery.
 (Fernandina Beach) Agree with utility: \$7,097 overrecovery.

GULF: No position at this time.

TECO: Agree with utility: \$133,072 overrecovery.

CFGC: \$5,921.39 overrecovery. (Combined Florida Division \$5,921.30 overrecovery.) (Sessa)

PCNG: \$0. (Combined Florida Division \$5,921.30 overrecovery.) (Sessa)

CGC: \$94,919 underrecovery, including interest.
 (Anderson)

PGS: Underrecovery of \$552,335.02. (Wilson)

SJNG: \$5,759 overrecovery.

WFNG: Overrecovery \$159,040. This amount varies slightly from the amount shown on filed schedules and testimony to reflect Company agreement with Staff positions. (Arnold)

SGC: Overrecovery \$15,593. (Zimmerman)

2. ISSUE: What is the appropriate projected end-of-period total net true-up amount for the period October, 1989 through March, 1990?

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Staff: (Items not in dispute are indicated with an asterisk.)

*FPC: Agree with utility: \$421,145 underrecovery.
 *FPL: Agree with utility: \$5,209,340 overrecovery.
 *FPUC: (Marianna) Agree with utility: \$13,913.
 overrecovery
 (Fernandina Beach) Agree with utility:
 \$11,610.
GULF: Agree with utility: \$358,671 overrecovery.
 *TECO: Agree with utility: \$188,590 overrecovery.

CFGC: \$62,125 overrecovery, pending decision on
 Issue 9 regarding Chesapeake Utilities.
 *CGC: Agree with utility: \$208,500 underrecovery.
 *GGC: Agree with utility: \$6,464 underrecovery.
 *PGS: Agree with utility: \$440,547 underrecovery.
PCNG: \$13,955 underrecovery, pending decision on
 Issue 9 regarding Chesapeake Utilities.
 *SGC: Agree with utility: \$60,144 overrecovery.
 *SJNG: Agree with utility: \$7,301 overrecovery.
 *WFNG: Agree with utility: \$170,872 overrecovery.

FPC: Underrecovery \$421,145.

FPL: Total net true-up overrecovery of \$5,209,340, which
 includes interest. (Willis)

FPUC: Overrecovery \$13,913 (Marianna)
 Overrecovery \$11,610 (Fernandina Beach). (Peacock)

GULF: Overrecovery \$358,671. (Young)

TECO: Overrecovery \$188,590, including interest.
 (Kordecki)

FIPUG: FIPUG has no position at this time, but reserves
 the right to take a position on this issue by the date of
 the prehearing conference.

OPC:

FPC: Agree with utility: \$421,145 underrecovery.
FPL: Agree with utility.
FPUC: (Marianna) Agree with utility: \$13,913.
 overrecovery

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(Fernandina Beach) Agree with utility: \$11,610
 overrecovery.

GULF: No position at this time.

TECO: Agree with utility.

CFGC: (\$62,125). (Combined Florida Division (\$48,170).)
 (Sessa)

PCNG: \$13,955. (Combined Florida Division (\$48,170).)
 (Sessa)

CGC: \$208,500 underrecovery, including interest.
 (Anderson)

PGS: Underrecovery of \$440,547.24. (Wilson)

SJNG: Overrecovery \$7,301.

WFNG: Overrecovery \$170,872. This amount varies slightly
 from the amount shown on filed schedules and testimony to
 reflect Company agreement with Staff positions. (Arnold,
 Sott, Goodwin)

SGC: Overrecovery \$53,684. (Zimmerman)

3. ISSUE: What is the appropriate conservation cost recovery
 factor for the period April, 1990 through September, 1990?

Staff: (Items not in dispute are indicated with an
 asterisk)

*FPC: Agree with utility: .192 ¢/kwh.

*FPL: Agree with utility: .044 ¢/kwh.

*FPUC: (Marianna) Agree with utility: .003 ¢/kwh
 (Fernandina Beach) Agree with utility:
 .008 ¢/kwh

GULF: Agree with utility: .007 ¢/kwh.

TECO: .111 ¢/kwh firm sales, .095 ¢/kwh all retail
 sales, subject to decision on Issue 7.

CFGC: 0.096 ¢/therm and 0.095 ¢/therm Public
 Authority Factor, pending decision on Issue 9.

*CGC: Agree with utility: 2.709 ¢/therm.

*GGC: Agree with utility: 2.055 ¢/therm.

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*PGS: Agree with utility: 1.005 ¢/therm and .988¢/therm Public Authority Factor.
PCNG: 0.571 ¢/therm, pending decision on Issue 9.
 *SGC: Agree with utility: 0.088 ¢/therm.
 *SJNG: Agree with utility: 0.218 ¢/therm.
 *WFNG: Agree with utility: 0.420 ¢/therm.

FPC: 0.192 ¢/kwh. (Gelvin)

FPL: .044 ¢/kwh. (Willis)

FPUC: .00003 ¢/kwh (Marianna)
 .00008 ¢/kwh (Fernandina Beach). (Peacock)

GULF: 0.007 ¢/kwh. (Young)

TECO: 0.111 ¢/kwh, if collected from firm customers only.
 0.095 ¢/kwh if collected from firm and interruptible customers. (Kordecki)

FIPUG: TECO's collection of this charge should be based on an allocation to firm customers only. See Issue 7. FIPUG has no position on the factors of utilities other than TECO.

OPC:

FPC: Agree with Company .192 ¢/kwh
FPL: Agree with utility: .044 ¢/kwh
FPUC: (Marianna) Agree with utility: .003 ¢/kwh
 (Fernandina Beach) Agree with utility: .008¢/kwh
GULF: No position at this time.
TECO: 0.095 ¢/kwh collected from firm and interruptible customers.

CFGC: .096 ¢/therm and .095 ¢/therm Public Authority Factor. (Combined Florida Division .172 ¢/therm and .169 ¢/therm Public Authority Factor.) (Sessa)

PCNG: .571 ¢/therm. (Combined Florida Division .172 ¢/therm and .169 ¢/therm Public Authority Factor.) (Sessa)

CGC: 2.709 ¢/therm. (Anderson)

PGS: 1.005 ¢/therm and 0.988 ¢/therm Public Authority Factor. (Wilson)

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SJNG: 0.218 ¢/therm.
WFNG: 0.420 ¢/therm. (Arnold, Goodwin)
SGC: .110 ¢/therm. (Zimmerman)

Company-Specific Conservation Cost Recovery Issues

Florida Power & Light Company

- *4. STIPULATED ISSUE: What is FPL's appropriate return on average net investment for capital investments associated with conservation programs beginning on January 1, 1990 on a going forward basis? (Staff)

12.8%

5. ISSUE: Are FPL's advertising expenses totaling \$1,008,504 in the true-up period April 1989 through September 1989 appropriate for cost recovery? (OPC) (This issue will be deferred until August, 1990.)

STAFF: Although FPL has agreed not to claim cost recovery for certain inappropriate advertising, Staff is concerned that this utility claimed expenses clearly disallowed in Order No. 21317. Staff would like a record explanation as to how this occurred.

FPL: FPL will remove \$404,410 from its costs, plus interest of \$8,863.

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

OPC: Agree with Staff.

Gulf Power Company

7. ISSUE: Are Gulf Power Company's advertising expenses totaling \$86,762 for the true-up period April 1989 through September 1989 accurate, reasonable, prudently incurred, and appropriate for cost recovery? (OPC)

STAFF: No position at this time.

GULF: Yes. (Young)

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

OPC: As a result of audit disclosures included in the Staff Audit Report and reports of other invoicing discrepancies, it appears that certain costs submitted for recovery through the conservation clause may not be appropriate or actually incurred.

Tampa Electric Company

7. ISSUE: Should TECO be allowed to continue to exclude the application of the Energy Conservation Cost Recovery (ECCR) factor for customers receiving interruptible service for the period April 1, 1990 through March 31, 1991? (Staff)

This issue was restated by TECO as follows: Should Tampa Electric's currently effective conservation cost recovery reallocation, under which conservation costs are collected from firm customers but not interruptible customers, be extended for one year (April 1, 1990 - March 31, 1991)?

Staff: No position at this time.

TECO: Yes. The conditions which warranted the Commission's initial approval of this reallocation in Order No. 20825 in Docket No. 881416-EI hold true today and are expected to continue through the proposed one-year extension period. (Kordecki)

FIPUG: Yes. FIPUG adopts the position of TECO.

OPC: Although TECO filed its request to extend the modification to its conservation cost recovery methodology in this docket, it was assigned by the Clerk's office to Docket No. 881416-EG. Public Counsel believes this is appropriate because the original decision in Order No. 9974, issued April 24, 1981, to impose a cost recovery factor on all customers was reached by the full

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Commission. TECO's initial petition was also docketed for consideration by the full Commission. Any extension should follow the same process because of the policy nature of the decision involved. (Public Counsel has filed a motion to dismiss in Docket No. 881416-EG.)

8. ISSUE: What is TECO's appropriate return on average net investment for capital investments associated with conservation programs for the period April 1, 1990 on a going forward basis? (Staff)

Staff: No position at this time.

TECO: 13.5%.

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

OPC: An equity return 100 basis points below the return used for the 1988 tax savings dockets should be used until such time that the Commission determines the current cost of equity for TECO.

Central Florida Gas Company
Plant City Natural Gas Company

9. ISSUE: Should Florida Division of Chesapeake Utilities (Central Florida Gas Company and Plant City Natural Gas Company) be allowed to collect conservation cost recovery under one combined recovery factor? (Staff)

Staff: No. Central Florida and Plant City are two separate investor-owned natural gas companies operating separate conservation programs. There is a request pending in Docket No. 891179-GU to combine the two utilities into one operating division of Chesapeake Utilities Corporation. Until such time as the two utilities are combined, they should not combine their recovery factors.

CFGC:

PCNG: Yes. The Florida Division of Chesapeake Utilities should be allowed to collect conservation cost recovery

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under one combined recovery factor. Central Florida and Plant City are not separate investor-owned natural gas companies. Central Florida and Plant City are operating divisions of Chesapeake Utilities Corporation. By Order No. 22003, the Commission approved Plant City's petition to adopt Central Florida's conservation program. In the pending rate case, the Commission also has, by Order No. 22475, authorized combined interim rates for the two divisions.

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

OPC: No position at this time.

Southern Gas Company

10. STIPULATED ISSUE: Should unsupported incentive payments be disallowed for Southern Gas Company's Electric Resistance Appliance Replacement Program for the period April, 1989 through September, 1989 and for the period October, 1989 through March 1990? (Staff)

Yes. Unsupported incentive payments in the amounts of \$3,811.66 for the period April, 1989 through September, 1989 and \$2,011.83 for the period October, 1989 through March, 1990 should be disallowed.

STIPULATED ISSUES

Issues 1, 2 and 3 are stipulated as to some parties. Issues 4 and 10 are fully stipulated.

MOTIONS

The Office of Public Counsel has filed a motion to dismiss TECO's petition to extend the modification to its conservation cost recovery methodology in Docket No. 881416-EG. TECO's petition was originally filed in this docket, but was assigned to Docket No. 881416-EI (a previously-existing docket now on

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appeal, in which the modification to TECO's conservation cost recovery methodology was originally approved) by the Division of Records and Reporting. After request therefor by Staff, the petition was reassigned to this docket. TECO also raised extension of the modification as an issue in this docket. However, various pleadings were filed in Docket No. 881416-EI, including Public Counsel's motion to dismiss.

The Commission's fuel panel will decide Public Counsel's motion and response by TECO and FIPUG in this docket during the regularly-scheduled hearing.

OTHER MATTERS

Pursuant to request, the Coalition of Local Governments is excused from active participation in this docket for purposes of the February, 1990 hearings, but shall retain intervenor status for purposes of the August, 1990 hearings.

Pursuant to the terms of the Order on Prehearing Procedure issued in this docket, the following parties who intervened in prior hearings in this docket are hereby removed as intervenors: Occidental Chemical, Monsanto Company, American Cyanamid, Air Products and Chemicals, Florida Industrial Cogenerators Association, Metropolitan Dade County, the City of Tampa, and the Federal Executive Agencies.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that these proceedings shall be governed by this order unless modified by the Commission.

By ORDER of Commissioner John T. Herndon, Prehearing Officer, this 21st day of FEBRUARY, 1990.

John T. Herndon
 JOHN T. HERNDON, Commissioner
 and Prehearing Officer

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*** ELECTRIC UTILITIES ***

| Issue | FLORIDA POWER AND LIGHT COMPANY | | | | | FLORIDA POWER CORPORATION | | | | |
|--|---------------------------------|-----------------------|---------------------|------------------|------------------------|---------------------------|-----------------------|---------------------|------------------|------------------------|
| | Company Position | Pub. Counsel Position | Difference Co. & PC | Staff's Position | Difference Co. & Staff | Company Position | Pub. Counsel Position | Difference Co. & PC | Staff's Position | Difference Co. & Staff |
| Net Prior Period True-up (Over)/Under Recovery Adjusted - Apr89/Sep89 | (\$3,645,408) | (\$3,645,408) | \$0 | (\$3,645,408) | \$0 | (\$28,330) | (\$28,330) | \$0 | (\$28,330) | \$0 |
| Current Period Est True-up (Over)/Under Recovery Estimated - Oct89/Mar90 | (\$5,209,340) | (\$5,209,340) | \$0 | (\$5,209,340) | \$0 | \$421,145 | \$421,145 | \$0 | \$421,145 | \$0 |
| Future Period Projection Estimated Costs Apr90/Sep90 | \$19,841,056 | \$19,841,056 | \$0 | \$19,841,056 | \$0 | \$24,248,143 | \$24,248,143 | \$0 | \$24,248,143 | \$0 |
| (Over)/Under Recovery Estimated - Oct89/Mar90 | (\$5,209,340) | (\$5,209,340) | \$0 | (\$5,209,340) | \$0 | \$421,145 | \$421,145 | \$0 | \$421,145 | \$0 |
| TOTAL to Recover Estimated - Apr90/Sep90 | \$14,631,716 | \$14,631,716 | \$0 | \$14,631,716 | \$0 | \$24,669,288 | \$24,669,288 | \$0 | \$24,669,288 | \$0 |
| Retail KWH (000) Sales - Apr90/Sep90 | 34,112,981 | 34,112,981 | \$0 | 34,112,981 | 0 | 13,036,111 | 13,036,111 | \$0 | 13,036,111 | 0 |
| Cost/KWH (cents) | 0.0428919 | 0.0428919 | \$0 | 0.0428919 | 0.0000000 | 0.1892381 | 0.1892381 | \$0 | 0.1892381 | 0.0000000 |
| Revenue Tax Adjustment Factor | 1.01652 | 1.01652 | \$0 | 1.01652 | 0 | 1.01652 | 1.01652 | \$0 | 1.01652 | 0 |
| Conservation Adjustment Factor | 0.0436005 | 0.0436005 | \$0 | 0.0436005 | 0.0000000 | 0.1923643 | 0.1923643 | \$0 | 0.1923643 | 0.0000000 |
| Conservation Adjustment Factor nearest .001 cent | 0.044 | 0.044 | \$0 | 0.044 | 0.0000 | 0.192 | 0.192 | \$0 | 0.192 | 0.0000 |

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*** ELECTRIC UTILITIES ***

| Issue | FLORIDA PUBLIC UTILITIES-Marianna | | | | | FLORIDA PUBLIC UTILITIES-Fernandina Beach | | | | |
|--|-----------------------------------|--------------------------|------------------------|---------------------|---------------------------|---|--------------------------|------------------------|---------------------|---------------------------|
| | Company Position | Pub. Counsel Position | Difference Co. & PC | Staff's Position | Difference Co. & Staff | Company Position | Pub. Counsel Position | Difference Co. & PC | Staff's Position | Difference Co. & Staff |
| Net Prior Period True-up (Over)/Under Recovery Adjusted - Apr89/Sep89 | (\$10,576) | (\$10,576) | \$0 | (\$10,576) | \$0 | (\$7,097) | (\$7,097) | \$0 | (\$7,097) | \$0 |
| Current Period Est True-up (Over)/Under Recovery Estimated - Oct89/Mar90 | (\$13,913) | (\$13,913) | \$0 | (\$13,913) | \$0 | (\$11,610) | (\$11,610) | \$0 | (\$11,610) | \$0 |
| Future Period Projection Estimated Costs Apr90/Sep90 | \$17,800 | \$17,800 | \$0 | \$17,800 | \$0 | \$20,300 | \$20,300 | \$0 | \$20,300 | \$0 |
| (Over)/Under Recovery Estimated - Oct89/Mar90 | (\$13,913) | (\$13,913) | \$0 | (\$13,913) | \$0 | (\$11,610) | (\$11,610) | \$0 | (\$11,610) | \$0 |
| TOTAL to Recover Estimated - Apr90/Sep90 | \$3,887 | \$3,887 | \$0 | \$3,887 | \$0 | \$8,690 | \$8,690 | \$0 | \$8,690 | \$0 |
| Retail KWH (000) Sales - Apr90/Sep90 | 120,728 | 120,728 | \$0 | 120,728 | 0 | 113,852 | 113,852 | \$0 | 113,852 | 0 |
| Cost/KWH (cents) | 0.0032196 | 0.0032196 | \$0 | 0.0032196 | 0.0000000 | 0.0076327 | 0.0076327 | \$0 | 0.0076327 | 0.0000000 |
| Revenue Tax Adjustment Factor | 1.01652 | 1.01652 | \$0 | 1.01652 | 0 | 1.01652 | 1.01652 | \$0 | 1.01652 | 0 |
| Conservation Adjustment Factor | 0.0032728 | 0.0032728 | \$0 | 0.0032728 | 0.0000000 | 0.0077588 | 0.0077588 | \$0 | 0.0077588 | 0.0000000 |
| Conservation Adjustment Factor nearest .001 cent | 0.003 | 0.003 | \$0 | 0.003 | 0.0000 | 0.008 | 0.008 | \$0 | 0.008 | 0.0000 |

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*** ELECTRIC UTILITIES ***

| Issue | TAMPA ELECTRIC COMPANY | | | | | GULF POWER COMPANY | | | | |
|--|------------------------|--------------------------|------------------------|---------------------|---------------------------|---------------------|--------------------------|------------------------|---------------------|---------------------------|
| | Company Position | Pub. Counsel Position | Difference Co. & PC | Staff's Position | Difference Co. & Staff | Company Position | Pub. Counsel Position | Difference Co. & PC | Staff's Position | Difference Co. & Staff |
| Net Prior Period True-up (Over)/Under Recovery Adjusted - Apr89/Sep89 | \$133,072 | \$133,072 | \$0 | \$133,072 | \$0 | (\$365,118) | (\$365,118) | \$0 | (\$365,118) | \$0 |
| Current Period Est True-up (Over)/Under Recovery Estimated - Oct89/Mar90 | (\$188,590) | (\$188,590) | \$0 | (\$188,590) | \$0 | (\$358,671) | (\$358,671) | \$0 | (\$358,671) | \$0 |
| Future Period Projection Estimated Costs Apr90/Sep90 | \$6,676,277 | \$6,676,277 | \$0 | \$6,676,277 | \$0 | \$645,500 | \$645,500 | \$0 | \$645,500 | \$0 |
| (Over)/Under Recovery Estimated - Oct89/Mar90 | (\$188,590) | (\$188,590) | \$0 | (\$188,590) | \$0 | (\$358,671) | (\$358,671) | \$0 | (\$358,671) | \$0 |
| TOTAL to Recover Estimated - Apr90/Sep90 | \$6,487,687 | \$6,487,687 | \$0 | \$6,487,687 | \$0 | \$286,829 | \$286,829 | \$0 | \$286,829 | \$0 |
| Retail KWH (000) Sales - Apr90/Sep90 | 6,950,015 | 6,950,015 | \$0 | 6,950,015 | 0 | 4,245,844 | 4,245,844 | \$0 | 4,245,844 | 0 |
| Cost/KWH (cents) | 0.0933478 | 0.0933478 | \$0 | 0.0933478 | 0.0000000 | 0.0067555 | 0.0067555 | \$0 | 0.0067555 | 0.0000000 |
| Revenue Tax Adjustment Factor | 1.01652 | 1.01652 | \$0 | 1.01652 | 0 | 1.01652 | 1.01652 | \$0 | 1.01652 | 0 |
| Conservation Adjustment Factor | 0.0948899 | 0.0948899 | \$0 | 0.0948899 | 0.0000000 | 0.0068671 | 0.0068671 | \$0 | 0.0068671 | 0.0000000 |
| Conservation Adjustment Factor nearest .001 cent | 0.095 | 0.095 | \$0 | 0.095 | 0.0000 | 0.007 | 0.007 | \$0 | 0.007 | 0.0000 |

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