

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Conservation Cost Recovery	)	DOCKET NO. 900002-EG
Clause.	)	ORDER NO. 23393
	)	ISSUED: 8-22-90

Pursuant to Notice, a Prehearing Conference was held on August 6, 1990, in Tallahassee, before Commissioner Betty Easley, Prehearing Officer.

APPEARANCES:

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On behalf of Florida Power Corporation.

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Southeast Financial Center, Miami, Florida 33131-2398  
On behalf of Florida Power & Light Company.

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215 South Monroe Street, Suite 701, Tallahassee,  
Florida 32301  
On behalf of Florida Public Utilities Company and  
West Florida Natural Gas Company.

JEFFREY A. STONE, Esquire, Beggs & Lane, 700 Blount  
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On behalf of Gulf power Company.

JAMES D. BEASLEY, Esquire, Ausley, McMullen, McGehee,  
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On behalf of Tampa Electric Company and City Gas  
Company of Florida.

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Carlson & Cowdery, 1709-D Mahan Drive, Tallahassee,  
Florida 32308  
On behalf of Central Florida Gas Company and Plant  
City Natural Gas Company (Chesapeake Utilities  
Corporation, Florida Division).

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and the Florida Industrial Gas Users.

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Tallahassee, Florida 32399-1400  
On behalf of the Citizens of the State of Florida.

PAUL SEXTON, Esquire, Richard A. Zambo, P. A., 200 S.  
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On behalf of Tropicana Products, Inc.

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

PRENTICE P. PRUITT, Esquire, Office of the General  
Counsel, 101 East Gaines Street, Tallahassee,  
Florida, 32399-0861  
Counsel to the Commissioners.

#### PREHEARING ORDER

##### Background

As part of the continuing fuel and energy conservation cost recovery proceedings, a hearing is set for August 22-24, 1990, in this docket and in Dockets Nos. 900001-EI and 900003-EG. The following subjects were noticed for hearing in such dockets:

1. Determination of the Proposed Levelized Fuel Adjustment Factors for all investor-owned utilities for the period October, 1990 through March, 1991;

2. Determination of the Estimated Fuel Adjustment True-Up Amounts for all investor-owned electric utilities for the period April, 1990 through September, 1990, which are to be based on actual data for the period April, 1990 through May, 1990, and revised estimates for the period June, 1990 through September, 1990;
3. Determination of the Final 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 that period;
4. Determination of the Projected Conservation Cost Recovery Factors for certain investor-owned electric and gas utilities for the period October, 1990 through March, 1991;
5. Determination of the Estimated Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period April, 1990 through September, 1990, which are to be based on actual data for the period April, 1990 through May, 1990, and revised estimates for the period June, 1990 through September, 1990;
6. Determination of the Final 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 that period;
7. Determination of any Projected Oil Backout Cost Recovery Factors for the period October, 1990 through March, 1991, 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 April, 1990 through September, 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 April, 1990 through May, 1990, and revised

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estimates for the period June, 1990 through September, 1990;

9. Determination of the Final Oil Backout True-Up Amounts for the period October, 1989 through March, 1990, which are to be based on actual data for that period;
10. Determination of Generating Performance Incentive Factor Targets and Ranges for the period October, 1990 through March, 1991;
11. Determination of Generating Performance Incentive Factor Rewards and Penalties for the period October, 1989 through March, 1990; and
12. Determination of the Purchased Gas Adjustment True-Up Amounts for the period October, 1989 through March, 1990, to be recovered during the period September, 1990 through March, 1991.

#### 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 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.

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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>		
*P. D. Cleveland (FPC)	Components of FPC's Conservation Plan and Associated Costs	1-3
*D. Willis (FPL)	Components of FPL's Conservation Plan and Associated Costs	1-3
*Peacock (FPUC)	ECCR Projections; True- up (Marianna and Fernandina Beach Divisions)	1-3
*J. F. Young (GPC)	Components of Gulf's Conservation Plan and Associated Costs	1-3
*G. J. Kordecki (TECO)	Components of TECO's Conservation Plan and Associated Projected and Actual Costs	1-3
*Barefoot (CFG/PCNG)	True-up Factor; ECCR Projections (Proposed Methodology)	7, 9
*Sessa (CFG/PCNG)	True-up Factor; ECCR Projection (Current Methodology)	1-4

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<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
<u>(Direct)</u>		
T. D. Anderson (CGC)	Components of City Gas' Conservation Plan and Associated Costs	1-3
J. A. Wutzler (CGC)	ECCR Modification	4-7, 9
S. D. Wilson (PGS)	Components of PGS's Conservation Plan and Associated Projected and Actual Costs; True- up and Estimated True-up; Proposed Modification of Cost Recovery Methodology; Conservation Cost Recovery Factor(s)	1-9
*S. L. Shoaf (SJNG)	Components of SFNGC's Conservation Plan and Associated Projected and Actual Costs	1-3
*Arnold (WFNG)	Conservation True-ups Projections	1-3
*Sott (WFNG)	Conservation Projections	2
*Goodwin (WFNG)	Therm Sales Projections	3
*Smith (WFNG)	Proposed Modification of Conservation Cost Recovery Methodology	7, 9
A. Rosenberg (FIGU)	History of Surcharge and Impact of Proposed Methodology	4-9

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<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
<u>(Direct)</u>		
N. Elswick (Tropicana)	Whether Peoples Gas System, Inc. should Apply its Energy Conservation Cost Recovery Charge to Large Industrial Customers	4-9
K. D. Taylor (Tropicana)	Whether Peoples Gas System, Inc. should Apply its Energy Conservation Cost Recovery Charge to Large Industrial Customers	4-9

EXHIBIT LIST

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

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
* <u>(PDC-1)</u>	Cleveland (FPC)	Schedules C-1 - C-5;
* <u>(DLW-1)</u>	Willis (FPL)	CT-1 - CT-6
* <u>(DLW-2)</u>	Willis (FPL)	C-1 - C-5
* <u>(MAP-1)</u>	Peacock (FPUC)	Schedules CT-1 - CT-6 (Marianna and Fernandina Beach Divisions)
* <u>(MAP-2)</u>	Peacock (FPUC)	Schedules C-1 - C-5, (Marianna and Fernandina Beach Divisions)

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EXHIBIT LIST

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

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
* <u>(JFY-1)</u>	Young (GPC)	Schedules CT-1 - CT-6
* <u>(JFY-2)</u>	Young (GPC)	Schedules C-1 - C-5
* <u>(GJK-1)</u>	Kordecki (TECO)	Tampa Electric's Con- servation Cost Recovery True-up
* <u>(GJK-2)</u>	Kordecki (TECO)	Conservation Cost Recovery Projected Data
* <u>(PSB-1)</u>	Barefoot (CUC)	Schedules 1 and 2; Central Florida and Plant City
* <u>(SS-1)</u>	Sessa (CUC)	Schedules CT-1 - CT-6
* <u>(SS-2)</u>	Sessa (CUC)	Schedules C-1 - C-5
<u>(TDA-1)</u>	Anderson (CGC)	Conservation Cost Re- covery True-up Amount
<u>(TDA-2)</u>	Anderson (CGC)	Conservation Cost Re- covery Projection
<u>(JAW-1)</u>	Wutzler (CGC)	ECCR Charges by Rate Class
<u>(SDW-1)</u>	Wilson (PGS)	Conservation Cost Re- covery True-up data (October, 1989 through March, 1990), consis- ting of Schedules CT-1 - CT-6



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EXHIBIT LIST

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

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>(SDW-2)</u>	Wilson (PGS)	Data for Development of Conservation Cost Recovery Factor (October, 1990 through March, 1991), consisting of Schedules CT-1 - CT-6
<u>(SDW-3)</u>	Wilson (PGS)	Gas Hot Water Heater Load Retention Program
<u>(SDW-4)</u>	Wilson (PGS)	Gas ECCR Charges as Percentage of Electric Bill
<u>(SDW-5)</u>	Wilson (PGS)	ECCR Charges as Percentage of Charges for Gas Service (by Customer Class) - Present Methodology
<u>(SDW-6)</u>	Wilson (PGS)	ECCR Charges as Percentage of Charges for Gas Service (by Customer Class) - Present Methodology
<u>(SDW-7)</u>	Wilson (PGS)	Proposed ECCR Charges by Customer Class Based on Proposed Methodology (October, 1990 through March 1991)
* <u>(SLS-1)</u>	Shoaf (SJNG)	Schedules CT-1 - CT-6

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EXHIBIT LIST

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

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
* _____ (SLS-2)	Shoaf (SJNG)	Schedules C-1 - C-5
* _____ (CA-1)	Arnold (WFNG)	Schedules CT-1 - CT-6
* _____ (CA-2)	Arnold (WFNG)	Schedules C-1 through C-5
* _____ (PAS-1) (Revised)	Smith (WFNG)	ECCR Charges by Rate Class, Current Methodology
* _____ (PAS-2) (Revised)	Smith (WFNG)	ECCR Charges by Customer Class, (Peoples Gas Proposed Methodology)
_____ (AR-1)	Rosenberg (FIGU)	History of Surcharge and Impact of Proposed Methodology
_____ (KDT-1)	Taylor (TPI)	Kent D. Taylor; Professional Credentials
_____ (KDT-2)	Taylor (TPI)	Proposed Tropicana Service Lateral Bradenton, Florida

PARTIES' STATEMENTS OF BASIC POSITIONS

Staff:

N/A.

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Chesapeake Utilities Corporation (CUC):

The Commission should approve the final adjusted net true-up amount for the period October 1, 1989 through March 31, 1990, the estimated true-up amount for the six months ending September 30, 1990, the projected conservation expenses for the period October 1, 1990 through March 31, 1991, and the conservation cost recovery factor to be applied to bills rendered for meter readings taken between October 1, 1990 and March 31, 1991, as filed by the Florida Division of Chesapeake Utilities Corporation. Peoples' Gas System's proposal for calculating the ECCR factor is the most appropriate methodology in that regard.

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 October, 1990 through March, 1991, is 1.616 cents per therm, including tax. City Gas endorses the modification of the ECCR methodology proposed by Peoples Gas.

Florida Industrial Power Users Group (FIPUG):

N/A.

Florida Industrial Gas Users Group (FIGU):

FIGU supports the elimination of the ECCR charge for large industrial gas customers and large industrial interruptible gas customers. The ECCR charge should be calculated and assessed solely on the basis of residential and commercial base revenues. However, if the Commission does not eliminate the ECCR charge entirely for these customers, the Peoples Gas System proposal to reallocate the gas conservation surcharge to more closely track costs and benefits should be implemented.

Florida Power Corporation (FPC):

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

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Florida Power & Light Company (FPL):

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

Florida Public Utilities Company (FPUC):

The Commission should approve FPUC's true-up calculations, projections and conservation cost recovery factors for application to FPUC's bills to customers during the period October, 1990 through March, 1991.

Gulf Power Company

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 October, 1990 through March, 1991, including the true-up calculations and other adjustments allowed by the Commission.

Peoples Gas System, Inc. (PGS):

The Commission should approve PGS's final adjusted net true-up amount of \$645,865 (underrecovery) for the period October 1, 1989 through March, 1990 and should approve the estimated true-up amount of \$1,621,445 (underrecovery) for the six months ending September 30, 1990, and the projected conservation program expenses for the six months ending March 31, 1991.

The Commission should approve Peoples' proposed new methodology for recovering its conservation cost because it is more rational and equitable to all rate classes than is the current methodology. Based on the new methodology (if all customers are required to pay the ECCR factor), the Commission should approve the following ECCR factors for the following rate classes for application to bills rendered for meter readings taken between October 1, 1990 and March 31, 1991:

<u>Rate Class</u>	<u>ECCR Factor</u> <u>(Cents Per Therm)</u>
Residential	2.880
Commercial	1.836
Commercial - Large Volume	1.273
Interruptible	0.712
Interruptible Large Volume	0.450

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Office of Public Counsel (OPC):

At the April 17, 1990 Agenda Conference the Commission ordered that a separate investigative docket be opened to investigate Gulf Power Company's advertising expenses. The docket has not been opened to date and the order has not been written. As to Issues 1, 2 and 3, Public Counsel agrees with Staff with the understanding that that portion of Gulf Power Company's conservation costs related to advertising expenses will be addressed in a different proceeding and, depending on that decision, refunds may be ordered.

In its Order No. 9974, dated April 24, 1981, the Commission decided, as a matter of policy, that the costs of conservation programs should be recovered equally from all electric and gas utility customers on a per kilowatt-hour or per therm basis. Later, in Order No. 11210, dated September 29, 1982, the Commission, at page 9, reaffirmed that "conservation measures benefit all customers, and therefore should be collected in like manner from all customers." Peoples Gas's proposal to change its conservation cost recovery methodology is inconsistent with established policy, and the utility has not offered changed circumstances or other reasons that would support a departure from that policy.

St. Joe Natural Gas Company (SJNG):

The Commission should approve the final true-up amount for the six month period ending March 31, 1990, including interest, the projected conservation program expenses for the six month period ending March 31, 1991 and the Conservation Cost Recovery Factor be applied to customer bills rendered for the six month period ending March 31, 1991, as filed by SJNG.

Tampa Electric Company (TECO):

The Commission should determine that TECO has properly calculated its conservation cost recovery true-up projections and that the appropriate conservation cost recovery factor to be applied by TECO during the period October, 1990 through March, 1991 is 0.107 cents per kwh, for firm retail sales.

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Tropicana Products, Inc. (TPI):

Tropicana's basic position is that Peoples' ECCR should not be applied to large industrial customers because Peoples conservation programs are not beneficial to those customers and may actually be harmful to them. If Peoples' ECCR is to be applied to its large industrial customers, then Peoples proposed revision to its ECCR methodology should be approved. Further, Peoples' tariff should be revised to permit Peoples to reduce or waive its ECCR charges in cases of competitive fuels or potential bypass situations.

West Florida Natural Gas Company (WFNG):

The Commission should approve WFNG's true-up calculation, projections, and conservation cost recovery factors for application to WFNG bills during the period October, 1990 through March 1991. In addition, the Commission should approve the reallocation of conservation costs proposed by Peoples Gas System.

STATEMENT OF ISSUES AND POSITIONS

Stipulated issues are indicated with an asterisk (\*).

1. ISSUE: What is the appropriate adjusted net true-up amount for the period October, 1989 through March, 1990?

POSITIONS

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

FPC: Agree with utility - \$465,580 underrecovery.  
FPL: Agree with utility - \$586,610 overrecovery.  
FPUC: Agree with utility:  
    \$136 underrecovery (Marianna)  
    \$5,407 overrecovery (Fernandina)  
GULF: Agree with utility - \$162,590 overrecovery.  
TECO: Agree with utility - \$289,373 overrecovery.  
CUC: Agree with utility - \$23,402 overrecovery.  
CGC: Agree with utility - \$65,463 overrecovery.  
PGS: Agree with utility - \$645,865 overrecovery.  
SJNG: Agree with utility - \$11,868 overrecovery.  
TECO: Agree with utility - \$288,373 overrecovery.  
WFNG: Agree with utility - \$96,196 overrecovery.

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- OPC: Agree with Staff.
- CUC: \$23,402 overrecovery. (Sessa)
- CGC: \$65,463 overrecovery.
- FPC: \$465,580 underrecovery.
- FPL: \$586,610 overrecovery.
- FPUC: \$136 underrecovery (Marianna)  
\$5,407 overrecovery (Fernandina)
- GULF: \$162,590 overrecovery.
- PGS: \$645,865 underrecovery.
- SJNG: \$11,868 overrecovery.
- TECO: \$289,373 overrecovery.
- WFNG: \$96,196 overrecovery.
- FIPUG: No position.
- FIGU: No position.
- TPI: No position at this time.

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

POSITIONS

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

- FPC: Agree with utility - \$370,174 underrecovery.
- FPL: Agree with utility - \$414,758 underrecovery.
- FPUC: Agree with utility:
  - \$29 overrecovery (Marianna)
  - \$11,310 overrecovery (Fernandina)

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GULF: Agree with utility - \$177,898 overrecovery.  
TECO: Agree with utility - \$872,931 overrecovery.  
CUC: Agree with utility - \$13,524 overrecovery.  
CGC: Agree with utility - \$72,584 overrecovery.  
PGS: Agree with utility - \$1,621,445 underrecovery.  
SJNG: Agree with utility - \$15,111 overrecovery.  
WFNG: Agree with utility - \$105,591 overrecovery.

OPC: Agree with Staff.

CUC: \$13,524 overrecovery. (Sessa)

CGC: \$72,584 overrecovery.

FPC: \$370,174 underrecovery.

FPL: \$414,758 underrecovery.

FPUC: \$29 overrecovery (Marianna)  
11,310 overrecovery (Fernandina)

GULF: \$177,898 overrecovery.

PGS: \$1,621,445 underrecovery.

SJNG: \$15,111 overrecovery.

TECO: \$872,931 overrecovery.

WFNG: \$105,591 overrecovery.

FIGU: No position.

FIPUG: No position.

TPI: No position at this time.



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3. ISSUE: What is the appropriate conservation cost recovery factor for the period October, 1990 through March, 1991?

POSITIONS

STAFF: Staff's positions for investor-owned gas utilities on the appropriate cost recovery factors depend upon the Commissions vote on Issues 4 through 9.

FPC: Agree with utility - .231 cents per kwh.

FPL: Agree with utility - .084 cents per kwh.

FPUC: Agree with utility:  
.017 cents per kwh (Marianna)  
.007 cents per kwh (Fernandina)

GULF: Agree with utility - .013 cents per kwh.

TECO: Agree with utility - .107 cents per kwh.

CUC: Agree with utility - .284 cents per therm and .279 cents per therm - Public Authority Factor.

CGC: Agree with utility - 1.616 cents per therm.

PGS: Agree with utility - 1.079 cents per therm and 1.059 cents per therm - Public Authority Factor.

SJNG: Agree with utility - .087 cents per therm.

WFNG: Agree with utility - .846 cents per therm.

OPC: Agree with Staff.

CUC: If the current methodology is not changed, the appropriate cost recovery factors are .284 cents per therm; and .279 cents per therm for the Public Authority Factor. (Sessa)

CGC: 1.616 cents per therm.

FPC: .231 cents per kwh.

FPL: .084 cents per kwh.

FPUC: .017 cents per kwh (Marianna)  
.007 cents per kwh (Fernandina)

GULF: .013 cents per kwh.

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PGS: If the Commission makes no change in cost allocation methodology, 1.079 cents per therm and 1.059 cents per therm - Public Authority Factor.

SJNG: .087 cents per therm.

TECO: .107 cents per kwh.

WFNG: If the Commission makes no change in the conservation cost recovery methodology, the appropriate factor is .846 cents per therm.

FIGU: The ECCR factor should be eliminated for large interruptible gas users and large industrial interruptible gas users. The conservation cost recovery factor for October, 1990 through March, 1991 for the gas utilities should reflect the elimination of this factor.

FIPUG: No position.

TPI: The issue assumes that the Commission will continue the current ECCR allocation methodology without change. Tropicana has proposed certain changes in Issues 4-9. If the Commission retains the current methodology without any change, Tropicana has no position as to the proper levelized factor per therm.

4. ISSUE: Should large industrial gas customers be required to pay the energy conservation cost (ECCR) factor? (TPI/FIGU)

POSITIONS:

STAFF: No position at this time.

CUC: Yes. CUC supports Peoples Gas System's proposed methodology. (Barefoot).

CGC: Yes. However, City Gas believes the Commission should adopt the new methodology proposed by Peoples Gas for collecting these costs through the ECCR factor to make large industrial customers' contributions more proportionate to the benefits they receive from conservation programs. (Wutzler)

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FIPUG: No position at this time.

FIGU: No. Large industrial users receive no benefits from the programs which this charge supports. (Rosenberg)

OPC: Yes.

PGS: Yes; since these customers derive some benefits from Peoples' energy conservation programs, they should pay some portion of the costs of such programs, which costs are recovered by the Company through its ECCR factor. Under the current method for calculating the factor (i.e., dividing total conservation program costs by total therm sales for the projection period), however, the amount of such costs required to be paid by large industrial customers is grossly disproportionate to the benefits they receive. Thus, the ECCR factor charged by Peoples to its customers [including large industrial (interruptible) customers] to recover its conservation program costs should be based on the new methodology proposed herein by Peoples. However, even if Peoples' proposed new methodology is approved by the Commission, Peoples believes that it needs the flexibility (as suggested by Tropicana Products, Inc.) to reduce or waive entirely its ECCR charges for large industrial (interruptible) customers to prevent loss of such customers to alternate fuels, or to prevent the customers' complete bypass of the Company's distribution system -- events which would adversely affect the Company's remaining ratepayers. Large industrial (interruptible) customers should not be required to pay the ECCR factor to the extent of any such reduction or waiver. (Wilson)

SJNG: No position at this time.

TPI: No. Peoples' conservation programs are not beneficial to large industrial customers and may actually be harmful to such customers. (Elswick, Taylor)

WFNG: Yes. Firm industrial customers should pay an ECCR factor, but it should be calculated more equitably than under the present methodology. The pending proposal of Peoples Gas System to change the allocation of conservation costs would produce a more equitable result.

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5. ISSUE: Should interruptible gas customers be required to pay the energy conservation cost (ECCR) factor? (Staff)

POSITIONS:

STAFF: No position.

CUC: No position.

CGC: Yes, but only to the extent they would be required to pay under Peoples Gas' proposed new ECCR methodology. (Wutzler)

OPC: Yes.

FIPUG: No position at this time.

FIGU: No. See Issue 4. (Rosenberg)

PGS: People's position is the same as its position on Issue 4.

SJNG: No position at this time.

TPI: No. See Tropicana's position on Issue No. 4. (Elswick, Taylor)

WFNG: Yes. These customers derive some benefit from WFNG's energy conservation programs. However, WFNG supports the proposed Peoples Gas mechanism for allocating conservation costs, which would be more equitable to this customer class.

6. ISSUE: Should natural gas used to fire cogeneration facilities be subject to the energy conservation cost recovery (ECCR) factor? (TPI)

POSITIONS:

STAFF: No position at this time.

CUC: No position.

CGC: No. (Wutzler)

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FIPUG: No position.

FIGU: No. (Rosenberg)

PGS: No, due to the significant contribution which cogeneration facilities make to energy conservation. (Wilson)

SJNG: No position at this time.

TPI: No. Such facilities, constructed with private funds, conserve energy and confer a substantial benefit on the State and should not be penalized for using natural gas. (Elswick, Taylor)

WFNG: No. Cogeneration advances conservation goals for the benefit of the state and its citizens, and should be encouraged. A conservation surcharge will make cogeneration less attractive economically.

OPC: Yes.

- 7. ISSUE: Peoples Gas System, Inc., in Docket 900409-EG, proposed a change in the Commission-required methodology for Energy Conservation Cost Recovery (ECCR) by gas utilities. The proposed method is similar to the application of interim revenue increases equally across the base rates for all classes. The current method, in place since 1981, recovers costs by applying a flat cents per therm ECCR factor on all therms sold. Peoples proposed to recover ECCR costs from each customer class in proportion to that class' total non-gas revenues in the same ratio as the proportion of total ECCR revenues to the utility's total non-gas revenues. This would require a different ECCR factor for each rate class. Should this change be made for all gas utilities participating in ECCR, effective with the October 1, 1990 through March 31, 1991 recovery period? (Staff)

POSITIONS:

STAFF: No position at this time.

CUC: Yes. (Barefoot)

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CGC: Yes. City Gas adopts the position stated by Peoples Gas System, Inc. (Wutzler)

FIPUG: No position.

FIGU: Yes, if the Commission does not eliminate this charge entirely for large industrial customers. See Issue 4. (Rosenberg)

PGS: Yes. Peoples' proposed new methodology is more rational and equitable for all customer classes in that it results in ECCR charges more closely related to Peoples' cost of service to each rate class, more equitably assigns responsibility for conservation program costs to the rate classes in relation to the program benefits received by each class, and furthers the objective of assisting Peoples in retaining large volume interruptible customers on its distribution system. That objective would be furthered to an even greater extent if Peoples is permitted to waive or reduce its ECCR charges to interruptible customers to prevent their loss to alternate fuels or their bypass of the Company's distribution system. (Wilson)

SJNG: No position at this time.

TPI: Large industrial customers should not be subject to Peoples' ECCR. However, if such customers must continue to pay Peoples' ECCR, then Peoples ECCR methodology should be modified in accordance with the petition, effective October 1, 1990. (Elswick, Taylor)

WFNG: Yes, except to the extent the Commission determines that interruptible customers or cogeneration customers should not be subject to the ECCR surcharge. The Peoples Gas proposal is a more equitable method of recovering conservation costs. (Smith)

OPC: No.

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8. ISSUE: Should Peoples Gas System be granted the flexibility to reduce or waive its ECCR factor in response to competition from alternate fuel competition or the possibility of customer bypass? (TPI/PGS)

POSITIONS:

STAFF: No position at this time.

CUC: No position.

CGC: No position at this time.

FIPUG: No position at this time.

FIGU: Yes. (Rosenberg)

PGS: Yes. (Wilson)

SJNG: No position at this time.

TPI: Yes. Peoples' conservation cost recovery clause in its tariff should be revised to permit Peoples to reduce or eliminate ECCR charges in response to fuel competition or the possibility of bypass. This would provide Peoples the flexibility to respond to competitive conditions. (Elswick, Taylor)

WFNG: Although this issue is framed with respect to Peoples Gas System only, it appears to be generic in nature. WFNG supports in principle the suggested flexibility, subject to the reasonable resolution of such matters as the mechanism for subsequent recovery of costs that have been "waived" for the large customer.

OPC: No.

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9. ISSUE: If the Commission approves the proposed change in the recovery methodology for ECCR by investor-owned gas utilities, what is the appropriate conservation cost recovery factor for each rate class for the period October 1990 through March 1991? (Staff/PGS)

POSITIONS:

STAFF: Staff's positions on the appropriate rate class cost recovery factors depend upon the Commission's vote on Issues 4 through 8.

CGC:

<u>Rate Schedule</u>	<u>ECCR Factor (Cents Per Therm)</u>
Residential	3.017
Gas Lighting Customers	3.071
Commercial Firm	1.176
Compressed Natural Gas	0.874
Interruptible Preferred	0.611

CUC:

<u>Rate Schedule</u>	<u>ECCR Cents Per Therm</u>	<u>ECCR Adjusted For Taxes</u>
GS Residential	\$0.01943	0.198
AC Residential	\$0.01892	0.01928
GS Commercial	\$0.00888	0.00905
GA Commercial LV	\$0.00494	0.00503
GS Industrial	\$0.00300	0.00306
Interruptible	\$0.00142	0.00145
Public Authority	\$0.00142	0.00143

(Barefoot)

FIPUG: No position.

FIGU: This is a fallout calculation based on the Commission's vote on the preceding issues. Each utility should be required to provide the appropriate calculation. (Rosenberg)



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PGS:

<u>Rate Class</u>	<u>ECCR factor (cents per therm)</u>
Residential	2.880
Commercial	1.836
Commercial-Large Volume	1.273
Interruptible	0.712
Interruptible-Large Volume	0.451

(Wilson)

SJNG: No position at this time.

TPI: The appropriate rate class cost recovery factors depend on the Commission's action on Issue 4-8. The final factors cannot be properly identified until interactive effects of the various issues are accounted for. Peoples position on this issue assumes that the Commission will change the ECCR allocation methodology only as Peoples has proposed.

WFNG: Assuming the Peoples Gas methodology is approved and no other changes are made to the mechanism of cost recovery, the following factors would apply:

<u>Rate Class</u>	<u>ECCR Factor (Cents Per Therm)</u>
Residential	1.959
Commercial	0.684
Firm Industrial	0.221
Interruptible	0.149

(Smith)

OPC: No position at this time.

- 10. ISSUE: Are Gulf Power Company's advertising expenses accurate, reasonable, prudently incurred, and appropriate for cost recovery?

By agreement of the parties this issue will be addressed in a separate docket.

MOTIONS

TPI: During the Prehearing Conference, the Staff indicated that it was normal practice for the Staff to bring generic issues, such as Issue 4-9, to an agenda conference after hearing, rather than for the Commission to vote on the issues at the close of hearing. Staff also indicated that, under such circumstances, it was not likely that any changed methodology could be put in effect by October 1, 1990. In response, Tropicana made an oral motion that the Commission vote on Issues 4-9 at the close of the hearing or as soon thereafter as will permit Peoples to implement any changes in its ECCR methodology by October 1, 1990. The Prehearing Officer deferred any ruling on Tropicana's motion to the full panel.

FIGU: FIGU joins in the motion made by Tropicana at the Prehearing Conference for a bench vote on implementation of the appropriate ECCR factor. The Commission should act quickly to implement its decision so that the appropriate factor will be in place by October 1, 1990.

OTHER MATTERS

None at this time.

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.

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By ORDER of Commissioner Betty Easley, Prehearing Officer,  
this 22nd day of AUGUST, 1990.

*Betty Easley*  
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BETTY EASLEY, Commissioner  
and Prehearing Officer

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