#### BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Conservation Cost	) DOCKET NO. 930002-EG
Recovery Clause.	) ORDER NO. PSC-93-1202-PHO-EG
	) ISSUED: August 16, 1993

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

#### APPEARANCES:

JAMES McGEE, Esquire, Florida Power Corporation, Post Office Box 14042, St. Petersburg, Florida 33733-4042 On behalf of Florida Power Corporation.

CHARLES A. GUYTON, Esquire, Steel Hector & Davis, 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301

On behalf of Florida Power & Light Company.

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

G. EDISON HOLLAND, JR., Esquire, and JEFFREY A. STONE, Esquire, Beggs & Lane, 700 Blount Building, 3 West Garden Street, Post Office Box 12950, Pensacola, Florida 32576-2950

On behalf of Gulf Power Company.

LEE L. WILLIS, Esquire, and JAMES D. BEASLEY, Esquire, Ausley, McMullen, McGehee, Carothers and Proctor, Post Office Box 391, Tallahassee, Florida 32302

On behalf of Tampa Electric Company and City Gas Company of Florida.

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

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

DOCUMENT VICTORIAL STE

08788 AUG 16 %

> VICKI GORDON KAUFMAN, Esquire, McWhirter, Grandoff and Reeves, 315 South Calhoun Street, Suite 716, Tallahassee, Florida 32301

On behalf of the Florida Industrial Power Users Group.

JOHN ROGER HOWE, Esquire, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Suite 812, Tallahassee, Florida 32399-1400 On behalf of the Citizens of the State of Florida.

ROBERT V. ELIAS, Esquire, and MARTHA CARTER BROWN, Esquire, 101 East Gaines Street, Tallahassee, Florida 32399-0863

On behalf of the Staff of the Florida Public Service Commission.

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

## PREHEARING ORDER

#### I. CASE BACKGROUND

As part of the Commission's continuing fuel and energy conservation cost and purchased gas cost recovery proceedings, a hearing is set for August 18-20, 1993 in this docket and in Dockets No. 930001-EI and 930003-GU. The following subjects were noticed for hearing in such dockets:

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

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

- Determination of the Final Oil Backout True-Up Amounts for the period October, 1992 through March, 1993, which are to be based on actual data for that period;
- 10. Determination of Generating Performance Incentive Factor Targets and Ranges for the period October, 1993 through March, 1994;
- 11. Determination of Generating Performance Incentive Factor Rewards and Penalties for the period October, 1993 through March, 1994;
- 12. Determination of the Purchased Gas Adjustment Cost Recovery Factors for the period October, 1993 through March 1994.

## II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

- A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 366.093(2), Florida Statutes.
- B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 364.183, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

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

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.
- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 5) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Commission Clerk's confidential files.

## III. PREFILED TESTIMONY AND EXHIBITS

Testimony of all witnesses to be sponsored by the parties has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes Upon insertion of a witness' testimony, exhibits the stand. appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and crossexamine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

#### IV. ORDER OF WITNESSES

\* The parties have stipulated to the admission of the testimony of all witnesses. That testimony, and the accompanying exhibits, will be entered into the record as though read. Cross examination is waived. All witnesses are excused from attendance at the hearing.

Witness (Direct)	Appearing For	<u>Issues</u>
*P. D. Cleveland	FPC	1, 2, 3
*N. G. Hawk	FPL	1, 2, 3, 4
*B. T. Birkett	FPL	3, 5
*M. A. Peacock	FPUC	1, 2, 3
*J. T. Kilgore, Jr.	GPC	1, 2, 3
*G. J. Kordecki	TECO	1, 2, 3, 6
*W. M. Nettles	CUC	1, 2, 3

Witness (Direct)	Appearing For	Issues
*T. D. Anderson	CGC	1, 2, 3
*V. I. Krutsinger	PGS	1, 2, 3
*D. S. Stitt	SJNG	1, 2, 3
*C. Arnold	WFNG	1, 2, 3
*R. C. Sott	WFNG	2, 3
*T. Goodwin	WFNG	2, 3

#### V. BASIC POSITIONS

FLORIDA POWER CORPORATION (FPC): FPC's true-up amounts and cost recovery factors should be approved as filed.

FLORIDA POWER AND LIGHT (FPL): FPL's proposed Conservation Cost Recovery Factor of .230 cents/kWh for the October 1993 through March 1994 recovery period should be approved if FPL's proposed ECCR cost of service and rate design proposals are deferred to a generic ECCR cost of service and rate design proceeding to be resolved before the next ECCR recovery proceeding.

FLORIDA PUBLIC UTILITIES COMPANY (FPUC): Florida Public Utilities has properly projected its costs and calculated its true-up amounts and conservation cost recovery factors. Its expenses and projections are prudent, and its conservation cost recovery factors should be approved by the Commission.

GULF POWER COMPANY (GPC): 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 1993 through March 1994, 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 October 1993 - March 1994 is 0.011 cents per KWH for interruptible sales and 0.145 cents per KWH for firm sales.

CHESAPEAKE UTILITIES CORPORATION (CUC): The Commission should approve CUC's final adjusted net true-up amount of \$1,352.18 (overrecovery) for the period October 1, 1992 through March 31, 1993, and should approve the estimated true-up amount for the six months ending March 31, 1994, and the projected conservation program expenses for the period October 1, 1993 through March 31, 1994. 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, 1993 and March 31, 1994:

Rate Class	ECCR Factor
GS Residential	2.050 cents / therm
GS Commercial	0.708 cents / therm
GS Commercial - Large Volume	0.428 cents / therm
GS Industrial	0.231 cents / therm
Firm Transportation	0.229 cents / therm

CITY GAS COMPANY (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 1993 - March 1994 is 4.652 cents per therm for the Residential rate class and 1.555 cents per therm for the Commercial rate class.

PEOPLES GAS SYSTEM (PGS): The Commission should approve PGS's final adjusted net true-up amount of \$119,909.70 (underrecovery) for the period October 1992 through March 1993, and should approve the estimated true-up amount for the six months ending September 30, 1993, and the projected conservation program expenses for the six months ending March 31, 1994. 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, 1993 and March 31, 1994:

Rate Class	ECCR Factor
Residential	6.013 cents / therm
Commercial Street Lighting	0.845 cents / therm
Small Commercial	5.583 cents / therm
Commercial	2.440 cents / therm
Commercial - Large Volume 1	1.993 cents / therm
Commercial - Large Volume 2	1.453 cents / therm

ST. JOE NATURAL GAS COMPANY (SJNG): The Commission should approve the final adjusted net true-up amount for the six month period ending September 30, 1993 including interest, the projected

conservation program expenses for the six month period ending March 31, 1994 and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the six month period ending March 31, 1994 as filed by SJNG.

WEST FLORIDA NATURAL GAS COMPANY (WFNG): West Florida Natural Gas Company has properly projected its costs and calculated its true-up amounts and conservation cost recovery factors. Its expenses and projections are prudent, and its conservation cost recovery factors should be approved by the Commission.

FLORIDA INDUSTRIAL POWER USERS GROUP (FIPUG): Interruptible customers should continue to be excluded from the conservation surcharge. It is FIPUG's understanding that conservation recovery issues will be addressed in a separate hearing and FIPUG will participate therein.

OFFICE OF PUBLIC COUNSEL (OPC): None at this time.

**STAFF:** Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

## VI. ISSUES AND POSITIONS

- \* Stipulated issues are identified by an asterisk.
- \*\* The stipulation on FPL's conservation cost recovery factor is made pending resolution of Issue 4.

\*ISSUE 1: What is the appropriate adjusted net conservation cost recovery true-up amount for the period October 1992 through March 1993?

#### Electric Utilities:

FPC: \$ 1,080,491 underrecovery.

FPL: \$ 1,044,054 underrecovery.

FPUC: \$ 544 underrecovery. (Marianna)

\$ 2,938 overrecovery. (Fernandina Beach)

GULF: \$ 2,971 overrecovery.

TECO: \$ 102,510 overrecovery.

## Gas Utilities:

CUC: \$ 1,352 overrecovery. \$ 90,397 underrecovery. \$ 119,910 underrecovery. CGC: PGS: SJNG: WFNG: \$ 6,043 underrecovery. \$ 124,841 overrecovery.

\*ISSUE 2: What is the appropriate projected end-of-period total net conservation cost recovery true-up amount for the period April 1993 through September 1993?

## Electric Utilities:

FPC: \$ 3,845,119 underrecovery. FPL: \$ 2,165,329 underrecovery. FPUC: 765 overrecovery. (Marianna) 3,136 overrecovery. (Fernandina Beach) \$ 2,774 underrecovery. GULF: TECO: \$ 458,441 overrecovery. Gas Utilities: CUC: \$ 11,870 overrecovery. CGC: \$ 118,009 underrecovery. PGS: \$ 314,210 underrecovery. SJNG: WFNG: \$ 10,882 underrecovery.

\*ISSUE 3: What is/are the appropriate conservation cost recovery factor(s) for the period October 1993 through March 1994?

127,698 overrecovery.

## Electric Utilities:

\*\* FPL:

FPC:	Rate Class	ECCR Factor
	Residential	.590 cents / kWh
	General Svc. Non-Demand	.433 cents / kWh
	General Svc. 100% Load Factor	.343 cents / kWh
	General Svc. Demand	.389 cents / kWh
	Curtailable	.316 cents / kWh
	Interruptible	.329 cents / kWh
	Lighting	.172 cents / kWh

.230 cents / kWh

	Marianna Fernandina Beach	.013 cents / kWh .005 cents / kWh
GPC:		.033 cents / kWh
TECO:	Interruptible Firm	.011 cents / kWh .145 cents / kWh
Gas Ut	ilities:	
CUC:	Rate Class GS - Residential GS - Commercial GS - Commercial-Large Volume GS - Industrial Firm Transportation	ECCR Factor 2.050 cents / therm .708 cents / therm .428 cents / therm .231 cents / therm .229 cents / therm
CGC:	Rate Class RS - Residential CS - Commercial	ECCR Factor 4.652 cents / therm 1.555 cents / therm
PGS:	Rate Class Residential Commercial - Street Lighting Commercial - Small Volume Commercial Commercial - Large Volume 1 Commercial - Large Volume 2	ECCR Factor 6.013 cents / therm .845 cents / therm 5.583 cents / therm 2.440 cents / therm 1.993 cents / therm 1.453 cents / therm
SJNG:	Rate Class Residential Commercial Commercial - Large Volume	ECCR Factor 2.755 cents / therm 4.077 cents / therm 2.445 cents / therm
WFNG:	Rate Class Residential Commercial Commercial - Large Volume Industrial Firm Transportation Special Contract	ECCR Factor 3.977 cents / therm 1.483 cents / therm 1.109 cents / therm .282 cents / therm .282 cents / therm .282 cents / therm .282 cents / therm

## Company-Specific Conservation Cost Recovery Issues

**ISSUE 4:** Should FPL be allowed to recover the \$118,794 of expenses for the C/I Efficient Lighting Program incurred prior to Commission approval of modifications to the program?

Yes. The \$118,794 of expenses were primarily for training which FPL consolidated with training for two other recently approved programs. Consolidation reduced the time and resources for training and allowed a quicker roll out of the C/I Lighting Program.

FIPUG: No position.

OPC: No.

Yes, subject to audit to ensure costs were incurred in conjunction with training for FPL's C/I High Efficiency Split Package DX A/C Program and C/I Air-Cooled Chiller Efficiency Enhancements Program.

The parties have agreed to address this issue by oral argument at the hearing on the policy implications of permitting recovery of expenses associated with the C/I Efficient Lighting Program that were incurred prior to Commission approval of the program. As there is no dispute of fact on this issue, the witnesses are excused and their testimony will be entered into the record as though read. Cross examination is waived.

**\*ISSUE 5:** Should FPL's proposed changes to the way its ECCR costs are classified and allocated to all rate classes and recovered for demand billed classes be approved?

With the understanding that these proposed changes will be heard in a generic proceeding on ECCR cost of service and rate design and resolved before the next ECCR recovery hearing, the parties have agreed to defer the Commission's consideration of these proposed changes at this time.

\*ISSUE 6: Is it appropriate for TECO's interruptible customers to continue to be excluded from the demand savings of TECO's conservation programs now that cost of service is no longer

allocated on an equivalent peaker basis pursuant to TECO's latest rate case?

With the understanding that this issue will be considered in Docket No. 930759-EG at the hearing to be held on October 8, 1993, the parties have agreed to defer the Commission's consideration of the issue at this time.

## VII. EXHIBIT LIST

# \* The parties have stipulated to the admission of the testimony and exhibits of all witnesses.

Witness	Proffered By	Exhibit No.	Description
Cleveland	FPC	1 PDC-1	Summary of Estimated Cost Recovery Clause Calculations
Hawk	FPL	$\frac{2}{\text{NGH-1}}$	Schedules CT-1 through CT-6
Hawk/ Birkett	FPL	$\frac{3}{\text{NGH-2}}$	Schedules C-1 through C-5
Hawk	FPL	$\frac{4}{\text{NGH}-3}$	Revised Schedule C-1
Peacock	FPUC	5 MAP-1	Schedules CT-1 through CT-6 (Marianna and Fernandina Beach Divisions)
Peacock	FPUC	6 MAP-2	Schedules C-1 through C-5 (Marianna and Fernandina Beach Divisions)
Kilgore	GPC	7 JTK-1	Schedules CT-1 through CT-6
Kilgore	GPC	8 JTK-2	Schedules C-1 through C-5
Kordecki	TECO	9 GJK-1	Schedules CT-1 through CT-6

Witness	Proffered By	Exhibit No.	Description
Kordecki	TECO	10 GJK-2	Schedules C-1 through C-5
Nettles	CUC	11 WMN-1	Schedules CT-1 through CT-6
Nettles	CUC	12 WMN-2	Schedules C-1 through C-5
Anderson	CGC	13 TDA-1	Schedules CT-1 through CT-6
Anderson	CGC	14 TDA-2	Schedules C-1 through C-5
Krutsinge	r PGS	15 VIK-1	Schedules CT-1 through CT-6
Krutsinge	r PGS	16 VIK-2	Schedules C-1 through C-5
Arnold	WFNG	<u>17</u> CA-1	Schedules CT-1 through CT-6
Arnold	WFNG	18 CA-2	Schedules C-1 through C-5

# VIII. PROPOSED STIPULATIONS

All parties agree to stipulate Issues 1, 2, 3, 5 and 6. Oral argument will be held on Issue 4.

## IX. PENDING MOTIONS

None.

## X. OTHER MATTERS

None.

It is therefore,

ORDERED by Chairman J. Terry Deason, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By order of Chairman J. Terry Deason, as Prehearing Officer, this \_\_\_\_l6th\_\_\_day of \_\_\_\_\_August\_\_\_\_\_\_, \_\_1993\_\_\_\_.

J. TERRY DEASON, Chairman and Prehearing Officer

(SEAL) RVE

## NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary,

procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.