

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased gas adjustment
(PGA) true-up.

DOCKET NO. 980003-GU
ORDER NO. PSC-98-1542-PHO-GU
ISSUED: November 20, 1998

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code, a Prehearing Conference was held on Monday, November 16, 1998, in Tallahassee, Florida, before Commissioner Susan F. Clark, as Prehearing Officer.

APPEARANCES:

WAYNE L. SCHIEFELBEIN, ESQUIRE, Ruden McClosky Smith Schuster & Russell, P.A., 215 South Monroe Street, Suite 815, Tallahassee, Florida 32301
On behalf of Chesapeake Utilities Corporation (CUC).

MICHAEL A. PALECKI, ESQUIRE, 955 East 25th Street, Hialeah, Florida 33013
On behalf of NUI/City Gas Company of Florida (CITY GAS).

KENNETH A. HOFFMAN, ESQUIRE, Rutledge Ecenia Underwood Purnell & Hoffman, P.A., Post Office Box 551, Tallahassee, Florida 32302
On behalf of Florida Public Utilities Company (FPU).

DAVID M. NICHOLSON, ESQUIRE, Macfarlane Ferguson & McMullen, Post Office Box 1531, Tampa, Florida 33601
On behalf of Peoples Gas System (PGS).

NORMAN H. HORTON, Jr., ESQUIRE, Messer Caparello & Self, P.A., Post Office Box 1876, Tallahassee, Florida 32302
On behalf of Sebring Gas System, Inc. (SEBRING) and South Florida Natural Gas, Florida Division (SFNG)

JOHN ROGER HOWE, ESQUIRE, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399
On behalf of the Citizens of the State of Florida (OPC).

WILLIAM COCHRAN KEATING, IV, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Commission Staff (STAFF).

DOCUMENT NUMBER-DATE

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7880-100/NOV/20/1998

PREHEARING ORDER

I. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, Florida Administrative Code, this Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

II. CASE BACKGROUND

As part of the Commission's continuing fuel cost, conservation cost recovery, purchased gas adjustment and environmental cost recovery proceedings, a hearing is set for November 23 - 25, 1998, in this docket and in Docket Nos. 980001-EI, 980002-EG, and 980007-EI. The hearing will address the issues set out in the body of this Prehearing Order. The parties have reached agreement concerning all issues identified for resolution at the November 23 - 25, 1998, hearing. Therefore, the case will be presented to the panel as a stipulation.

III. 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 366.093, 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.
- 3) 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

Division of Records and Reporting's confidential files.

IV. POST-HEARING PROCEDURES

Each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, Florida Administrative Code, a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages and shall be filed at the same time.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

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 the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, 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.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

VI. ORDER OF WITNESSES

- * As a result of discussions at the prehearing conference, each witness whose name is preceded by an asterisk (*) has been excused if no Commissioner assigned to hear this case seeks to cross-examine the particular witness. Parties shall be notified by the close of business on Friday, November 20, 1998, as to whether each witness shall be required to be present at hearing. The testimony of excused witnesses will be inserted into the record as though read and all exhibits submitted with those witnesses' testimony shall be identified as shown in Section IX of this Prehearing Order and be admitted into the record.

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
*A.V. Wood	CUC	1, 2, 3, 4
*R.A. DeMoine	City Gas	1, 2, 3, 4
*G.M. Bachman	FPU	1, 2, 3, 4, 5
*M.L. Schneidermann	FPU	4
*B.J. Powers	IGC	1, 2, 3, 4
*W.E. Elliott	PGS	1, 2, 3, 4, 5
*J.L. Melendy	Sebring	1, 2, 3, 4, 5
*S.L. Shoaf	SJNG	1, 2, 3, 4, 5
*A. Kara	SFNG	1, 2, 3, 4

VII. BASIC POSITIONS

POSITIONS:

CUC: The appropriate over(under) recovery amounts and purchased gas adjustment factor are as shown in the Company's positions on Issues 1 - 4.

CITY

GAS:

NUI/City Gas has appropriately calculated its true-up and purchased gas adjustment factor as shown in the Company's positions on Issues 1 - 4.

FPU:

FPU has properly calculated its true-up amounts and projected gas costs. Its costs and projections are reasonable and its purchased gas cost recovery factors should be approved.

IGC:

The Commission should approve the PGA true-up, including interest, and the PGA Factor of \$0.44710 per therm to be applied to customer bills rendered for the period ending December 31, 1999.

PGS:

The Commission should approve Peoples' final PGA true-up amount for the period April, 1997 through March, 1998 of \$1,014,745 (overrecovery), its estimated PGA true-up amount of \$804,877 (underrecovery) for the period April, 1998 through December, 1998, and its levelized PGA (cap) factor of 49.786 cents per therm for application to customers' bills during the period January 1, 1999 through December 31, 1999.

SEBRING:

Sebring Gas System, Inc. Has properly calculated its true-up amounts and projected gas costs. Its costs and projections are reasonable and its purchased gas cost recovery factor should be approved.

SJNG:

The appropriate over (under) recovery amounts and purchased gas adjustment factors are shown in the company's positions on Issues 1 - 5.

SFNG:

The appropriate over (under) recovery amounts and purchased gas adjustment factors are as shown in the Company's positions on Issues 1 - 4.

OPC:

None necessary.

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.

VIII. ISSUES AND POSITIONS

Generic Purchased Gas Adjustment Issues

STIPULATED

ISSUE 1: What are the appropriate final purchased gas adjustment true-up amounts for the period April 1997 through March 1998?

POSITION:

Chesapeake Utilities Corporation	\$133,533	Underrecovery
City Gas Company of Florida	\$1,706,048	Overrecovery
Florida Public Utilities	\$516,932	Underrecovery
Indiantown Gas Company	\$67,692	Underrecovery
Peoples Gas System, Inc.	\$1,014,745	Overrecovery
Sebring Gas System, Inc.	\$14,074	Overrecovery
St. Joe Natural Gas Company	\$99,666	Overrecovery
South Florida Natural Gas Company	\$19,668	Underrecovery

STIPULATED

ISSUE 2: What are the estimated purchased gas adjustment true-up amounts for the period April 1998 through December 1998?

POSITION:

Chesapeake Utilities Corporation	\$60,458	Overrecovery
City Gas Company of Florida	\$73,153	Underrecovery
Florida Public Utilities	\$783,237	Overrecovery
Indiantown Gas Company	\$22,934	Underrecovery
Peoples Gas System, Inc.	\$804,877	Underrecovery
Sebring Gas System, Inc.	\$7,257	Underrecovery
St. Joe Natural Gas Company	\$61,834	Overrecovery
South Florida Natural Gas Company	\$101,779	Overrecovery

STIPULATED

ISSUE 3: What are the total purchased gas adjustment true-up amounts to be collected during the period January 1999 through December 1999?

POSITION:

Chesapeake Utilities Corporation	\$73,075	Underrecovery
City Gas Company of Florida	\$1,632,896	Overrecovery
Florida Public Utilities	\$266,305	Overrecovery
Indiantown Gas Company	\$90,626	Underrecovery
Peoples Gas System, Inc.	\$209,981	Overrecovery
Sebring Gas System, Inc.	\$6,817	Overrecovery
St. Joe Natural Gas Company	\$161,500	Overrecovery
South Florida Natural Gas Company	\$82,111	Overrecovery.

STIPULATED

ISSUE 4: What are the appropriate levelized purchased gas cost recovery (cap) factors for the period January 1999 through December 1999?

POSITION:

Chesapeake Utilities Corporation	41.668 cents per therm
City Gas Company of Florida	46.082 cents per therm
Florida Public Utilities	49.397 cents per therm
Indiantown Gas Company	44.710 cents per therm
Peoples Gas System, Inc.	49.786 cents per therm
Sebring Gas System, Inc.	40.930 cents per therm
St. Joe Natural Gas Company	60.800 cents per therm
South Florida Natural Gas Company	30.644 cents per therm

STIPULATED

ISSUE 5: What should be the effective date of the new purchased gas adjustment charge for billing purposes?

POSITION: The factor should be effective for all meter readings on or after January 1, 1999, beginning with the first or applicable billing cycle for the period January 1999 through December 1999.

IX. EXHIBIT LIST

Witnesses whose names are preceded by an asterisk (*) have been excused. All exhibits submitted with those witnesses' testimony shall be admitted into the record.

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
*Wood	CUC	(AVW-1)	April 1997 - March 1998 True-Up, Schedules A-1 through A-7
		(AVW-2)	January 1999 - December 1999 PGA Factor, Schedules E-1 through E-5
*DeMoine	City Gas	(RAD-1)	January 1999 - December 1999 PGA Factor, Schedules E-1, E-1R, E-2, E-3, E-4 and E-5
*Bachman	FPU	(GMB-)	Schedules A-1, A-1/R, A-1 flex down, A-1 Supporting Detail A-2, A-3, A-4, A-5, A-6 and A-7
		(GMB-2) Composite	Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5
*Powers	IGC	(BJP-1) Composite	Schedules A-1, A-2, A-3, A-4, A-5, A-6
		(BJP-2) Composite	Schedules E-1, E-1R, E-2, E-3, E-4, E-5

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
*Elliott	PGS	(EE-1)	Calculation of final true-up for April 1997 - March 1998 (Schedules A-1 through A-6)
		(EE-2)	Calculation of estimated true-up for April 1998 - December 1998; total true-up for January 1999 - December 1999; Calculation of PGA factor for January 1999 - December 1999 (Schedules E-1 through E-5)
*Melendy	Sebring	(JHM-1) Composite	Schedules A-1, A-1S, A-2, A-3, A-4, A-5, A-6, A-7
		(JHM-2) Composite	Schedules E-1, E-1R, E-2, E-3, E-4, E-5
*Shoaf	SJNG	(SLS-1)	PGA Summary of estimates for the projected period; E-1
		(SLS-2)	Calculation of true-up amount current period (5 months actual 4 months estimated); E-2
		(SLS-3)	Transportation purchases system supply and end use for the projected period; E-3

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
		(SLS-4)	Calculation of true-up amount for the projected period based on the prior period and current period (5 months actual, 4 months estimated); E-4
		(SLS-5)	Therms Sales and Customer Data (For the projected period); E-5
		(SLS-6)	Reprojected PGA for Current Period (5 months actual, 4 months estimated); E-1/R
*Kara	SFNG	(AK-1) Composite	April 1997 - March 1998 True-Up, Schedules A-1 through A-7
		(AK-2) Composite	January 1999 - December 1999 PGA Factor, Schedules E-1 through E-5

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

The parties have stipulated to all issues.

XI. PENDING MOTIONS

There are no pending motions.

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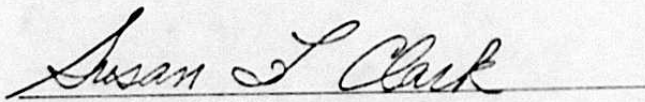
XII. RULINGS

Counsel representing companies whose witnesses have been excused from attending the hearing for this docket, pursuant to Section VI of this Prehearing Order, shall be excused.

It is therefore,

ORDERED by Commissioner Susan F. Clark, 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 Commissioner Susan F. Clark, as Prehearing Officer, this 20th day of November, 1998.



SUSAN F. CLARK
Commissioner and Prehearing Officer

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

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Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

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 25-22.0376, 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.