

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased Gas Adjustment
(PGA) True-Up.

DOCKET NO. 010003-GU
ORDER NO. PSC-01-2271-PHO-GU
ISSUED: November 19, 2001

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code, a Prehearing Conference was held on November 8, 2001, in Tallahassee, Florida, before Commissioner Lila A. Jaber, as Prehearing Officer.

APPEARANCES:

WAYNE L. SCHIEFELBEIN, ESQUIRE, P. O. Box 15856,
Tallahassee, Florida 32317
On behalf of Chesapeake Utilities Corporation ("CUC").

RICHARD D. MELSON, ESQUIRE, Hopping Green & Sams, P. A.,
P. O. Box 6526, Tallahassee, Florida 32314
On behalf of City Gas Company of Florida ("City Gas").

NORMAN H. HORTON, JR., ESQUIRE, Messer, Caparello & Self,
P. A., P. O. Box 1876, Tallahassee, Florida 32302-1876
On behalf of Florida Public Utilities Company ("FPU");
Sebring Gas System, Inc. ("Sebring"); South Florida
Natural Gas ("SFNG").

ANSLEY WATSON, JR., ESQUIRE, MacFarlane Ferguson &
McMullen, Post Office Box 1531, Tampa, Florida 33601
On behalf of Peoples Gas System ("Peoples").

STUART L. SHOAF, P. O. Box 549, Port St. Joe, Florida
32457-0549
On behalf of St. Joe Natural Gas Company, Inc. ("SJNG").

ROBERT D. VANDIVER, ESQUIRE, Office of Public Counsel,
c/o The Florida Legislature, 111 West Madison Street,
Room 812, Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida
("OPC").

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CL FRK

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

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 purchased gas adjustment true-up proceedings, an administrative hearing in this docket is set for November 20-21, 2001. The parties have reached agreement concerning all issues identified for resolution at this hearing, with the exception of Issue 6. Staff is prepared to present the panel with a recommendation at hearing for approval of the stipulated positions set forth herein and, after hearing testimony, with a recommendation on Issue 6. The Commission has the option to render a bench decision in this matter.

Opening statements, if any, shall not exceed ten minutes per party.

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, 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.

1. Any party intending to utilize confidential documents at hearing for which no ruling has been made, must be prepared to present their justifications at hearing, so that a ruling can be made at hearing.

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

- a) 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.
- b) 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.
- c) 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.

- d) 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.
- e) 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 Commission Clerk and Administrative Service'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. Summaries of testimony shall be limited to five minutes. 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 from this hearing if no Commissioner assigned to this case seeks to cross-examine the particular witness. Parties shall be notified by Friday, November 16, 2000, as to whether any such 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>		
*James A. Williams	CUC	1, 2, 3, 4, 5
*Thomas Kaufman	City Gas	1, 2, 3, 4, 5

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
*Thomas E. Smith (Mr. Smith's testimony is being adopted by Thomas Kaufman, listed above)	City Gas	1, 2, 3, 4
*George M. Bachman	FPU	1, 2, 3, 4, 5
*Marc L. Schneidermann	FPU	4
*Brian J. Powers	IGC	1, 2, 3, 4, 5
W. Edward Elliott	Peoples	1, 2, 3, 4, 5, 6
*Jerry H. Melendy	Sebring	1, 2, 3, 4
*Al Kara	SFNG	1, 2, 3, 4, 5
*Stuart L. Shoaf	SJNG	1, 2, 3, 4, 5

VII. BASIC POSITIONS

CUC: The appropriate over (under) recovery amounts, purchased gas adjustment factor, and effective date are as shown in CUC's positions on Issues 1 - 5.

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

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

IGC: The Commission should approve the PGA true-up, including interest, and the PGA Factor of \$0.86159 per therm to be applied to customer bills rendered for the period ending December 31, 2002.

PEOPLES: The Commission should approve Peoples' final PGA true-up amount for the period January 2000 through December 2000

of \$13,661,513 (underrecovery), its estimated PGA true-up amount of \$17,264,427 (overrecovery) for the period January 2001 through December 2001, and its levelized PGA (cap) factor of \$0.98473 per therm for application to customers' bills during the period January 1, 2002 through December 31, 2002.

SEBRING: The Commission should approve Sebring Gas' final PGA true-up for the period January - December 2000 of \$6,642 overrecovery, its estimated PGA true-up amount of \$16,680 overrecovery for the period January - December 2001, and its levelized PGA (cap) factor of 88.004 cents per therm for gas billed to customers during the period January - December 2002.

SFNG: SFNG has properly projected its true-up amounts and projected gas costs. Its costs and projections are reasonable and its purchased gas cost recovery factors should be approved by the Commission.

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

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

ISSUE 1: Stipulated. See Section X. Proposed Stipulations.

ISSUE 2: Stipulated. See Section X. Proposed Stipulations.

ISSUE 3: Stipulated. See Section X. Proposed Stipulations.

ISSUE 4: Stipulated. See Section X. Proposed Stipulations.

ISSUE 5: Stipulated. See Section X. Proposed Stipulations.

Company-Specific Purchased Gas Adjustment Issues

ISSUE 6: Should voluntary funding of the Gas Research Institute (GRI) surcharge be recovered through the purchased gas adjustment true-up cost recovery clause as proposed by Peoples Gas System?

POSITIONS:

PEOPLES: Yes, but only for purchased gas adjustment cost recovery periods through 2000. Commencing with the 2001 cost recovery period, any GRI voluntary funding expense should be recorded in non-fuel O&M expenses for possible future recovery in a base rate proceeding.

OPC: No. Voluntary contributions should be just that. Therefore, stockholders should make these "voluntary" payments rather than forced extractions from ratepayers.

STAFF: Commencing with the 2001 cost recovery period, any GRI voluntary funding expense should be recorded in non-fuel O&M expenses for possible future recovery in a base rate proceeding.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
James A. Williams	CUC	_____ (JAW-1)	January 2000 - December 2000 True - up , Schedule A-7
	CUC	_____ (JAW-2)	(Composite) January 2002- December 2002 PGA Factor, Schedules E-1 through E-5
Thomas Kaufmann	City Gas	_____ (TES-1)	Final Fuel Over/Under Recovery
	City Gas	_____ (TK-1)	Schedules E-1 Winter, E-1, E-1/R, E-2, E- 3, E-4, E-5
George M. Bachman	FPU	_____ (GMB-1)	Schedule A-7
	FPU	_____ (GMB-2)	Composite. Schedules E-1, E-1/R, E-2, E- 3, E-4, E-5
Brian J. Powers	IGC	_____ E-1	PGA Summary of estimates for the projected period.

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
	IGC	<u>E-2</u>	Calculation of true-up amount current period (8 months actual and 4 months estimated)
	IGC	<u>E-3</u>	Transportation purchases system supply and end use for the projected period
	IGC	<u>E-4</u>	Calculation of true-up amount for the projected period based on the prior period and current period (8 months actual and 4 months estimated)
	IGC	<u>E-5</u>	Calculation of Therm sales and Customer Data
W. Edward Elliott	Peoples	<u>(WEE-1)</u>	Calculation of final true-up for January 2000 - December 2000 (Schedules A-1 through A-6)

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
	Peoples	<u>(WEE-2)</u>	Calculation of estimated true-up for January 2001-December 2001; Total true-up for January 2002-December 2002 ; Calculation of PGA Factor for January 2002 - December 2002 (Schedules E-1 through E-5)
Jerry H. Melendy	Sebring	<u>(JHM-1)</u>	Schedule A-7
	Sebring	<u>(JHM-2)</u>	Composite. Schedules E-1, E-1/R, E-2, E-3, E-4, E-5
Al Kara	SFNG	<u>(AK-1)</u>	Composite. Schedules A-7, E-1, E-1/R, E-2, E-3, E-4, E-5
Stuart L. Shoaf	SJNG	<u>(SLS-1)</u>	PGA Summary of estimates for the projected period

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
	SJNG	<hr/> (SLS-2)	Calculation of true-up amount current period (8 months actual - 4 months estimated).
	SJNG	<hr/> (SLS-3)	Transportation purchases system supply and end use for the projected period
	SJNG	<hr/> (SLS-4)	Calculation of true-up amount for the projected period based on the prior period and current period (8 months actual, 4 months estimated)
	SJNG	<hr/> (SLS-5)	Therms Sales and Customer Data (for the projected period)

STIPULATED

ISSUE 2: What are the estimated purchased gas adjustment true-up amounts for the period January 2001 through December 2001?

POSITION:

Chesapeake Utilities Corporation	\$156,863	Underrecovery
City Gas Company of Florida	\$596,710	Underrecovery
Florida Public Utilities	\$1,761,048	Overrecovery
Indiantown Gas Company	\$25,598	Underrecovery
Peoples Gas System	\$17,262,427	Overrecovery
Sebring Gas System, Inc.	\$16,680	Overrecovery
St. Joe Natural Gas Company	\$46,800	Overrecovery
South Florida Natural Gas Company	\$211,229	Overrecovery

STIPULATED

ISSUE 3: What are the total purchased gas adjustment true-up amounts to be collected during the period January 2002 through December 2002?

POSITION:

Chesapeake Utilities Corporation	\$1,520,538	Underrecovery
City Gas Company of Florida	\$1,838,486	Underrecovery
Florida Public Utilities	\$366,020	Overrecovery
Indiantown Gas Company	\$5,152	Underrecovery
Peoples Gas System	\$3,600,915	Overrecovery
Sebring Gas System, Inc.	\$23,322	Overrecovery

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St. Joe Natural Gas Company	\$41,200 Underrecovery
South Florida Natural Gas Company	\$9 Underrecovery

STIPULATED

ISSUE 4: What are the appropriate levelized purchased gas cost recovery (cap) factors for the period January 2002 through December 2002?

POSITION:

Chesapeake Utilities Corporation	109.142 cents per therm
City Gas Company of Florida	64.576 cents per therm
Florida Public Utilities	83.412 cents per therm
Indiantown Gas Company	86.159 cents per therm
Peoples Gas System	98.473 cents per therm
Sebring Gas System, Inc.	88.004 cents per therm
St. Joe Natural Gas Company	75.400 cents per therm
South Florida Natural Gas Company	98.183 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 2002, beginning with the first or applicable billing cycle for the period January 2002 through December 2002.

XI. PENDING MOTIONS

There are no pending motions at this time.

XII. PENDING CONFIDENTIALITY MATTERS

There are no pending confidentiality matters at this time.

XIII. RULINGS

St. Joe Natural Gas Company's request to be excused from the prehearing conference and hearing in this docket is granted.

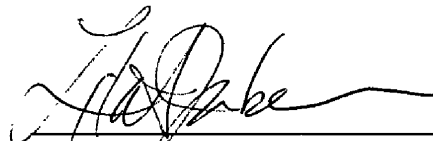
Indiantown Gas Company's request to be excused from the prehearing conference and hearing in this docket is granted.

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 Lila A. Jaber, 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 Lila A. Jaber, as Prehearing Officer, this 19th day of November, 2001.



LILA A. JABER
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.

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 the Commission Clerk and Administrative Services, 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.