

In re: Natural gas conservation
cost recovery.

DOCKET NO. 020004-GU
ORDER NO. PSC-02-1579-PHO-GU
ISSUED: November 15, 2002

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code, a Prehearing Conference was held on November 4, 2002, in Tallahassee, Florida, before Commissioner Michael A. Palecki, as Prehearing Officer.

APPEARANCES:

RICHARD D. MELSON, ESQUIRE and GARY V. PERKO, ESQUIRE,
P.O. Box 6526, Tallahassee, Florida 32314
On behalf of City Gas Company of Florida (CGC).

WAYNE L. SCHIEFELBEIN, Esquire, Rose, Sundstrom &
Bentley, LLP, 2548 Blainstone Pines Drive, Tallahassee,
Florida 32301
On behalf of Florida Division of Chesapeake Utilities
Corporation (CUC).

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 (FPUC).

MATTHEW R. COSTA, ESQUIRE, CORPORATE COUNSEL, P.O. Box
111, Tampa, Florida 33601
On behalf of Tampa Electric Company d/b/a Peoples Gas
System (PGS).

LORENA A. HOLLEY, ESQUIRE, Florida Public Service
Commission, 2540 Shumard Oak Boulevard, Tallahassee,
Florida 32399-0850
On behalf of the Florida Public Service Commission
(FPSC).

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FPSC-COMMISSION CLERK

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 ongoing fuel cost recovery, energy conservation cost recovery, gas conservation recovery, and environmental cost recovery proceedings, a hearing is set for November 20-22, 2001, in this docket and in Docket No. 020001-EI, Docket No. 020002-EI, Docket No. 020003-GU, and Docket No. 020007-EI. The Commission has the option to render a bench decision in this matter.

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 367.156, 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 367.156, 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 367.156, 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 the Commission Clerk and Administrative Services'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; provided, however, that the parties do not need to file post-hearing statements as to any issue that is resolved by the Commission at the hearing.

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 and Staff 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 15, 2002, 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>		
*Gloria Lopez	CGC	1-3
*Amanda J. Price	CUC	1
*Brian S. Bilinski	CUC	2, 3
*Robert L. Smith	FPUC	1-3
*Kandi M. Floyd	PGS	1-3

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
*Debbie Stitt	SJNG	1-3

VII. BASIC POSITIONS

CGC: The Company's true-up amounts and conservation cost recovery factors as shown in Issues 1 through 3 are appropriate and should be approved.

CUC: The Commission should approve the Florida Division of Chesapeake Utilities Corporation's final net true-up for the period January 2001 through December 2001, the estimated true-up amount for the period January - December 2002, and the projected conservation program expenses for the period January - December 2003.

The Commission should approve the following ECCR factors for the following rate classes for the period January - December 2003:

<u>Rate Class</u>	<u>ECCR Factor Cents Per Therm</u>
GS-1/TS-1	17.201
GS-2/TS-2	8.540
GS-3/TS-3	5.753
GS-4/TS-4	4.725
GS-5/TS-5	4.057
GS-6/TS-6	3.257
GS-7/TS-7	1.985
GS-8/TS-8	1.656
GS-9/TS-9	1.462

FPUC: FPU has properly projected its costs and calculated its true-up amounts and conservation cost recovery factors. Those amounts and factors should be approved by the Commission.

PGS: The Commission should approve -- for areas other than PGS's West Florida Region - PGS's end-of-period final true-up amount of \$352,527 (overrecovery) for the period January 2001 through December 2001; the estimated true-up amount for the period January 2002 through December 2002; and the projected conservation program expenses for the period January 1, 2003 through December 31, 2003.

For areas other than PGS's West Florida Region, the Commission should approve the following ECCR factors for the following rate classes for the period January 1, 2003 through December 31, 2003:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.05960
Small Commercial	\$0.05146
Commercial	\$0.02152
Commercial - Large Volume 1	\$0.01750
Commercial - Large Volume 2	\$0.01270
Street Lighting	\$0.00740
Natural Gas Vehicle Service	\$0.00578

For PGS's West Florida Region, the Commission should approve PGS's end-of-period final true-up amount of \$1,138,610 (underrecovery) for the period January 2001 through December 2001; the estimated true-up amount for the period January 2002 - December 2002; and the projected conservation program expenses for the period January 1, 2003 through December 31, 2003.

For PGS's West Florida Region, the Commission should approve the following ECCR factors for the following rate classes for the period January 1, 2003 through December 31, 2003:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.12620
Commercial	\$0.03951
Commercial Large Volume	\$0.02943
Industrial	\$0.02904

SJNG: The Commission should approve the final adjusted net true-up amount for the twelve month period ending December 31, 2003 including interest, the projected conservation program expenses for the twelve month period ending December 31, 2003 and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the twelve month period ending December 31, 2003 as filed by SJNG.

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 stated herein.

VIII. ISSUES AND POSITIONS

ISSUE 1: Proposed Stipulation. See Section X.

ISSUE 2: Proposed Stipulation. See Section X.

ISSUE 3: Proposed Stipulation. See Section X.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered</u> <u>By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Gloria Lopez	CGC	_____ GL-1	Schedules CT-1 CT-2 and CT-3
Gloria Lopez	CGC	_____ GL-2	Schedules C-1, C-2, C-3, C-5
Amanda J. Price	CUC	_____ AJP-1	True-up variance analysis [Schedules CT1-CT6]

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Brian S. Bilinski	CUC	<u>BSB-1</u>	Projections Recovery Clause Calculation: Estimated ECCR charges by rate classification; [Schedules C-1 through C-4]
Robert L. Smith	FPUC	<u>RLS-2 (Composite)</u>	Schedules CT-1, CT-2, CT-3, CT-4, and CT-5
Robert L. Smith	FPUC	<u>RLS-3 (Composite)</u>	Schedules C1, C2, C3, and C5
Kandi M. Floyd	PGS	<u>KMF-1R</u>	Conservation cost recovery true-up data (January 2001 - December 2001) consisting of schedules CT-1 through CT-6 (except PGS West Florida Region)
Kandi M. Floyd	PGS	<u>KMF-2R</u>	Conservation cost recovery true-up data (January 2001 - December 2001) consisting of schedules CT-1 through CT-6 (PGS West Florida Region).

PGWF: \$ 1,138,610 Under Recovery
SJNG: \$ 8,277 Under Recovery

ISSUE 2: What are the appropriate conservation cost recovery factors for the period January 2003 through December 2003?

CGC:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential(RS & GL)	7.799 cents/therm
	Commercial(CS & SCTS)	2.272 cents/therm
	Commercial	
	Lge Volume(LCS & CTS)	1.494 cents/therm
	Industrial(IP & ITS)	1.363 cents/therm
CUC:	<u>Rate Class</u>	<u>ECCR Factor</u>
	GS1/TS-1	17.201 cents/therm
	GS2/TS-2	8.540 cents/therm
	GS3/TS-3	5.753 cents/therm
	GS4/TS-4	4.725 cents/therm
	GS5/TS-5	4.057 cents/therm
	GS6/TS-6	3.257 cents/therm
	GS7/TS-7	1.985 cents/therm
	GS8/TS-8	1.656 cents/therm
GS9/TS-9	1.462 cents/therm	
FPUC:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential	9.003 cents/therm
	Commercial Small	3.442 cents/therm
	Commercial Lge Vol.	2.275 cents/therm
	Lge Vol. Transport	2.275 cents/therm
PGS:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential	5.960 cents/therm
	Small Commercial	5.146 cents/therm
	Commercial	2.152 cents/therm
	Commercial Lge Vol. I	1.750 cents/therm
	Commercial Lge Vol. II	1.270 cents/therm
	Street Lighting	.740 cents/therm
NGVS	.578 cents/therm	

PGWF:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential	12.620 cents/therm
	Commercial	3.951 cents/therm
	Commercial Lge Vol. I	2.943 cents/therm
	Industrial	2.904 cents/therm
SJNG:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential	2.160 cents/therm
	Commercial	1.810 cents/therm
	Commercial Lge Vol.	.857 cents/therm

ISSUE 3: What should be the effective date of the cost recovery factors for billing purposes?

The factors should be effective beginning with the specified conservation cost recovery cycle and thereafter for the period January, 2003, through December, 2003. Billing cycles may start before January 1, 2003, and the last cycle may be read after December 31, 2003, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

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

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

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

Based on the foregoing, it is

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ORDERED by Commissioner Michael A. Palecki, 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 Michael A. Palecki, as Prehearing Officer, this 15th day of November, 2002.



MICHAEL A. PALECKI
Commissioner and Prehearing Officer

(S E A L)

LAH

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)

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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.