

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost recovery.

DOCKET NO. 060004-GU
ORDER NO. PSC-06-0908-PHO-GU
ISSUED: November 1, 2006

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code, a Prehearing Conference was held on October 23, 2006, in Tallahassee, Florida, before Commissioner Matthew M. Carter II, as Prehearing Officer.

APPEARANCES:

BETH KEATING, ESQUIRE, Akerman Senterfitt Law Firm, 106 East College Avenue, Suite 1200, Tallahassee, Florida 32301
On behalf of Chesapeake Utilities Corporation (CUC) and Florida City Gas (FCG).

NORMAN H. HORTON, JR., ESQUIRE, Messer, Caparello & Self, P.A., P. O. Box 15579, Tallahassee, Florida 32317
On behalf of Florida Public Utilities Company (FPUC).

ANSLEY WATSON, JR., ESQUIRE, Macfarlane Ferguson & McMullen, P.O. Box 1531, Tampa, Florida, 33601-1531, and MATTHEW R. COSTA, ESQUIRE, TECO Energy, Inc., P.O. Box 111, Tampa, Florida 33601-0111
On behalf of Peoples Gas System (PGS).

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

KATHERINE E. FLEMING, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission.

PREHEARING ORDER

I. CASE BACKGROUND

As part of the Commission's continuing gas conservation cost recovery proceedings, an administrative hearing in this docket is set for November 6-8, 2006. The parties have reached agreement concerning all issues identified for resolution at this hearing. Staff is prepared to

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present the panel with a recommendation at the hearing for approval of the stipulated positions set forth herein. The Commission has the option to render a bench decision on this matter.

II. 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.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, Florida Statutes. This hearing will be governed by said Chapter and Chapters 25-22, and 28-106, Florida Administrative Code.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, shall be treated by the Commission 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 pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, Florida Statutes. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this 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. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, Florida Statutes, at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. 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.

- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

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' confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), Florida Administrative Code, if continued confidentiality of the information is to be maintained.

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 Wednesday, November 1, 2006, as to whether any such witness shall be required to be present at the 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>		
*Brian S. Bilinski	CUC	1 – 3
*Ramiro Sicre	FCG	1 – 3
*Marc Seagrave	FPUC	1 – 3
*Kandi M. Floyd	PGS	1 – 3
*Debbie Stitt	SJNG	1 – 3

VII. BASIC POSITIONS

CUC: The Commission should approve the Florida Division of Chesapeake Utilities Corporation's final net true-up for the period January - December 2005, the estimated true-up amount for the period January – December 2006, and the projected conservation program expenses for the period January – December 2007.

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

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 PGS's end-of-period final true-up amount of \$1,236,460 (overrecovery) for the period January 2005 through December 2005; the estimated true-up amount for the period January – December 2006; the projected conservation program expenses for the period January 1 through December 31, 2007; and the conservation cost recovery factors to be applied to bills rendered for the period January 2007 through December 2007.

SJNG: The Commission should approve the final adjusted net true-up amount for the twelve month period ending December 31, 2007 including interest, the projected conservation program expenses for the twelve month period ending December 31, 2007 and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the twelve month period ending December 31, 2007 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.

VIII. ISSUES AND POSITIONS

STIPULATED

ISSUE 1: What are the final end of the period true-up amounts for the period January 2005 through December 2005?

POSITIONS:

Chesapeake (CUC)	\$252,236	Underrecovery
Florida City Gas (FCG)	\$1,196,749	Overrecovery
Florida Public Utilities (FPUC)	\$36,383	Underrecovery
Peoples Gas System (PGS)	\$1,236,460	Overrecovery
St. Joe Natural Gas (SJNG)	\$5,348	Overrecovery
Chesapeake (CUC)	\$252,236	Underrecovery

STIPULATED

ISSUE 2: What are the appropriate conservation cost recovery factors for the period January 2007 through December 2007?

POSITIONS:

CUC	Rate Class	ECCR Factor
	FTS-A	21.512 cents/therm
	FTS-B	17.547 cents/therm
	FTS-1	14.620 cents/therm
	FTS-2	9.882 cents/therm
	FTS-3	6.019 cents/therm
	FTS-4	4.838 cents/therm
	FTS-5	3.884 cents/therm
	FTS-6	3.510 cents/therm
	FTS-7	2.209 cents/therm
	FTS-8	1.942 cents/therm
	FTS-9	1.605 cents/therm
	FTS-10	1.502 cents/therm
	FTS-11	1.321 cents/therm
	FTS-12	1.070 cents/therm

FCG	Rate Class	ECCR Factor
	GS-1, GS-100, GS-200	4.561 cents/therm
	GS-600	2.630 cents/therm
	GS-1,200	1.421 cents/therm
	GS-6,000	1.182 cents/therm
	GS-25,000	1.177 cents/therm
	GS-60,000	1.152 cents/therm
	Gas Lights	2.323 cents/therm
	GS-120,000	0.809 cents/therm
	GS-250,000	0.763 cents/therm

FPUC	Rate Class	ECCR Factor
	Residential	8.970 cents/therm
	Small Commercial	3.938 cents/therm
	Comm. Lge. Vol.	2.752 cents/therm
	Large Vol. Transport	2.752 cents/therm

PGS	Rate Class	ECCR Factor
	RS	7.364 cents/therm
	SGS	6.704 cents/therm
	GS-1	2.551 cents/therm
	GS-2	2.091 cents/therm
	GS-3	1.756 cents/therm
	GS-4	1.584 cents/therm
	GS-5	0.901 cents/therm
	NGVS	1.380 cents/therm
	CSLS	1.121 cents/therm

SJNG	Rate Class	ECCR Factor
	Residential	0.721 cents/therm
	Small Commercial	0.582 cents/therm
	Large Commercial	0.279 cents/therm

STIPULATED

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

POSITION: The factors should be effective beginning with the specified conservation cost recovery cycle and thereafter for the period January 2007 through December 2007. Billing cycles may start before January 1, 2007, and the last cycle may be

read after December 31, 2007, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Brian S. Bilinski	CUC	<u>BSB-1</u>	True-up variance analysis [Schedules CT1-CT6]
Brian S. Bilinski	CUC	<u>BSB-2</u>	Projections Recovery Clause Calculation: Estimated ECCR charges by rate classification; [Schedules C-1 through C-4]
Ramiro Sicre	FCG	<u>RS-1</u>	Schedules CT-1, CT-2, and CT-3
Ramiro Sicre	FCG	<u>RS-2</u>	Schedules C-1, C-2, C-3 and C-5
Marc S. Seagrave	FPUC	<u>MSS-1 (Composite)</u>	Schedules CT-1, CT-2, CT-3, CT-4, CT-5 and C-6
Marc S. Seagrave	FPUC	<u>MSS-2 (Composite)</u>	Schedules C1, C2, C3, and C5
Kandi M. Floyd	PGS	<u>KMF-1</u>	Conservation cost recovery true-up data (January 2005 - December 2005) consisting of schedules CT-1 through CT-6 (except PGS West Florida Region).
Kandi M. Floyd	PGS	<u>KMF-2</u>	Conservation cost recovery true-up data (January 2005 - December 2005) consisting of schedules CT-1 through CT-6 (PGS West Florida Region).

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Kandi M. Floyd	PGS	<u>KMF-3</u>	Data for development of conservation cost recovery factors (January 1 – December 31, 2007), consisting of schedules C-1 through C-5
Debbie Stitt	SJNG	<u>DKS-1</u>	Schedules CT-1, CT-2, CT-3, CT-4, and CT-5.
Debbie Stitt	SJNG	<u>DKS-2</u>	Schedules C-1, C-2, C-3, and C-4.

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

X. PROPOSED STIPULATIONS

There are proposed stipulations on all issues.

XI. PENDING MOTIONS

There are no pending motions at this time.

XII. PENDING CONFIDENTIALITY MATTERS

There is one pending confidentiality request, Document No. 06108-06.

XIII. POST-HEARING PROCEDURES

If no bench decision is made, 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.

XIV. RULINGS

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

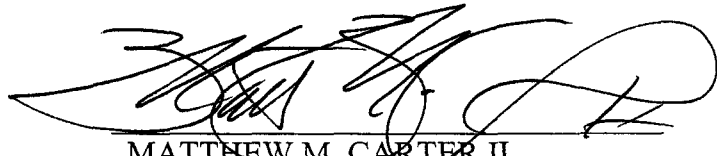
St. Joe Natural Gas Company's request to be excused from the prehearing conference and hearing in this docket is granted.

Peoples Gas System's request to be excused from the hearing in this docket is granted.

It is therefore,

ORDERED by Commissioner Matthew M. Carter II, 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 Matthew M. Carter II, as Prehearing Officer, this 1st day of November, 2006.



MATTHEW M. CARTER II
Commissioner and Prehearing Officer

(SEAL)

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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; or (2) 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.