

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost recovery.

DOCKET NO. 080004-GU
ORDER NO. PSC-08-0715-PHO-GU
ISSUED: October 30, 2008

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 20, 2008, in Tallahassee, Florida, before Commissioner Katrina J. McMurrian, as Prehearing Officer.

APPEARANCES:

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

NORMAN H. HORTON, JR., ESQUIRE, Messer, Caparello & Self, P.A., Post Office Box 15579, Tallahassee, Florida 32317
On behalf of Florida Public Utilities Company (FPUC) and Sebring Gas System, Inc. (Sebring).

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

CHARLES A. COSTIN, ESQUIRE, Costin & Costin, P.A., Post Office Box 98, Port St. Joe, Florida 32457-0098
On behalf of St. Joe Natural Gas Company (SJNG).

ROBERT SCHEFFEL WRIGHT, ESQUIRE, Young van Assenderp, P.A., 225 South Adams Street, Suite 200, Tallahassee, Florida 32301
On Behalf of Indiantown Gas Company (Indiantown).

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

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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 4-6, 2008. The parties have reached agreement concerning all issues identified for resolution at this hearing. Staff is prepared to present the panel with a recommendation at the hearing for approval of the stipulated positions set forth herein. The Commission may render a bench decision in this matter.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., 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 (F.S.). This hearing will be governed by said Chapter and Chapters 25-22, and 28-106, F.A.C.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., 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, F.S. 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, F.S., 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, F.S., 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 Office of Commission Clerk's 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), F.A.C., 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 (*) will be excused from this hearing if no Commissioner assigned to this case seeks to cross-examine the particular witness. Parties shall be notified as soon as possible

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>		
*Matthew Dewey The prefiled testimony of Matthew Dewey will be adopted by Thomas A. Geoffroy.	CUC	1
*Thomas A. Geoffroy (Adopts Dewey)	CUC	2 – 5
*Carolyn Bermudez	FCG	1 – 5
*Marc S. Seagrave	FPUC	1 – 5
*Melissa M. Powers	INDIANTOWN	1 – 5
*Kandi M. Floyd	PGS	1 – 5
*Debbie Stitt	SJNG	1 – 5
*Jerry H. Melendy, Jr.	SEBRING	1 – 5
*Kathy L. Welch	STAFF	6 – 7
<u>Rebuttal</u>		
*Marc S. Seagrave	FPUC	6 – 7

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 2007, the estimated true-up amount for the period January – December 2008, and the projected conservation program expenses for the period January – December 2009.

FCG: The Company's true-up amounts and conservation cost recovery factors as shown in Issues 1 through 5 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.

Indiantown: Indiantown Gas Company's proposed true-up, ECCR costs, and proposed ECCR factors for 2009 are fair, just, reasonable, and prudent, and the Commission should approve the Company's proposed ECCR factors for the period January 2009 through December 2009.

PGS: The Commission should approve PGS's end-of-period final true up amount of \$5,922,525 (overrecovery) for the period January 2007 through December 2007; the estimated true-up amount for the period January 2008 through December 2008; and the projected conservation program expenses for the period January 1 2009 through December 31, 2009.

SJNG: The Commission should approve the final adjusted net true-up amount for the twelve month period ending December 31, 2008 including interest, the projected conservation program expenses for the twelve month period ending Dec 31, 2009 and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the twelve month period ending December 31, 2009 as filed by SJNG.

Sebring: Sebring 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.

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 Conservation Cost Recovery Issues

STIPULATED

ISSUE 1: What are the final conservation cost recovery true-up amounts for the period January 2007 through December 2007?

POSITIONS:

Chesapeake Utilities Corporation	\$386,079	Overrecovery
Florida City Gas	\$126,342	Overrecovery
Florida Public Utilities Company	\$435,874	Overrecovery

Indiantown Gas Company	\$1,390	Overrecovery
Peoples Gas System	\$5,922,525	Overrecovery
St. Joe Natural Gas Company	\$63,204	Underrecovery
Sebring Gas System, Inc.	\$382	Underrecovery

STIPULATED

ISSUE 2: What are the actual/estimated conservation cost recovery true-up amounts for the period January 2008 through December 2008?

POSITIONS:

Chesapeake Utilities Corporation	\$538,645	Overrecovery
Florida City Gas	\$786,742	Underrecovery
Florida Public Utilities Company	\$419,248	Overrecovery
Indiantown Gas Company	\$21,610	Overrecovery
Peoples Gas System	\$2,921,911	Overrecovery
St. Joe Natural Gas Company	\$78,728	Underrecovery
Sebring Gas System, Inc.	\$10,238	Overrecovery

STIPULATED

ISSUE 3: What are the total conservation cost recovery amounts to be collected during the period January 2009 through December 2009?

POSITIONS:

Chesapeake Utilities Corporation	\$648,410
Florida City Gas	\$3,204,167
Florida Public Utilities Company	\$1,830,752
Indiantown Gas Company	\$7,378
Peoples Gas System	\$4,047,089
St. Joe Natural Gas Company	\$125,428
Sebring Gas System, Inc.	\$8,837

STIPULATED

ISSUE 4: What are the conservation cost recovery factors for the period January 2009 through December 2009?

POSITIONS:

CUC	Rate Class	ECCR Factor
	FTS-A	11.835 cents/therm
	FTS-B	9.247 cents/therm
	FTS-1	8.372 cents/therm
	FTS-2	4.271 cents/therm
	FTS-3	2.590 cents/therm
	FTS-4	2.107 cents/therm
	FTS-5	1.802 cents/therm
	FTS-6	1.605 cents/therm
	FTS-7	0.965 cents/therm
	FTS-8	0.933 cents/therm
	FTS-9	0.740 cents/therm
	FTS-10	0.739 cents/therm
	FTS-11	0.615 cents/therm
	FTS-12	0.511 cents/therm

In accordance with Order No. PSC-07-0427-TRF-GU, issued May 15, 2007, in Docket No. 060675-GU, optional fixed rates are available to CUC customers in the following rate schedules:

CUC	Rate Class	ECCR Factor (\$ per bill)
	FTS-A	0.90
	FTS-B	1.24
	FTS-1	1.57
	FTS-2	3.46
	FTS-3	12.53

FCG	Rate Class	ECCR Factor
	GS-1, GS-100, GS-220	9.304 cents/therm
	GS-600	4.875 cents/therm
	GS-1200	3.115 cents/therm
	GS-6000	2.499 cents/therm
	GS-25000	2.452 cents/therm
	GS-60000	2.394 cents/therm
	Gas Lights	4.846 cents/therm
	GS-120000	1.785 cents/therm
	GS-250000	1.643 cents/therm

FPUC	Rate Class	ECCR Factor
	Residential	6.768 cents/therm
	General Service	2.918 cents/therm
	Comm. Lge. Vol.	2.051 cents/therm
	Comm. Lge. Vol. Transport	2.051 cents/therm
Indiantown	Rate Class	ECCR Factor
	TS-1	1.339 cents/therm
	TS-2	0.233 cents/therm
	TS-4	0.087 cents/therm
PGS	Rate Class	ECCR Factor
	RS	2.438 cents/therm
	RSSG	2.438 cents/therm
	SGS	2.279 cents/therm
	CSG	2.279 cents/therm
	GS-1	0.817 cents/therm
	GS-2	0.664 cents/therm
	GS-3	0.556 cents/therm
	GS-4	0.501 cents/therm
	GS-5	0.285 cents/therm
	NGVS	0.428 cents/therm
CSLS	0.355 cents/therm	
SJNG	Rate Class	ECCR Factor
	RS-1	23.379 cents/therm
	RS-2	11.902 cents/therm
	RS-3	8.797 cents/therm
	GS-1	8.792 cents/therm
	GS-2	4.075 cents/therm
	FTS-4	1.566 cents/therm
FTS-5	0.380 cents/therm	
Sebring	Rate Class	ECCR Factor
	TS-1	3.076 cents/therm
	TS-2	1.817 cents/therm
	TS-3	1.118 cents/therm
	TS-4	0.913 cents/therm

STIPULATED

ISSUE 5: 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 2009 through December 2009. Billing cycles may start before January 1, 2009, and the last cycle may be read after December 31, 2009, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

Company Specific Conservation Cost Recovery Issues

Florida Public Utilities Company

STIPULATED

ISSUE 6: What adjustments, if any, should be made to Florida Public Utility Company's final conservation cost recovery true-up amounts for the period January 2007 through December 2007 for expenses associated with the Southern Gas Association (SGA) Builders and Developers Conference?

POSITION : An adjustment of \$2,887, plus interest, should be made to reduce the recoverable cost associated with the SGA Builders and Developers Conference.

STIPULATED

ISSUE 7: What adjustments, if any, should be made to Florida Public Utility Company's final conservation cost recovery true-up amounts for the period January 2007 through December 2007 for expenses associated with the Demo Kitchen project?

POSITION : An adjustment of \$3,125 should be made to reduce the recoverable cost associated with the Demo Kitchen project. This adjustment will allocate a portion to the non-regulated appliance sales operation.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
<u>Direct</u>			
Matthew Dewey The prefiled exhibit of Matthew Dewey will be adopted by Thomas A. Geoffroy.	CUC	MD-1	True-up variance analysis [Schedules CT-1 - CT6]
Thomas A. Geoffroy (Adopts Dewey)	CUC	TG-2	Projections Recovery Clause Calculation: Estimated ECCR charges by rate classification; [Schedules C-1 through C-4]
Carolyn Bermudez	FCG	CB-1	Schedules CT-1, CT-2 and CT-3
Carolyn Bermudez	FCG	CB-2	Schedules C-1, C-2, C-3 and C-5
Marc S. Seagrave	FPUC	MSS-1 (Direct Composite)	Schedules CT-1, CT-2, CT-3, CT-4, CT-5, and C-6
Marc S. Seagrave	FPUC	MSS-2 (Direct Composite)	Schedules C-1, C-2, C-3, and C-5
Melissa M. Powers	INDIANTOWN	MMP-1	Schedules CT-1 through CT-6
Melissa M. Powers	INDIANTOWN	MMP-2	Schedules C-1 through C-3 and C-5
Kandi M. Floyd	PGS	KMF-1	Conservation cost recovery true-up data (January 2007 - December 2007) consisting of Schedules CT-1 through CT-6
Kandi M. Floyd	PGS	KMF-2	Data for development of conservation cost recovery factors (January 1 - December 31,2009), consisting of Schedules C-1 through C-5
Debbie Stitt	SJNG	DKS-1	Schedules CT-1, CT-2, CT-3, CT-4, and CT-5

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Debbie Stitt	SJNG	DKS-2	Schedules C-1, C-2, C-3, and C-4
Jerry H. Melendy, Jr.	SEBRING	JHM-1	Schedules CT-1, CT-2, CT-3, CT-4, CT-5, and CT-6
Jerry H. Melendy, Jr.	SEBRING	JHM-2	Schedules C-1, C-2, C-3, and C-5
Kathy L. Welch	STAFF	KLW-1	History of testimony provided by Kathy L. Welch
Kathy L. Welch	STAFF	KLW-2	Audit report
<u>Rebuttal</u>			
Marc S. Seagrave	FPUC	MSS-3	FPSC Staff Audit Findings

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 are no pending confidentiality matters at this time.

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 this 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, F.A.C., 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 five minutes per party.

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

It is therefore,

ORDERED by Commissioner Katrina J. McMurrian, 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 Katrina J. McMurrian, as Prehearing Officer, this 30th day of October, 2008.


KATRINA J. McMURRIAN
Commissioner and Prehearing Officer

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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 Office of Commission Clerk, 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.