

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost recovery.

DOCKET NO. 110004-GU
ORDER NO. PSC-11-0500-PHO-GU
ISSUED: October 25, 2011

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, 2011, in Tallahassee, Florida, before Commissioner Ronald A. Brisé, as Prehearing Officer.

APPEARANCES:

BETH KEATING, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South Monroe Street, Suite 618, Tallahassee, Florida 32301
On behalf of the Florida Division of Chesapeake Utilities Corporation (CUC), Florida Public Utilities Company (FPUC), Florida Public Utilities Company – Indiantown Division (Indiantown), 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 Sebring Gas System, Inc. (SGS).

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

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

JENNIFER S. CRAWFORD, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission (STAFF).

MARY ANNE HELTON, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
Advisor to the Florida Public Service Commission.

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FPSC-COMMISSION CLERK

PREHEARING ORDER

I. BACKGROUND

As part of the Commission's continuing gas conservation cost recovery proceedings, an administrative hearing in this docket is set for November 1-3, 2011. 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, Florida Administrative Code (F.A.C.), this Prehearing 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.), including Sections 366.04, 366.05, and 366.06, F.S. This hearing will be governed by said Chapter and Chapters 25-22 and 28-106, F.A.C., as well as any other applicable provisions of law.

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 has been prefiled and 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 timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. 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.

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. After all parties and Staff have had the opportunity to cross-examine the witness, 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.

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.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

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>		
*Thomas A. Geoffroy	CUC	1
*Cheryl M. Martin	CUC	2 - 4
*Jason Van Hoffman ¹	FPUC	1
*Cheryl M. Martin	FPUC	2 - 4
*Jason Van Hoffman ²	FPUC/ INDIANTOWN	1
*Cheryl M. Martin	FPUC/ INDIANTOWN	2 - 4
*Carolyn Bermudez	FCG	1 - 4
*Jerry H. Melendy, Jr.	SGS	1 - 4
*Kandi M. Floyd	PGS	1 - 4
*Debbie Stitt	SJNG	1 - 5

¹ Ms. Cheryl Martin will adopt in full the testimony of Mr. Van Hoffman, filed on May 3, 2011.

² Ms. Cheryl Martin will adopt in full the testimony of Mr. Van Hoffman, filed on May 3, 2011.

VII. BASIC POSITIONS

CUC: The Commission should approve CUC's final net true-up for the period January through December 2010, the estimated true-up for the period January through December, 2011, and the projected conservation program expenses for the period January through December, 2012.

FPUC: The Commission should approve Florida Public Utilities Company's final net true-up for the period January through December 2010, the estimated true-up for the period January through December, 2011, and the projected conservation program expenses for the period January through December, 2012.

FPUC-INDIANTOWN: The Commission should approve Florida Public Utilities Company – Indiantown Division's final net true-up for the period January through December 2010, the estimated true-up for the period January through December, 2011, and the projected conservation program expenses for the period January through December, 2012.

FCG: The Company's true-up amounts and conservation cost recovery factors as shown in Issues 1 through 4 are appropriate and should be approved.

SGS: Sebring has properly projected its cost 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 final true-up amount of \$1,356,551 (overrecovery) for the period January 2010 through December 2010, and its projected conservation program expenses for the period January 1, 2012 through December 31, 2012, net of the estimated true-up.

The Commission should approve the following ECCR factors for the following rate classes for the period January 2012 through December 2012:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.03324
Residential Standby Generator	\$0.03324
Small General Service	\$0.02511
Commercial Standby Generator	\$0.01210
General Service 1	\$0.01210
General Service 2	\$0.00891
General Service 3	\$0.00731
General Service 4	\$0.00553
General Service 5	\$0.00405
Commercial Street Lighting	\$0.00648

Natural Gas Vehicle Service \$0.00728
(Floyd)

SJNG: The Commission should approve the final adjusted net true-up amount for the twelve month period ending December 31, 2011 including interest, the projected conservation program expenses for the twelve month period ending Dec 31, 2012 and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the twelve month period ending December 31, 2012 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

STIPULATED

ISSUE 1: What are the final conservation cost recovery true-up amounts for the period January 2010 through December 2010?

POSITION: The appropriate final conservation cost recovery true-up amounts for the period January 2010 through December 2010 are as follows:

Chesapeake (CUC)	\$144,163	Overrecovery
Florida City Gas (FCG)	\$1,383,906	Underrecovery
Florida Public Utilities Company (FPUC)	\$168,015	Overrecovery
Indiantown Gas Company (Indiantown)	\$17,000	Overrecovery
Peoples Gas System (PGS)	\$1,356,551	Overrecovery
St. Joe Natural Gas (SJNG)	\$76,059	Underrecovery
Sebring Gas System, Inc. (Sebring)	\$13,496	Overrecovery

STIPULATED

ISSUE 2: What are the total conservation cost recovery amounts to be collected during the period January 2012 through December 2012?

POSITION: The appropriate total conservation cost recovery amounts to be collected during the period January 2012 through December 2012 are as follows:

Chesapeake (CUC)	\$803,696
Florida City Gas (FCG)	\$5,858,620
Florida Public Utilities Company (FPUC)	\$3,396,557
Indiantown Gas Company (Indiantown)	\$3,326
Peoples Gas System (PGS)	\$6,135,793
St. Joe Natural Gas (SJNG)	\$42,172

Sebring Gas System, Inc. (Sebring)

\$17,159

STIPULATED

ISSUE 3: What are the conservation cost recovery factors for the period January 2012 through December 2012?

POSITION: The appropriate conservation cost recovery factors for the period January 2012 through December 2012 are as follows:

CUC	Rate Class	ECCR Factor
	FTS-A	15.415 cents/therm
	FTS-B	12.021 cents/therm
	FTS-1	10.472 cents/therm
	FTS-2	9.031 cents/therm
	FTS-2.1	4.724 cents/therm
	FTS-3	5.016 cents/therm
	FTS-3.1	3.152 cents/therm
	FTS-4	2.646 cents/therm
	FTS-5	2.281 cents/therm
	FTS-6	1.970 cents/therm
	FTS-7	1.317 cents/therm
	FTS-8	1.196 cents/therm
	FTS-9	1.189 cents/therm
	FTS-10	0.922 cents/therm
	FTS-11	0.807 cents/therm
	FTS-12	0.602 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	1.21
	FTS-B	1.61
	FTS-1	2.04
	FTS-2	3.33
	FTS-2.1	5.54
	FTS-3	12.07
	FTS-3.1	18.39

FCG	Rate Class	ECCR Factor
	GS-1, GS-100, GS-220	17.120 cents/therm
	GS-600	9.061 cents/therm
	GS-1200	5.493 cents/therm
	GS-6000	4.551 cents/therm
	GS-25000	4.526 cents/therm

	GS-60000	4.425 cents/therm
	Gas Lights	8.821 cents/therm
	GS-120000	3.161 cents/therm
	GS-250000	2.966 cents/therm
FPUC	Rate Class	ECCR Factor
	Residential	11.041 cents/therm
	General Service & GS Transportation (GS1)	6.767 cents/therm
	General Service & GS Transportation (GS2)	5.631 cents/therm
	Large Volume Service	4.395 cents/therm
	LV Transportation < 50,000	4.395 cents/therm
	LV Transportation > 50,000	4.395 cents/therm
Indiantown	Rate Class	ECCR Factor
	TS-1	0.648 cents/therm
	TS-2	0.106 cents/therm
	TS-3	0.364 cents/therm
	TS-4	0.046 cents/therm
PGS	Rate Class	ECCR Factor
	RS	3.324 cents/therm
	RSSG	3.324 cents/therm
	SGS	2.511 cents/therm
	CSG	1.210 cents/therm
	GS-1	1.210 cents/therm
	GS-2	0.891 cents/therm
	GS-3	0.731 cents/therm
	GS-4	0.553 cents/therm
	GS-5	0.405 cents/therm
	NGVS	0.728 cents/therm
	CSLS	0.648 cents/therm
SJNG	Rate Class	ECCR Factor
	RS-1	7.304 cents/therm
	RS-2	4.868 cents/therm
	RS-3	3.777 cents/therm
	GS-1	3.006 cents/therm
	GS-2	1.597 cents/therm
	FTS-4	0.702 cents/therm

	Rate Class	ECCR Factor
Sebring	TS-1	12.785 cents/therm
	TS-2	6.456 cents/therm
	TS-3	4.621 cents/therm
	TS-4	3.829 cents/therm

STIPULATED

ISSUE 4: 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 2012 through December 2012. Billing cycles may start before January 1, 2012, and the last cycle may be read after December 31, 2012, 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>Description</u>
<u>Direct</u>			
Thomas A. Geoffrey (CUC)	CUC	TG-1	True-Up Variance Analysis [Schedules CT1-CT6]
Cheryl M. Martin (CUC)	CUC	CMM-3	Projections: Estimated ECCR charges by rate class [Schedules C-1 through C-4]
Van Hoffman (Martin) (FPUC)	FPUC	JVH-1 ³	True-Up Variance Analysis [Schedules CT1-CT6]
Cheryl M. Martin (FPUC)	FPUC	CMM-1	Projections: Estimated ECCR charges by rate class [Schedules C-1 through C-4]
Van Hoffman (Martin) (Indiantown)	FPUC- INDIANTOWN	JVH-1 ⁴	True-Up Variance Analysis [Schedules CT1-CT6]
Cheryl M. Martin (Indiantown)	FPUC- INDIANTOWN	CMM-2	Projections: Estimated ECCR charges by rate class [Schedules C-1 through C-4]

³ Ms. Martin will adopt and sponsor Exhibit JVH-1 originally filed by Mr. Hoffman.

⁴ Ms. Martin will adopt and sponsor Exhibit JVH-1 originally filed by Mr. Hoffman.

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Carolyn Bermudez	FCG	CB-1	Schedules CT-1, CT-2, CT-3, and CT-6
Carolyn Bermudez	FCG	CB-2	Schedules C-1, C-2, C-3, and C-5
Jerry H. Melendy, Jr.	SGS	JHM-1	Schedules CT-1, CT-2, CT-3, CT-4, CT-5, CT-6, C-1, C-2, C-3, and C-4
Kandi M. Floyd	PGS	KMF-1	Conservation cost recovery true-up data (January 2010-December 2010) consisting of Schedules CT-1 through CT-6
Kandi M. Floyd	PGS	KMF-1	Data for development of conservation cost recovery factors (January 1 – December 31, 2012), 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
Debbie Stitt	SJNG	DKS-2	Schedules C1, C2, C3, and C4

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

The parties have waived opening statements.

St. Joe Natural Gas Company and People Gas System's requests to be excused from the Prehearing Conference and Hearing in this docket are granted.

It is therefore,

ORDERED by Commissioner Ronald A. Brisé, 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 Ronald A. Brisé, as Prehearing Officer, this 25th day of October, 2011.



RONALD A. BRISÉ
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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 25-22.0376, 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.